

# **T** Transportation Committee

**Meeting date: May 14, 2012**

**For the Council Meeting of May 23, 2012**

## **ADVISORY INFORMATION**

<b>Date:</b>	<b>May 1, 2012</b>
<b>Subject:</b>	<b>Authorization to Purchase Property, to Declare a Portion of the Property as Excess, and to Sell the Excess Property</b>
<b>District(s), Member(s):</b>	<b>8; Adam Duininck</b>
<b>Policy/Legal Reference:</b>	<b>Policy 3-4 (Management of Regional Assets) and Business Item 2006-36</b>
<b>Staff Prepared/Presented:</b>	<b>Brian Lamb, General Manager, 612-349-7510 Marilyn Porter, Director Engineering &amp; Facilities, 612-349-7689 Pat Jones, Asst. Director Facilities Engineering, 612-349-7606 Joe Edwards, Lead Project Manager, 612-349-7676</b>
<b>Division/Department:</b>	<b>Engineering &amp; Facilities</b>

## **Proposed Action**

That the Metropolitan Council (Council) authorize the Regional Administrator to:

1. Purchase a parcel of land from the Minnesota Department of Transportation;
2. Declare a portion of the parcel to be excess property; and
3. Sell the excess property to Xcel Energy.

## **Background**

In 2010, the Council started exploring options for the receipt of new light rail vehicles (LRV's) to be purchased for the Blue Line (Hiawatha) Light Rail Transit (LRT) and the Central Corridor (Green Line) LRT. A viable option identified was to use a rail spur track located on property owned by the Minnesota Department of Transportation (MnDOT), located east of Highway 55 (Hiawatha Avenue) between 26<sup>th</sup> Street and Lake Street in Minneapolis (see the attached map). This property had been previously used by the contractors of the Hiawatha Light Rail System for material storage, lay down areas, and off-loading of LRVs.

Also during 2010, Xcel Energy applied for a permit to construct new electrical sub-stations and a power distribution line in the Midtown area. Among the sites proposed for one of the sub-stations was the same property the Council was interested in.

As both the Council and Xcel Energy had an interest in the same property, MnDOT brought the parties together to discuss if it was possible for the Council's and Xcel's needs to be met and if there was a mechanism to allow both parties to acquire appropriate portions of the property within MnDOT's procedures. Both the Council and Xcel identified their property needs and agreed that it was possible for both to conduct their respective businesses if a means could be found for Xcel to purchase the portion of the total property.

MnDOT procedures for the disposal of excess property are detailed by Minnesota Statutes. Those procedures allow MnDOT to offer property to other governmental entities (including the Council) at no cost but with a "for public purposes use only" clause or to purchase the property at MnDOT's appraised value without the "for public purposes use only" clause. These same procedures require Xcel to competitively bid for the property, but only after numerous other options have been exercised. Xcel requested the Council's cooperative efforts to find a method of expediting the purchase of the total property with, subsequently, a portion for Xcel's use. MnDOT, Xcel and the Council explored various options. The most expeditious option was felt to be for the Council to purchase the total property from MnDOT, to declare a portion of the property to be excess property, and to sell that excess property to Xcel.

MnDOT has appraised the property and offered to sell it to the Council for \$370,000. Xcel has offered to purchase a portion of the property from the Council (see attached map) and some permanent easements for overhead and underground utilities for \$370,000. Xcel has also agreed to purchase and pay for the relocation of the rail spur track from their portion of the property to the property that would remain the Council's. The Council and Xcel have been discussing a proposed agreement for the sale and purchase of a portion of the property, relocation of the rail spur track, use of permanent easements, and related matters. As a result of approving these proposed actions, the Council will obtain the land it needs for a rail spur track for off-loading new LRVs for the Council's light rail system and will have the rail spur track relocated, all at no cost to the Council.

## **Rationale**

The ability to purchase land, declare land to be excess property, and to sell excess property requires Council approval.

## **Funding**

Funding for the Council's purchase of this property is available within Project 63314-Transit Facility Land Acquisition. Upon completion of the sale of a portion of the property to Xcel, the Council will be reimbursed from an Escrow Account established by Xcel.

## **Known Support / Opposition**

Xcel, MnDOT, and Council LRT staff are in support of this action. There is no known opposition to this action.

