

CRAIN'S DETROIT BUSINESS

July 03, 2019 12:00 PM

DTE to build, operate utility plant at new Wayne County jail

CHAD LIVENGOOD  

- Wayne County, DTE subsidiary reach deal on utility plant for new criminal justice complex
- County to cover its \$35.2 million cost with increased property tax revenues, efficiencies
- Excavation and concrete work at East Warren Avenue site making progress



Courtesy of HOK

A rendering of the planned \$533 million criminal justice complex at I-75 and East Warren Avenue that would replace Wayne County's existing complex downtown.

A subsidiary of DTE Energy Co. will construct and operate a utility plant at Wayne County's new criminal justice center east of downtown Detroit under a proposal that was submitted Wednesday to the county commission.

The Central Utility Plant will distribute electricity, gas, hot and cold water throughout the criminal justice complex on 11 acres at East Warren Avenue and I-75 that will include a 2,280-bed jail, 25 courtrooms, five hearing rooms, sheriff's and prosecutor department offices and a 160-bed juvenile detention center.

The plant, which will be operated by DTE Energy Services, is estimated to cost between \$32 million and \$37.7 million. Under the deal, Wayne County would pay up to \$35.2 million of the cost and Rock Ventures LLC will cover \$2.5 million of the final cost, said Richard Kaufman, deputy county executive for Wayne County.

Rock Ventures, the investment arm of billionaire Dan Gilbert's business empire, is building the **\$533.6 million criminal justice complex** for Wayne County under a deal reached last year that gave Gilbert the "fail jail" site on Gratiot Avenue and I-375, which his Bedrock LLC real estate development company **demolished**.

Wayne County will contract with DTE Electric for electricity and DTE Gas for natural gas, which will be used to heat hot water for the facility, DTE spokeswoman Jill Wilmot said.

DTE Energy Services will operate and maintain two backup generators at the facility in the event of power outages, Wilmot said.

Wayne County Executive Warren Evans' administration is proposing that the utility plant be funded from "operational savings and increased property tax collections," Kaufman said in a letter sent Thursday to Commission Chairwoman Alisha Bell.

"We are in a position to cover this component without jeopardizing our rainy day fund, which we've systematically built up after getting the county back from the brink of bankruptcy and on a stable financial foundation," Evans said Wednesday in a statement.

Last June, the Wayne County Commission agreed to an initial deal with Detroit Renewable Energy LLC for a utility plant supplying heating and cooling to the facility costing up to \$20 million.

But that deal fell through after Detroit Renewable Energy was sold last year and had a change in leadership, Kaufman said.

Detroit Renewable Energy's new owners proposed a \$51 million utility plant, causing Wayne County officials to start negotiating with DTE's non-regulated subsidiary to build and operate the Central Utility Plant, Kaufman said.

Even though the first deal fizzled, Kaufman said the county benefited from having demolition and early construction work commence while a deal was negotiated on construction of the utility plant.

"As events have shown, waiting for this information would have delayed the project by approximately one-and-a-quarter years," Kaufman wrote to the commission chairwoman. "This would have resulted in the entire cost of the project rising significantly and the savings from a completed project to the county would have also been delayed for that period of time."

Under its agreement with Rock Ventures, the county's share of the cost of the criminal justice complex itself tops out at \$379.9 million – plus the value of the former jail site on Gratiot Avenue. Gilbert's firm has agreed to absorb any costs exceeding \$533.6 million.

Rock Ventures initially did not agree to contribute cash toward the cost of the utility plant.

But the company agreed to shoulder \$2.5 million of the cost as a result of "good faith discussions" with the county over a host of changes in the design and amenities of the building, said Matt Cullen, principal of Rock Venture.

Construction of the new county jail, courthouse and office complex is expected to be complete in 2022. Excavation work is 55 percent complete and initial foundation and concrete work is 25 percent complete, according to Evans' office.

Wayne County anticipates the consolidated and energy-efficient criminal justice complex will save the county between \$10 million and \$15 million annually in and operating and energy costs. Those savings are being built into the cost of the utility plant, Kaufman said.

Southfield-based construction company Barton Malow is the general contractor for the criminal justice complex. DTE Energy Services also has contracted with Barton Malow to build the utility plant, Kaufman said.

St. Louis-based Hellmuth, Obata & Kassabaum Inc., better known as HOK, is the architect on the project.

Inline Play

Source URL: <https://www.crainsdetroit.com/government/dte-build-operate-utility-plant-new-wayne-county-jail>