



Request for City Council Committee Action from the Department of

Date: November 19, 2013

To: Council Member Lisa Goodman, Community Development Committee

Subject: Authorization to lease the City-owned surface parking lot adjacent to 1927-29 5th Street S. in the Cedar-Riverside neighborhood to the African Development Center of Minnesota for accessory parking.

Recommendation: Authorize appropriate staff to execute a lease with African Development Center of Minnesota to maintain and operate an accessory parking lot for its headquarters building at 1927-29 5th Street South in the Cedar Riverside neighborhood for a three year term effective no sooner than January 1, 2014.

Previous Directives: The City Council established the surface parking lot as a legal parcel on August 30, 2013 as a component of the settlement approval in the case of Riverside Homes of Minneapolis LP v. City of Minneapolis.

Department Information

Prepared by: Erik Hansen, Principal Project Coordinator (612-673-5022)

Approved by: Charles T. Lutz, CPED Deputy Director _____

Catherine A Polasky, Director of Economic Policy & Dev. _____

Presenters in Committee: Erik Hansen

Financial Impact

- Action is within the Business Plan
- African Development Center will pay a fair market value annual rental fee of \$4,800
- Elimination of future property management costs estimated at \$3,600 per year.

Community Impact

- Neighborhood Notification – Staff notified the West Bank Community Coalition, Cedar-Riverside NRP Group, and the West Bank Business Association of this action.
- City Goals – Consistent with Jobs and Economic Vitality; Strong commercial corridors, thriving business corners
- Comprehensive Plan – Consistent with plan
- Zoning Code – Complies with zoning

Supporting Information

The City owns a surface parking lot located adjacent to 1927-29 5th Street S. ("Parking Lot") in the Cedar-Riverside neighborhood that has historically supported the employees, tenants and customers of the commercial building located at 1927-29 5th Street S. The Parking Lot is part of a planned-unit development that allows for accessory parking only for users in the 1927-29 building. The African Development Center of Minnesota is the current owner of the 1927-29 5th Street S. building and has agreed to the lease the Parking Lot from the City for accessory parking at fair market value.

The proposed lease will have a 3-year term starting no sooner than January 1, 2014. The proposed lease terms follow the City Lease Policy requirement to charge a fair-market rental fee. Below are the proposed terms to use as the basis for the lease.

Lease Terms

- **Fee:** As prescribed in the City policy, there will be fair market value rental fee of \$400-per-month.
- **Entity:** African Development Center of Minnesota will be the Tenant and will be responsible for timely rent payments and all other lease obligations and responsibilities.
- **Term:** 3-year term with a cancellation option by either party, with or without cause, with at least a 180-days' prior written notice.
- **Uses:** The use is restricted to commercial parking purposes related to owners, tenants, customers, clients of users physically located in the 1927-29 5th Street S. building.
- **Hours of Use:** Tenant will restrict parking use of the lot to 6 a.m. to 10 p.m. Sundays through Thursdays and 6 a.m. to 11 p.m. Fridays and Saturdays
- **Operations and Maintenance:** The Tenant shall be responsible for all costs associated with operations and maintenance of the Parking Lot.
- **Capital Expense Credit:** The Tenant is allowed to make capital improvements to the parking lot, subject to CPED Director approval, and receive a credit against rent due, not to exceed \$5,000, credited over a 24-month period.
- **Indemnity and Insurance:** The Tenant shall indemnify the City and obtain and hold insurance to the satisfaction of the City throughout the lease term.

Subject property and adjacent uses

