



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

Date: February 7, 2013
To: Keith Creagh, Director
Subject: Revision of Easement Fee Schedule

Authority

Natural Resources and Environmental Protection Act, Act 451 of 1994, Part 21, Subpart 8, Easement Over State Owned Lands, and Subpart 9, Easements for Public Utilities, allows for the Department to grant easements for public utility and private purposes.

Fees charged for easements granted over DNR lands are calculated using a schedule. The schedule provides a streamlined, cost-effective tool to price easements so the Department is consistently charging for the conveyance of rights to public entities and private individuals. In addition, the schedule eliminates the time and expense associated with obtaining a real estate appraisal for each easement.

The Department has authorized a uniform easement fee schedule for easements across State-owned lands for uses approved under statute. The fee schedule has been used routinely for many decades and is a cost-effective way of running business. The schedule reflects the difference in value throughout the State by region and is calculated on a longitudinal basis.

The schedules of fees used for easements across DNR lands are reviewed on a periodic basis to ensure those charges are reflective of current land values. In conveying rights in public lands, the Department must be adequately compensated for the disposal of those rights. The DNR may consult with County equalization offices, local assessors, State Tax Commission staff, independent appraisers, public utility companies and real estate brokers to determine market conditions and changes that have occurred since the last revision to the schedule.

The real estate market has experienced drastic fluctuations since the last development of the schedule in 2001. After a review of current market conditions, the schedule appears to be appropriate for continued use in today's market and the fees charged will remain unchanged. In addition, the Department of Technology, Management and Budget updated their "Easement/License Policies and Fee Schedule," which was approved by the State Administrative board on December 1, 2012. The fee schedule uses the same rates as the DNR, which creates uniformity in how the State conducts business.

I. Need for Appraisals

Department reviewed, case-specific appraisals or adjustments to the fee schedule may be utilized when Department staff determine the fee schedule is likely to be inappropriate; such as in major metropolitan areas, waterfront resort areas, rapidly developing communities, and long distance easements.

Appraisal costs shall be reimbursed to the Department, in addition to those charges assessed for the sale of an easement

II. Easement Fee Schedule per Linear Foot

A fixed fee schedule shall be used unless provisions identified in Section I. apply. Surface damages, including timber and vegetation fees, may also be assessed in addition to the fixed fee. Restoration of damage to structures or other site improvements shall be the responsibility of grantee.

| Right-of-way width (feet) | Upper Peninsula (UP) | Northern Lower Peninsula (NLP) | Southern Lower Peninsula (SLP) |
|--|-----------------------------|---------------------------------------|---------------------------------------|
| 10 | \$0.60 | \$1.05 | \$1.50 |
| 15 | \$0.90 | \$1.60 | \$2.25 |
| 20 | \$1.20 | \$2.10 | \$3.00 |
| 30 | \$1.80 | \$3.15 | \$4.50 |
| 40 | \$2.40 | \$4.20 | \$6.00 |
| 50 | \$3.00 | \$5.25 | \$7.50 |
| 66 | \$3.96 | \$6.93 | \$9.90 |
| 100 | \$6.00 | \$10.50 | \$15.00 |
| Great Lakes Bottomland (As defined in Part 325, Act 451, PA 1994.) | | | Rate shown above x 30% |
| Temporary right of way for short-term construction | | | Rate shown above x 50% |
| Utility cabinet sites up to 20 feet x 20 feet | | | \$4,500 |
| Above ground easements | | | Rate shown above x 200% |

Widths not specifically mentioned above will be pro-rated accordingly.

The minimum charge for any easement is \$1,000.

According to Natural Resources Commission Policy 4605, all utility lines shall be buried whenever feasible. For the limited case where an easement for above ground improvements is approved, the charge will be 200% of the above schedule. Above ground easements do not include roadways and other at-grade uses.

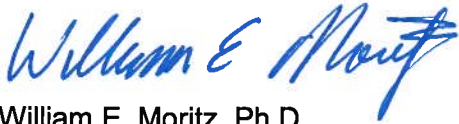
Fees may be waived or reduced for easements that provide a direct benefit to the State.

Where an access easement is to be shared, it may be appropriate for the county road commission to acquire a public road easement. Landowners may form an association that is legally recognized by the State of Michigan for the purpose of acceptance of a single access easement. The association will assume liability and maintenance responsibility for the easement.

III. Special Use Structures

- (a.) Conveyance of these sites will typically be by deed instead of easement but surface use may be granted by lease or in a temporary situation, surface use permit. Deeds may contain reversion clauses requiring removal of improvements and site restoration upon termination of the special use. Surface use leases and permits may also contain special conditions covering improvement removal and site restoration.
- (b.) Oil and gas pipelines are commonly constructed with appurtenances such as meters, tap, or valves. Installation of these structures may be permitted within pipeline right-of-ways following approval. Charges are calculated using the easement fee schedule.

Revision of Easement Fee Schedule
February 7, 2013

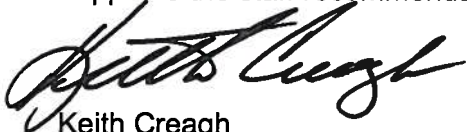


William E. Moritz, Ph.D.
Natural Resources Deputy



Mark H. Hoffman
Chief Administrative Officer

I approve the staff recommendations



Keith Creagh
Director

2/14/2013

Date Approved