

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology

Date of Meeting: January 16, 2008

Agenda Item: Surplus Property Disposition

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: The Board may designate as “surplus” and approve the sale of real property under its control pursuant to Minnesota Statute §136F.60, subdivision 5. Under Board of Trustees Policy 6.7, Real Estate Transactions, Board approval is required for all sales of real property.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: The Board is being asked to consider surplus designations of real property at the following campuses:

1. **Minnesota West Community and Technical College - Pipestone Campus.** Former railroad right of way property. The sale is most likely to the National Park Service via the Pipestone Indian Shrine Association.
2. **Minneapolis Community and Technical College.** The Transportation Center, 1021 2nd Avenue North, Minneapolis, to the Minneapolis School District.

Background Information: After the Board declares a parcel of real property “surplus”, the property is first offered for sale at the appraised value to the city, county, township and school district in the jurisdiction where the property is located. If the local governmental units decline or fail to express an interest, the property is typically offered to the public for a period of four weeks. There is reasonable discretion in the method of sale (such as a sealed bid or auction). Upon receipt of an acceptable offer, a sale is consummated, and the transaction is closed.

The sale of the Minneapolis Community and Technical College Transportation Center to the Minneapolis School District is specifically provided for in 1997 Session Law.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION
Surplus Property Disposition

BACKGROUND

The Board is being asked to declare two properties “surplus” and authorize the sale of the parcels. The Board may designate as “surplus” and approve the sale of real property under its control pursuant to Minnesota Statute §136F.60, subdivision 5. Under Board of Trustees Policy 6.7, Real Estate Transactions, Board approval is required for all sales of real property.

After the Board declares a parcel of real property “surplus”, the property is first offered for sale at the appraised value to the city, county, township and school district in the jurisdiction where the property is located. If the local governmental units decline or fail to express an interest, the property is typically offered to the public for a period of four weeks. There is reasonable discretion in the method of sale (such as a sealed bid or auction). Upon receipt of an acceptable offer, a sale is consummated, and the transaction is closed.

SURPLUS PROPERTY TRANSACTIONS

The Board is being asked to consider surplus designations and to approve the sale of real property at the following campuses:

1. **Minnesota West Community and Technical College - Pipestone Campus.** Former railroad right of way property to the National Park Service via the Pipestone Indian Shrine Association.
2. **Minneapolis Community and Technical College.** The Transportation Center, 1021 2nd Avenue North, Minneapolis, to the Minneapolis School District.

DETAILS

1. **Minnesota West Community and Technical College - Pipestone.**

Earlier this year, the U.S. Department of the Interior, National Parks Service, approached the campus about acquiring a strip of campus land, formerly railroad right of way, located adjacent to the Pipesone National Monument’s easterly border. **See Exhibit A.** The strip, which is approximately 100’ x 1320’ and contains 3.02 acres, is undeveloped, and had been conveyed along with the college campus during the merger. There is no legal access to the parcel.

The college obtained an appraisal, which valued the property at \$1000, due primarily to its lack of legal access and limited development potential to any other landowner. The college confirmed that there are no local governmental entities interested in the purchase.

Upon a surplus designation, the property will be offered to the public. It is expected that the National Park Service, which operates the Pipestone National Monument as a federally owned and controlled park, will be the logical purchaser for this property. The National Park Service expressed a willingness to pay the appraised value of the property, although the Park Service expects that the Pipestone Indian Shrine Association will serve as the conduit for this transaction, by providing the funding and arranging the conveyance from MnSCU to the federal government. The Pipestone Indian Shrine Association is a non-profit cooperating association established in 1955 to preserve the art of pipemaking and to assist the Pipestone National Monument in the development of scientific, educational and interpretive programs. The Association is located in the visitor's center of the park.

The property is not part of the Pipestone campus Facilities Master Plan, nor is it a usable portion of campus. Campus leadership is supportive of a surplus designation and sale to support the park, which would be a compatible use with the campus.

2. Minneapolis Community and Technical College. The Transportation Center, 1021 2nd Avenue North, Minneapolis, to the Special School District No. 1 (Minneapolis School District).

In 1995, the Special School District No. 1 (Minneapolis) and Minnesota State Colleges and Universities on behalf of the Minneapolis Community and Technical College established a joint ownership structure of the Transportation Center property located at 1021 2nd Avenue North in Minneapolis. **See Exhibit B-1.** The parties agreed to split ownership of the facility, subject to a right of first refusal in the event that either party divests themselves of their portion of the property. Under that structure, approximately 1/3 of the building and grounds is owned and operated by Minneapolis Community and Technical College, whereas the remainder is owned and operated by the school district. **See Exhibit B-2.** The college ownership is 133,000 sq. ft. of building, and an overall land area of about 2.5 acres. The school district uses the facility primarily as a school bus maintenance facility, bus shelter and bus parking. The College used the facility for various programs and purposes, with the most recent use for storage and for carpentry, automotive repair, and electrical programs.

In 1997, the legislature affirmed the Board of Trustees right to enter into a Right of First Refusal agreement with the Minneapolis Special School District No. 1 for the Transportation Center. **Exhibit B-3.** The parties entered into the agreement on July 28, 1999. The agreement called for the conveyance to the Special School District for \$1.00, although the school district intends to reimburse the campus for approximately \$73,000 worth of capital investment in the facility.

The right of first refusal outlined two situations that triggered an offer to the school district:

1. If the college ceases to use its portion of the Transportation Center for a purpose related to normal, authorized board functions or activities; or

2. College wishes or proposes to permanently abandon vacate, sell, lease or otherwise transfer its title to, interest in, or control of all or a material part of its portion of the Transportation Center.

The college obtained a facility review of the Transportation Center for purposes of assessing the viability of the facility for future use. The findings identified a 0.19 Facility Condition Index, which is higher than MnSCU's current average of 0.13 FCI. The Transportation Center's projected backlog of repairs is approximately \$2.67 million, plus a 5-year projected cost of repairs and replacement of an additional \$2.989 million.

Given the extensive costs to rehabilitate, and the need to focus resources on the main campus, the college has determined that it no longer wishes to operate the facility.

RECOMMENDED COMMITTEE ACTION:

The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion.

RECOMMENDED MOTION:

The Board of Trustees approves the designation as surplus and authorizes for sale:

- a. The former railroad right of way at the Minnesota West Community and Technical College campus in Pipestone,
- b. The Minneapolis Community and Technical College Transportation Center, 1021 2nd Avenue North, Minneapolis.

Exhibit A

Minnesota West Community and Technical College – Pipestone



Minnesota West Community and Technical College **Pipestone** **Owned Property**



Minnesota
STATE COLLEGES
& UNIVERSITIES

As of June 30, 2008
This map was created for display
purposes only. It should not be used
for accurate measurements or where
a survey is required.

Sources: MnDNR, MnDOT,
Minnesota West Community
and Technical College
Master Plan 07/06.

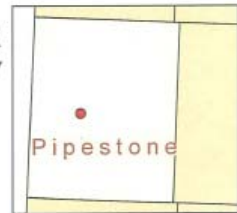


Exhibit B-1

Minneapolis Community and Technical College Overview of Location – Transportation Center and Main Campus (White Outline)



Minneapolis Community and Technical College **Minneapolis** **Owned Property**



Minnesota
STATE COLLEGES
& UNIVERSTIES

As of June 30, 2008

This map was created for display purposes only. It should not be used for accurate measurements or where a survey is required.

Sources: Metropolitan Council parcel data, Metropolitan Council imagery, MnDNR, MnDOT.



**Exhibit B-2
Pictures of Transportation Center**

**Transportation Center
Pic 1**



(courtesy of Google Maps – Street View©)

**Pic 2
Overlay of Ownership**



Courtesy of Hennepin County Property Tax Information System

Exhibit B-3

Minn. Laws Ch. 183, Art. 3, §37, subd. 5: [BOARD AUTHORITY TO PURCHASE, SELL, TRANSFER, LEASE, AND CONVEY CERTAIN LAND AND IMPROVEMENTS.]

Subd. 5. [MINNEAPOLIS TRANSFER.] Notwithstanding the provisions of Minnesota Statutes, chapter 94, or any other state law, if the board of trustees of the Minnesota state colleges and universities system or the school board of special school district No. 1, Minneapolis, ceases to use its portion of the real property along Second Avenue North adjacent to Bassett's creek in Minneapolis known as the transportation center for a purpose related to normal, authorized board functions or activities, or if the board of trustees or the school board wishes to permanently abandon, sell, or lease or otherwise transfer the control of a material part of its portion of the real property, the board of trustees must offer to convey its portion of the property to the school board for \$1 or the school board must offer to convey its portion of the property to the board of trustees for \$1. The board of trustees and the school board are each authorized to convey their portion of the property upon timely acceptance of such offer. An offer extended shall become void if not accepted in writing within 60 days of issuance.