

Committee Report

T Transportation Committee For the Metropolitan Council meeting of August 8, 2007

Item: 2007-241

ADVISORY INFORMATION

Date Prepared: July 10, 2007

Subject: Sale of Surplus Property at 24th Street and Hiawatha Avenue, Minneapolis

Summary of Committee Discussion:

Staff made a presentation and then took questions.

Council member Haas Steffen asked if the property owners were eligible for both a discount on land value and other public subsidy on the clean-up. Council member Haas Steffen wanted to ensure that the neighboring property owners wouldn't benefit twice for environmental cleanup, once due to a reduction from an appraised value and once again for public subsidies to remove the contamination. Mr. Thorstenson commented that the appraised value assumes a clean site, which is not the case. The sale price reflects the fact that the property is contaminated and is being sold "as is".

Mr. Lamb stated that the project currently enjoys broad support from the neighborhood as well as other government agencies. The reduced sale price reflects the as-is nature of the site. The project is a result of lengthy negotiations and benefits all concerned.

Council member Susag asked if MnDOT had agreed to accept the sale prices as indicated. Staff stated that MnDOT has confirmed the concept reflected in the amounts stated.

The item was moved by Council member Scherer and seconded.

The item passed unanimously.

Recommendation:

That the Metropolitan Council declare three remnant parcels at 24th Street and Hiawatha Avenue as surplus and authorize the Regional Administrator to dispose of such surplus properties through direct conveyance to the neighboring property owners and transfer the proceeds to Minnesota Department of Transportation (MnDOT).

T Transportation Committee

Meeting date: July 9, 2007

ADVISORY INFORMATION

Date:	July 3, 2007
Subject:	Sale of Surplus Property at 24 th Street and Hiawatha Avenue, Minneapolis
District(s), Member(s):	Lynette Wittsack, District 8
Policy/Legal Reference:	Minnesota Statute 473.129 Metropolitan Council policy on land disposal
Staff Prepared/Presented:	Brian Lamb, General Manager, 612-349-7510 Tom Thorstenson, Director, Engineering and Const., 612-349-7689 Pat Jones, Manager, Facilities Engineering, 612-349-7606
Division/Department:	Metro Transit/Engineering & Facilities

Proposed Action/Motion

That the Metropolitan Council declare three remnant parcels at 24th Street and Hiawatha Avenue as surplus and authorize the Regional Administrator to dispose of such surplus properties through direct conveyance to the neighboring property owners and transfer the proceeds to Minnesota Department of Transportation (MnDOT).

Issue(s)

- It is normal Council policy to dispose of surplus property through competitive means. In this situation, Council is asked to consider disposal through direct negotiation.

Overview and Funding

As background, a Hiawatha LRT Maintenance Support Facility is needed to provide for specialized track maintenance and is included in the approved Capital Improvement Program. The facility is to include a non powered spur track for rail maintenance equipment as well as storage space for maintenance of way vehicles, shop space and a lay down area for equipment and supplies. There is insufficient space available at the existing Yards and Shops area.

Staff conducted a search of potential locations along the Hiawatha line and focused on a 5.7 acre parcel adjacent to the LRT track at 24th and Hiawatha. This site had been used by MnDOT for construction staging and material storage during construction of the Hiawatha LRT project and is ideally situated for use as a support facility.

In 2005, MnDOT transferred this parcel to the Metropolitan Council for transit purposes. Partnering with adjacent business owners, the City of Minneapolis, Hennepin County and Seward Neighborhood Redesign, staff produced a master plan that responds to the needs of the adjacent business owners and has support from all participants.

This plan involves conveying three small remnant parcels to the adjoining property owners and retaining approximately 4.5 acres adjacent to the LRT tracks for use by the Council. The three parcels approximately consist of 7,900, 27,000 and 20,900 square feet.

Normally such property would be advertised for competitive sale. However, these remnant parcels are not accessible to the public way and are not viable for development by other than the adjacent property owners. In addition to the concept of conveying the property directly to the adjacent owners, staff discussed the potential of transferring use of the remnants by means of leases or easements. However, these approaches were not acceptable to the adjacent owners and would jeopardize the implementation of the master plan.

A condition of the deed of transfer from MnDOT to the Council requires that any sale proceeds for the property be returned to MnDOT.

The following table displays the appraised values of the individual properties along with associated soil contamination clean-up costs and estimated proceeds to MnDOT:

	I United Noodle	II Kraus Anderson	III Jefferson Lines
Parcel Size	7,900 sf	27,000 sf	20,900 sf
Appraised value	\$26,000	\$90,000	\$69,000
Clean Up Estimate	\$20,000	\$33,000	\$35,000
Sale Price	\$26,000	\$57,000	\$34,000
Proceeds to MnDOT	\$6,000	\$57,000	\$34,000

Parcel I is to be conveyed at the appraised value and be included within the Council's plans for future soil remediation. The proceeds to MnDOT for Parcel I is to be \$26,000 less the estimated clean up costs of \$20,000. Parcels II and III are to be conveyed at their appraised values, less clean up costs, as the owners plan to clean up the properties using their own means. Proceeds to MnDOT for Parcels II and III are then to be \$57,000 and \$34,000, respectively.