



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

Date: September 19, 2002

To: Transportation and Public Works Committee

Referral to: Community Development

Subject: Memorandum of Understanding between the Public Works Department and the Minneapolis Community Development Agency for the marketing and sale of excess public right of way.

Recommendation: Adoption of a Committee Report authorizing the execution of the Memorandum of Understanding.

Previous Directives: City Council action of November 9, 2001 (attached)

Prepared or Submitted by: Dennis Morris, Right of Way Supervisor.

Approved: David J. Sonnenberg, P. E., City Engineer, Director of Public Works

By: Paul W. Ogren _____

Presenters in Committee: Dennis Morris, Right of Way Supervisor.

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):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information Attached

The Public Works Department Right of Way Section is responsible for managing numerous parcels of excess public right of way. The majority of these parcels are

street, alley and utility easements that the City has acquired through the years for public purposes. Some are Tax Forfeited Lands from the State of Minnesota (through Hennepin County as their agent). However, some properties are acquired from the State of Minnesota Transportation Department as "highway turnbacks". These parcels are created when MnDOT acquires land for highway construction and does not utilize the property in conjunction with the project. Thus a "residue" or "remainder" parcel is created. These turnbacks are by and large irregular and small in size but some are possibly suited for development.

The Right of Way Section has historically acted as the City's "real estate agent" in disposing of these properties. The volume of transactions was only one or two per year, initiated primarily by inquiries from the private sector. Over the last few years there has been an increased interest in these highway turnback parcels. Not only those owned by the City but also parcels owned by MnDOT that have the potential to be developed.

The purpose of an agreement with the MCDA is to utilize their considerable expertise in marketing and development. They have the staff and resources that the Right of Way Section lacks for disposal of excess right of way. They are also more closely involved with the neighborhood community. The agreement identifies responsibility for surveying, appraisal, marketing, and agency fees. It also establishes a procedure for interagency cooperation in processing excess right of way for eventual sale. Staff anticipates that this will be a continuous process with new lists being generated. Public Works will continue to maintain ownership of the property during this process.

Any property sold by the City must follow the procedures as set forth in Municipal Code (Chapters 14.120 & 22.80) and the Procedures Manual for Professional Services and Real Estate Sales. Sales of excess right of way by the MCDA will be in accordance with established procedures.

Council Member Paul Zerby

T&PW - Your Committee recommends passage of the accompanying report authorizing the proper City Officials to execute the Memorandum of Understanding with the Minneapolis Community Development Agency for the marketing and sale of excess public rights of way.