



## Legislation Text

**File #: 23-034-O, Version: 1**

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF REAL PROPERTY IN THE DOWNTOWN NEIGHBORHOOD TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FOR \$27,500.00 AND OTHER GOOD AND VALUABLE CONSIDERATION.

### CITY PROPOSAL:

The city of Duluth does ordain:

#### Section 1.

(a) Pursuant to Section 2-176(a) of the Duluth City Code, 1959, as amended (the "Code"), the city council stated its intention to sell or convey certain property as set forth in Resolution No. 23-0682, which property is legally described on the attached Exhibit 1 (the "Property").

(b) Pursuant to Section 2-176(b) of the Code, the city's planning department reviewed the proposed conveyance of the Property for conformity to the city's comprehensive plan and reported that the conveyance of the Property conforms with said comprehensive plan and is surplus to the city's future needs.

(c) Pursuant to Section 2-176(c) of the Code, the St. Louis County Assessor determined that the estimated market value of the Property, without any use or development restrictions, has a current estimated market value of \$270,000. However, an independent appraisal of the Property was prepared with the extraordinary assumption that the Property will be restricted from development with buildings or parking and so the appraised value is significantly less than the current estimated market value without restrictions.

(d) Pursuant to Section 2-177.3 of the Code, the city council finds that a conveyance of the Property to the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under the laws of the State of Minnesota ("DEDA"), is in the best interests of the citizens of the city and exceeds the needs of the city to retain the Property.

(e) Pursuant to Resolution No. 23-0740, the city council authorized city officials to enter into a purchase agreement for the sale of the Property to DEDA (the "Purchase Agreement").

Section 2. That the proper city officials are hereby authorized to: (i) convey the Property to DEDA in accordance with the terms of the Purchase Agreement for Twenty Seven Thousand Five Hundred and no/100ths Dollars and other good and valuable consideration and (ii) execute the deed, substantially in the form attached as Exhibit 2, and all other documents necessary to effectuate the conveyance of the Property to DEDA;

Section 3. That the proceeds from the sale of the Property to DEDA shall be deposited into Fund No. 205-130-1220-4640-CM205-HILLSC-PIP (Parks Fund, Community Resources, Parks Capital, Sale of Land, Capital Maintenance Fund 205, Hillside Sport Court Park, Park Implementation Plan).

Section 4. That this ordinance shall take effect 30 days after its passage and publication.

**STATEMENT OF PURPOSE:** The purpose of this ordinance is to authorize the conveyance of real property legally described above (the "Property") to the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under the laws of the State of Minnesota ("DEDA") for the sale of certain real property located in the Downtown neighborhood located at the southeast corner of the intersection of Fifth Ave. West and Superior St. (the "Property"). The Property is more commonly known as the Ordean Plaza. A map depicting the Property is attached as Exhibit 3.

The City acquired the Property, along with other real property, in 1967 in connection with the Fifth Avenue West Mall Gateway Renewal Project. The Project was developed and has been used as a public plaza for many years. In 1996, under Ordinance No. 9308, the City severed the sidewalk deck attached to the Ordean Building from the Property and conveyed it to the Ordean Foundation, together with an easement for the use

and maintenance of the sidewalk deck, to avoid future maintenance and repair costs of the sidewalk deck. The City now desires to sell the Property to DEDA for economic development purposes.

The southwesterly 19 feet of the Property is already dedicated for highway purposes. A part of the sidewalk used in connection with Fifth Ave. West exists on the Property. A part of the sidewalk of Superior Street, as well as a bus shelter, also lies within the Property. To account for existing and future right-of-way needs, additional areas will be retained in the deed conveying the Property to DEDA. The map attached as Exhibit 3 also includes the current and future right-of-way areas.

The area of the Property not needed for current or future right-of-way purposes will be restricted in the following ways:

- (1) DEDA, and its successors and assigns, must maintain it as undeveloped open space and shall not construct or place temporary or permanent buildings, structures or storage containers on the Property except for the installation of landscaping and fencing or in connection with the repair or replacement of the sidewalk deck conveyed in 1996.
- (2) DEDA, and its successors and assigns, shall not allow anyone to leave or park a motor vehicle on the Property; however, motor vehicles are not prohibited from entering and crossing the Property, if permitted by City Code and other applicable law. This restriction does not apply to bicycles or other non-motorized vehicles. The intent of this restriction is to prohibit parking on the Property, but allow for the passage of vehicles.

The City obtained an appraisal of the Property to determine its market value. The appraisal valued the Property at \$27,500, which value was determined on the assumption that the site will be restricted from development with buildings or parking. The City desires to sell the Property for its appraised value to DEDA. DEDA will be responsible for all other costs associated with the transaction. It is the intention that the City will not incur any out-of-pocket costs.