

Date: October, 2004

To: Klara Fabry, Lee Sheehy and Pat Born

From: Real Estate Policies & Procedures Team

Re: Summary of Requested Real Estate Transaction Procedures

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## Summary of Requested Procedures for City of Minneapolis Real Estate Transactions

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### History

- During the transition of MCDA into CPED, an inter-department team was formed to revise City real estate transaction policies to allow for CPED activities. After receiving department head approval, the revised policies received Council approval in April 2004. The team then moved to drafting the related procedures.
- The core committee group consisted of Lee Larson (Finance), Rebecca Law (Public Works), Ruben Acosta and Shelley Roe (City Attorney), and Earl Pettiford and Bill Tetzlaff (CPED). Topic specific assistance was provided by Rosanne Jones (acquisition), Jayne Rizner (disposition) and Julie McGuire (leasing). The team circulated the drafts to a greater staff audience for additional feedback. The attached procedures have been approved by team consensus.

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### Approach:

- Document current arrangement of responsibilities between CPED and Public Works (The committee is aware that organizational changes are under discussion but did not want to assume ultimate determination on the Mayor's budget proposal. The Committee agreed that having existing procedures documented would help facilitate any re-assignment of responsibilities.)
- Update forms and procedures to reflect the change from MCDA to CPED
- Improve upon existing procedures without creating or changing policy
- Incorporate management initiatives to extent such initiatives were known by committee members
- Produce thorough guidance book for new and existing project coordinators and project managers to help them understand (i) responsibilities; (ii) when to take certain procedural steps and (iii) available resources
- Identify recommended significant revisions from current practice separately to allow for deliberative review before proceeding (see attached list)
- Create a web site for procedures and forms that allows users to easily step through the process and obtain access to standard forms

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## Notable Changes to Prior Procedures:

### **ACQUISITION**

#### **Operational Property (Public Works)**

- Clarified that all City real property acquisitions must go to Planning Commission for review of consistency with Comprehensive Plan before approval by City Council, unless otherwise exempted
- Clarified that all City operational property acquisitions need to have PRC review
- Clarified that all City operational property acquisitions need to have FSAM review
- Required inclusion of relocation specialist on team, if relocation is involved
- Required CPED appraiser panel for appraisal services rather than independently contracting
- Specified components of Council action
- Provided details on the processes for eminent domain, demolition and post-closing

#### **Development Property (CPED)**

- Documented procedures for first time
- Updated procedures that had not been updated since 1970's
- Identified the conditions under which acquisition is allowable
- Clarified that all City real property acquisitions need to go to Planning Commission for review of consistency with Comprehensive Plan before approval by CPED Director, if property is not in a Redevelopment Plan area or otherwise exempted
- Strengthened pre-acquisition due diligence requirements and included an estimate of acquisition budget in Director's report authorizing acquisition
- Re-assigned Mike Schwab's acquisition responsibilities to Project Coordinator (and manager), Real Estate staff (and manager) and legal staff
- Detailed the processes for eminent domain, closing and post-closing

### **DISPOSITION**

#### **Operational Property (Public Works)**

- Clarified that Planning Commission review for consistency with Comprehensive Plan is necessary before City Council approval if land sale is not otherwise exempted
- Required a broad notification to CPED staff if operational property is identified as available for disposition to determine if it is desired for redevelopment purposes
- Clarified that all City operational property dispositions need to have FSAM review
- Incorporated flexibility into the disposition process that would allow final City Council action to be obtained prior to receiving bids in a "highest bidder" disposition situation
- Detailed the processes for "excess property" designation, closing and post-closing
- Included posting of Excess Property on CPED Web Site as well as on City Web Site

## **Development Property (CPED)**

- Clarified that Planning Commission review is necessary for review of consistency with Comprehensive Plan before City Council approval if land sale is not in approved Redevelopment Plan area or otherwise exempted
- Developed standard Council report templates for in-fill lot land sales that incorporate 30 day closing and holding cost conditions on sale
- Expanded description of available marketing processes and developed standard RFP template
- Added specificity on transactional steps between accepting an offer and closing, including how project coordinator should work with real estate section to achieve consistency and accuracy in project documentation
- Noted that City-owned real property dispositions require a 2/3rds majority vote of the City Council as required by Charter
- CPED staff will no longer do property inspections after issuance of the certificate of completion

## **LEASING**

### **City as Tenant**

- Developed standard Right of Entry Agreement (uniform document for both Public Works and CPED use)
- Developing standard Short-Term Lease Agreement
- Clarified that all City-as-tenant leasing transactions need FSAM review
- Centralized City-as-tenant leasing under City Property Services

### **City as Landlord**

- Developing Facilities Use Permit process for requests to use City-owned property for private events
- Developed standard Right of Entry Agreement for access to City-owned property for City benefit and developed standard Short-Term Lease Agreement (uniform documents for both Public Works and CPED)
- Clarified that all City operational property leasing transactions need FSAM review, but that development property leasing transactions do not require FSAM review
- Created uniform process to be implemented under City Property Services and CPED respectively

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## Next Steps

### City Council Actions

- Approval for form contract delegation authority (short-term leases and rights of entry)
- Transfer of MCDA real estate to City (also requires MCDA Board approval and filing of deed with Hennepin County)
- Determination on re-organization of real estate functions between Public Works and CPED

### Department Head Actions

- Approve Facilities Use Permit and accompanying Fee Schedule when developed

## Committee Actions

- Complete development of Facilities Use Permit along with fee schedule
- Update procedures if and when re-organization of real estate functions between CPED and Public Works is approved by City Council
- Arrange implementation, training and communication for affected staff (after re-organization and update of procedures)
- Follow up on approved items on significant changes list