

Council Agenda Item 26-0332R



MEETING DATE: April 27, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN REAL PROPERTY IN THE ONEOTA NEIGHBORHOOD FROM KNIFE RIVER PROPERTIES LLC FOR \$1,175,000.00, PLUS ASSOCIATED COSTS, UNDER THE TERMS AND CONDITIONS OF A CERTAIN PURCHASE AGREEMENT.

SUBMITTED BY: Kooper Andringa, Project Tech, Property & Facilities Management

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: 24-0978R - RESOLUTION AUTHORIZING AN AGREEMENT WITH HCM ARCHITECTS FOR PROFESSIONAL SERVICES FOR THE PRE-DESIGN PHASE OF A CONSOLIDATED MAINTENANCE FACILITY.

BACKGROUND: The Property & Facility Management team (PFM) has been evaluating long-term facility needs for Parks Maintenance, Street Maintenance, and Fleet Maintenance divisions. These operations are currently spread across multiple undersized and aging facilities, many of which were identified as inadequate in a 2016 Facility Study conducted by Oertel Architects. That study found that the City’s scattered sites, deteriorating buildings, and aging fleet infrastructure created operational inefficiencies, limited communication between departments, and contributed to higher long-term maintenance and replacement costs. The study concluded that consolidating public works functions into a modern, centralized campus would improve service levels, enhance staff efficiency, reduce duplication of equipment, and significantly improve health, safety, and environmental performance.

Building on those findings, the PFM initiated a predesign process in 2024 to evaluate potential sites for a consolidated maintenance campus. The analysis determined that the current campus for Parks and Streets Maintenance was the most logical location for a consolidated facility and no other viable, centrally located properties could accommodate the combined needs of Parks, Streets, and Fleet Maintenance operations. The existing maintenance campus remains the most suitable location, but its current footprint is insufficient to support the full build-out of a modern, multi-department campus.

To address this limitation, the City proposes acquiring an adjacent property located at 4201 West 1st Street (the “Property”), which directly borders the existing campus. The additional land and building area are essential to implementing the preferred site plan and achieving the operational efficiencies envisioned in both the 2016 study and the current predesign work.

COVER MEMO FOR RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN REAL PROPERTY IN THE ONEOTA NEIGHBORHOOD FROM KNIFE RIVER PROPERTIES LLC FOR \$1,175,000.00, PLUS ASSOCIATED COSTS, UNDER THE TERMS AND CONDITIONS OF A CERTAIN PURCHASE AGREEMENT.

As proposed, the project is planned as a two-phase effort. Phase 1 would utilize the existing building at 4201 West 1st Street as temporary housing for Parks, Streets, and Fleet Maintenance operations while a new combined Parks/Streets facility is constructed on the current campus. This approach ensures continuity of operations and minimizes service disruptions. Phase 2 will involve demolition of the building located at 4201 West 1st Street and construction of a new, purpose-built Fleet Maintenance facility on that portion of the site. Once complete, the consolidated campus will bring all three maintenance divisions together, improving communication, coordination, and resource sharing. Additionally, the city will be able to market and sell the current Fleet facility and expand the industrial tax base.

Acquiring the Property is therefore a critical step in advancing the City's long-term strategy to modernize and consolidate its maintenance operations. There are two other properties adjacent to the consolidated maintenance campus that the city will seek to purchase, but those facilities are not currently for sale and will require negotiation with the property owners. Without this current acquisition, the City would be unable to implement the phased construction plan or realize the service, efficiency, and safety improvements identified in the 2016 facility study and reaffirmed through the recent predesign process. The Property is currently listed for sale with a commercial real estate firm for \$1,295,000.00.

BUDGET/FISCAL IMPACT: Purchase price of the Property is \$1,175,000.00, payable from Fund No. 450-030-5520-CP450-CONMNT (Capital Improvements, Finance, Buildings & Structures, Capital Projects-Other Fund Contributions, Consolidated Maintenance). In addition to the purchase price, the City is responsible to pay for additional costs associated with acquisition of the Property (survey, title policy premium, environmental testing/reports and appraisal).

OPTIONS: Approve the resolution to allow the purchase of the Property and give the Consolidated Maintenance Facility project its first step in assembling a sufficient site. If denied, the project plan will need to be restarted and reduced in scope and efficiency.

NECESSARY ACTION: Approve resolution

ATTACHMENTS: Exhibit 1, Legal Description; Exhibit 2, Purchase Agreement; Exhibit 3, Map