



## Request for City Council Committee Action From the Department of Public Works

Date: October 17, 2002  
To: Transportation and Public Works Committee  
Referral to: Ways and Means/Budget Committee

**Subject:** Light Rail Transit – Conveyance of 4<sup>th</sup> Street/Chicago Avenue Parking Lot to the Minnesota Department of Transportation

**Recommendation:** City staff recommends that the City Council authorize the proper City Officers to execute the necessary documents to convey the portions of PID #26-029-24-12-0079 that are required for the Hiawatha Light Rail Transit Line to the Minnesota Department of Transportation at no cost; said parcel to be specifically identified by a metes and bounds description provided by the State Highway Department prior to the execution of the conveyance deed.

Prepared or Submitted by: Heidi Hamilton, Engineer III – LRT Project

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Phone: 612/673-3439

Approved: Brian Lokkesmoe, Interim City Engineer and Director of Public Works

Presenters in Committee: Heidi Hamilton

### **Financial Impact** (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Action will permanently eliminate net revenue from a City parking lot.
- Request provided to the Budget Office when provided to the Committee Coordinator

### **Background/Supporting Information**

The City is the owner of land in the northeast quadrant of 4<sup>th</sup> Street and Chicago Avenue on which a municipal parking lot was operated prior to March 2002, when MnDOT began using the lot for LRT construction. The parking lot that existed held approximately 30 vehicles and was used for handicapped parking during Metrodome events as well as regular daily parking. This land is needed for the Hiawatha Light Rail

Transit project. Traction Power Substation #13 (Downtown East) will be located upon the parcel. A map indicating the location of the subject land is attached.

The City obtained fee title to the parking lot land when it acquired all of the land presently occupied by the Metrodome, the land on which 4<sup>th</sup> and 5<sup>th</sup> Streets South reside between Kirby Puckett Place and 11<sup>th</sup> Avenue, and the land adjacent to 4<sup>th</sup> and 5<sup>th</sup> Street in this area in 1978. The City then conveyed the portion of land needed for the sports facility, and retained fee title to the land that would be used for street purposes and the adjacent land such as the parking lot.

During review of the preliminary LRT plans in 1999, it was identified that the handicapped parking provided in this lot for Metrodome events would be eliminated for LRT and needed to be replaced. Subsequently, a project agreement was negotiated between the Met Council, City, and County that specified that replacement handicapped parking would be provided. The County is now providing handicapped parking for Metrodome events in their McGill Lot located at 501 Park Avenue.

MnDOT claims to have taken over the parking lot as part of Commissioner's Order which took over 5<sup>th</sup> Street and part of 4<sup>th</sup> Street for construction of Light Rail Transit. MnDOT Attorney's have stated that this is a valid taking without compensation to the City because the parking lot is part of the right-of-way parcel.

The City Attorney's Office disagrees and has stated that the City is due compensation for the parking lot parcel. This opinion is based on the fact that the parking lot has never been used as a "street" and therefore is not a "street" for the purposes of the statute that authorizes the state to take city "streets" without compensation. The Commissioner contends that any land designated by the City as "right-of-way" is necessarily also a "street" for the purpose of the statute and that they take such land all the time.

Although MnDOT does not believe City Council action is needed for MnDOT to take permanent possession of the land, city staff disagree. Due to this disagreement, HPO has carried this item on their project balance sheets as a potential contingency hit since City staff identified the issue.

In July and August 2002, extensive discussions were held between the Hiawatha Project Office, City Council Members, City staff, and other Hiawatha LRT stakeholders regarding the need to reduce the scope of the LRT project and/or identify additional funds in order for the project to stay within budget. In this extensive contingency analysis, HPO and City staff identified the contribution of the parking lot to the project as a viable contribution that would avoid an argument and potential litigation between the City and MnDOT over the rights to the land and permit other LRT project cuts to be avoided. The contribution of this land was identified as part of the City of Minneapolis's package of LRT scope reductions/local funding that was informally reviewed with City Council members prior to ultimately being approved by the Hiawatha Corridor Management Committee.

The City Assessor's assigned value for the parking lot is approximately \$268,000. This lot also provided the City approximately \$42,000 net revenue in 2001.

If the City were to pursue compensation for this lot, the outcome is unknown. HPO has indicated to City staff that if the City is compensated for the land, additional cuts to the project will be required and the cuts will be made within the City of Minneapolis.

The voluntary transfer of the land from the City to MnDOT avoids further negotiation of this issue as well as possible litigation should a negotiated agreement not be reached. Although it does not guarantee the avoidance of further project scope reductions within Minneapolis, it would reduce the amount of scope reduction needed by an amount equal to the amount of compensation that would be provided to the City.

Therefore, City staff recommend that the City Council authorize the proper City Officers to execute the necessary documents to convey the portions of PID #26-029-24-12-0079 that are required for the Hiawatha Light Rail Transit Line to the Minnesota Department of Transportation at no cost; said parcel to be specifically identified by a metes and bounds description provided by the State Highway Department prior to the execution of the conveyance deed.

#### Attachment

cc: Council Member Zerby  
Ed Hunter, Hiawatha Project Office  
Greg Finstad  
Corey Conover  
Dennis Morris

TPW – Your committee recommends that the City Council authorize the proper City Officers to execute the necessary documents to convey the portions of PID #26-029-24-12-0079 that are required for the Hiawatha Light Rail Transit Line to the Minnesota Department of Transportation at no cost; said parcel to be specifically identified by a metes and bounds description provided by the State Highway Department prior to the execution of the conveyance deed.