



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

Date: March 21, 2006
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Sale of City-owned Property at 1315-1319 Penn Avenue North – Conduct Public Hearing and Approve Sale**

Recommendations:

1. Approve the sale of the city owned property at 1315 – 1319 Penn Avenue North to NorthPoint Health & Wellness Center, Inc. (NorthPoint) for \$1.00 and other consideration.
2. Direct proper City officers to negotiate a purchase agreement with NorthPoint. Further, authorize the proper City officers to execute any necessary documents to complete the sale transaction.
3. Directs proper City officers to enter into a reasonable agreement of subordination of the Seller's interest in the Property to the interests of a mortgage holder to the extent that the secured loan is for the NorthPoint social services.

Previous Directives:

March 10, 2006: Approval of private sale method for disposition of city owned property parcel at 1315-1319 Penn Avenue North and to set a public hearing.
April 2, 2004: Approval of the sale of the city owned property at 1315-1319 Penn Avenue North and authorization for the proper City officers to negotiate a purchase agreement with Pilot City Neighborhood Services (PCNS).
February 27, 2004: Approval of private sale method for disposition of city owned property parcel at 1315-1319 Penn Avenue North and to set a public hearing.
Council directive to staff in August 1998 to pursue alternative ownership options for the City's three community center facilities.

Prepared by: Rebecca Law, Project Manager, CPED, 673-5064

Approved by:

Klara Fabry, P.E., City Engineer, Director of Public Works

Presenter: Steven Kotke, Deputy Director of Public Works for Internal Services

Permanent Review Committee (PRC)	Approval _____	Not applicable <u> X </u>
Policy review Group (PRG)	Approval _____	Not applicable <u> X </u>

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: Not Applicable

City Goals: *Preserve and enhance our environmental, economic and social realms to promote a sustainable Minneapolis*

Comprehensive Plan: Conforms

Zoning Code: Conforms

Background/Supporting Information

The City of Minneapolis owns the property housing the NorthPoint Health & Wellness Center, Inc. (formerly Pilot City Regional Center - PCRC) located at 1315 – 1319 Penn Avenue North. The PCRC was constructed in the late 1960's as a joint venture between the Federal Government (HUD) and the City. The purpose of the project was to provide a neighborhood facility for the local community. Since 1968, the City has leased this center to NorthPoint Health & Wellness Center, Inc. (and its predecessor entities, TACTICS and Pilot City Neighborhood Services).

In August 1998, Council directed staff to pursue alternative ownership options for the following City-owned buildings:

1. Pilot City Regional Center, 1315 -1319 Penn Avenue North
2. Minneapolis American Indian Center (MAIC), 1530 Franklin Avenue
3. Senior Citizen Resource Center, 3612 Bryant Avenue South

These three facilities were unique because they did not house any City government functions and the City did not receive any rent from their occupants. Two centers have already been sold to their respective social service organizations. The ownership of the Senior Citizen Resource Center was transferred to the Volunteers of America Inc. in 2001. The MAIC property was sold to the Minneapolis American Indian Center, Inc. organization in 2004. The Pilot City Regional Center is the last social services neighborhood facility remaining under City ownership.

On April 2, 2004, the City Council authorized the sale of this property to the Pilot City Neighborhood Services (PCNS) organization. However, shortly afterward, PCNS began merging into another corporation and the City was asked to delay the sale. The surviving corporation, NorthPoint, now wants to purchase the facility on terms similar to the sales of the other two centers. Specifically, NorthPoint will pay \$1.00 and commit to continue providing the neighborhood services for at least ten years. At the end of the 10 year period, NorthPoint would receive title to the Pilot City parcel without further restrictions imposed by the City.

As required by Minneapolis Ordinance section 14.120 of the Minneapolis Code of Ordinance, the City Engineer has determined that this property is not required for municipal government services. The City Planning Commission has reviewed the proposed sale and approved it as conforming to the comprehensive plan. The City Assessor estimated the property value at approximately \$912,000 in 2004.

City Ordinance section 14.120 requires a public hearing before any City-owned real estate is sold. Upon conclusion of today's public hearing, we recommend that your committee approve the sale of the Pilot City parcel to NorthPoint and authorize the City Officers or appropriate staff to execute any necessary documents to complete the sale transaction. We also recommend that appropriate staff be authorized to negotiate a purchase agreement with NorthPoint and to enter into a subordination agreement, if requested by a mortgage holder, but only if the secured loan is for the NorthPoint social services.