

ADVISORY INFORMATION

Date August 30, 2012
Prepared:
Subject: Authorization to Purchase Property – Gateway Layover Facility

Proposed Action:

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute the purchase of the Gateway Layover Facility located at 400 Third Street South in Minneapolis, MN at the negotiated real property value of \$7,500,000.

Summary of Committee Discussion / Questions:

Pat Jones introduced Jim Harwood who presented the business item. Councilmember Commers asked for clarification if the owner's valuation was for the first level of the ramp only or for the entire ramp. Jim Harwood responded that it was the first level only. Pat Jones added that the entire ramp was appraised at a much greater value which was \$25,150,000.

Councilmember Brimeyer asked for clarification on the method of subdividing the property. It was stated that the process of subdividing via Registered Land Survey that is being completed is similar to creating a condominium. Once the registered land survey is completed it has created an entirely separate property. The Council will be purchasing real property within a larger building.

Chair Elkins asked what the percentage of ownership is the Council's if the entire six-level ramp was sold. The answer to this is that similar to a condominium; the subdivision is creating a unit of property ownership within a larger building. This is a completely separate piece of property and the Council will own 100% of that property. If the ramp is sold, Council's property remains with the Council.

Chair Elkins asked a question regarding the insurance requirements of the two properties. The insurance requirements will be clearly spelled out in the negotiated reciprocal easement agreement and the Council's risk manager is involved in creation and review of these agreements.

A motion was then made by Councilmember Munt seconded by Councilmember Reynoso and passed unanimously.

T Transportation Committee
Meeting date: August 27, 2012
For the Council Meeting of September 12, 2012

ADVISORY INFORMATION

Date: August 21, 2012
Subject: Authorization to Purchase Property – Gateway Layover Facility
District(s), Member(s): 7; Gary Cunningham
Policy/Legal Reference: Policy 3-4 (Management of Regional Assets)
Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
Marilyn Porter, Director Engineering & Facilities, 612-349-7689
Pat Jones, Asst. Director Facilities Engineering, 612-349-7606
Jim Harwood, Project Manager, 612-349-7339
Division/Department: Engineering & Facilities

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute the purchase of the Gateway Layover Facility located at 400 Third Street South in Minneapolis, MN at the negotiated real property value of \$7,500,000.

Background

Metropolitan Council/Metro Transit proposes to acquire the first level of the Gateway parking ramp facility located at 400 Third Street South in Minneapolis, MN. Metro Transit currently occupies the first level of the Gateway parking ramp for use as a bus layover under a 30-year lease agreement that expires in early 2014. That lease was originally entered into with the City of Minneapolis as a no-cost lease and was transferred when the property was sold in 2007 to the current owner, Alatus Group. The parcel is 108,226 square feet with a six-level ramp. The first level will be subdivided via registered land survey.

Metro Transit received a letter from the FTA dated May 22, 2012 that concurred with the appraiser's determination of market value of \$6,140,000 as just compensation that supports FTA funding participation. However, attempts to purchase the property at the appraised value have failed. Negotiations with the owner have settled on a value of \$7,500,000 for the property.

The 2011 Downtown Layover Study examined alternative layover sites in the North and Northwest zones of downtown serving the I-394, local routes, or the I-35W corridor. These are included in the following table:

Site	Estimated Capital Costs	Capital Cost (per bus)	Capacity
Gateway Appraisal	\$6,140,000	\$227,407	27
Gateway Negotiated	\$7,500,000	\$277,777	27
Gateway (Owners Valuation)	\$10,500,000	\$314,815	27
Site 23A - Structured	\$10,907,150	\$389,541	28
Nicollet Hotel Block	\$10,925,000	\$455,208	24
Site 3 - HCRRA site	\$12,869,600	\$415,148	31

Condemnation is not an option for this acquisition as, at this time, there is not an actual tract to condemn. The process of subdividing the parcel by Registered Land Survey hasn't taken place but will be a concurrent process with the execution of a purchase agreement and a closing.

Rationale

The ability to purchase land requires Council approval.

Funding

Funding for the Council's purchase of this property is available within Project 63318-Downtown Minneapolis Layover.

Known Support / Opposition

The City of Minneapolis supports this action. There is no known opposition to this action.



← North

400 3rd Street S. Mpls, MN

Gateway
Ramp