



Minnesota Correctional Facility - Stillwater

Decommissioning Study

September 2026

Contacts:

Karl Hunt

Institutional Support Service Director
Facilities Services Division
Department of Corrections
karl.hunt@state.mn.us

Laura Haag

Principal Project Manager
Real Estate and Construction Services Division
Department of Administration
laura.haag@state.mn.us

Contents

1. INTRODUCTION 4

 A. Decommissioning Background Information 4

 B. Legislative Language 5

 C. State Statutory Surplus Process 5

 D. Study Scope 5

 E. Study Team 6

2. EXISTING PROPERTY INFORMATION..... 7

 A. Pre-institutional History 7

 B. Land Area and Surface Improvements 8

 C. Infrastructure 9

 D. Building Data 9

 E. Condition Assessment..... 10

 F. Limited Hazardous Materials Review 10

 G. Security Assessment..... 13

 H. Historic Regulatory Status..... 13

 I. Zoning and Comprehensive Plan 15

3. COLLABORATOR ENGAGEMENT SUMMARY 16

 A. Goals 16

 B. Method and Process 16

 C. Findings and Key Themes..... 17

 D. Review of Applicable Regional Plans and Policy Guidance 19

4. PRECEDENT CASE STUDIES AND STRATEGIC INSIGHTS 19

 A. Lorton Reformatory, Fairfax County, Virginia 20

 B. Rikers Island, New York City, New York..... 20

 C. Upper Harbor Terminal, Minneapolis, Minnesota..... 21

 D. Ford Motor Company Twin Cities Assembly Plant, Saint Paul, Minnesota 21

 E. Minnesota Regional Treatment Centers, Fergus Falls, Willmar, and Ah-Gwah-Ching..... 21

 F. Twin Cities Army Ammunition Plant, Arden Hills, Minnesota..... 21

 G. Eastern State Penitentiary, Philadelphia, Pennsylvania 21

5. DISPOSITION CONSIDERATIONS 22

 A. Redevelopment Feasibility 22

 B. Operations and Maintenance During Vacancy..... 26

 C. Local Community Planning and Zoning Implications..... 28

D. Water Infrastructure.....29

E. Bayport Fire Station Parcel30

F. Preserving MCF-Stillwater’s History: Facilities and Collections30

G. Furniture, Fixtures, and Equipment.....31

H. Public Parks / Green Space / Natural Areas Opportunities32

I. Redevelopment Funding Mechanisms33

J. Potential Community Entity Partnerships.....33

6. DISPOSITION OPTIONS34

Option 1: Surplus the Property As Is34

Option 2: Government-Guided Redevelopment39

Option 3: State-Led Site Clearance Prior to Surplus45

7. EXECUTIVE SUMMARY53

DISPOSITION OPTIONS: BENEFITS AND TRADEOFFS.....53

Appendices

- A. Building Inventory
- B. Limited Hazardous Materials Review
- C. Security Assessment
- D. 2025 Minnesota Enterprise Real Property Facility Condition Assessment (FCA) Report
- E. National Register of Historic Places nomination form for the Stillwater State Prison Historic District
- F. Broker Price Opinions
- G. Case Studies
- H. Demolition Cost Estimate
- I. Site Survey
- J. Collaborator Engagement Framework
- K. Collaborator Engagement Session Meeting Minutes and Survey Responses
- L. City of Bayport Zoning Map and Zoning Ordinance Excerpts
- M. City of Bayport Planning Objectives Memo
- N. Willmar Regional Treatment Center Historic Preservation Easement
- O. Native American Historical Site Associations Study

*Cover Image by Ryan Siemers, 2026.

1. INTRODUCTION

A. Decommissioning Background Information

The Minnesota Correctional Facility near Stillwater (MCF-Stillwater) is one of the State's oldest correctional institutions and has played a central role in Minnesota's corrections system for over a century. Located in Washington County within the municipal boundaries of the City of Bayport and adjacent to the cities of Stillwater and Oak Park Heights, the facility includes 56 buildings on approximately 107 acres along a key regional corridor in the St. Croix Valley. Many of the existing buildings were constructed between 1910 and 1914 to designs by State Architect Clarence H. Johnston, Sr. The facility reflects an early 20th-century approach to institutional design and remains a prominent historic and physical presence in the region. A 28-foot-high freestanding wall with guard towers encloses its secure perimeter. Over time, the facility has evolved to include multiple housing units, support buildings, and the industrial and operational infrastructure necessary to support correctional functions. The facility has seven living units inside the main security perimeter and one minimum security unit outside the main security perimeter.

Due to its age, design, and operational limitations, the facility presents ongoing challenges related to safety, modernization, and efficiency within the State's correctional system. The deferred maintenance needs at the facility are currently estimated at approximately \$180 million and fully modernizing or replacing the facility on site has an estimated cost of \$1.3 billion.¹ In response, on May 23, 2025, the Judiciary and Public Safety



Finance and Policy Omnibus bill (Chapter 35, House File 2432) was signed into law. The enacted budget reflected the expectation that MCF-Stillwater would close in phases, with full operations ending by June 30, 2029. The legislation also appropriated funding for a decommissioning and management study related to the anticipated closure of the facility.

As of September 24, 2026, there are 470 incarcerated people on-site and staffing equivalent to 231 full-time positions. Portions of the facility are currently unused. Staffing has been reduced proportionally to the incarcerated population. Nearly all impacted DOC staff have transferred employment to other facilities.²

The anticipated closure of MCF-Stillwater represents a significant transition for both the State and the surrounding communities. The site's size, historic significance, and long-standing role in the region present a unique opportunity, as well as a complex set of considerations, for its future use and redevelopment.

Image 1: MCF-Stillwater Housing Unit. Photo by Ryan Siemers, 2026.

¹ Minnesota Department of Corrections, "Phased Closure of MCF-Stillwater" (news release, May 15, 2025), [https://mn.gov/doc/assets/5.15 STW Closure News Release_tcm1089-690142.pdf](https://mn.gov/doc/assets/5.15%20STW%20Closure%20News%20Release_tcm1089-690142.pdf)

² Minnesota Department of Corrections, "Minnesota Correctional Facility – Stillwater," accessed September 24, 2026, <https://mn.gov/doc/facilities/stillwater/>.

B. Legislative Language

Laws 2025, chapter 35, article 2, section 10:

Appropriation; Minnesota Correctional Facility – Stillwater Studies and Strategic Planning; Report. (a) \$1,000,000 the first year is appropriated from the general fund to the commissioner of corrections to fund the costs associated with a management study and decommissioning study related to the closure of the Minnesota Correctional Facility - Stillwater. The decommissioning study must include considerations for a wide range of future uses of the site with a focus on the economic stability and development of the communities surrounding the facility. On or before September 30, 2026, the commissioner must submit a comprehensive report detailing the findings and recommendations from the studies to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety finance and policy and capital investment.

(b) Upon completion of the studies and report under this section and after written notice to the commissioner of management and budget, the commissioner of corrections must use any money remaining in this appropriation for asset preservation improvements and betterments of a capital nature at the Minnesota correctional facilities statewide to be spent in accordance with Minnesota Statutes, section 16B.307.

C. State Statutory Surplus Process

Minnesota Statutes, sections 16B.281 to 16B.287 establish the defined surplus process for State-owned land and property and section 16A.695 defines the requirements for the sale of State bond-financed property. Although these statutes outline a process for transferring ownership and control of property through first offering a property to other State agencies and local jurisdictions before offering it for public sale, they do not address all of the considerations and unique scenarios relevant to the disposition of a property as large and complex as MCF-Stillwater. The study team evaluated those statutes and this report describes how they would be part of a larger MCF-Stillwater disposition process in Section 6.

D. Study Scope

The primary goal of this report is to inform a decommissioning and disposition process maximizing positive outcomes for the State and local community. This report is intended to establish a baseline understanding of the MCF-Stillwater site and summarize relevant information for consideration as the State prepares for decommissioning. The study evaluates the site's existing physical assets and operational characteristics at a high level to identify key considerations, constraints, and areas where additional technical analysis may be required. It also summarizes input gathered from public agencies and select institutional and private partners regarding priorities for the site's future.

In addition, the report incorporates precedent case studies and collaborator perspectives to inform a preliminary framework for decision-making. Working in coordination with State staff, the study outlines key opportunities and constraints associated with the site and identifies potential next steps for the State as the decommissioning date approaches.

For Future Study

The scope of this report does not include a full historical analysis of the site. This report also does not include detailed physical due diligence or technical analysis. No structural or engineering evaluations, or environmental

evaluation of soil conditions (including Phase I or Phase II Environmental Site Assessments) were conducted as part of this study. In addition, the report does not include engagement with potential private end users or development entities.

The study does not establish which redevelopment pathway has the lowest total public cost. Annual holding costs, stabilization costs, and redevelopment implementation costs have not been fully determined. This report relies on estimates based on information previously produced by the State of Minnesota for other purposes.

Schematic Design, Design Development, Construction Documents, Bidding, and Construction services are not included in the contract for this study.

E. Study Team

This study was administered by the Department of Corrections (DOC) and the Department of Administration Real Estate & Construction Services (RECS). Karl Hunt, Institutional Support Service Director, Facilities Services Division, was the primary representative from the DOC. Laura Haag, Principal Project Manager, Real Estate and Construction Services Division, was the Project Manager.

Kimberly Sandbulte, Sandbulte Architecture, was hired as a consultant for the study effort via a Request for Proposals process. Assembly MN and Rozin Security Consulting were sub-consultants to Sandbulte Architecture, providing additional expertise for the study.

The State hired Braun Intertec Corporation, Anderson Engineering, and Full Circle under separate contracts to complete the Limited Hazardous Materials Review, Site Survey, and Indigenous site history research, respectively.

Biweekly meetings were held to discuss options, opportunities, considerations and general progress. Regular attendees included:

Name	Agency / Company
Greg Ewig	State of MN, RECS
Laura Haag	State of MN, RECS
Karl Hunt	State of MN, DOC
William Bolin	State of MN, DOC
Robert Opatrny	State of MN, DOC
Richard Specht	State of MN, DOC
Daniel Moe	State of MN, DOC
Abby Rank	Braun Intertec Corporation
Nick Hillmer	Anderson Engineering
Regine Kennedy	Full Circle
Kimberly Sandbulte	Sandbulte Architecture
Carli Rickson	Rozin Security Consulting
Olivia Bigler	Rozin Security Consulting
Claire VanderEyck	Assembly MN
Sara Mosman	Assembly MN



Image 2: Original windows in dining hall.
Photo by Ryan Siemers, 2026.

2. EXISTING PROPERTY INFORMATION

A. Pre-institutional History

Early team meetings identified interest in understanding the site's history before it became a correctional facility, including Native American connections. A separate study used literature review and oral-history research to inform further engagement. The site's future interpretation should address multiple layers of history: Indigenous history, institutional history, incarceration, incarcerated labor, employees, and the site's relationship to the broader community. See Appendix O for the study report.



Image 3: MCF-Stillwater Site Diagram, not to scale. Diagram by Kimberly Sandbulte, 2026.

B. Land Area and Surface Improvements

The MCF-Stillwater site includes 107 acres, approximately 21 of which are inside the secure perimeter and the remaining 86 acres are outside of the secure perimeter. The area within the secure perimeter is relatively flat, and mostly improved with buildings, streets, and sidewalks. There is some green space within the secure perimeter, including an area used for outdoor recreation that accommodates a baseball diamond, soccer field, and basketball courts.

Outside of the secure perimeter, the site slopes gently to the south. A small creek runs through the property, entering from the east under Stagecoach Trail and exiting to the south under 5th Avenue North, across from Barkers Alps Park. There is a combination of paved and gravel roads throughout the areas outside of the secure perimeter, which provide access to the buildings outside of the secure perimeter.

Additional site information, including title information, public road easements, occupation lines, and deed manifests, are available in the Site Survey, which is attached as Appendix I.

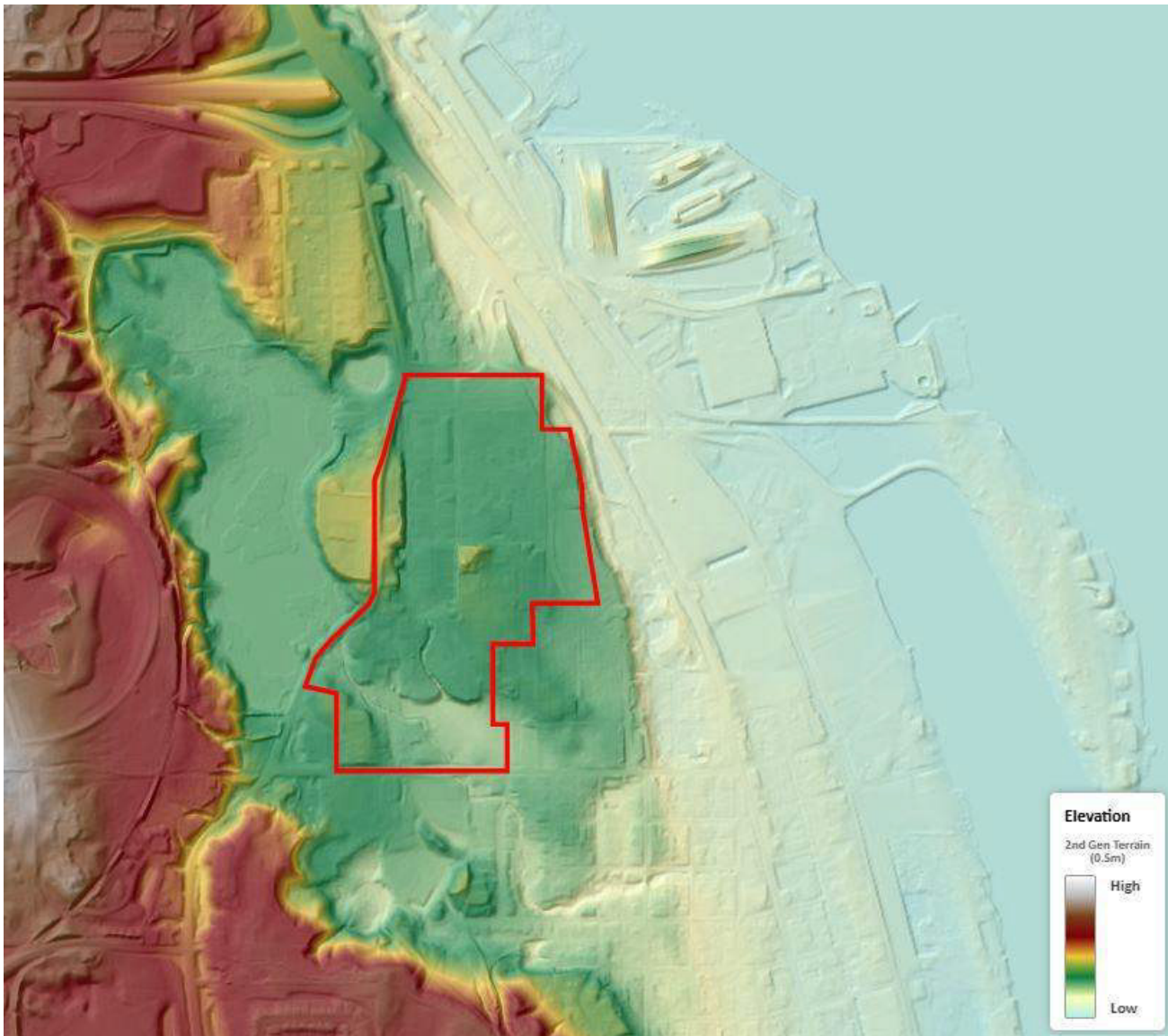


Image 4: Topography of the MCF-Stillwater site (in bright red) and surrounding area. Source: <https://mntopo.gis.data.mn.gov/>



Image 5: Southern portion of the site and Perra's Creek. Photo by Ryan Siemers, 2026.

C. Infrastructure

The campus has its own water system including two active wells (Minnesota Well Index numbers 767106 and 278499), a water tower, water treatment facility, water distribution infrastructure, wastewater conveyance infrastructure, and two sewage grinders. Wastewater generated on site is conveyed to the municipal wastewater system and ultimately treated at the St. Croix Valley Wastewater Treatment Plant operated by the Metropolitan Council.

The central plant building includes four natural gas boilers which provide hot water and steam for heating to all of the buildings within the secure perimeter. The central plant building also houses the main electrical entrance and switch for electrical service. Xcel Energy is the provider for both electrical and natural gas service.

The basements of the primary correctional buildings within the secure perimeter are connected to the central plant building and buildings 18 and 20 via tunnels. This tunnel system allows for personnel access between buildings, but was primarily designed to accommodate infrastructure connection and maintenance.

D. Building Data

Fifty-six buildings exist on the MCF-Stillwater site, totaling approximately 1,427,587 gross square feet. The buildings can be categorized into three main function types per the chart below.

Type	Building Count	Gross Square Feet
Correctional Functions / Living Quarters	24	780,498
Industrial & Warehouse	7	544,095
Support, Maintenance, Storage	25	102,994

The buildings within the secure perimeter were predominantly built around 1914 and are of masonry construction. Additional details on each building are included in Appendix A.



Image 6: Building 20. Photo by Ryan Siemers, 2026.

E. Condition Assessment

A condition assessment tailored to disposition is not included as part of this study's scope of work. The State annually publishes an Enterprise Real Property Facility Condition Assessment (FCA) Report. The latest report is attached as Appendix D. The decommissioning study team reviewed data available in the 2025 Minnesota Enterprise Real Property Facility Condition Assessment (FCA) Report and data exported from the State's enterprise asset management system (ARCHIBUS) in November of 2025. The study team's review of the available condition data provided general background information and specifically informed redevelopment potential and interim maintenance, both discussed in Section 5. If redevelopment remains under consideration, a subsequent detailed condition assessment and predesign study would be needed for any building or portion of the facility under consideration for reuse.

F. Limited Hazardous Materials Review

As part of this study, a limited hazardous materials review was completed by environmental consultant Braun Intertec Corporation, which is attached as Appendix B. The intent of the limited hazardous materials review is to prepare an updated summary of currently accessible hazardous materials present at the facility, including their condition and preliminary abatement cost estimates. The scope of the hazardous materials review was limited to currently visible or accessible materials within existing buildings. No destructive sampling occurred as

part of the review process. A comprehensive hazardous materials survey would need to be completed prior to any demolition or renovation.

The current study does not constitute a Phase I Environmental Site Assessment (ESA) per American Society for Testing and Materials (ASTM) standards. A Phase I ESA will be appropriate in the next phase of investigation for the site by either the State or a prospective purchaser. A Phase I ESA evaluates readily available information from a variety of standard sources about historical use(s), regulatory involvement, and the current condition of a site for the purposes of identifying potential *recognized environmental conditions*. If conditions of potential environmental concern are identified in the Phase I ESA, the report may recommend follow-up field work to determine whether contamination associated with the identified *recognized environmental conditions* is present (Phase II ESA). Phase II ESA work may include collection of soil, groundwater, and soil vapor samples.

In Minnesota, hazardous and other problem wastes must be removed from a structure before it is renovated or demolished. The removed wastes must be managed properly through recycling or disposal. The Minnesota Pollution Control Agency (MPCA) publishes guidance for removal of hazardous wastes from a structure before it is renovated or demolished. These guidelines would need to be followed if the State embarks on renovation or demolition.

Current Minnesota Statutes do not require environmental hazards (e.g., asbestos, lead, contaminated soil) to be cleaned up before a property is transferred between governmental entities or sold to a private entity. As a matter of practice in the industry, if a seller does not complete comprehensive environmental due diligence prior to offering a property of this type for sale, any potential buyer will require the opportunity to conduct its own comprehensive due diligence to assess contamination risk and potential liability before acquisition. This involves evaluating soils, groundwater, and regulated materials like asbestos. The State's potential continuing environmental liability would require separate legal evaluation.

The State will need to determine whether to complete comprehensive due diligence in advance of offering the property for sale to identify contamination risk and potential liability to assist with determining the appraised value and marketing the property. Alternatively, parties interested in potentially acquiring the property will need to complete their own due diligence, which could present a significant barrier to selling the property. Any uncertainty around contamination is likely to be a significant factor in the marketability of the property. The State will need to determine if the buyer will be responsible for all hazardous materials assessment and cleanup activities after conveyance and, if so, the appraised value will need to take into consideration the risk and anticipated costs of cleanup. Buyers are often better positioned to price risk, negotiate cleanup, and pursue grants or brownfield programs as part of redevelopment plans, but usually require a full assessment of the extent of the contamination before proceeding with an acquisition.

Disclosure and due diligence are the common tools for addressing hazardous materials in commercial and industrial real estate transactions. Legal and environmental counsel should identify applicable disclosure and recording requirements, including Minnesota Statutes, section 115B.16, and determine what additional investigation or documentation is needed. Many buyers and lenders require Phase I Environmental Site Assessment (ASTM E1527-21) and, if necessary, Phase II Environmental Site Assessment (ASTM E1903) investigations as a condition of financing or closing.

Prior to any renovation project on the property, additional hazardous material investigation (i.e., pre-demolition or pre-renovation hazardous material survey) would need to be completed site-wide or specifically investigating

areas intended to be disturbed during renovation construction. The United States Environmental Protection Agency (EPA) requires that renovators are trained in the use of lead-safe work practices, that renovators and firms be currently certified, and that renovators follow specific work practice standards under the Renovation, Repair, and Painting (RRP) rule, when applicable.

The State could fund remediation efforts to remove hazardous materials identified by the Limited Hazardous Materials Review. This would incur costs of additional investigation and remediation to the State, but would make the site more appealing to acquisition by other entities.

Minnesota law (MERLA) has established a remediation fund that provides money for response and corrective actions when hazardous substances or pollutants have been released into the environment. The fund is intended to support cleanup actions in cases where the State has assumed responsibility because responsible parties are unknown or unwilling to pay.

The Minnesota Department of Employment and Economic Development (DEED) administers a Contamination Cleanup and Investigation Grant Program that provides grants covering a portion of investigation and cleanup costs for contaminated sites for public or private redevelopment. Cities, counties, port authorities, housing authorities, redevelopment authorities, and economic development authorities are eligible applicants.

The MPCA offers Brownfield Program assistance that includes technical support and liability assurance letters to encourage voluntary cleanup and redevelopment of contaminated land. The Minnesota Department of Commerce administers the Petroleum Tank (Petrofund) reimbursement program, which helps pay for cleanup costs under certain conditions.



Image 7: Living Unit Cells. Photo by Ryan Siemers, 2026.

G. Security Assessment

Rozin Security Consulting (RSC) conducted a site walk-through to evaluate the property's layout, existing security measures, and critical assets of buildings inside and outside the secure perimeter. RSC then completed an analysis identifying vulnerabilities and potential threats of concern to MCF-Stillwater's assets during the decommissioning process. The analysis focused on identifying threat actor motivations and specific methods of attack relevant to MCF-Stillwater. RSC's "Post-Closure Considerations" report provides a security standard guideline for the State to consider, outlining recommended measures to mitigate the identified threats. The report is attached as Appendix C. Addressing security will be essential for responsibly managing any vacant / mothballed buildings from a public safety perspective after the DOC ceases operations.



Image 8: Secure perimeter wall and guard tower. Photo by Ryan Siemers, 2026.

H. Historic Regulatory Status

MCF-Stillwater is listed as a historic district in the National Register of Historic Places (NRHP) as the Stillwater State Prison Historic District. The NRHP form states the basis of its historical significance: "Repeatedly cited for its excellence of design, the second Minnesota State Prison at Stillwater is particularly significant as an early and influential American instance of the widely-used French 'telephone pole' plan for maximum-security institutions. It was probably the earliest American instance of the plan."

The approximate boundaries of the historic district are illustrated in image 3. At the time of designation, 21 of the existing 29 buildings and the perimeter wall and guard structures were deemed contributing resources to the historic district. Since the time of designation, two of the contributing buildings have been demolished. The NRHP nomination form is attached as Appendix E.

Per Minnesota Statutes, section 138.665, the State, State departments, agencies and its political subdivisions have a responsibility to protect the physical features and historic character of properties listed in the NRHP. Before carrying out any undertaking that will affect designated or listed properties, the State, State departments, agencies, and political subdivisions shall consult with the State Historic Preservation Office (SHPO) to determine appropriate treatments and to seek ways to avoid and mitigate any adverse effects on designated or listed properties. All three of the disposition options studied in this report would constitute an undertaking that may affect the NRHP-listed Stillwater State Prison Historic District, and consultation with SHPO would be needed. The appropriate timing of a SHPO consultation is addressed within each option in Section 6.



Image 9: Visitor waiting area. Photo by Ryan Siemers, 2026.

If the State, State department, agency or political subdivision contemplates modifications or demolition of the structures or site improvements within the historic district, those changes need to be reviewed with SHPO prior to commencing, per Minnesota Statutes, chapter 138. Any changes within the historic district are subject to SHPO review.

National Register listing alone does not prohibit privately funded alterations; other applicable laws, approvals, and recorded restrictions may affect proposed work. Minnesota Statutes, chapter 138 does not apply to privately owned property unless the property owner is seeking State funding for a project, or if a project needs a State permit. If a private entity desires to demolish buildings within the designated historic district, Minnesota Rules Part 4410.4300 requires the preparation of an Environmental Assessment Worksheet (EAW) for the destruction, in whole or in part, of a property listed in the NRHP. The same requirement applies to demolition by the State or any other public owner.

Because of its NRHP-listed status, the property would potentially be eligible for preservation-based incentive programs, such as Historic Tax Credits. If a future owner elects to pursue these programs, redevelopment would be subject to review and approval by SHPO.

Additional historic regulation can be in place through the local government. Cities can impose historic regulations through ordinances, under zoning codes or through the implementation of a historic review board, which is often referred to as a Heritage Preservation Commission or Historic Preservation Commission. The City of Bayport does not currently have any ordinances that would provide additional historic regulation.

If the State desires to add historic regulation or guidance that would extend to a future private ownership entity, there are multiple potential mechanisms available, including:

1. Preservation easements. The Willmar Regional Treatment Center (Willmar RTC) is an example of how a preservation easement can be successfully implemented. The Willmar RTC was already listed in the NRHP as a historic district when the property was transferred out of State ownership. Rather than rely solely on the NRHP designation, which by itself places few restrictions on a private owner, the State required the purchaser to grant a perpetual preservation easement to SHPO. The preservation easement was compatible with the purchaser's intended adaptive reuse of the campus. The Willmar RTC easement is attached as an example, in Appendix N.
2. Preservation guidelines or regulations could be included in legislation outlining future steps for the disposition process. This method is better suited for dictating guidelines for near-term actions, and is less commonly used for providing regulation in perpetuity.

I. Zoning and Comprehensive Plan

Per the City of Bayport Zoning Ordinance, most of the MCF-Stillwater site is designated B1 Limited Business Zone. This district is intended to allow areas for the development of limited business such as corporate offices, professional offices, clinics and other similar uses which are compatible with residential neighborhoods. The south edge of the site along 5th Avenue North is designated R3 Multiple Family. The intent of the R3 district is to provide areas capable of supporting multiple family dwellings in terms of public utilities and services, and thereby allowing a variety of housing types in greater densities. The Zoning Map and the excerpt of Bayport Ordinances outlining permitted and conditional uses for each zone are included in Appendix L.

Per the 2040 Comprehensive Plan for the City of Bayport, the entire MCF-Stillwater site is designated for institutional use. The City is in early stages of preparing the 2050 Comprehensive Plan, which is due to the Metropolitan Council in 2028. Information on accomplishing potential changes is listed in Section 5.C.

3. COLLABORATOR ENGAGEMENT SUMMARY

A. Goals

The goals of collaborator engagement during this initial study were:

- Disseminate information about the decommissioning study and the State's process
- Identify entities that may have an interest in acquiring the site or a portion of the site
- Field feedback and ideas for the site's future

B. Method and Process

The decommissioning study team created a collaborator engagement framework in October 2025, which identified entities and organizations to provide initial feedback and input on the potential future of the MCF-Stillwater site. The framework also sorted collaborators into priority tiers, which resulted in a sequence for the meetings. The decommissioning study team contacted key personnel from each collaborator entity with a proposed agenda and requested that the contact identify appropriate people to include in the initial informational session. Once the group of attendees was defined, meetings were scheduled and held with each entity.

The collaborator engagement framework was reviewed with the decommissioning study team at each biweekly progress meeting, to update the group on the status of the sessions and to revise the framework based on feedback given during the sessions. Collaborator entities were added and deleted based on feedback from the informational sessions and additional research by the team. A copy of the collaborator engagement framework is attached as Appendix J.

The collaborator engagement sessions in tiers 1-3 were mostly held via video conference, although a few were conducted in person. The meetings generally included a brief overview of the decommissioning study process, a brief overview of the MCF-Stillwater site, and long-range planning questions focused on identifying community needs and potential interest in the site. Upon completion of each session, meeting minutes summarizing the session were created and circulated to the group for review and comment. Meeting minutes from each collaborator engagement session are included in Appendix K.

The City of Bayport and Washington County were two entities in the first tier of meeting sessions. In their sessions, they expressed interest in attending some of the subsequent sessions with other collaborators. They were invited to subsequent meetings per their requests, and representatives attended when they were available.

Two tours were hosted as part of the collaborator engagement process. The first tour was held on January 27, 2026 for local government elected officials, staff, and public safety representatives (full attendee list is included in Appendix K). The second tour was held on June 24, 2026 for State Senator Karin Housley and State House Representative Josiah Hill.

The fourth tier of collaborator engagement reached out to the incarcerated population and current staff at the facility. Feedback from these groups was gathered via written questionnaires distributed digitally. The questions posed to these groups focused on potential future museums, interpretive displays, or interactive art opportunities at the site.

The collaborator engagement process did not include a broad public survey, formal public hearings, broad community engagement with the general public, or outreach to prospective private developers or end users. The findings of the collaborator engagement process reflect participating organizations and survey respondents and should not be interpreted as representative public opinion or a test of private-market demand.

In addition to the consultant team's collaborator engagement process, Greg Ewig, Department of Administration, contacted representatives of State agencies to informally discuss potential interest in acquisition of MCF-Stillwater, in whole or in part. Agencies contacted include: Direct Care and Treatment, Department of Natural Resources, and Minnesota State Colleges and Universities. As of publication, none of those agencies had expressed interest in potential acquisition.

C. Findings and Key Themes

Acquisition Interest

A primary goal of the Collaborator Engagement process was to identify if a local entity has an interest in acquiring the site or is aware of a function in need of a campus such as the MCF-Stillwater property. The entities contacted did not express an immediate interest in acquiring the entire campus or a majority of it.

There are two cemeteries adjacent to MCF-Stillwater, both of which expressed an interest in potentially acquiring some land for future expansion. One of the cemeteries is operated by the City of Bayport and the other is St. Michael's Cemetery administered by the St. Charles Church in Bayport. St. Michael's Cemetery anticipates an interest in future acquisition of 5 to 10 acres. The City of Bayport has provided initial input that approximately 1.25 acres would be an appropriate area for its anticipated growth.

Additional City of Bayport interests are addressed in the next section.

City of Bayport Involvement and Planning Objectives

The study team met with representatives from the City of Bayport early in the collaborator engagement process. Matt Kline, City Administrator, and Sara Taylor, Assistant City Administrator / City Planner, also attended many of the engagement meetings with other entities. Near the end of the collaborator engagement process, a second meeting was held with Matt Kline and Sara Taylor as well as representatives from Washington County. In response to discussion at that later meeting, the City of Bayport provided a list of planning objectives, outlining the city's requests for State actions in the disposition of the property. The full memo is attached to this study as Appendix M. The City's objectives are summarized below:

1. Convey the water system infrastructure to the City of Bayport.
2. Fund site assessment and master planning efforts.
3. Eliminate restrictive covenants and transfer the Bayport Fire Department property to the City.
4. Discuss conveyance and/or acquisition with the City prior to State surplus process.

The City's objectives have been taken into account and are addressed throughout the other sections of this report. While City representatives have expressed interest in being thoroughly involved in influencing the site's future, they have also reported that current staffing and financial resources are insufficient to undertake comprehensive planning or maintain the campus during redevelopment.

Feedback Themes

The most important overall finding is that collaborators did not express a single preferred end use at this time. However, there is substantial convergence around the process and the conditions desired to guide the transition. Key themes that are relevant to this study:

1. **This is a 10- to 20-year redevelopment opportunity, not a one-time transaction.** The MCF-Stillwater campus is one of Bayport's few, and potentially its last, major opportunities for new growth. The City of Bayport is landlocked between other municipalities and does not have much land available for new development within its boundaries. **The property is a long-term regional redevelopment asset and an opportunity to replace lost employment.** Collaborators see the property as much more consequential than an ordinary surplus property transaction.
2. **Community-Oriented Mixed Use is highly desirable.** A mixed-use approach addresses the concern that the region cannot realistically absorb this much building space at once. Collaborators repeatedly suggested a combination of housing, employment, civic uses, parks, commercial activity, education, and cultural uses. There is also a strong emphasis that the redevelopment produces visible community benefits and public access. Potential civic uses raised include community centers, parks, public services, emergency management / training facilities, and technical education.
3. **Housing is a community need, but additional study is needed to identify the appropriate type.** A master planning and market study is needed to determine housing unit types, density, affordability, and phasing.
4. **A coordinated and comprehensive master planning effort is the desired next step.** Collaborators consistently requested a master planning effort led by the City or developed with substantial City participation and coordinated with its comprehensive planning effort. However, collaborators identified that **local government entities need additional resources to properly accomplish needed master planning efforts.** Several collaborators suggested the scale and anticipated duration of redevelopment may justify governmental ownership or control for an extended period, to best manage risk of undesired outcomes. There is concern about fragmented decision making between State, City, County and private interests and a desire for a clearly defined governance structure for the next phase.
5. **Historic preservation is both an opportunity and a perceived constraint.** There is real interest in preserving portions of the historic campus and telling its history through a museum or interpretive center, community gathering space, historic interpretation, and historical storytelling. However, there are concerns that historic designation may make adaptive reuse economically difficult or limit redevelopment flexibility.
6. **Transportation and circulation are practical concerns.** Surrounding communities specifically want redevelopment evaluated in terms of impacts on Stagecoach Trail, Highway 95, and local streets. There is also substantial interest in improving pedestrian and bicycle connections and the regional trail network.
7. **Vacancy, security, deterioration, and environmental liability are major transition risks.** There is substantial concern about what happens between closure and redevelopment. Planning should address temporary uses, interim stabilization, selective demolition, and phased redevelopment.

D. Review of Applicable Regional Plans and Policy Guidance

A review of regional and local planning documents indicates that the MCF-Stillwater site is consistently identified within a broader framework of open space, recreational connectivity, and environmental context, rather than as a defined location for near-term urban development. Regional plans, including the Metropolitan Council's Imagine 2050 framework, emphasize multimodal connectivity in the area, with planned bicycle corridors and regional trail alignments that either traverse or run adjacent to the site. Similarly, Washington County and local plans identify opportunities to expand and strengthen trail networks and public access to the St. Croix River Valley, reinforcing the site's potential role within a larger system of recreational and natural amenities.

The planning documents reviewed by the study team included:

- City of Bayport 2040 Comprehensive Plan
- City of Stillwater 2040 Comprehensive Plan
- Washington County 2040 Comprehensive Plan
- Oak Park Heights 2018 Comprehensive Plan
- Oak Park Heights 2025 System Statement

At the same time, these plans do not prescribe specific future land uses for the site, nor do they identify it as a priority location for growth or redevelopment. Instead, the site is generally understood as a large, publicly owned landholding with long-term potential. Collectively, these documents suggest that future planning efforts should consider how the site can integrate with regional trail systems, respect environmental and scenic resources, and balance public access with other potential redevelopment objectives.

4. PRECEDENT CASE STUDIES AND STRATEGIC INSIGHTS

The study reviewed nine sites presented here in seven case-study profiles, including a combined review of three Minnesota regional treatment centers. The cases were selected for comparability of scale, constraint, and public ownership. Cases include three correctional facilities, three large publicly held or industrial sites in the Twin Cities region, and the State of Minnesota's own dispositions of three Regional Treatment Center campuses. The full case studies, with sources, are attached as Appendix G. They are descriptive; they record what occurred at each site and are not offered as recommendations for any particular disposition strategy at MCF-Stillwater.

Several features recur across the cases:

- **Disposition proceeded government to government more often than through open-market sale.** Transfers ran under specific authorizing legislation, with consideration ranging from one dollar to appraised value and with statutory conditions attached to bond-financed property.
- **A nominal purchase price did not mean a low-cost transition.** Receiving governments carried planning, remediation, demolition, and holding costs ahead of private investment, frequently supported by state or federal appropriations. Minnesota Laws 2005, Chapter 20 funded site preparation and demolition at the Regional Treatment Centers, and Ramsey County financed the TCAAP remediation through public bonding.
- **Where site constraints were resolved before conveyance, transitions moved faster.** Historic obligations at Lorton were settled through a Section 106 Memorandum of Agreement before transfer,

and the Ford site conveyed with its master plan and zoning already adopted. Where responsibilities were left undefined, as between Ramsey County and Arden Hills over density and affordability, the dispute became a recorded source of multi-year delay.

- **Often, the campus transferred as a whole, then was divided.** The initial conveyance out of the closing entity was typically a single transaction covering the entire property. Parcelization by intended end use, master developer structures, and phased conveyances occurred at the next stage, after the property was in the hands of the entity guiding its reuse.
- **Redevelopment planning ran through appointed task forces, committees, or similar collaborative bodies in most cases.**
- **Public work was completed first and private development followed.** Infrastructure, parks, and site preparation were the earliest completed components in many of the cases. Private vertical development followed behind, and in several cases stalled in response to policy changes, financing conditions, or intergovernmental disputes.
- **Retained public land was conveyed by long-term ground lease rather than fee sale.** This was the standard arrangement where redevelopment proceeded on land the public entity kept.
- **Historic designation operated in both directions.** It constrained demolition and, in some cases, enabled financing through rehabilitation tax credits.

Documented timelines vary with the scale of the undertaking. The Minnesota Regional Treatment Center transfers moved from community master planning efforts to sale in approximately three to four years. The larger campuses have taken considerably longer. At the Ford site, construction began fourteen years after the closure announcement, and delivery is still underway two decades on. Lorton reached first residential occupancy in its historic core fifteen years after conveyance, and the commercial component opened twenty-one years after conveyance. Upper Harbor Terminal took roughly two decades to reach vertical construction, and no completion horizon has been established. At TCAAP, vertical development remains in its early stages more than two decades after the surplus declaration. Several cases also record extended periods of vacancy between closure and reuse, with associated holding, security, and deterioration costs.

A. Lorton Reformatory, Fairfax County, Virginia

A District of Columbia correctional facility on roughly 2,324 acres, closed in 2001 under federal legislation and conveyed to Fairfax County in 2002 at appraised value. Historic obligations were resolved before conveyance through a Section 106 Memorandum of Agreement binding the County to preservation-oriented reuse. The County divided the property by end use, reserved the approximately 80-acre historic core for adaptive reuse, and selected a master developer by RFP. The County retained ownership of the land, with private improvements proceeding under long-term ground leases rather than fee sales.

B. Rikers Island, New York City, New York

A legislated closure in progress. A statutory closure deadline was enacted while replacement capacity was still in procurement and construction, and independent commission reports have repeatedly acknowledged that the deadline may not be met. Reuse planning has proceeded in parallel with closure rather than after it, through legislation establishing a process for transferring control of the island between public agencies as the jails close. No disposition of the island has occurred.

C. Upper Harbor Terminal, Minneapolis, Minnesota

A 48-acre city-owned barge terminal that ceased operations in 2014, now the subject of an approximately \$350 million public-private redevelopment. The closing authority and the receiving authority were the same public owner, allowing the City of Minneapolis to retain the land and structure reuse through a master developer. The disposition framework does not contemplate fee sales of the development land. A decade into implementation, the completed components are the public ones.

D. Ford Motor Company Twin Cities Assembly Plant, Saint Paul, Minnesota

A 122-acre privately owned industrial site where the public role was regulatory and planning-based rather than proprietary. The City of St. Paul adopted a master plan and zoning framework in advance of sale, so the property transferred with its land use program already established, and remediation responsibility remained with the former owner. The market-rate phases later stalled for roughly three years in response to policy and capital conditions while publicly supported components continued to deliver.

E. Minnesota Regional Treatment Centers, Fergus Falls, Willmar, and Ah-Gwah-Ching

The State processed the disposition of three Department of Human Services campuses during the 2000s and early 2010s. Each was transferred to a local unit of government for one dollar under specific authorizing legislation, subject to Minnesota Statutes, section 16A.695 governing State bond-financed property. Minnesota Laws 2005, Chapter 20 appropriated funds for site preparation, demolition, renovation, and related costs, with unspent appropriations grantable to the acquiring local government. Resales by the receiving governments occurred at appraised value with net proceeds paid to the State. Treatment of historic restrictions varied: a preservation deed restriction was recorded at Willmar and none at Fergus Falls or Ah-Gwah-Ching. The majority of the Willmar Regional Treatment Center was immediately sold at fair market value to a private buyer and the buildings were repurposed into a technology campus. Immediately upon acquiring the property, Cass County completed abatement and demolition of the buildings that were part of the Ah-Gwah-Ching Center campus utilizing State appropriations. Following acquisition of the Fergus Falls Regional Treatment Center by the City of Fergus Falls, limited redevelopment was completed in standalone buildings but the main “Kirkbride” building remains vacant. State funding was utilized to cover holding costs for a period of time.

F. Twin Cities Army Ammunition Plant, Arden Hills, Minnesota

A federal ammunition complex placed on the Superfund National Priorities List in 1983 and declared surplus in 2002. Ramsey County purchased 427 acres in 2013 at a price reflecting its assumption of environmental cleanup, then funded and performed the remediation, financing that position through public bonding. A Joint Powers Agreement with the City of Arden Hills established a joint development authority. Contested authority between the county and the city over density and affordability was a recorded source of multi-year delay.

G. Eastern State Penitentiary, Philadelphia, Pennsylvania

An approximately 11-acre National Historic Landmark prison closed in 1971 and vacant for roughly two decades, during which roofs failed and structural systems weakened. A City of Philadelphia effort to convey the property for commercial redevelopment was halted in 1988 after proposals requiring demolition drew organized opposition. The site was stabilized as a preserved ruin rather than restored or redeveloped, and operates today as a museum under nonprofit stewardship with ownership remaining public.

5. DISPOSITION CONSIDERATIONS

A. Redevelopment Feasibility

For a historic campus such as MCF-Stillwater to be successfully renovated and used for another function, three key factors must be considered: building integrity and configuration, community support of preservation, and viable reuse function (compatible and economically feasible).

When considering the facility for potential redevelopment, the campus naturally separates into two zones. The first zone is the complex of buildings within the secure perimeter, the two large warehouses directly adjacent to the secure perimeter, and the Jack & Adelle Young Conference Center. Most of these buildings were part of the original 1914 building campaign and are part of the original 'telephone pole' layout concept for the facility. Most of the buildings in this zone were designed by professional architects, have a distinct architectural character, and were built with materials and methods intended for longevity. This zone closely aligns with the NRHP-designated historic district. The buildings in this zone warrant priority evaluation in a subsequent condition and adaptive-reuse study.

The second zone includes the areas outside of the secure perimeter, most of which is south of the secure perimeter, and outside of the NRHP-designated historic district boundary. The buildings in this zone serve maintenance functions, and hence are more utilitarian in style and materials. Many of them have no heating or cooling system. The buildings in this zone have a lower potential for redevelopment.

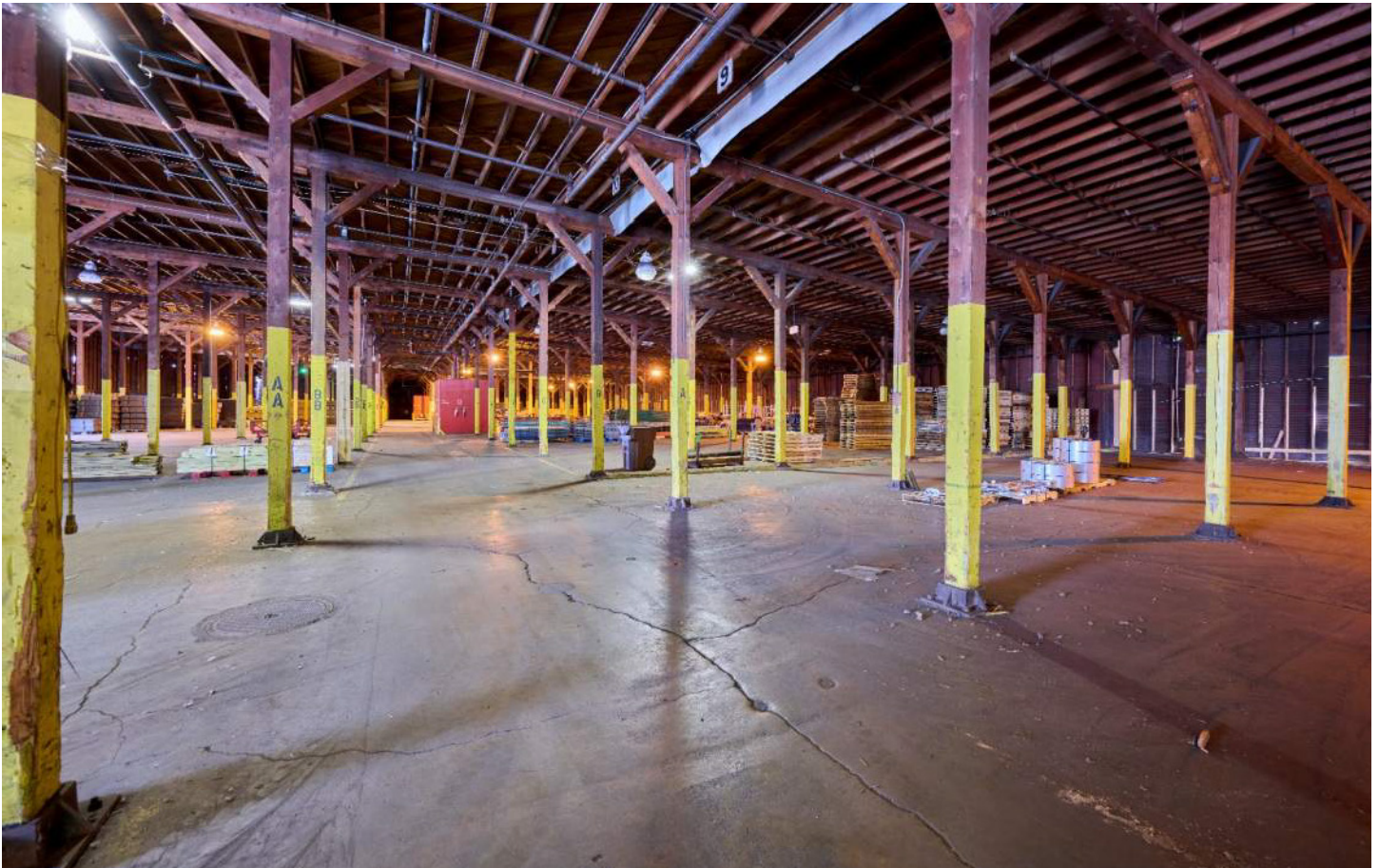


Image 10: Building #36, MINNCOR warehouse. Photo by Ryan Siemers, 2026.

Building Integrity and Configuration

The buildings serving the primary correctional facility functions, especially the cell blocks, no longer facilitate efficient operations. However, the buildings may feasibly be prepared for another use. The study team reviewed condition assessment information available from the State's ARCHIBUS system to evaluate general building conditions. On a 1-5 scale where 5 is excellent, the structural framework components of the central complex buildings have an average rating of 4.15, indicating that these components are slightly higher than a "good" rating (good = 4).³ Although this average does not necessarily establish overall building condition or reuse feasibility, it does indicate that further reuse study is warranted.

The central complex buildings also display architectural character, interest, and integrity. They are predominantly masonry construction. The campus is self-sufficient with multiple building types including a gymnasium, kitchen, and large gathering hall (dining room). This could be an advantage for a reuse such as a college, hotel, assisted living facility, or corporate headquarters. The buildings have an abundance of windows and could possibly be adaptable for residential or commercial use. There are many spaces with long clear spans and favorable column spacing, which creates flexible space for a variety of functions. The cell block buildings have a floor plate width of approximately 59'-6", which warrants evaluation for potential multifamily conversion.



Image 11: Dining Hall. Photo by Ryan Siemers, 2026.

There are some features of the complex that would be potential challenges for redevelopment. A primary concern with redevelopment of the buildings may be the sheer size of the connected facility. While the central spine that provides a connection between all the buildings in the 'telephone pole' layout concept was revolutionary for correctional facility operations, it presents some security and operational concerns if each building were owned and operated individually in the future. Another primary concern would be the current configuration of the systems for the complex. The buildings are currently all served by a central heating plant and the cooling is limited to small systems that only cover small portions of some buildings. These two features lend the campus to being most easily used by one owner/operator entity. However, separating the buildings both for access and HVAC warrants further study in the context of a redevelopment scenario.

³ Calculated average condition value of the following components: standard foundations, slab on grade, basement walls, floor construction, roof construction, and exterior walls. Data exported from the State of Minnesota's ARCHIBUS enterprise asset management system by Matt Probst, Total Infrastructure and Facility Management (TIFM) Administrator, Facilities Division, Minnesota Department of Corrections, November 2025.

The relative effects of deferred maintenance, building configuration, and mechanical-system replacement on reuse feasibility have not been quantified. Almost all of the buildings on the campus are in need of full window replacement and masonry repointing and repair. Window replacements are not uncommon in redevelopment projects and allow the developer to select configurations and functions that meet new functional needs and modern codes. Based on a very limited review of masonry conditions, needed repairs appear to be appropriate for the age of the buildings, and do not appear to be indicative of substantial structural or material deficiencies.

Community Support of Preservation

Throughout the collaborator engagement meetings, the study team often heard how important MCF-Stillwater has been to the identity of the community. Many participants commented that at least some portion of the facility should be retained to tell the story of MCF-Stillwater. Collaborators emphasized preserving enough of the physical facility and everyday spaces to authentically convey what incarceration at Stillwater was like, with interpretation shaped by the firsthand voices of people who lived there. At the same time, many cautioned that any preservation or public history effort must honestly acknowledge the facility's history of trauma and suffering and avoid romanticizing, sanitizing, or exploiting the prison experience. A few respondents expressed that the facility should be entirely demolished due to the trauma. Any preservation approach must respect the complex and difficult history of incarceration. Also, the desire for preservation is secondary to concerns about the impacts that a deteriorating facility of this size and location could have on the community. Preservation could be part of a larger redevelopment effort, not the primary goal for every building on site.

Future Tax Revenue

The property is currently owned by the State and used for a public purpose, and is exempt from property taxation under Minnesota Statutes section 272.02, subdivision 8. Any portion of the site conveyed into private ownership, under any of the options in this report, would return to the tax rolls and be assessed on the market value of the land and whatever improvements are built on it. Where otherwise tax-exempt publicly owned land is leased to a private party for a for-profit use, Minnesota Statutes, section 272.01, subdivision 2, generally imposes a tax on that use as though the lessee owned the property. The resulting tax base would depend on end use, density, the timing and phasing of development, and the tax rates in effect when development occurs, none of which are defined at this stage. Estimating future property tax revenue would require an end-use program, an absorption schedule, and a fiscal impact analysis that fall outside the scope of this study. Revenue projections are among the topics identified for the master planning effort described under Option 2.



Image 12: Interior of Building 21. Photo by Ryan Siemers, 2026.

Viable Reuse Function

MCF-Stillwater's scale and varied building stock could accommodate a broad range of uses, subject to market, code, condition, and feasibility analysis. It is beyond the scope of this study to list all of the potential functions that could be housed on the campus or in the existing buildings. It is also beyond the scope of this study to evaluate which uses the community needs most or might be able to support long-term based on economic context. However, below is a list of some of the potential uses that were mentioned in the collaborator engagement sessions or proved successful in the case study examples. These uses would all require additional study to determine how they could potentially fit into the existing buildings and what detailed typology is appropriate for the community.

- Housing
 - General Occupancy – For Sale
 - General Occupancy – Rental
 - Affordable Housing
 - Student Housing
 - Senior Housing
 - Supportive Housing / Reentry Housing
 - Artist Live-Work Space
- Retail and Hospitality
 - Grocery Store / Market
 - Hotel or Retreat
 - Brewery / Distillery
 - Restaurant
- Education
 - Childcare
 - Community Education
 - Technical School / Community College
 - Skilled Trade Training
 - University
- Community Center
 - Library
 - Community Meeting Rooms / Conference Center
 - Event Venue / Ballroom
 - Indoor / Outdoor Recreation: pool, gym, ice rink, curling, pickleball, athletic fields, golf course
- Industrial
 - Light Manufacturing
 - Warehouse
- Commercial / Office Space
- Public Safety
 - Fire / Emergency Management Training
 - Public Works Facilities
 - Social Services Hub
- Public Park / Green Space
 - Walking and Bicycle Trails
 - Playground
- Museum
 - Incarceration History Interpretive Center
 - Preserved Cell Block for Interpretation
- Art Destination
 - Former staff / incarcerated persons creator spaces: A majority of incarcerated survey respondents expressed interest in returning to the site to produce art⁴
 - Artist Lofts / Maker Spaces
 - Art Museum Space – possible display of art already produced on site
 - Movie Set / Film Studio

⁴ Minnesota Department of Corrections, "Incarcerated People Survey" (survey, July 28, 2026), Appendix K.

B. Operations and Maintenance During Vacancy

Vacancy Potential

The size and complexity of MCF-Stillwater will require significant planning and governmental coordination to achieve full disposition. Best-case timelines for each disposition method are outlined in Section 6, but there are many factors that could impact the timeline, causing the disposition process to extend past June of 2029. It is likely that at least a portion of the buildings will endure some length of vacancy, either under State ownership or during ownership by a subsequent entity. There is substantial concern from regional collaborators about the negative impact a vacant facility of this type could have on the surrounding community. Vandalism, police calls, deterioration, security breaches, and general appearance significantly affect surrounding communities and increase the State's real and perceived liability.

While decommissioning and disposition options are being considered, and potentially while redevelopment and repurposing of the buildings is still under consideration, the DOC has an obligation to maintain the buildings. Per Minnesota Statutes, section 16B.281, subdivision 6: "The State department or agency holding custodial control shall maintain the State-owned lands until the lands are sold or otherwise disposed of." As such, it is recommended that budgetary considerations be made for maintaining the buildings during the disposition process and during potential vacancy.

Vacant Operational Costs

A facility the size and complexity of MCF-Stillwater incurs operational costs, even when vacant. Items to be considered when creating a budget for operating the facility during disposition and potentially in a vacant condition include:

- **Staffing:** maintenance personnel will be needed to perform checks on the facility's condition and address deficiencies or damage that could result in accelerated deterioration of the facility. The more frequently the property is checked, the sooner water leaks, vandalism, or other damage will be noticed.
- **Security:** section 2.G. of this report and Appendix C outline recommendations to protect the property against misuse and damage.
- **Repairs:** damage caused by insects, moisture, vandals, or from other causes should be repaired or reinforced, and, if possible, the source of the damage removed.
- **Pest control:** pests can cause damage that increases the rate of deterioration. Controlling pest infiltrations is important to preserving the buildings in a condition conducive to future use. The current annual budget for pest control is approximately \$4,000 through a State master contract. The cost for pest control services for the vacant facility would be significantly higher, possibly double or triple the current costs.
- **Fire Protection:** to reduce State Liability and a public safety risk, consideration should be given to keeping the existing fire protection system operational.
- **Utilities and Heating Systems:** due to the age and construction of the structures, prolonged exposure to freeze/thaw cycles may impose damage and accelerated deterioration of existing buildings. Additionally, heating will allow the fire protection system to remain operational.
 - Electricity will be needed to operate the fire protection, security systems, and ventilation systems
 - Natural gas will be needed to provide minimal heating

- Insurance / Risk Management:
 - Insurance is provided through the State office of Risk Management. All eleven correctional facilities are bundled into a single policy. MCF-Stillwater's share of the policy's cost is approximately \$282,000 for fiscal year 2027.
 - The facility is currently insured for capital replacement and content replacement. Current coverage anticipates full replacement costs. There are various valuations that could be considered for the facility, such as actual cash value or agreed value, depending on disposition path. The Risk Management division should be consulted to determine appropriate insurance strategies.
- City of Bayport vacant building fee: City of Bayport ordinances chapter 18, article 3 defines vacant buildings and outlines the registration and payment process. The fee amount is listed as \$500 for the first year and \$1,000 per year for subsequent years⁵.

Creating an estimated budget for annual operations costs for the facility in a vacant state is outside of the scope of this study. The study team recommends that the DOC analyze prior operations costs to determine an appropriate operating budget for a vacant facility. For reference, the Operational Budget prior to phased closure start was \$44.7 million for payroll and \$9 million for operating expenses, not including shared services budgets, such as health services, treatment, and education.⁶ The facility has seen a reduction in water usage and natural gas usage since population draw-downs began, as would be anticipated. Further analysis of utility costs in relation to population could provide useful data to predict utility costs in a vacant state.

Vacancy Preparations / "Mothballing"

The process commonly referred to as "mothballing" is minimal work required to stabilize structures and to prepare them for extended periods of disuse. The State does not currently have a standard procedure or design guide for mothballing a property. This decommissioning study scope does not include the design of a comprehensive mothballing plan. If a period of vacancy is anticipated, a comprehensive mothballing plan and consideration of hazardous materials abatement would be an appropriate course of action. Since the buildings associated with the primary facility have the highest redevelopment potential, those buildings should be given priority for mothballing work. The mothballing work considerations listed here are based on the National Park Service guidelines for the mothballing of historic structures.⁷

1. Document the architectural and historical significance of the buildings
2. Prepare a condition assessment of the buildings.
3. Structurally stabilize the buildings, based on a professional condition assessment. For the purposes of this study, the study team reviewed data exported from the State ARCHIBUS system in November of 2025 to identify potential structural concerns. The roof structure of Industry Building #20 was identified to be in "poor" condition and noted to have areas of broken roof joists. The foundation in Building #36 was also noted to be in "poor" condition, although more recent evaluation noted that areas of cracking are localized and do not seem to be indicative of significant structural concern.⁸

⁵ City of Bayport, Minnesota, Code of Ordinances, ch. 18, art. 3, accessed July 21, 2026, https://library.municode.com/mn/bayport/codes/code_of_ordinances.

⁶ Karl Hunt (Institutional Support Service Director, Facilities Services Division, Minnesota Department of Corrections), email message to Kimberly Sandbulte, August 21, 2026.

⁷ Sharon C. Park, *Mothballing Historic Buildings*, Preservation Briefs 31 (Washington, DC: U.S. Department of the Interior, National Park Service, Cultural Resources, Heritage Preservation Services, 1993).

⁸ Robert Opatrny (Minnesota Department of Corrections), in discussion with Kimberly Sandbulte, August 6, 2026.

4. Exterminate or control pests: see pest control information in the section above.
5. Protect the exterior from moisture penetration: For the purposes of this study, the study team reviewed data exported from the State ARCHIBUS system in November of 2025 to identify exterior envelope deficiencies on buildings within the secure perimeter. Items noted in the ARCHIBUS system:
 - a. The exterior windows in many buildings have been listed in either “crisis” or “poor” condition. Window openings could be closed with plywood panels, metal sheets, or other pre-formed panels. Panels should be properly installed to shed water, protect existing window frames, and allow needed ventilation.
 - b. The roof coverings have been identified in “crisis” or “poor” condition at the following buildings: Plant operations #25, Administration #1, Power House #19, Industry Building #20, and Chapel #7. In cases where moderate repairs could extend the life of the roof approximately 10 years, those repairs could be undertaken. If the roofing is very deteriorated, a new temporary roof might be considered or a full permanent roofing replacement may be appropriate.
 - c. Exterior masonry walls have been identified in “crisis” or “poor” condition at the following buildings: Administration #1, Industry Building #18, Admin West Annex #4, Main Corridor #6, and Education Building #13. Appropriate preservation approaches are essential for masonry wall repairs. Where repointing is necessary to prevent serious moisture penetration, mortar should match the historic mortar in composition, color, and tooling. Temporary patches should not be made using sealants or inappropriate mortar.
 - d. East Warehouse #36 exterior sheet metal walls are separating from the interior stud walls, and there are holes in the sheeting panels. Patching may be an appropriate temporary repair.
6. Secure the building and its component features to reduce vandalism or break-ins. See Appendix C for the “Post-Closure Considerations” security report.
7. Provide adequate ventilation to the interior. Although further analysis would be needed, utilizing the existing ventilation system is likely the most cost-effective way to provide adequate ventilation in a vacant state.
8. Secure or modify utilities and mechanical systems. Continuing utility service and mechanical system operations may be the most cost-effective solution for the campus, but further study would be needed to confirm.
9. Develop and implement a maintenance and monitoring plan for protection. Some of the key considerations for maintenance are addressed in the section above.

C. Local Community Planning and Zoning Implications

In contemplation of the decommissioning of MCF-Stillwater, the City of Bayport seeks to examine and revise both the zoning designation and the City’s comprehensive plan. A master planning effort would allow for thorough evaluation of the conditions, the opportunities, and the constraints, thereby informing thoughtful rezoning and a comprehensive plan update.

Because the facility is expected to remain in use by the DOC through 2029, the land use designation in the 2050 Comprehensive Plan will likely need to continue recognizing an institutional use during the transition period. The City could consider identifying the area as a transitional land use district to acknowledge the current institutional use and a potential future redevelopment use. Due to the size and complexity of the site, a future Comprehensive Plan amendment will likely be required.

A master planning effort is a significant undertaking. The City of Bayport and Washington County do not currently have the capital or personnel resources to undertake the master planning effort that the MCF-Stillwater site justifies. To fund an appropriately comprehensive master plan effort, the City would need to seek grant funding. There are multiple grant programs that are potentially available to fund the effort. However, there are significant timeline impacts to consider when leveraging a grant to fund those efforts. Also, the grant application process itself takes a considerable amount of staff time. Alternatively, the Minnesota legislature could appropriate funds to facilitate master planning as occurred as part of disposition of the regional treatment centers.

The table below outlines some features of the grant opportunities for master planning efforts that were discussed in collaborator engagement sessions. It should be noted that none of the grant programs discussed would fully fund the master planning scope identified as appropriate for the MCF-Stillwater site.

Grant	Next Application Deadline	Timeline for award	Potential Amount
Washington County Predevelopment Finance Fund (large grant pool)	Applications accepted at any time.	Not predefined.	Requires a 1:1 match from the applicant; maximum grant is \$40,000
Washington County EPA grant	Deadlines not yet established	Beginning in November 2026	No match required. Total of \$1.5 million available to the County to grant to all applicants.
Minnesota Historical and Cultural Heritage Grant (Large Grant)	May 2027	Notification of award in October 2027	No defined limit. The largest award identified in published records is \$504,000.
Metropolitan Council Livable Communities Grants	Prerequisite eligibility step must be completed by November 15 of the year prior to application. Two application periods each year: April 15 and October 15.	Not predefined. Usually a few months from application.	\$100,000

The City of Bayport and Washington County are reluctant to dedicate the resources to a grant application until there is more information about the State's intended actions related to the disposition of the MCF-Stillwater site. Action in the 2027 legislative session will likely initiate activation of City resources towards the rezoning and comprehensive plan update efforts. Estimating a year for grant application and award, a master planning effort could begin at the earliest in late 2028. Master planning efforts are estimated to take approximately 16 months to 2 years, hence updated zoning and comprehensive plan information would not be available until the end of 2029 at the earliest, unless funding was appropriated by the legislature for this purpose in 2027.

D. Water Infrastructure

The City of Bayport has expressed an interest in the facility's water infrastructure system, with an intent to connect it to the existing municipal system for added capacity and redundancy. The two wells, water treatment

facility, and water tower are all located in an area of approximately one acre on the western edge of the facility property. Steps to facilitate transfer of ownership of the water infrastructure may include:

1. Replat to separate the area containing the main infrastructure components (water tower, water treatment facility, and wells) into a separate parcel.
2. Establish appropriate right-of-way or easements for other infrastructure pieces.
3. Determine value for the parcels and infrastructure.
4. Negotiate timeline and value exchange details with City of Bayport.

In a similar scenario, the State of Minnesota conveyed the water treatment facilities associated with the Ah-Gwah-Ching Regional Treatment Center to Cass County in 2005. Excerpt from 2005 Minnesota Laws, Chapter 20, Section 46: “A conveyance under this section to Cass County may include a conveyance by a bill of sale of the water treatment facilities located within the land described in paragraph (d) and a nonexclusive appurtenant easement for the facilities over the land upon which the facilities are located, including ingress and egress as determined by the commissioner. The easement must be in a form approved by the attorney general.”

E. Bayport Fire Station Parcel

A Bayport Fire Department building is located on a parcel of land at the southwest corner of the MCF-Stillwater site. This parcel is noted as “Parcel 4 Exception” on the Site Survey included in Appendix I. The land was transferred from the State to the City of Bayport in 2014 via quitclaim deed, with some restrictive covenants outlined via Document #3996396 at the Washington County Recorder’s Office. The City has requested that all restrictions on the property be eliminated, with all related costs assumed by the State. This request would best be accomplished with legislative action dictating that all restrictions on the property be eliminated, which the Department of Administration can then execute.

F. Preserving MCF-Stillwater’s History: Facilities and Collections

Collaborators expressed a strong interest in capturing and conveying the history of MCF-Stillwater. This sentiment comes not only from the community, but also from the facility personnel and the incarcerated population. Of the 40 facility personnel who responded to the question, 75% said they would be interested in visiting a museum at the site after the disposition.⁹ Of the 57 incarcerated people that responded to the question, 56% said they would return to visit a museum or public history display at the site.¹⁰

Both personnel and incarcerated population groups emphasized the importance of telling an authentic, accurate, and complete story of correctional life and the physical prison environment. Living units, cells, segregation areas, industry buildings, kitchen, work areas, recreation spaces, and artwork were identified as important because together they communicate the full experience of living and working within the prison. This aligns with feedback provided by the Washington County Historical Society (WCHS), which currently operates a museum at the warden’s house from the correctional facility that existed prior to the current facility. All of the prior facility was demolished, except for the warden’s house. Representatives from WCHS noted that visitors would like to see preserved cell blocks and program spaces, which would better represent the incarceration experience.

⁹ Minnesota Department of Corrections, “Staff Survey” (survey, July 28, 2026), Appendix K.

¹⁰ Minnesota Department of Corrections, “Incarcerated People Survey” (survey, July 28, 2026), Appendix K.

While many collaborators support preservation and public interpretation, there is an important counter-theme: Stillwater is also associated with trauma, suffering, violence, isolation, loss, and painful memories. Some collaborators opposed turning the prison into a tourist attraction or felt that the site should instead be demolished or converted to something such as a memorial garden. Several collaborators specifically identified the 2018 killing of Corrections Officer Joseph Gomm as an event that should be remembered, while also expressing concern that the location of his death should not become a publicly accessible exhibit. Responses suggest a need to distinguish between appropriately commemorating difficult history and treating traumatic locations as attractions. Several specifically cautioned that interpretation should not allow the relatively recent Earned-Living-Unit program experience to obscure the more difficult history that preceded it.

The Washington County Historical Society cautiously expressed some interest in operating a museum at the current MCF-Stillwater site, but also expressed concerns about funding constraints limiting its ability to successfully maintain and operate multiple facilities. The Minnesota Historical Society noted that they are not currently positioned for acquiring another historic site, and that acquisition would require legislative authorization and funding. The Minnesota Historical Society's local history services office provides technical assistance to nonprofits and local units of government for starting and sustaining museums and historical organizations.

The facility also houses a number of artifacts of potential historical significance. Some of the items are currently located in the Jack & Adelle Young Conference Center, including population logs from the early 1900s and other record books. There is also a large collection of architectural drawings of the facility, including some of the original drawings by Clarence Johnston. The Minnesota Historical Society (MNHS), through its State Archives unit and Collections Department, collects, preserves and shares Minnesota history through organizations' records and collections items and is interested in collaborating in efforts to preserve the items that preserve the history of the Stillwater facility, including its workers and incarcerated population. MNHS has a rigorous review process for determining if items are appropriate for its collections, depending on the item's historical or cultural significance for Minnesota, uniqueness, and physical condition.¹¹ After MNHS has determined which items are appropriate for its acquisition, the Washington County Historical Society has requested an opportunity to also acquire items from the collection.

G. Furniture, Fixtures, and Equipment

All furniture, fixtures, and equipment (FF&E) are assumed to be property of the DOC, and it is anticipated that the DOC will re-allocate these assets to other facilities or surplus them prior to the disposition of the facility. FF&E consists of items that are not permanently incorporated into the buildings and can typically be removed without altering the building itself. Examples include desks, chairs, appliances, computers, copiers, and exercise equipment. The study team recommends that DOC immediately begin identifying FF&E items for use at other facilities. It may be appropriate for DOC to acquire the services of a consultant move coordinator to facilitate this process.

Some ambiguity may exist around equipment located in the industrial buildings such as paint booths and the CNC plasma-cutting table, or the food service equipment in the dining hall kitchen. The DOC should evaluate the need for these items at other facilities and the cost of potentially moving them versus buying and installing new, similar items. Items not suitable for relocation could be declared surplus.

¹¹ Minnesota Historical Society, Gale Family Library, "Donate to MNHS Collections," accessed August 25, 2026, <https://www.mnhs.org/library/about/donate>.

Items integral to a building's basic operation, such as doors, plumbing fixtures, HVAC equipment, and elevators are not categorized as FF&E. These items should be left in place until a disposition method is fully determined. If it is determined that buildings will be demolished prior to disposition of the land, DOC should consider salvaging additional equipment, including HVAC equipment and building materials. The facility's building materials (such as stone floors and brick) are of a vintage and quality that could make pre-demolition salvage viable.



Image 13: Interior of Building 26. Photo by Ryan Siemers, 2026.

H. Public Parks / Green Space / Natural Areas Opportunities

Collaborators expressed interest in utilizing the site or a portion of the site as public outdoor recreation space or restoring the site to a natural state. A variety of programs exist that could potentially be used to facilitate this transition. Two potentially applicable programs are listed below:

- The Minnesota Department of Natural Resources (DNR) offers grant programs that assist local government entities in acquiring land for parks, green space, natural areas, and outdoor recreation. These programs are typically structured as matching grants and require long-term public ownership and maintenance of the property.¹²

¹² Minnesota Department of Natural Resources, "Grants," accessed March 3, 2026, <https://www.dnr.state.mn.us/grants/index.html>.

- Washington County Land and Water Legacy program: “In 2006, a \$20 million bond referendum passed, initiating the creation of the county’s Land and Water Legacy Program, which purchases land or land interests to preserve its natural condition. The program is ongoing and has used collaborative partnerships to invest over \$40 million in protection, conserving over 1,300 acres of high-quality natural lands.”¹³

I. Redevelopment Funding Mechanisms

There are several funding mechanisms that could be used by public or private entities to facilitate redevelopment of the site. A full list or analysis of the available programs and their applicability to the site is outside the scope of this report. Some may include: Tax Increment Financing, the Historic Structure Rehabilitation Tax Credit, Minnesota Department of Employment and Economic Development (DEED) programs, and Minnesota Housing Programs such as Low-Income Housing Tax Credits (LIHTC). Appropriate timing for exploring the various funding mechanisms available is listed in each of the Disposition Options in Section 6 below.

J. Potential Community Entity Partnerships

During the collaborator engagement process, the study team met with two entities that could provide future support to a site redevelopment effort. Support from these entities would likely be more appropriate in later phases of potential redevelopment.

The Washington County Community Development Agency (CDA) is “the owner and operator of over 1,200 units of affordable housing throughout Washington County, Minnesota. The CDA’s work extends from facilitating the growth of small businesses to funding critical services for the homeless.”¹⁴ Representatives from the CDA attended meetings with Washington County and expressed their interest to support the City of Bayport as site decommissioning and disposition activities progress.

“The Fred C. and Katherine B. Andersen Foundation was established in 1959 on the core value that charitable grant making advances and builds thriving communities. With the goal of being a guiding hand and supporter of community health and stability, the founders believed in the importance of helping the underserved and under-resourced and in being a quiet leader in building healthy strong communities.”¹⁵ Representatives from the Andersen Foundation expressed support for community-benefit components that align with its priorities. Potential areas of involvement discussed included community engagement, planning support, capacity-building efforts and pre-development activities. Organizations seeking funding must be 501(c)(3) public nonprofit organizations.¹⁶

¹³ Washington County, Minnesota, “Land and Water Legacy Program,” accessed February 17, 2026, <https://www.washingtoncountymn.gov/405/Land-and-Water-Legacy-Program>.

¹⁴ Washington County Community Development Agency, home page, accessed June 9, 2026, <https://washingtoncountycda.org/>.

¹⁵ Fred C. and Katherine B. Andersen Foundation, “Giving Statement,” accessed June 1, 2026, <https://www.fredckatherinebandersenfoundation.org/>.

¹⁶ Fred C. and Katherine B. Andersen Foundation, “Eligibility Guidance,” accessed June 1, 2026, <https://www.fredckatherinebandersenfoundation.org/>.

6. DISPOSITION OPTIONS

Option 1: Surplus the Property As Is

This option assumes the State would dispose of the MCF-Stillwater site through a surplus declaration in its existing condition, with minimal physical intervention prior to transfer. Under this approach, the State would follow established statutory processes to market and sell the property, allowing a private or institutional buyer to determine future use, redevelopment strategy, and timing.

This approach offers the shortest path to a sale offering; although actual disposition depends on market interest. This approach also minimizes the State's direct involvement in planning and redevelopment. However, it introduces uncertainty regarding timing and end use, and may result in the site remaining vacant or being redeveloped in a manner that does not align with local or regional priorities.

Implementation Approach

Although the implementation of this option requires less State preparation work than the other options, there are still critical path actions that would facilitate an efficient disposition if executed quickly. A large portion of the process would occur concurrently with DOC operations continuing on site between now and June of 2029. The timeframes listed for each step below are illustrative best-case scenarios.

Timeline and Sequencing

1. The DOC Commissioner coordinates with the Department of Administration to initiate the surplus process. Since previous improvements were financed with outstanding general-obligation bonds, Minnesota Statutes, section 16A.695 would apply to the sale. **[January - February 2027]**
2. Identify funding for the preparation of a Phase I Environmental Site Assessment and recommendations in the "Post-Closure Considerations" security report (Appendix C). Also consider funding for a comprehensive mothballing plan, Phase II Environmental Site Assessment, abatement and remediation work, and a Historic Property Record. **[January - May 2027]**
3. Consider conveyance of the water infrastructure to the City of Bayport, and pass legislation if necessary to enable transfers. Consider legislation authorizing release of the State's retained restrictions on the City-owned fire station parcel. **[January - May 2027]**
4. DOC disposition of FF&E. It is anticipated that the planning for the disposition of FF&E items can begin as soon as a disposition path is determined, and that final dispositions could be accomplished within a month after DOC operations cease on site. **[April 2027 - July 2029]**
5. Initiate consultation with SHPO per Minnesota Statutes, chapter 138. See Section 2.H. of this report for more information. A suitable course of action shall be agreed upon in writing between SHPO and the DOC. **[Begin June 2027; Completion will depend on the determined suitable course of action]**
6. Implement recommendations in the "Post-Closure Considerations" security report (Appendix C). Planning and implementation of the recommendations may begin while DOC is still operating in the facility, but will not be able to be completed until after DOC has ceased operations. **[July 2027 - July 2029]**
 - a. Procure design consultant for security systems modifications
 - b. Security systems modifications design
 - c. Procurement process for contractor

- d. Security systems modifications construction
7. Execute the State Surplus process, per Minnesota Statutes, sections 16B.281 to 16B.287. **[July 2027 - August 2029]**
 - a. Consultation with Minnesota Management and Budget regarding the sale of GO Bond financed property
 - b. Officially offer the property to State agencies and public higher education systems
 - c. Have the property appraised by an independent appraiser who holds a State appraiser license.
 - d. Offer the property to the local political subdivisions where the property is located.
 - e. Publish a notice of public sale. Although Minnesota Statutes only require the notice be published in the city or county in which the property to be sold is situated, the State would likely need to advertise the sale at a national level in order to find a buyer with resources adequate to acquire the property at its full value.
 - f. Provided steps 7a through 7e can be accomplished prior to the date of DOC operations ceasing at the site, the closing date for the facility sale should be coordinated based on the anticipated timeframe to execute Steps 3, 4, 5, 6.
8. DOC Operations Cease at the Site. The closure date directly impacts the earliest sale / ownership transition date in this option. **[June 2029]**
9. **The earliest a sale could be executed is August 2029.**
10. **The earliest redevelopment activities could potentially begin is fall 2029.** However, it is likely that the new ownership entity will need considerable time for pre-development planning, financing, entitlements, infrastructure improvements, and approvals. Once the sale is completed, the new ownership entity could use redevelopment funding options listed in Section 5.I. **Ultimately, the timeline for redevelopment construction activities is highly uncertain.**
11. If no suitable bid is received by the State within three months of the sale commencing, the State should consider mothballing the facility. See more information on mothballing in Section 5.B. above. **[November 2029]**

	2027			2028				2029			
	Jan - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec
OPTION 1 SURPLUS AS IS											
Determine & Fund Disposition Path											
FF&E Disposition											
Phase I & II Environmental Site Assessment											
Minnesota Historic Property Record											
Consultation with SHPO											
State Surplus Process											
DOC Operations Cease											
Security Systems Modifications											
Potential Remediation & Abatement											
Earliest Potential Sale											

*Anticipated critical path activities in red

Legislative Considerations

This option can largely be executed under existing Minnesota statutory authority governing surplus property disposition, including Minnesota Statutes, sections 16B.281 to 16B.287. Legislative action may be limited to contemplating funding mechanisms for the due diligence items listed in step 2 above and authorizing property transfers listed in step 3 above.

Under this option, the timing of disposition is dependent on market interest, which is uncertain for a property of this scale, complexity, and condition. As such, DOC would need to budget accordingly to continue operating the site in a vacant condition, addressing considerations listed in Section 5.B.

The State may choose to establish additional conditions of sale through legislation, such as requirements related to historic preservation, environmental remediation, or future land use to reflect local or regional interests. However, introducing such requirements could affect marketability and sale value and should be weighed against the objective of facilitating a timely and flexible disposition process.

Value Considerations

The Broker's Price Opinion attached as Appendix F estimates the value of the property under an as-is sale at approximately \$7.64 million. The figure is derived from twelve institutional and campus sales in the Midwest, each involving 200,000 square feet or more of existing improvements of similar age and type, including former correctional, hospital, school, and university campuses. The comparable set averages \$5.35 per square foot of building area, applied to the property's approximately 1,427,587 square feet of improvements. Because transactions of this type are infrequent, the comparable search extended back nine years. The State is obligated under Minnesota Statutes to obtain an independent real estate appraisal as it prepares to offer the property for sale.

A sale agreement could assign environmental contamination investigation and cleanup obligations to the buyer, and the comparable sales reflect that transfer of cost and risk in the pricing. The State's 2025 Facility Condition Assessment reports approximately \$180 million in deferred maintenance against a replacement value of approximately \$738 million, a campus-wide Facility Condition Index of 24.4%. A buyer's underwriting would treat this condition, together with the building-related abatement scope documented by Braun Intertec Corporation and the absence of any Phase I or Phase II Environmental Site Assessment, as cost to be deducted from whatever end-use value the site supports. The as-is figure is accordingly below the land value indicated for any developed end use under Option 3.

The indicated value is a whole-site figure. The property is larger than most of the comparable institutional sales, and the number of buyers able and willing to acquire the full campus in a single transaction is limited. The opinion reflects market conditions observable in 2026; the date of any actual disposition is not defined beyond the 2029 closure.

Historic Considerations

The State would consult with SHPO to determine the potential impacts of the sale of the property from a historic perspective as outlined in the timeline above. Once a sale is successfully completed, the site would be subject to regulations and incentives applicable due to its NRHP listing, which are outlined in Section 2.H above.

Environmental Considerations

The site is expected to contain environmental conditions requiring remediation, including potential soil impacts and hazardous building materials within existing structures. Under this option, the State may not undertake significant environmental investigation or remediation prior to sale, beyond what may be required to meet minimum regulatory or disclosure obligations.

As a result, responsibility for further environmental due diligence, remediation, and associated costs would largely transfer to a future owner. This may introduce uncertainty for prospective buyers and could impact marketability, pricing, and timing of disposition.

Alternatively, the State may want to consider completing Phase I and Phase II Environmental Site assessments, along with hazardous materials abatement, to assist with marketing the property and to prepare for potential need to mothball the property. A Phase I Environmental Site Assessment is estimated to cost approximately \$5,000 to \$7,500, and would take two months to complete. The scope of work for a Phase II Environmental Site Assessment would be defined by the Phase I study, but could cost in the range of \$20,000 to \$60,000 and take four to six months.

The extent of environmental impact would ultimately depend on future site demolition, use, and redevelopment plans. Since those activities would be defined by a future owner, the ultimate environmental impact of this option cannot be fully defined and would not be fully under State control.

Community Impact

Under this option, the State would transfer control of the site with limited regulatory guidance, allowing a future owner to determine redevelopment outcomes. While this approach provides maximum flexibility to the buyer, it also significantly limits the ability of the State and local communities to shape the future of the site in alignment with regional priorities.

The MCF-Stillwater site represents one of the largest and most complex redevelopment opportunities in the region. Without a structured planning process or defined public objectives, there is a substantial risk that redevelopment outcomes may not reflect community needs related to housing, economic development, public infrastructure, open space, or civic uses.

Although the City of Bayport has the ability to regulate uses through its zoning code, the timeline from now until June 2029 may not allow the City to sufficiently accomplish a comprehensive master planning effort without early funding and coordination. Additional information on the City's process is outlined in Section 5.C.

Uncertainty regarding future use, timing, and site conditions may result in delayed redevelopment or prolonged vacancy, which could negatively impact surrounding communities. This approach may also create tension between the State and local governments, as communities most directly affected by the site's transition would have limited influence over its future.

Benefits to the State

- Limited upfront investment and administrative burden: Depending on market interest, this option potentially requires minimal State funding, staffing, or coordination relative to other options, as it does not involve a construction work effort or redevelopment planning process prior to disposition.
- Operational simplicity: The State can proceed through the established surplus property process without the need to establish new governance structures, partnerships, or long-term oversight mechanisms.
- Potential for competitive sale pricing: Fewer regulatory constraints may increase flexibility for prospective buyers, which could support stronger sale pricing. However, this outcome is highly dependent on market demand for a property of this scale and complexity. Also, uncertainty about potential rezoning efforts may be perceived as a risk by potential buyers.

Risks and Mitigations

- Loss of State and local government influence over site outcomes: Once the property is sold, the State would have limited ability to influence redevelopment outcomes, including land use, intensity, and alignment with public priorities.
Potential Mitigation: The State, in coordination with the local government, could establish conditions of sale through deed restrictions, covenants, or legislative requirements. However, defining appropriate restrictions would require a level of planning, collaborator coordination, and policy alignment similar to the master planning effort outlined in Option 2. Absent that effort, restrictions may be either too vague to be effective or overly prescriptive in ways that reduce marketability, complicate the transaction, or lower sale value. The State or a local government entity would need to be prepared to monitor compliance and enforce any restrictions.
- Uncertain marketability and timing of disposition: Given the size, condition, and complexity of the site, there is no assurance that a buyer will be identified within a defined timeframe. The property could remain unsold or require price adjustments to attract interest. The State will need to account for a significant contingency period, providing time and access for the buyer to complete due diligence. If the buyer determines that the due diligence results are unacceptable, additional time will be needed to restart the process.
Potential Mitigation: The State could invest in additional due diligence (Phase I & II Environmental Site Assessments, Phase I Archaeological assessment, Environmental Assessment Worksheet, etc.), site preparation, hazardous materials abatement or marketing efforts to improve marketability, though doing so would increase upfront costs.
- Risk of prolonged vacancy and site deterioration: If a buyer is not immediately secured, or if redevelopment is delayed post-sale, the site may remain vacant for an extended period, creating ongoing security concerns, maintenance challenges, and negative impacts on surrounding communities.
Potential Mitigation: The State could develop a comprehensive mothball plan to be prepared for prolonged vacancy in the event of lack of market interest in acquiring the property. Interim site

management strategies could be implemented to secure and maintain the property; however, these introduce ongoing costs and do not resolve long-term uncertainty.

- Environmental and redevelopment uncertainty transferred to buyer: Unknown environmental conditions and building constraints may deter potential buyers or result in conservative underwriting, affecting both pricing and timing.
Potential Mitigation: The State could complete additional environmental and physical due diligence prior to sale to reduce uncertainty, though this would require additional investment.
- Risk of misalignment with long-term public benefit goals: Without a defined planning framework, redevelopment may not align with regional priorities related to housing, economic development, infrastructure, or open space.
Potential Mitigation: Local governments may guide outcomes through zoning or land use controls; however, these tools are inherently limited and may not fully achieve desired outcomes, particularly for a site of this scale. Also, without a collaborative effort to enable the City of Bayport to accomplish zoning and comprehensive plan updates, these regulations and guidelines may not be in place at the time of property ownership transfer. State funding may be required to enable the City of Bayport to accomplish zoning and comprehensive plan updates.

Option 2: Government-Guided Redevelopment

Under this option, a comprehensive master planning effort would be executed for the MCF-Stillwater site, and the resulting comprehensive master plan would guide future steps taken towards disposition and redevelopment. The master plan effort would be funded by State appropriation, to facilitate a timely execution. Based on prior experiences with the Regional Treatment Centers, the Department of Administration recommends that a local unit of government (City of Bayport or Washington County) be identified to lead the master plan effort. Representatives from the Department of Administration and DOC would be engaged in the master plan effort to ensure the State's interests are addressed and that outcomes are timely and actionable. This approach allows the State and the City of Bayport to evaluate site conditions, market opportunities, infrastructure needs, and community priorities before making irreversible decisions regarding demolition, disposition, or redevelopment.

Upon completion of a comprehensive master plan, the local government, Department of Administration, and DOC would determine roles and responsibilities for the implementation of the master plan. This may involve redivision of the site so that individual parcels can be transferred to subsequent ownership entities best suited to executing the master plan. Ownership transfer may occur through the State surplus process, or alternative methods of transfer, such as RFP, may be identified to better facilitate desired redevelopment outcomes. Specific legislation may be needed to facilitate the disposition process in accordance with the master plan.

This option also allows time for the DOC to evaluate potentially using portions of the site for revised programs or ongoing needs beyond June of 2029. The duration of the master planning effort may dictate that the closure date of June 2029 would no longer be the critical timeline component. Rather than cease operations in June of 2029 and maintain the vacant facility while planning and disposition activities are completed, the timing of DOC operations completion could be coordinated with the timing of planning efforts and DOC capacity needs.

Implementation Approach

This option prioritizes completing a structured master planning and predevelopment process prior to the anticipated decommissioning of the facility in 2029. The intent is to minimize the duration that the property remains vacant and to enable a coordinated transition into redevelopment.

A master plan effort seeks to understand the issues that affect a property's future use, including design, site, community, political, and economic context. The master planning effort would include evaluation of potential land uses, infrastructure needs, and redevelopment strategies, followed by more detailed feasibility analysis to determine which existing structures are viable for reuse and which may require removal.

The master plan effort would be best accomplished with the assistance of a consultant or a team of consultants, hired by a procurement process administered by the lead agency or designated local unit of government. The master planning effort would address the following topics and complete these related studies:

- a. Environmental Review
 - i. Phase I & II Environmental Site Assessment
 - ii. Phase I Archaeological assessment
- b. Community Visioning and Public Engagement
- c. Regional Housing Needs Analysis
- d. Economic Development Context / Market analysis of potential uses
 - i. Assess uses proposed by this study and community engagement
- e. Development Opportunity Scenarios
- f. Alternative Urban Areawide Review (AUAR)
- g. Land Use Planning
- h. Facility Condition Assessment and Reuse potential evaluation
 - i. Building components and systems evaluations
 - ii. Historic significance and designation impacts
 - iii. Identify buildings with high redevelopment potential
 - iv. Identify buildings with low redevelopment potential
 - v. Recommendations for mothballing work
- i. Transportation and Traffic Impacts
- j. Parks, Recreation, and Open Space
- k. Utilities and Infrastructure
- l. Implementation Path
 - i. Funding source identification
 - ii. Revenue Projections
 - iii. Cost estimates for recommended government actions

The master planning effort would result in a report document that would inform next steps for the disposition.

Discretionary demolition and redevelopment improvements would be deferred until planning and feasibility studies are complete. Necessary maintenance, stabilization, security, and life-safety work should continue during the planning period.

Timeline and Sequencing

The following framework outlines a recommended sequence of actions for the State and its partners to advance a coordinated, planning-led approach to redevelopment. These actions are designed to establish governance, align collaborators, define site priorities, and position the property for successful long-term redevelopment.

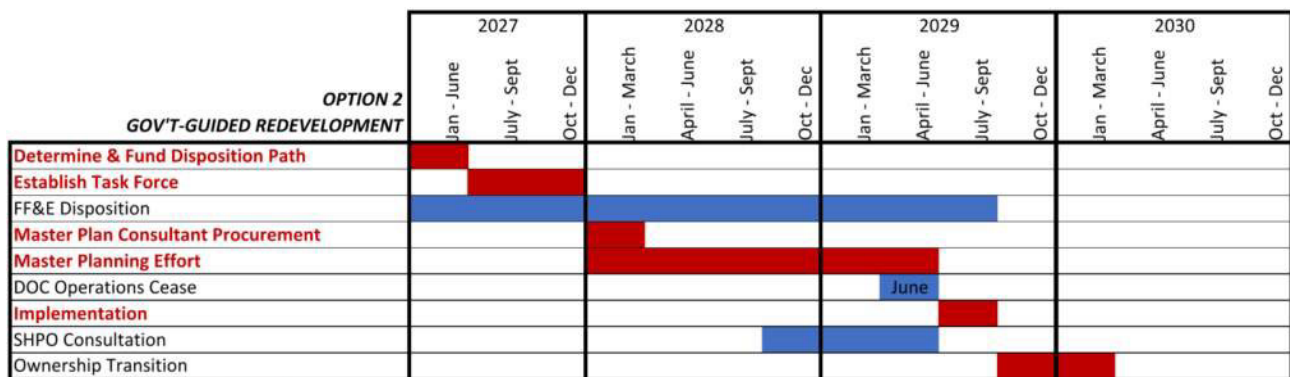
While presented as steps, several activities may overlap and will require ongoing coordination across State agencies, local governments, and external partners. Establishing clear leadership, roles, and decision-making processes early will be critical to maintaining momentum and managing the complexity of this effort. The timeframes listed for each step below are illustrative best-case scenarios.

1. Authorize Funding for Master Planning Effort: The State allocates funding to support a comprehensive master planning process, including consultant fees and administrative costs. **[January - May 2027]**
2. Identify an agency or local unit of government to lead the master plan effort and define roles, responsibilities, and decision-making authority for all involved entities through a formal Memorandum of Agreement. Establish clear leadership and communication protocols to coordinate across jurisdictions. Anticipated entities represented include the DOC, the Department of Administration, Washington County, and the City of Bayport. Other collaborator roles and responsibilities may be defined by that core group. The State may consider hiring a consultant to facilitate the establishment of roles and responsibilities and procurement of the master plan. **[July - December 2027]**
3. DOC disposition of FF&E. It is anticipated that the planning for the disposition of FF&E items can begin as soon as a disposition path is determined, and that final dispositions could be accomplished within a month after DOC operations cease on site. **[April 2027 – July 2029]**
4. Procure Consultant Team and Complete Master Plan: The lead entity will engage a multidisciplinary consultant team to complete the comprehensive master plan effort, including the tasks listed in the approach section above. A comprehensive master planning effort could take 16 months to 2 years. For illustration purposes, the shorter duration is used, but allowing flexibility for an extended timeline would best accommodate a thorough and useful master plan. The schedule for the master planning effort should be finalized in the first month of the master planning effort. **[January 2028 - April 2029]**
5. Consider DOC Operations end date. If the master planning effort is scheduled to take longer than 16 months, the DOC may want to consider extending operations at the site past the currently-anticipated June 2029 date to coordinate with the completion of the master planning effort and implementation plan. **[July 2028]**
6. Initiate consultation with SHPO per Minnesota Statutes, chapter 138. See Section 2.H. of this report for more information. SHPO consultation should be completed concurrently with the master planning effort. In this option, SHPO consultation is expected to be shorter than in Options 1 and 3, because general guidance will be sought rather than formal approval of specific actions or a finalized mitigation plan. Additional consultation may be required once specific disposition and construction actions are defined. **[October 2028 - June 2029]**
7. Transition and Implementation Planning: The State and local government will coordinate to determine roles and responsibilities for the implementation of the master plan. Rezoning and an update to the City's Comprehensive Plan would be anticipated City of Bayport actions. Other

actions may include environmental remediation, selective demolition, mothballing work, infrastructure improvements, or redivision of the site so that individual parcels can be transferred to subsequent ownership entities best suited to executing the master plan vision. Disposition may be accomplished using the statutory process for surplus disposition or by alternative methods of transfer, as approved by legislation. **[July - September 2029]**

8. Ownership Transition / Surplus Disposition. Method(s) will be determined in Step 7, and ultimate timeline will depend on method. **[Begin October 2029; duration will depend on method(s) of transition]**
9. **Redevelopment:** Subsequent ownership entities would be able to begin redevelopment efforts potentially as soon as **January 2030**.

Successful implementation of this framework will require sustained coordination, clear leadership, and a commitment to aligning State and local priorities throughout the process. While this approach introduces additional time and complexity upfront, it is intended to reduce long-term risk, support informed decision-making, and position the site for redevelopment outcomes that reflect both market realities and community priorities. Establishing this foundation prior to disposition will be critical to realizing the full potential of the site as a long-term public asset.



*Anticipated critical path activities in red

Legislative Considerations

This option requires the State to take an active leadership role in initiating and funding the master planning and predevelopment process. Legislative action would likely include authorization and appropriation of funds to procure consultant services, support intergovernmental coordination, and advance planning and environmental review.

State funding of the master plan effort would expedite the timeline of the effort. The City of Bayport and Washington County do not currently have funds planned in their budgets to fund this effort. Although there are grant programs that local municipalities could use to fund the effort, the grant application and administration process add significant time to the process, as described in Section 5.C.

The Regional Treatment Centers (Ah-Gwah-Ching, Fergus Falls, and Willmar), decommissioned beginning in approximately 2003, provide an important precedent for the State's involvement in the decommissioning process. Minnesota Laws 2003, Chapter 14, Article 6 stated that "in closing any regional treatment center or State-operated nursing home, the commissioner shall develop or aid in the development of a comprehensive redevelopment plan for any facilities or land vacated as a result of the proposal in consultation with the local governmental entity in the jurisdiction in which the facility is

located.” Per Wayne Waslaski, Assistant Commissioner, Department of Administration, “the redevelopment plans for those facilities were contracted and led by the State. However, in hindsight it would have been more effective to grant funds to the local jurisdiction for them to complete the master planning.” Because local jurisdictions usually handle land use guidance and regulation, they are better suited to leading master planning efforts. Allowing a local unit of government to lead the master planning effort will effectively facilitate local input on planning priorities, and a defined supporting role for the State will ensure guidelines align with ultimate disposition goals and timelines.

Value Considerations

Under this option, the property is not conveyed through an immediate market transaction, and the Broker’s Price Opinion attached as Appendix F does not assign a value to it. It is anticipated that following the master planning effort, an independent appraisal would be completed to determine appropriate market value for the property or portions thereof. The as-is and greenfield figures in the BPO describe what a private buyer would pay for the property in its current condition or as cleared and cleaned land; they do not describe the terms of a transfer between public entities.

Minnesota Statutes, sections 16B.281 to 16B.287 provide that surplus State real property is first offered to public bodies before it is offered for sale to private parties. The Minnesota Regional Treatment Center dispositions documented in Appendix G were structured under this framework. Willmar and Fergus Falls were each conveyed to the local unit of government for nominal consideration subject to Minnesota Statutes, section 16A.695, with reuse conditions and, at Willmar, a recorded historic preservation easement. At Willmar, the County subsequently sold a portion of the property at appraised value and remitted net proceeds to the State. Where a public body acquires the property, the consideration is set by statutes and negotiation rather than by market indicators, and value is realized over time through planning and redevelopment rather than at closing.

The master planning effort as outlined in the Implementation Approach section would cost approximately \$2 million, per conversations with representatives from firms that are qualified to execute the study.¹⁷ The State may also want to consider hiring a consultant to guide jurisdictional representatives through the steps listed in the timeline section above and to provide impartial professional experience in directing a master planning effort. The coordination consultant fee would be approximately \$320,000. Additional cost considerations could include the personnel resources needed for the DOC, the Department of Administration, and the City of Bayport to administer the project. Administrative costs are often budgeted to be an additional 10% of the total study effort costs. In total, the master planning effort is anticipated to cost approximately \$2.6 million.

Historic Considerations

The site’s historic significance is well established; however, the specific buildings, features, and character elements that should be prioritized for preservation have not yet been fully evaluated. Historic considerations would be integrated into the master planning effort. The master planning team, in coordination with community collaborators and preservation authorities (such as SHPO), would identify historically significant features and determine how they can be incorporated into future redevelopment.

¹⁷ Representatives from Stantec, Bolton & Menk, and Kimley-Horn, in discussion with Kimberly Sandbulte, August 2026.

These considerations could be formalized prior to any transfer of ownership, through mechanisms discussed in Section 2.H.

Environmental Considerations

Environmental remediation and abatement will be required at the site, including potential soil contamination and hazardous materials within existing structures. However, the scope and extent of remediation that is appropriate depends on future site uses and redevelopment strategies. In this option, the master planning effort will help define the appropriate level of remediation and abatement. In addition, to the extent that existing buildings and infrastructure can be preserved and adaptively reused, overall environmental impact may be reduced, as reuse typically requires fewer resources and generates less waste than new construction.

Community Impact

This option presents a significant opportunity to shape the future of one of the largest publicly controlled redevelopment sites in the region in a way that directly reflects community priorities. Through a structured and inclusive planning process, the site has the potential to support a wide range of outcomes, including housing, employment-generating uses, public infrastructure, open space, and civic or cultural amenities.

City and County representatives are not aware of any statutory reason a master planning effort or other predevelopment activities could not begin while the property is still State owned and operating as a correctional facility. The barrier to these efforts is funding and the desire not to expend City and County funds if the State's intention to decommission the property changes. By funding the master planning efforts, the State eliminates reservations by the local governments to begin appropriate planning steps.

By engaging local governments and collaborators as leaders in the planning process, this approach aims to ensure that future development is informed by those most directly impacted by the site's transition. It allows the State to act as a steward of the land, guiding a thoughtful and intentional process rather than deferring decisions to a future private owner.

If executed effectively, this approach has the potential to catalyze long-term economic growth, strengthen regional connectivity, and create lasting community benefit.

Benefits to the State

- Maintains control over the site during a critical transition period. The State will be able to continue to operate in the facility or maintain the facility while planning actions take place and during early implementation stages. Facilitates a thoughtful phasing plan that accomplishes early action on site to create redevelopment momentum.
- Enables alignment with long-term public policy and economic development goals. Follows established methods and recommendations for planning from local government and regional development authorities.
- Positions the State as a proactive steward of a significant public asset. Allows public objectives to be defined before disposition.

- Provides a framework for coordinated redevelopment. Allows proper time and resources to study future functions that will have a higher potential for success.
- May help resolve competing priorities before disposition. Enabling the master planning process prioritizes collaboration to determine a best path forward inclusive of a wide range of competing interests. Establishment of regional priorities in the planning process could reduce uncertainty for future owners and support market interest.

Risks and Mitigations

- Intergovernmental misalignment on future vision and priorities: Combined city, county, and State involvement in the master planning effort may create confusion around authority and roles for each jurisdiction.
Potential Mitigation: Establish formal roles, responsibilities, and decision-making authority for all involved entities with clear governance structure recorded in an official Memorandum of Agreement document. Ongoing collaboration and facilitated planning will help resolve differences before implementation. Hire a consultant to act as an impartial administrator of the multi-jurisdictional group, focused on accomplishing tasks on a predetermined timeline.
- Extended timeline and exposure to political or policy shifts: During the master planning process, changes in personnel and legislative leadership may subject the project to shifting goals and priorities. Institutional knowledge gaps may occur over the longer time period of planning, creating misdirection and inefficiencies in the process. Public ownership may continue longer than anticipated.
Potential Mitigation: Establish a clear critical path, leadership structure, and regular reporting to maintain momentum and accountability. Identify and record driving principles early in the process. Hire an independent consultant to administer the process.

Option 3: State-Led Site Clearance Prior to Surplus

In this option, the State would undertake the demolition of existing structures and selective site preparation activities prior to disposition, with the goal of delivering a cleared site for future redevelopment. Under this approach, the State would assume responsibility for upfront environmental remediation, abatement of hazardous materials, and removal of buildings and infrastructure, resulting in a site that may be more marketable.

Near-term actions would include completing detailed environmental and physical due diligence, establishing a demolition and remediation strategy, securing necessary funding, and procuring consultants and contractors to execute the work. While this approach may reduce some uncertainties for future buyers and eliminate the risk of prolonged vacant buildings, it requires significant upfront investment by the State and may result in the loss of historically significant structures and embodied environmental value.

Implementation Approach

This option assumes the State would undertake significant site preparation activities prior to disposition, including demolition of existing structures and associated environmental remediation, in order to deliver a cleared and more development-ready site to the market.

Preparation work would likely include removal of the majority of buildings and site improvements, including structures within the secure perimeter, perimeter security infrastructure, support buildings, and underground tunnel systems. The extent of demolition and removal would ultimately need to be informed by additional due diligence, including structural assessments, environmental analysis, and evaluation of potential future site uses.

Selective preservation of certain structures may be considered. For example, the Jack & Adelle Young Conference Center could be retained given its location at the edge of the property and its existing configuration, which may lend itself to continued use as a community-serving facility or interpretive space acknowledging the site's history. Determination of ownership, operational responsibility, and long-term use of any retained structures would require further coordination with State and local collaborators.

Existing infrastructure systems may also present opportunities for partial retention or transfer. For instance, the City of Bayport has expressed interest in components of the water infrastructure, which could be incorporated into a broader strategy for site subdivision or infrastructure conveyance. Additional analysis, including survey work and infrastructure assessment, would be required to define these opportunities.

This option would require the State to complete detailed environmental and physical due diligence, develop a demolition and remediation strategy, secure funding, and procure appropriate consultants and contractors to execute the work.

Timeline and Sequencing

This option represents the most front-loaded and State-led redevelopment pathway, requiring significant time and coordination prior to bringing the property to market. The timeframes listed for each step below are illustrative best-case scenarios.

1. Authorize funding for demolition of the property, including evaluations and assessments listed below. Since previous improvements were financed with outstanding general-obligation bonds, Minnesota Statutes, section 16A.695 would apply. Consider conveyance of the water infrastructure and Bayport Fire Department parcel to the City of Bayport, and include legislative language if necessary. **[January - June 2027]**
2. DOC disposition of FF&E. It is anticipated that the planning for the disposition of FF&E items can begin as soon as a disposition path is determined, and that final dispositions could be accomplished within a month after DOC operations cease on site. **[April 2027 - July 2029]**
3. Procure and complete a Phase I Environmental Site Assessment, which will determine if a subsequent Phase II Environmental Site Assessment would be appropriate. **[July 2027 - March 2028]**
4. Initiate consultation with SHPO per Minnesota Statutes, chapter 138. See Section 2.H. of this report for more information. A suitable course of action shall be agreed upon in writing between SHPO and the DOC. **[Begin July 2027. Completion will depend on the decided suitable course of action]**
5. Determine the demolition scope. Collaborate with local community representatives to determine which buildings or site features should be retained, such as the Jack & Adelle Young Conference Center or the water infrastructure components. Determine methods by which these pieces of the

property can be transferred to new ownership entities. Also consider a salvage plan to make various building components available for reuse. **[July - December 2027]**

6. DOC to complete an Environmental Assessment Worksheet and/or an Environmental Impact Statement for the demolition. **[January - June 2028]**
7. Collaborate with the Minnesota Historical Society and the Washington County Historical Society to identify artifacts, records, drawings or other materials of historical significance to be preserved in either organization's collections. **[January - December 2028]**
8. DOC Operations Cease at the Site. **[June 2029]**
9. Environmental Remediation and Demolition Work. It is anticipated that steps a-e below would occur while the facility operates, and steps f-h would be phased to align with operations ceasing at the site. Some remediation and demolition work will not be able to commence until operations are complete, although further study would be needed to determine the duration beyond operations ceasing. **[January 2028 - June 2030]**
 - a. Procure a design team
 - b. Procure environmental remediation specialist
 - c. Hazardous abatement design
 - d. Demolition design and construction documents, including delineation of items identified for salvage. Demolition construction documents clarify the demolition process by defining foundation-removal depths, backfill, final grades, extent of utility removals, and extent of landscape features to be removed or retained.
 - e. Procure demolition contractor
 - f. Execute environmental remediation
 - g. Execute demolition work (10 to 16 months per JE Dunn estimate¹⁸). Schedule as outlined here anticipates that some demolition work would start prior to operations ceasing, and 10 to 12 months of demolition after operations cease.
 - h. Produce record survey of finished conditions
10. State Surplus process, per Minnesota Statutes, sections 16B.281 to 16B.287 and section 16A.695. **[July - December 2030]**
 - a. Consultation with Minnesota Management and Budget regarding the sale of GO Bond financed property
 - b. Officially offer the property to State agencies and public higher education systems
 - c. Have the property appraised by an independent appraiser that holds a State appraiser license.
 - d. Offer the property to the local political subdivisions where the property is located.
 - e. Publish a notice of public sale.
11. **The earliest potential sale of the cleared site would be October 2030.**

While this approach may ultimately reduce uncertainty for a future buyer and streamline the redevelopment timeline, it extends the State's timeline to disposition. A detailed critical path and phased demolition plan would be essential for a timely disposition.

¹⁸ JE Dunn Construction Company, "Demolition Cost Estimate" (report, April 24, 2026), Appendix H.

	2027			2028				2029				2030			
	Jan - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec
OPTION 3 DEMOLITION + SURPLUS															
Determine & Fund Disposition Path															
FF&E Disposition															
Phase I & II Environmental Site Assessment															
SHPO Consultation															
Determine Demolition Scope															
EAW															
Demolition Design Documents															
Identify and transfer historic artifacts															
DOC Operations Cease															
Demolition & Environmental Remediation															
State Surplus Process															

*Anticipated critical path activities in red

Legislative Considerations

This option would require legislative action to authorize and fund the pre-disposition site preparation activities led by the State. At a minimum, the legislature would need to approve a substantial capital appropriation to support demolition, environmental remediation, and associated planning, procurement, and project management costs.

Given the site's historic designation, legislative direction may also be desired to define how historic resources are to be treated in advance of demolition activities. This could include establishing preservation priorities, authorizing removal of certain structures, or providing guidance on coordination with SHPO and other regulatory bodies.

Overall, this option requires a high level of upfront State leadership, policy direction, and financial commitment prior to any transfer of the property.

Value Considerations

The Broker's Price Opinion attached as Appendix F estimates the value of the property as cleared, developable land across the categories of buyer likely to compete for a site of this size. Depending on end use, the indicated land value falls in the range of approximately \$9 million to \$19 million, with residential and industrial development at the lower end and a data center user at the upper end. These figures assume the State delivers vacant land with improvements removed and building-related abatement complete. Appendix F sets out the comparable sales, the per-acre indicators, and the conditions that qualify each category.

JE Dunn Construction prepared a cost estimate for demolition and abatement in April 2026, based on a property briefing by the decommissioning study team, the Building Inventory attached as Appendix A, and building floor plans provided by the DOC. The estimated cost is approximately \$35 million, with exclusions and assumptions stated in the estimate document attached as Appendix H. The estimate does not include subsurface soil remediation, the scope of which cannot be established until a Phase I and, if needed, a Phase II Environmental Site Assessment are completed.

The cost of clearing the site therefore exceeds the value of the land it would produce, in every end-user category evaluated in the broker's opinion, by a margin of roughly \$16 million to \$26 million before soil remediation, holding costs during the clearance period, or transaction costs are accounted for. The narrowest margin corresponds to a data center use, which also has the shallowest buyer pool. Data

center comparables are each 177 acres or larger, well above MCF-Stillwater's 107 acres, are located in Dakota and Goodhue Counties, and were acquired with entitlement and power arrangements that are not established for the MCF-Stillwater site.

The land values are whole-site indicators applied to approximately 107 gross acres. Net developable area has not been confirmed by survey, and easements, infrastructure corridors, and any wetland or floodplain area would reduce the acreage available for development. Appendix F identifies the additional conditions bearing on value that cannot be quantified at this stage.

Historic Considerations

The site includes structures that contribute to a NRHP-listed historic district, which introduces significant considerations under Minnesota Statutes, chapter 138 and related preservation frameworks.

Demolition of contributing structures would require review and coordination with SHPO and would likely be determined to constitute an adverse effect. In such cases, the State would be required to engage in a process to evaluate impacts and identify appropriate mitigation measures, which could include archival photography and drawings, specialized documentation, oral histories, archaeological monitoring, interpretation or retention of some building components. Appropriate mitigation would be negotiated with SHPO and should not be assumed in advance.

In addition, if federal funding, approvals, or permits are involved in demolition or site preparation activities, the project may be subject to review under Section 106 of the National Historic Preservation Act. This process would require consultation with SHPO and other collaborators to assess impacts to historic resources and resolve any identified adverse effects.

While this option proposes substantial removal of existing improvements, the extent to which demolition is feasible, permissible, or advisable will depend on further coordination with SHPO and potential Section 106 requirements.

Environmental Considerations

This option would result in the most immediate and intensive environmental activity, driven by large-scale demolition and site disturbance. Demolition of existing structures will generate a substantial volume of debris, including materials that are known or likely to be hazardous and will require proper abatement, handling, and disposal in accordance with applicable regulations. Additional detail on identified hazardous materials is provided in Appendix B.

Tens of thousands of tons of embodied carbon are already invested in the campus. Using building construction type data, square footage calculations, and embodied carbon intensity data published by the Athena Institute, Carbon Leadership Forum, and the US Federal Highway Administration, the existing campus could be estimated to represent approximately 80,500 US tons of embodied carbon. Retaining the existing buildings would preserve the embodied carbon already invested in the campus. Demolition would forfeit this embodied investment while requiring additional emissions for demolition activities, debris processing, and replacement construction.

Adaptive reuse of existing buildings on site can substantially reduce life-cycle greenhouse gas emissions while supporting historic preservation, economic development, and waste reduction. Where adaptive reuse is not feasible, salvaging building components for use in other buildings or construction

projects can provide additional environmental benefits. If the facility is slated for demolition, all building elements including mechanical system components, bricks, plumbing fixtures, gates, locks, etc. could be considered for potential salvage and reuse. The Built Environment Sustainability Administrator at the Minnesota Pollution Control Agency may have additional resources to facilitate salvage planning and implementation.

In addition to building-related materials, site disturbance may trigger the need for soil remediation, depending on the presence and extent of environmental contamination. The full scope of required remediation will need to be defined through further environmental investigation and coordinated with regulatory agencies.

While these activities introduce significant upfront cost and complexity, they also present an opportunity to proactively address long-standing environmental conditions on the site. Completion of demolition and remediation prior to sale could reduce uncertainty for future buyers and position the property as a more development-ready site.

It should also be noted that this approach removes the opportunity for large-scale reuse of existing structures and infrastructure. Because new construction is inherently resource-intensive, this option almost certainly results in a higher overall environmental impact compared to scenarios that incorporate adaptive reuse.

Community Impact

This option presents a high degree of uncertainty with respect to community impact and carries the potential for significant negative outcomes. By removing the majority of existing structures prior to sale, the State would be making irreversible decisions about the physical and historical character of the site without a fully defined, community-informed vision for its future.

MCF-Stillwater has been an integral part of the community for generations, and the site holds layered historical significance, including both positive and difficult narratives. While this option proposes limited preservation through retention of the Jack & Adelle Young Conference Center and other structures that might be identified during the review process, that approach may not align with community perspectives on what elements of the site are most important to commemorate. The loss of contributing historic structures, particularly those more directly tied to the lived experiences associated with the facility, may be viewed as a loss of cultural and historical identity.

In addition, this approach limits opportunities for meaningful community engagement in shaping the future of the site. Local collaborators have expressed a strong interest in being active participants in determining how the property evolves. Advancing demolition and site clearance in advance of that process may be perceived as preempting those conversations.

While future redevelopment by a private buyer could ultimately deliver community benefits, those outcomes would be uncertain and outside of State or community control at the time key decisions, particularly demolition, are made.

Benefits to the State

- Delivers a development-ready site to market: Completing demolition and remediation in advance of sale may reduce uncertainty for prospective buyers and simplify future redevelopment planning.
- Potentially broader market pool: By addressing site constraints upfront, the State may make the property more accessible to a broader pool of developers who would otherwise be deterred by demolition and environmental risk.
- Potential to accelerate post-sale redevelopment: A cleared site could allow a future owner to move more quickly into vertical development, depending on market conditions and entitlement requirements.

Risks and Mitigations

- Irreversible loss of historic resources: Demolition of potentially significant structures may result in the permanent loss of historically significant elements of the site, which could conflict with public expectations and preservation priorities.

Potential Mitigation: Coordinate early with SHPO to identify priority structures, features, and narratives for preservation, documentation, or interpretive integration prior to demolition. However, SHPO review alone may not fully capture what the community considers historically or culturally significant. A broader engagement process would likely be required to meaningfully incorporate local perspectives and establish consensus around what elements of the site should be retained, memorialized, or removed. Undertaking this level of engagement would introduce additional time, coordination, and complexity and would begin to resemble a more comprehensive planning process to guide site outcomes.

- Misalignment with community priorities: Advancing demolition prior to a community-informed planning process may be perceived as limiting local input and shaping outcomes before collaborators have meaningful opportunity to engage.

Potential Mitigation: Incorporate structured community engagement prior to finalizing the scope of demolition and clearly communicate how input is being considered in decision-making. However, meaningful engagement at this stage would likely extend beyond discrete outreach and require a more comprehensive process to understand community priorities, evaluate tradeoffs, and align on future site outcomes.

Undertaking this level of engagement would introduce additional time and coordination and may evolve into a broader planning effort to guide decisions about what should be preserved, removed, or incorporated into future redevelopment.

- Environmental and construction impacts: Large-scale demolition introduces environmental impacts related to material disposal, emissions, and site disturbance, and eliminates opportunities for adaptive reuse.

Potential Mitigation: Prioritize responsible demolition practices, including material recycling, waste reduction strategies, and evaluation of selective reuse opportunities where feasible.

However, identifying which materials or structures are appropriate for reuse requires a more detailed understanding of building conditions, historical significance, and potential future site uses.

As a result, implementing these practices may necessitate additional analysis and coordination to inform decision-making, introducing added time and complexity and potentially prompting a more deliberate, planning-oriented approach to site preparation.

- Significant upfront public cost with uncertain return: This option requires substantial State investment in demolition and remediation prior to sale, without certainty that those costs will be recaptured through a higher sale price. Market demand for the site, even in a cleared condition, remains unknown.

Potential Mitigation: Conduct a detailed market and financial analysis immediately prior to initiating demolition to better understand potential land value, buyer demand, and absorption under a cleared-site scenario. This analysis could evaluate against current market conditions whether the anticipated disposition value is likely to materially exceed the State's upfront investment in demolition and remediation. If the analysis indicates that value recovery is unlikely, the State may want to reconsider alternative disposition strategies.

It should be noted, however, that undertaking this level of analysis will require additional time, funding, and coordination, and may extend the overall project timeline. This introduces a tradeoff between reducing financial risk and maintaining momentum toward disposition. While this type of market and financial analysis can be helpful in guiding decision-making, it may not ultimately reflect actual market demand when the property is placed on the market or the intentions of a developer or the local community for future land use.

7. EXECUTIVE SUMMARY

On May 23, 2025, the Judiciary and Public Safety Finance and Policy Omnibus bill (Chapter 35, House File 2432) was signed into law. The enacted budget reflected the expectation that MCF-Stillwater would close in phases, with full operations ending by June 30, 2029. The legislation also appropriated funding for a decommissioning and management study related to the anticipated closure of the facility.

Background: The 107-acre Bayport campus contains 56 buildings totaling approximately 1.43 million gross square feet, a historic district listed in the National Register of Historic Places, a dedicated water infrastructure system, known hazardous building materials, and an estimated \$180 million in deferred maintenance. Its scale makes it both a major regional redevelopment opportunity and a long-term public risk if disposition is not planned before closure.

Central Finding: The study finds that a near-term, single-buyer solution is uncertain. No public entity expressed interest in acquiring the full campus, and local collaborators consistently favored a phased, community-oriented mixed-use outcome shaped through master planning. Because redevelopment may take 10 to 20 years or longer, it is recommended that early actions preserve flexibility until market, environmental, infrastructure, building-reuse, transportation, and historic-preservation due diligence is complete.

The study identifies government-guided redevelopment (Option 2) as providing the strongest framework among the three pathways analyzed for balancing State and local influence, market feasibility, historic and environmental considerations, and immediate State investment. The report notes that pursuing this approach would require legislative authorization and funding for additional planning, environmental review, consultant services, and intergovernmental coordination.

Legislative implication: Any prudent pathway forward for MCF-Stillwater will require funding. If action is not taken in the 2027 legislative session, disposition will be delayed, potentially resulting in the holding costs and the negative community impacts of a vacant and deteriorating facility.

DISPOSITION OPTIONS: BENEFITS AND TRADEOFFS

Pathway	Primary Advantages	Primary Disadvantages / Risks
1. Surplus As Is Earliest sale: Aug. 2029 Broker estimate: approximately \$7.64M	Simplest statutory path; fastest to offering; lowest upfront State investment; transfers most redevelopment and cleanup responsibility to the buyer.	Buyer pool and timing are uncertain; limited public influence after sale; unknown conditions may depress price; prolonged vacancy or misaligned redevelopment is possible.
2. Government-Guided Redevelopment Plan: 2027-2029 Planning Cost: ~\$2.6M Transition: Oct. 2029	Preserves options while due diligence is completed; aligns State, City, infrastructure, market, preservation, and community goals; supports phased parceling and reuse.	Requires an appropriation, intergovernmental coordination and sustained capacity; adds front-end process and remains exposed to policy changes.
3. State-Led Site Clearance Earliest sale: Oct. 2030 Demolition Cost: \$35.0M+	Creates a more development-ready site; reduces buyer demolition and abatement uncertainty; may broaden the market and accelerate work after sale.	Cleared value of about \$9M-\$19M leaves a \$16M-\$26M gap before soil remediation and carrying costs; causes irreversible historic loss, major waste/emissions, and longer State responsibility.