



Council Agenda Item 25-032-O

MEETING DATE: November 24, 2025

SUBJECT/TITLE: 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 CONTINGENT UPON, AMONG OTHER ITEMS, CERTAIN FUTURE PROTECTIVE DESIGNATIONS ON A MINIMUM OF 1,500 ACRES OF REAL PROPERTY ACQUIRED UNDER THE STRATEGIC PUBLIC LANDS REALIGNMENT PROJECT, TO INCLUDE PARK DEDICATION, INCLUSION IN THE DULUTH NATURAL AREAS PROGRAM OR REZONING AS A PARK AND OPEN SPACE DISTRICT (P-1).

SUBMITTED BY: Danielle Erjavec, Senior Property Services Specialist

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: Planning Commission Recommendation per Resolution PLOR-2510-0015 passed on October 28, 2025

PREVIOUS COUNCIL ACTION: 25-0845R (approved 10/27/2025); 25-0913R (presented for consideration on 11/24/25)

BACKGROUND: The purpose of this ordinance is to authorize the conveyance of real property legally described on Exhibit A (the "Property") to the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469 ("DEDA"). The conveyance is contingent upon, among other items, a minimum of 1,500 acres of the city's real property acquired under the Strategic Public Lands Realignment Project, to receive protective status by being (i) dedicated as park property, (ii) rezoned as P-1 zone, or (iii) included in the Duluth Natural Areas Program.

As an economic development authority 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 Property is comprised of approximately 230 acres of land located within the former Lester Park Golf Course site, which specific area is generally outlined in green on the map attached as Exhibit B.

The City and DEDA are currently negotiating the terms and conditions of a development agreement that will govern the conveyance to DEDA and subsequent conveyances to developers (the "Development Agreement"). The Development Agreement will be presented to the City Council for consideration at the December 8, 2025, meeting and will coincide with the second and final reading of this ordinance. The Development Agreement sets forth a sequence of events that must occur before the City conveys the Property to DEDA, as well as parameters under which DEDA and subsequent developers will be bound to abide by regarding development of the Property. The City is waiting for DEDA approval of the Development Agreement to formally present the Development Agreement to City Council (via resolution) for approval. The Development Agreement will be submitted to DEDA for consideration and approval at a special meeting.

The authorization to sell the Property granted by this Ordinance is contingent upon the substantial completion, as determined by the city council, of the goals of the Strategic Public Lands Realignment Project outlined in Resolution Nos. 22-0251 and 23-0463 to grant future protective designations through park dedication, inclusion in the Duluth Natural Areas Program or rezoning as a Park and Open Space District (P-1). The city acquired approximately 1,500 to 1,800 acres of previously tax-forfeited property in the areas of Lester/Amity, Hartley, Piedmont, Mission and St. Louis River Estuary. This Ordinance requires that a minimum of 1,500 acres of the property acquired by the city through the Strategic Public Lands Realignment Project be (i) dedicated as park property, (ii) rezoned as P-1, or (iii) included in the Duluth Natural Areas Program. A comprehensive legal review of each of the hundreds of parcels will be necessary before the protective designations can be finalized. The public has had opportunities to provide input on the proposed protective designations through more than a dozen meetings of the Natural Resource Commission, the Parks and Recreation Commission, the Planning Commission and the City Council, as well as dedicated public meetings in the neighborhoods closest to the lands in question; however, additional processes and actions, which include opportunities for public input, that will need to occur to effectuate the protective designations.

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. In accordance with the provisions of 1955 Minn. Laws, Chapter 82 (the "Special Legislation"), the Planning Commission recommended to convey the Property with at least three-fourths vote in the affirmative, as evidenced by the resolution passed on October 28, 2025, attached as Exhibit D.

The Special Legislation requires no less than a 4/5 vote by the governing body of the city to authorize a conveyance of park property via ordinance.

BUDGET/FISCAL IMPACT: The City is responsible to pay for certain costs associated with the conveyance of the Property to DEDA, but DEDA will be fronting those costs; DEDA will remit sale proceeds of the Property to the City once it is sold to developers, which funds will be deposited equally into Funds 205 (Parks) and 255 (Economic Development).

According to the St. Louis County Assessor, the Property has a current estimated market value of \$1,123,000, which equates to \$4,882 per acre. However, there are several factors to consider when valuing real property and DEDA will engage with a licensed appraiser to obtain a more accurate analysis of the market value of the Property before it is sold or conveyed to a developer or developers. For comparison, the lower 37.5 acres of the former Lester Park Golf Course site that was previously conveyed to DEDA was appraised at \$50,048 per acre in June 2023.

OPTIONS: Approve ordinance authorizing conveyance of the Property to the Duluth Economic Development Authority or the City will not be authorized to convey the Property

NECESSARY ACTION: Approve ordinance

ATTACHMENTS: Exhibit A, Legal Description of the Property; Exhibit B, Map Depicting the Property; Exhibit C, Letter of Conformity; Exhibit D, Planning Commission Resolution