

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

Date: August 12, 2008

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

**Subject:** Land Sale Public Hearing

Pass-Through sale of 721 2nd Street SE from MnDOT to Metal-Matic, Inc.

**Recommendation:** Approve the simultaneous acquisition and disposition of 721 2<sup>nd</sup> Street SE from MnDOT to Metal-Matic, Inc. for \$630,000.00.

**Previous Directives:** On July 25, 2008, City Council approved Modification No. 9 to the Holmes Urban Renewal Plan and Modification No. 112 to the Common Development and Redevelopment and Common Tax Increment Finance Plan adding 721 2<sup>nd</sup> Street SE and designating 721 2<sup>nd</sup> Street SE as appropriate for acquisition.

Prepared by: Andrea Petersen, Project Coordinator, Phone 612-673-5106

Approved by: Charles T. Lutz, Deputy Director CPED \_\_\_\_\_

Catherine A. Polasky, Director Economic Policy & Development \_\_\_\_\_

Presenters in Committee: Andrea Petersen, Project Coordinator

**Financial Impact**

- Action provides increased revenue by collection of pass-through administration fee of \$63,000.
- Action is within the Business Plan

**Community Impact**

- Neighborhood Notification: Marcy Holmes reviewed this proposal and recommended it be approved on July 15, 2008.
- City Goals: Connected Communities, A premier destination
- Sustainability Targets: Tree Canopy, landscaping improvements
- Comprehensive Plan: On July 21, 2008, the Planning Commission determined the sale of this parcel to be consistent with the Comprehensive Plan.
- Zoning Code: I2 proposed use is consistent with zoning
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_ No\_X\_\_
- Job Linkage Yes\_X\_\_ No\_\_\_\_
- Other: On June 16, 2008, the Planning Staff completed a land sale review of this parcel and recommended authorization of the sale.

**Supporting Information**

**PARCEL**

MnDOT 212C

**ADDRESS**

721 2nd Street SE

**SALE PRICE**

\$630,000

**PURCHASER**

Metal-Matic, Inc.  
629 Second Street SE  
Minneapolis, MN 55414

**PROPOSED DEVELOPMENT:**

Staff recommends the City of Minneapolis simultaneously acquire and dispose of the property located at 721 2<sup>nd</sup> Street SE as a pass through sale from MnDOT to Metal-Matic, Inc. Metal-Matic, Inc. plans to combine the adjacent parcel they own at 212 7<sup>th</sup> Avenue SE with the 721 2<sup>nd</sup> Street SE parcel to construct a parking lot for employee and semi-trailer parking. Metal-Matic, Inc. expects to begin construction in mid-September. The new parking lot will include 83 employee parking spaces and 15 semi-trailer spaces plus landscaping of 32 trees and 89 shrubs. The existing retaining wall on the north side of the property will be replaced with a new pre-cast concrete block wall. There is a building on the 212 7<sup>th</sup> Street SE parcel that will remain; however the building on 721 2<sup>nd</sup> St SE will be demolished by MnDOT prior to the sale.

721 2<sup>nd</sup> Street SE has 27,225 square feet and 212 7<sup>th</sup> Street SE has 27,225 square feet for a combined total 54,450 square feet.

On July 21, 2008 the Planning Commission approved 1.) a conditional use permit to allow a surface parking facility, 2.) a conditional use permit to allow truck and trailer parking within 100 feet of a residential district, 3.) a variance to increase the maximum allowable width of a curb cut from 35 feet to 60 feet, and 4.) the proposed site plan.

**LAND DISPOSITION POLICY:**

This property is a buildable lot as defined by City policy and is being sold for development to support business activity.

**FINANCING:**

Metal-Matic, Inc. will pay for the purchase of the land and construction of the parking lot. No outside financing will be used.

**OFFERING PROCEDURE:**

Negotiated. Metal-Matic, Inc. has offered to purchase the property for the fair re-use value of \$630,000 plus a 10% administrative fee.

**COMMENTS:**

Metal-Matic, Inc. wishes to acquire 721 2<sup>nd</sup> St SE parcel for expanded and improved parking facilities to support their business and replace parking eliminated by the new I-35W bridge. MnDOT currently owns the parcel and is using it as a staging area for construction of the new I-35W Bridge. MnDOT does not need this property once bridge construction is complete and has agreed to sell the parcel to the City for sale to Metal-Matic, Inc.

Staff requested Metal-Matic, Inc. complete a job linkage agreement as part of this pass through sale. Currently, all 350 Metal-Matic, Inc. employees are paid in excess of the present living wage standard.

## **Authorizing sale of land Holmes Disposition Parcel No MnDOT 212C.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel MnDOT 212C, in the Marcy Holmes neighborhood, from Metal-Matic, Inc., hereinafter known as the Redeveloper, the Parcel MnDOT 212C, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

### LEGAL DESCRIPTION

#### MnDOT 212C: 721 2nd Street SE

Lots 9 and 10, and The Easterly ½ (that is the ½ adjoining Lot 9) of Lot 8, Block 32, St. Anthony Falls. The four corners of which tracts are marked by judicial landmarks E, F, G and H.

Being registered land as is evidenced by Certificate of Title No. 1213220.

Whereas, the Redeveloper has offered to pay the sum of \$630,000 for Parcel MnDOT 212C 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 Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal 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 Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on August 1, 2008, a public hearing on the proposed sale was duly held on August 12, 2008, 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:

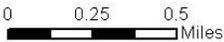
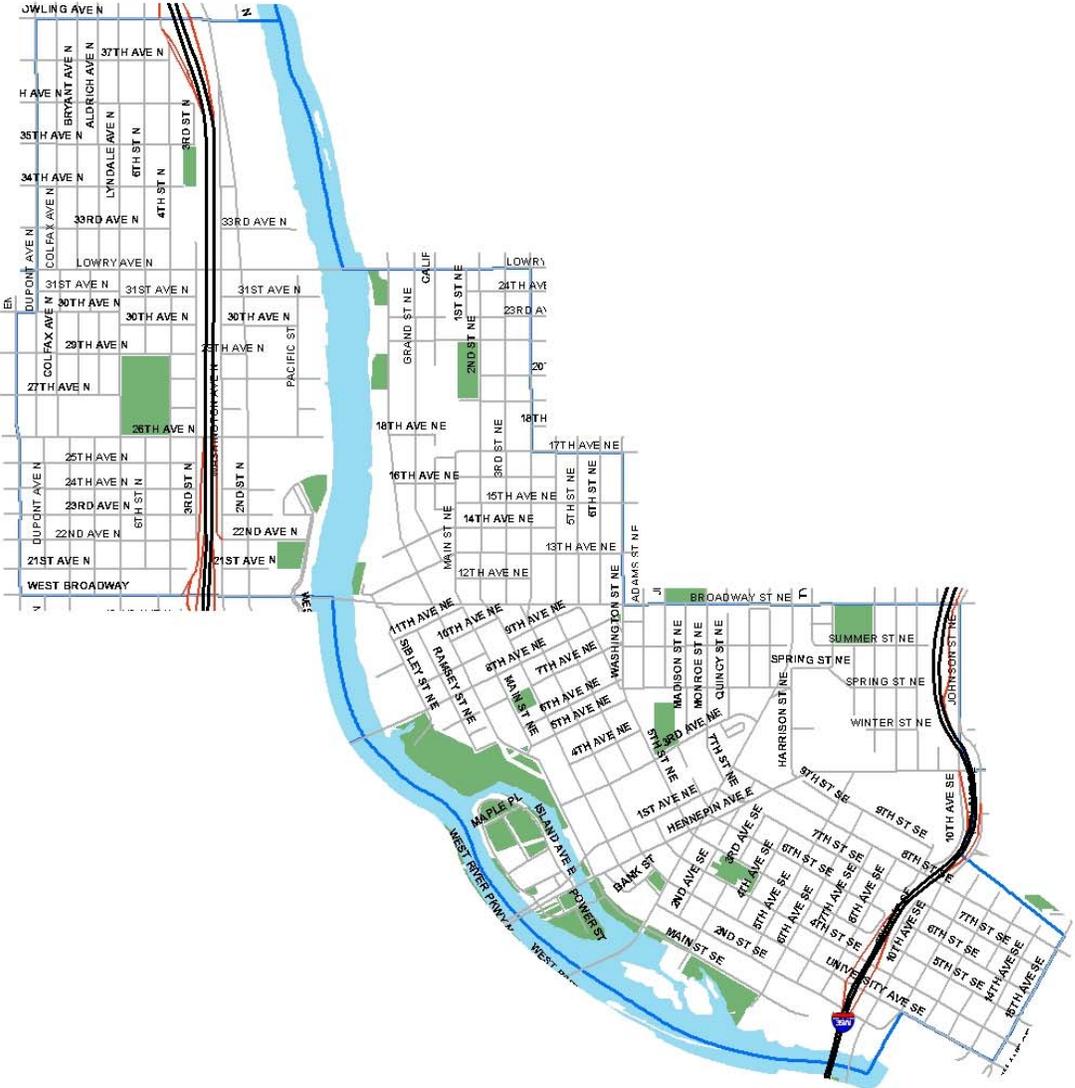
That the re-use value for uses in accordance with the Holmes plan, as amended, is hereby estimated to be the sum of \$630,000 for Parcel MnDOT 212C.

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 be and the same 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 be and the same 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 3



Created by GBS 8/23/06

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

Date: August 12, 2008  
 Subject: Land Sale – Public Hearing  
 Address: 721 2nd Street SE  
 Purchaser: Metal-Matic, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
MnDOT 212C TBD- Pass Thru Sale	721 2nd Street SE	\$630,000	(-)\$693,000	(+)\$63,000 (admin fee)

Re-Use Value Opinion	Less Sales Price	Write-Down
\$630,000	630,000	\$0.00

Write-Down

Reason: No write-down

Developer History with CPED:

The developer has no experience with the City.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other