

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Finance and Facilities Committee

Date: March 19, 2014

Title: Acquisition of Property Related to Metropolitan State University Parking Ramp Construction

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

To obtain approval from the Board to take all necessary steps to initiate and complete the acquisition of property located at 393 Bates Avenue, St. Paul, MN, via direct negotiation, settlement or eminent domain process for the benefit of Metropolitan State University.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor – Chief Financial Officer

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

ACTION ITEM

**Acquisition of Property Related to
Metropolitan State University Parking Ramp Construction**

PURPOSE

To obtain approval from the Board of Trustees to pursue the use of eminent domain in order to acquire the property located at 393 Bates Avenue, St. Paul, Minnesota.

BACKGROUND

The Board of Trustees authorized the issuance of revenue bonds in January 2013 for various revenue fund projects, including the construction of a parking ramp and student center at Metropolitan State University's main campus. One of the purposes for the ramp was to build sufficient parking capacity for the university's proposed Science Education Center contained in the 2014 capital budget request to the legislature. The overview of the planned development at Metropolitan State University is illustrated in **Attachment A** contained as part of this report.

In anticipation of the revenue fund projects, the university took steps to acquire three residential properties located on the edge of the surface parking area already owned by the university. The properties are considered necessary for the construction of the planned ramp. Consistent with statutory authority, the university acquired two properties:

- 381 Bates Avenue, a multi-unit rental, at a cost of \$231,000, including \$10,000 in relocation benefits;
- 387 Bates Avenue, a single family home, at a cost of \$183,000, including a \$34,000 lump sum relocation assistance payment.

After the first two acquisitions, the design process for the ramp and student center continued, and it became apparent that the city and neighborhood's district council were desirous of changes to the designs proposed by the university. As a result, representatives from the university and the system office entered into intensive discussion with the city and district council about the siting of the ramp, the student center and related parking requirements on the site. Area legislators also participated in the discussions. The resulting consensus was a modification to the ramp and student center orientation, and a path forward through the city approval process for the projects. The resolution also cleared the way to accommodate the expected need for increased parking if the proposed Science Education Center is funded during this legislative session. Throughout these discussions, it was understood by all parties

that the three residential properties were slated for acquisition and the site cleared. No objections were registered from any quarter in the process.

While the ramp and student center design discussions were occurring, the university entered into a purchase agreement in October 2013 with the sellers of the final property needed for the project, 393 Bates Avenue. This property would be the eventual location of new surface parking. See the site map contained on **Attachment B** for the proximity to the planned ramp and surface parking location. The 393 Bates Avenue property contains a smaller, single family house that the seller rented out periodically; the house is no longer occupied.

The university obtained appraisals and offered to pay for the seller's appraisal, which the seller rejected. Although negotiations resulted in a proposed purchase price, the university learned that the seller had title problems with the property and would be unable to deliver marketable title as planned. The university notified the seller of the title objections, and the seller informed the university that it would continue to work on correcting title to achieve a closing.

At about the same time, the chairs of the Minnesota House of Representatives Ways and Means and Senate Finance committees, were provided notice as required by Minn. Stat. §136F.60, Subd. 1, that the system was contemplating this real estate purchase. The chair of the House of Representatives Ways and Means Committee, in particular, took interest in the transaction and conveyed concerns regarding the offered price. Following the legislative consultation, the university reengaged the seller in late December 2013 without success.

The seller has not responded to subsequent written or personal visits or requests to renegotiate the proposed purchase, leaving the university at an impasse on the acquisition of 393 Bates Avenue. This circumstance has already led the university to incur additional design costs because of the potential need to build around the property, which would require a large retaining wall to accommodate a major grade change on site. We project that design and construction costs will increase significantly if there are further delays in the property acquisition.

ACQUISITION METHODS

Given the impasse, the board is asked to authorize the use of eminent domain to acquire this property. Eminent domain may be used to acquire real property only for a public use or public purpose. Under Minn. Stat. §136F.60, Subd. 2, the Board may acquire real property "...by gift, purchase or condemnation proceedings. Condemnation proceedings must be under Chapter 117." Minn. Stat. §117.025, Subd. 11 (1) defines public use or public purpose to include "the possession, ownership and enjoyment of the land by the general public or by public agencies." In this case, the university plans to fund, build, and operate a parking ramp and surface parking on its site to serve its classroom and event activities. Further, the university is required to produce parking necessary under city requirements to support its use. The property at 393 Bates Avenue is part of the overall plan for parking on the site.

Minnesota State Colleges and Universities has engaged the services of the Minnesota Department of Transportation to handle the eminent domain process, given that agency's expertise and established processes. The university intends to continue negotiating with the seller, but if the eminent domain action proceeds, the system intends to use the "quick take" process provided under state law. The quick take approach is commonly used by the state to take early possession of the property, but still requires proceedings in state district court before the state can take title. Even using this process, securing title to the property likely would not be completed until late 2014.

RECOMMENDED COMMITTEE ACTION:

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

1. The Board of Trustees finds that acquisition of property at 393 Bates Avenue, St. Paul, Minnesota, is necessary for the needs of Metropolitan State University.
2. The Board authorizes the chancellor or his designee to take all necessary steps to initiate and complete the acquisition via direct negotiation, settlement or the eminent domain process and acquire the property located at 393 Bates Avenue, St. Paul, Minnesota for the benefit of Metropolitan State University.

RECOMMENDED MOTION:

1. The Board of Trustees finds that acquisition of property at 393 Bates Avenue, St. Paul, Minnesota, is necessary for the needs of Metropolitan State University.
2. The Board authorizes the chancellor or his designee to take all necessary steps to initiate and complete the acquisition via direct negotiation, settlement or the eminent domain process and acquire the property located at 393 Bates Avenue, St. Paul, Minnesota for the benefit of Metropolitan State University.

Date Presented to the Board of Trustees: March 19, 2014

Attachment A – Excerpt from Campus Facilities Master Plan

Master Plan: Proposed Property Purchase
St. Paul Campus



