



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

Date: March 2, 2004
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: PUBLIC HEARING RE: Pilot City – Approve Sale of 1315 – 1319 Penn Avenue North to Pilot City Neighborhood Services Organization.

Recommendations:

1. Approve the sale of the city owned property at 1315 – 1319 Penn Avenue North to Pilot City Neighborhood Services (PCNS) for \$1.00 and other consideration.
2. That your committee direct appropriate staff to negotiate a purchase agreement with Pilot City Neighborhood Services.
3. That your committee directs appropriate staff 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 Pilot City Neighborhood Services social services.

Previous Directives:

- Council action passed 2/27/04, approving private sale method for disposition of Pilot City parcel and set public hearing.
- City 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, 673-3252

Approved by:

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

Presenters: Steven A. Kotke, Director of Property and Equipment Services

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
- Other financial impact (Explain): Reduction in building maintenance expenses
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The City of Minneapolis owns the Pilot City Regional Center located at 1315 – 1319 Penn Avenue North. The Pilot City Regional Center 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 the Pilot City Neighborhood Services organization (and its predecessor entity, known as TACTICS).

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 the social service organizations that had occupied the facilities since they were built. The ownership of the Senior Citizen Resource Center was transferred to the Volunteers of America Inc. in 2001. A purchase agreement for the MAIC to be transferred to Minneapolis American Indian Center, Inc. organization was signed in 2002.

The Pilot City Regional Center is the last social services neighborhood facility remaining under City ownership. Pilot City Neighborhood Services organization has submitted an offer to purchase the facility on terms similar to the prior sales of the other two centers. Specifically, PCNS 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, Pilot City Neighborhood Services 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 estimates the property value at approximately \$912,000.

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 Pilot City Neighborhood Services. We also recommend that appropriate staff be authorized to negotiate a purchase agreement with Pilot City Neighborhood Services and to enter into a subordination agreement, if requested by a mortgage holder, but only if the secured loan is for the Pilot City Neighborhood Services social services.

cc: Council Member Natalie Johnson Lee