



## Legislation Text

**File #:** 21-005-O, **Version:** 1

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE GARY-NEW DULUTH NEIGHBORHOOD TO VEIT COMPANIES, LLC FOR \$35,623.

### 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 21-0223, legally described as follows (the "Property"):

NE $\frac{1}{4}$  of SW $\frac{1}{4}$ , Section 4, Township 48, Range 15 West of the Fourth Principal Meridian,  
EXCEPT MINERALS

(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 is \$34,100.00.

(d) Pursuant to Resolution 21-0224, the city council previously authorized city officials to enter into a purchase agreement (the "Purchase Agreement") for the sale of the Property to Veit Companies, LLC, a Minnesota limited liability Company ("Veit").

#### Section 2.

(a) Pursuant to Sections 2-177(d) and 2-177.4 of the Code, the City may convey property to a non-governmental entity at an amount at or less than market value in order to further city interests if the city council finds that such conveyance will further other important city interests or objectives and that such conveyance is necessary to the accomplishment of such interests.

(b) Veit owns real estate adjacent to the Property on which it operates its specialty contractor business, and desires to purchase the Property and then construct an office building and vehicle maintenance structure on the Property.

(c) The Property is currently owned by the State of Minnesota ("State") and Veit cannot directly purchase the Property from the State. The City is able to purchase the Property directly from the State and convey it to Veit. Normally, the Duluth Economic Development Authority ("DEDA")-not the City-would facilitate this type of transaction. However, a portion of the Property was previously utilized as an unpermitted disposal site for mixed municipal and solid waste while owned by the City. The City was found to be a responsible party by the Minnesota Pollution Control Agency and was subsequently responsible for restoration of the affected site. In order to avoid being in the chain of title for the Property, DEDA requested that the City facilitate this transaction to shield DEDA from any potential environmental liability. The City agreed to facilitate the transaction to support and promote economic development.

(d) The city council finds that a conveyance of the Property to Veit supports reuse of previously developed lands, including adaptive reuse of existing building stock and historic resources, directs new investment into sites which have the potential to perform at higher level than their current state (Principle #1 of the Duluth 2035 Update to the Comprehensive Plan) and supports Duluth's existing economic foundation, maintains jobs, tax base and opportunity (Principle #5 of the Duluth 2035 Update to the Comprehensive Plan). Additionally, new taxable value will be added to the City with Veit's ownership and development of the Property. These are important city objectives that will be accomplished by the conveyance of the Property to

Veit.

Section 3. That the proper city officials are hereby authorized to convey the Property to Veit Companies, LLC, a Minnesota limited liability company, for the sum of \$35,623.00 and in accordance with the provisions of the Purchase Agreement. The proper city officials are further authorized to execute the deed, in substantially the form attached as Exhibit A, and all other documents necessary to effectuate the conveyance of the Property to Veit Companies, LLC. Funds to be deposited into Fund No. 110-700-1420-4640 (General Fund, Transfers and Other Functions, Capital Program, Sale of Land); funds to be disbursed from Fund No. 110-700-1420-5441.

Section 3. 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 Veit Companies, LLC, a Minnesota limited liability company ("Veit"). The Property is located near the intersection of Becks Road and Gary Street. An aerial view of it is depicted on the attached Exhibit B.

The sale of the Property shall be in accordance with the terms and conditions of the purchase agreement authorized under Resolution 21-0224. As a requirement of the purchase agreement, Veit must complete construction of the office structure and vehicle maintenance structure within 24 months of the deed or the property shall automatically revert back to the City. The City will also retain a street and utility easement for the existing Gary Street as it crosses through the Property, for which the City does not currently have a recorded interest. Additionally, the City will also retain an access easement for the purpose of accessing the former dump site.

The St. Louis County Assessor estimated the market value of the Property is \$34,100. The City can acquire the Property from the State of Minnesota ("State") for the estimated market value plus a 3% fee (to be paid to the State). The City will also add \$500 to the purchase price for the staff time involved with the transaction. The total purchase price will be \$35,623. Veit will also be responsible for all other costs incurred with the conveyance, including deed tax and recordation fees.