



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: May 15, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing – Pass-Through Sale
Seward So.

Recommendation: Approve the acquisition and disposition of excess land adjacent to 2100 26th St E. from the Metropolitan Council to Z & K Development Company, LLC for \$67,000.

Previous Directives: March 8, 2012; City Council approved Modification No. 16 to the Seward South Urban Renewal Plan and Modification No. 119 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan to authorize this acquisition.

Prepared by: Rebecca Law, Project Manager, Phone 612-673-5064

Approved by: Charles T. Lutz, Deputy CPED Director _____

Catherine A. Polasky, Director Economic Policy & Development _____

Presenters in Committee: Rebecca Law, Project Manager

Financial Impact

Other financial impact: The City will be reimbursed for all transaction costs and will receive a fee equal to 10% of the sale price to recoup administrative costs.

Community Impact

Neighborhood Notification: Seward Neighborhood Association reviewed this proposal and had no comment.

Comprehensive Plan: Approval of this conduit transaction was approved by the Planning Commission on February 6, 2012.

Zoning Code: I-1, Light Industrial

Living Wage/Business Subsidy Agreement Yes _____ No x

Job Linkage Yes _____ No x

Supporting Information

<u>PARCEL</u>	<u>PROPOSED ADDRESS</u>	<u>SALE PRICE</u>
Excess Land	Adjacent to 2100 26 th St E	\$67,000

PURCHASER

Z & K Development Company, LLC
2100 26th St E.
Minneapolis, MN 55404

PROPOSED DEVELOPMENT:

The owners of the adjacent land at 2100 26th Street E (which houses the Jefferson Lines Bus Company) will use the additional land to expand their parking lot, and manage storm-water run-off. After approval of this sale, the owners will submit a revised parking lot plan for City review and permits. The lot size is irregular and contains 20,325 square feet.

LAND DISPOSITION POLICY:

This property is being sold for development and the disposition conforms to the City's "Pass-Through" procedures.

OFFERING PROCEDURE:

The Metropolitan Council negotiated the sale terms with the owner of 2100 26th St E and then asked the City of Minneapolis to be the conduit for this transaction. The purchase price of \$67,000 does reflect the full re-use value.

COMMENTS:

The Metropolitan Council recently purchased the subject land from the Minnesota Department of Transportation (MnDoT). The land is excess right-of-way from the construction of the Hiawatha LRT Corridor. MnDoT appraised the parcel at \$67,000 and CPED's internal appraiser agreed with that value. Z & K Development Company, LLC will pay all City transaction costs to acquire and sell the property. As required under our real estate policy, the City will receive an administrative fee of \$6,700 for serving as the conduit.

**Authorizing sale of land in the vicinity of 26th St E & Hiawatha Ave
Seward So.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop a Disposition Parcel adjacent to 2100 26th St E in the Seward South neighborhood, from Z & K Development Co, LLC, hereinafter known as the Redeveloper, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Seward So. Excess Land 2100 26th St E. (Proposed Address)

All of Tract A described below:

Tract A. That part of the South Half of the Northwest Quarter of Section 36, Township 29 North, Range 24 West, and Lots 10 and 11, Block 8, Stewart's Addition to Minneapolis, shown as Parcel 1A on Minnesota Department of Transportation Right of Way Plat No. 27-89 as the same is on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota, lying easterly of the following described line: Commencing at Right of Way Boundary Corner B8911 as shown on said Plat No. 27-89; thence on a bearing of North 25 degrees 42 minutes 28 seconds West along the boundary of said plat for 118.60 feet to Right of Way Boundary Corner B10 and the point of beginning of the line to be described; thence continue North 25 degrees 42 minutes 28 seconds West for 108.00 feet; thence North 64 degrees 17 minutes 32 seconds East for 270.00 feet; thence South 69 degrees 43 minutes 13 seconds East for 18.97 feet, more or less, to an intersection with the northeasterly boundary of said Plat No. 27-89 and there terminating.

Whereas, the Redeveloper has offered to pay the sum of \$67,000, for Parcel Seward So. Excess Land to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the City has had the re-use value reviewed by a real estate expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Excess Land Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on May 4, 2012, a public hearing on the proposed sale was duly held on May 15, 2012, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

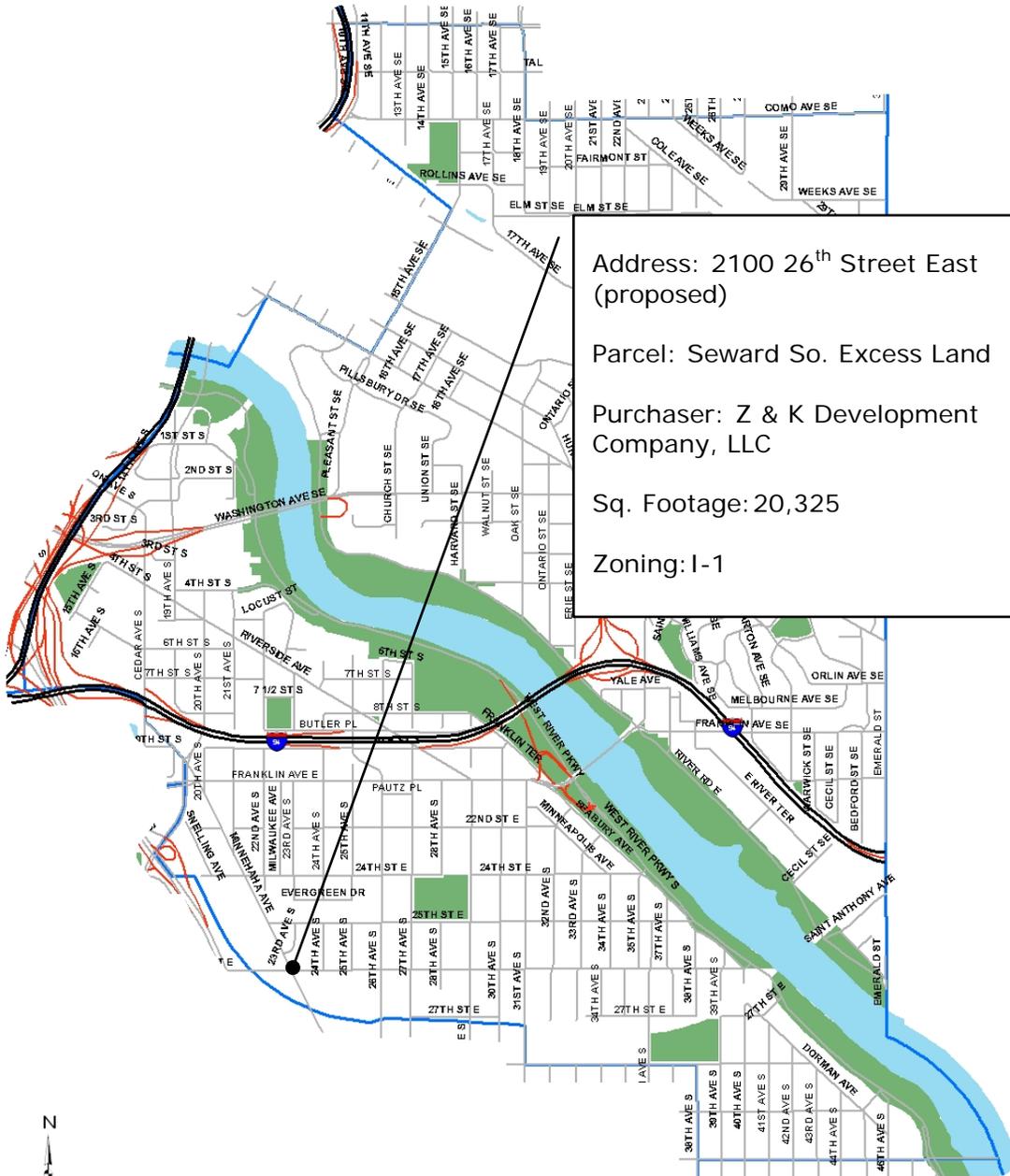
That the re-use value for uses in accordance with the Seward So. Urban Renewal Plan, as amended, is hereby estimated to be the sum of \$67,000.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.

WARD 2



Address: 2100 26th Street East
(proposed)

Parcel: Seward So. Excess Land

Purchaser: Z & K Development
Company, LLC

Sq. Footage: 20,325

Zoning: I-1

TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

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Seward So. Excess Land

Address: 2100 26th St E. (Proposed)

Purchaser: Z & K Development Company, LLC

Disposition Parcel No. Acq Date	Proposed Address	Total CPED Costs	Less Sales Price	Write Off
Seward So. Excess Land – Pass- Through Sale	2100 26th St E.	\$ 67,000	(-)\$67,000 plus \$6,700 Admin fee	-\$ 6,700 (Admin fee)

Re-Use Value Opinion	Less Sales Price	Write-Down
\$67,000	\$67,000	\$ 0

Write-Down
None

Developer History with CPED:

Z & K Development Company, LLC successfully completed a Redevelopment Contract with the City in 1998 at the current Jefferson Lines Bus Company site.

Developer Information:

XX Limited Liability Company of the State of Minnesota