



Request for City Council Committee Action From the Department of Public Works

Date: May 15th, 2007
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: Sale of a portion of Huron Blvd SE to the University of Minnesota.

Recommendation: Set a Public Hearing for Tuesday, June 5th for the sale of public land.

Previous Directives:

- February 27, 2007 Authorize the proper City officials to enter into negotiations with the University of Minnesota for the anticipated sale of Huron Blvd SE between University Ave SE and 4th St SE.
- October 24, 2006 Approval of University of Minnesota layout for changes to City and County roadways Huron Boulevard, Oak Street SE, 4th Street SE, University Avenue SE, and Washington Avenue SE, due to the proposed U of M football stadium.

Prepared by: Dennis Morris, Right of Way Section Supervisor, 673-3607
Rhonda Rae, Director of Engineering Services, 673-3627

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Dennis Morris, Right of Way Supervisor

Permanent Review Committee (PRC) Approval Not applicable

Policy review Group (PRG) Approval Not applicable

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- _____
Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

Community Impact

Neighborhood Notification:

City Goals:

Comprehensive Plan:

Zoning Code:

Background/Supporting Information.

The University of Minnesota, as part of its TCF Stadium project, has petitioned the City to vacate various public rights of way surrounding the project site. Concurrently, the University will be dedicating new right of way to the City for street realignment. All of the vacated rights of way will revert to the underlying fee owners. The underlying fee owner of Huron Blvd SE, between 4th St SE and University Ave SE is the City of Minneapolis. We purchased this former railroad parcel as part of the Huron Blvd SE street construction project in 1994.

The University procured two appraisals for Huron Blvd SE and the City obtained one. Because of the large disparity in appraisal values the University and City agreed to obtain a non binding review appraisal which evaluated the accuracy of the original 3 appraisal and suggested a new valuation of the land. The University and City later agreed to a sale price of \$1,196,250.00 which is the average of all 4 appraisal values.

It is recommended that the method of sale be a private sale to the abutting property owner, the University of Minnesota

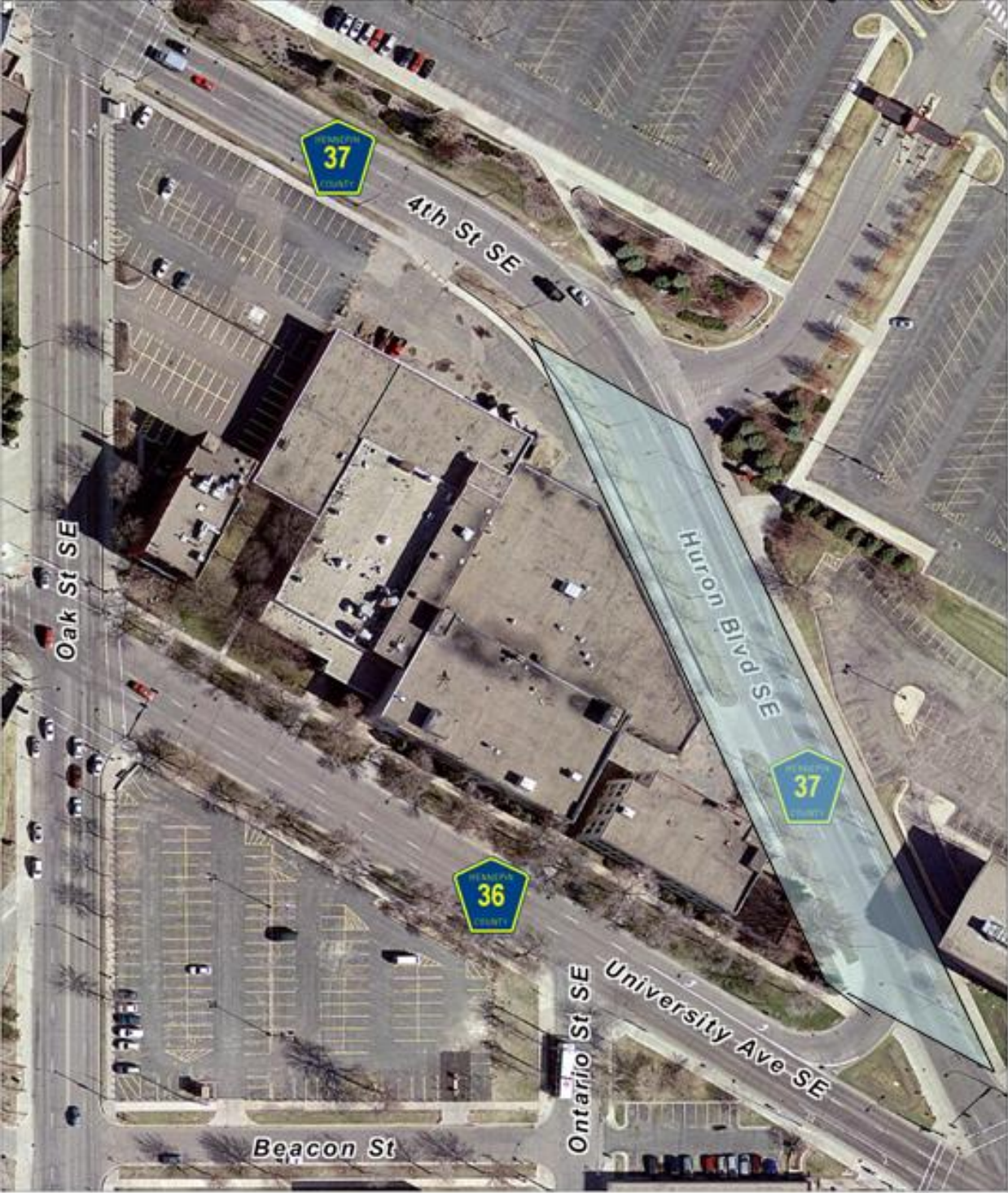
The University has proposed a reduction in the sale amount of \$358,026.00 to reach a final sale amount of \$838,224.00. They are proposing this reduction of the sale amount based upon a letter from CPED (attached) that was issued in connection with a purchase of land from the University for the SEMI and Granary Road project.

The sale of public land is regulated by Minneapolis Chapters 14.120 and 22.80 and the policy and procedures set forth in the Real Estate Transactions Policy adopted by the City Council.

The sale review of the subject property includes these activities:

- Reviewed and approved by the required CPED and Public Works representatives.
- The City Assessor has been provided with the sale information and has not objected to the sale.
- The Permanent Review Committee has reviewed and approved the sale procedure.
- The City Engineer-Director of Public Works has determined that the subject property is excess land and not needed for municipal operations.
- The Planning Commission will be notified of the sale at the same time the vacation petition is reviewed and approved.

Attn.: Map depicting area to be sold.
CPED price reduction commitment letter





Minneapolis
City of Lakes

**Community Planning &
Economic Development**

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June 27, 2006

Mr. Richard Prüfer, reuter
Chief Financial Officer
University of Minnesota
Office of Budget and Finance
100 Church Street, S.E.
Morill Hall Rm. 334
Minneapolis, MN 55455

Dear Fitz,

On behalf of City, the Minneapolis CPED appreciates the University's agreement to accept the City's offer of \$10 per square foot to purchase the easement from the University for 25th Ave. SE and Granary Road right-of-way purposes. The City agrees to pay the University \$445,880 for the easement. In addition, CPED will use its best efforts to structure future real estate transactions with the University so as to allow the University to obtain reduced purchase prices for city-owned property such that the reductions approximate the difference between the \$18.03 per square foot easement consideration approved by the University's Board of Regents and the \$10.00 per square foot to be paid by the City, or \$358,026. Where City Council approval is required for such transactions, CPED agrees to recommend such approval.

The terms of this agreement recognize that both buyer and seller are public jurisdictions who have determined that this arrangement represents the most efficient use of public resources. It will serve as a precedent for neither party, except to demonstrate that when public money is being transferred the transactional costs should not destroy the public purpose. This is particularly true here, where the University and the City operate in partnership under an agreement executed between the Minneapolis City Council and the University's Board of Regents in January of 2004.

I appreciate your timely response to our request and I look forward to working with you. Do not hesitate to contact me if you have any questions about this letter.

Sincerely,

Mike Christianson
Director of Economic Policy and Development