



## Legislation Text

**File #:** 21-069-O, **Version:** 1

AN ORDINANCE PURSUANT TO 1955 MINN. LAWS, CHAPTER 82, AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE LESTER PARK NEIGHBORHOOD TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FOR NOMINAL 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 approximately 37 acres of park property owned by the city in fee, as set forth in Resolution 21-0888, which property is legally described on the attached Exhibit A (the "Property");

(b) Pursuant to Section 2-177.3 of the Code, the city council finds that the conveyance of the Property to the Duluth Economic Development Authority, an economic development authority under Minnesota Statutes Chapter 469 ("DEDA"), is in the best interests of the citizens of the city and exceeds the needs of the city to retain the Property;

(c) 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;

(d) Pursuant to Section 2-176(c) of the Code, the St. Louis County Assessor determined that the estimated market value of the Property is \$72,000 for each two-acre site;

(e) Pursuant to 1955 Minn. Laws, Chapter 82, the city is authorized to sell at public sale any park property which it owns and holds in fee simple, in compliance with the prerequisites of 1955 Minn. Laws, Chapter 82, including adoption of an ordinance authorizing such sale by a 4/5 vote of its governing body; and

(f) Pursuant to Section 2 of 1955 Minn. Laws, Chapter 82, the planning commission of the city recommended the sale of the Property with no less than three-fourths vote and the written resolution recommending such sale was filed as a public record with the City Clerk in the city council's Resolution No. 21-0888.

Section 2. That, upon the execution of the Development Agreement between DEDA and the city authorized under Resolution No. 21-0988 and subsequent recordation with the St. Louis County real estate records, the proper city officials are hereby authorized to convey the Property to DEDA for the sum of \$1.00 and execute a quit claim deed and all other documents necessary to effectuate the conveyance of the Property to DEDA.

Section 3. That the subsequent sale(s) of the Property, or any portion thereof, by DEDA must occur via a public sale as required in Section 1 of 1955 Minn. Laws, Chapter 82.

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, an economic development authority under Minnesota Statutes Chapter 469 ("DEDA"). The Property is comprised of approximately 37 acres of park property located within Lester Park Golf Course, which specific area is generally outlined in red on the attached Exhibit B. Through the Resolution of Intent to Convey passed on November 22, 2021 ("Resolution No. 21-0888"), the City Council stated certain objectives relating to the development of the Property, including but not limited to new housing opportunities and dedication of sale proceeds to Enger Park Golf Course. As an economic development entity with experience in site development and redevelopment, DEDA is appropriately equipped to facilitate development of the Property in accordance

with the City's goals and objectives for the site.

The sale of the Property shall be in accordance with the terms and conditions of the development agreement authorized under Resolution No. 21-0988. The development agreement will set forth, with specificity and clarification, the requirements contained in Resolution No. 21-0888. Once the development agreement is executed, it-not Resolution No. 21-0888-will set forth the minimum conditions for development of the Property. Once the Property is conveyed to DEDA, DEDA will work to develop it for housing and commercial purposes under the parameters set forth in the development agreement. The full parameters of the development agreement will be available in advance of this ordinance's second reading.

The City's planning and economic development department reviewed the proposed sale or conveyance for conformity to the City's comprehensive plan and determined that a sale or conveyance of the Property conforms with said comprehensive plan and the Property is surplus to the City's future needs. The letter of conformity is attached as Exhibit C.

According to the St. Louis County Assessor, the Property has a current estimated market value of \$72,000 for a two-acre site, as evidenced by the letter attached Exhibit D. A simple calculation of that value across 37 acres equates to approximately \$1.3 million. However, as noted in the letter attached as Exhibit D, there are several factors to consider when valuing real property and the City should engage with a licensed appraiser to obtain a more accurate analysis of the estimated market value. In circumstances when valuation is established for larger sites, there is a lower valuation on a per square foot basis.