

Committee Report

T Transportation Committee

Item: 2007_270

For the Metropolitan Council meeting – September 12, 2007

ADVISORY INFORMATION

Date Prepared: September 4, 2007

Subject: Disposition of 38th Street Surplus Property, Hiawatha Corridor

Summary of Committee Discussion:

A Council Member asked about the rejected bid on the Lake Street parcel and whether the bid was close to the appraised value, and why the other two excess parcels at 32nd and 46th Streets were not included in the Invitation for Bid (IFB). Guy Peterson responded that the highest bid for the Lake Street parcel was significantly below the appraised value of that parcel and other staff added that the Council will need a reappraisal of the parcel before the next bidding process. Peterson explained that the 32nd and 46th Street parcels were not included in the IFB at the request of the City of Minneapolis and will be sold in December along with the Lake Street property.

Recommendation:

That the Metropolitan Council authorize the Regional Administrator to proceed with the sale of the property previously deemed surplus by the Metropolitan Council on February 6, 2006, located at 38th Street and Hiawatha Avenue to KK Corporation.

T Transportation Committee

Meeting date: August 27, 2007

ADVISORY INFORMATION

Date: August 14, 2007
Subject: Disposition of 38th Street Surplus Property, Hiawatha Corridor
District(s), Member(s): Lynette Wittsack, District 8
Policy/Legal Reference: Minnesota Statute 473.129
Staff Prepared/Presented: Brian Lamb, General Manager 612-349-7510
 Tom Thorstenson, Director Engrg & Construction 612-349-7689
 Guy Peterson, Director Community Development 651-602-1418
Division/Department: Metro Transit

Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to proceed with the sale of the property previously deemed surplus by the Metropolitan Council on February 6, 2006, located at 38th Street and Hiawatha Avenue to KK Corporation.

Issue(s)

Should the Council accept the bid submitted by KK Corporation for \$704,000 for the sale of the 38th Street parcel?

Overview and Funding

On February 8, 2006, the Council adopted a policy addressing the declaration and disposition of surplus property to facilitate efforts to sell four specific Hiawatha Corridor Light Rail Transit properties no longer needed for transit operations and identified as “surplus” parcels. This policy reads as follows:

The Council may determine from time to time that certain real property is no longer needed for Council purposes and that such real property shall be considered “surplus”. The Council may dispose of such real property, subject to applicable laws and regulations including Minnesota Statutes 473.129. The Council may sell such surplus real property to the highest bidder through a public bidding process, for no less than the appraised market value; unless the Council determines that the Council’s priorities or objectives would be better served by disposing of the property in some other manner authorized by law.

A formal Invitation for Bids (IFB) was issued June 28, 2007, for two surplus parcels. The two parcels are located at 38th Street and Hiawatha Avenue and Lake Street and Hiawatha Avenue. The appraised value for the 38th Street parcel is \$630,000. Four bids ranging from \$200,000 to \$704,000 were received for the 38th Street parcel, with the high bid being submitted by KK Corporation. All of the bids for the Lake Street parcel were lower than the appraised market value and have been rejected. A review of the appraisal of the Lake Street parcel will be conducted, and it will be rebid with two other surplus parcels later this year.

Council staff is currently requesting FTA consideration to retain the federal portion, 69% (\$485,760) of the sale proceeds, to help fund the acquisition of transit vehicles and vehicle equipment. These projects are consistent with the Council’s adopted capital program and budget and the State Transportation Improvement Program.