

Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: April 14, 2009

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
Midwest Mountaineering Parcel

Recommendation: Approve the sale of a portion of the real property located at 1813 Third Street South to Rodney F. Johnson, the owner of and doing business as "Midwest Mountaineering, Inc.", for a Fair Market Value of \$10,300.

Previous Directives: The City of Minneapolis, through the Minneapolis Community Development Agency (MCDA) acquired 1813 Third Street South on November 8, 1982. The MCDA and the City have leased a portion of 1813 Third Street South (the "Parcel") to Rodney F. Johnson and Midwest Mountaineering since 1995. City Council has approved renewal of lease recommendations in 2000, 2004, 2006 and 2007. In 2004 the City Council directed staff to prepare this sliver parcel for sale to Midwest Mountaineering/Rodney F. Johnson but this directive was postponed by Council action in July, 2006, in order to allow for the completion of a Small Area Plan before considering the sale of this portion of the larger midblock parking lot parcel.

Prepared by: Judy Cedar, Senior Project Coordinator, Phone 612-673-5025
Approved by: Charles T. Lutz, Deputy CPED Director _____
Catherine A. Polasky, Director Economic Policy & Development _____
Presenters in Committee: Judy Cedar, Senior Project Coordinator

Financial Impact

- Action provides the City of Minneapolis with revenue.

Community Impact

- Neighborhood Notification: West Bank Business Association and West Bank Community Coalition have consistently supported the use and purchase of the Parcel by the Buyer.
- City Goals: CONNECTED COMMUNITIES In five years, Minneapolis will be a connected collection of sustainable urban villages where residents will live within walking distance of what they need or of public transit; there will be a connected network of transportation options; streets will be destinations; a mix of unique small businesses will be thriving; and Minneapolis' neighborhoods will have unique identities and character.
- Sustainability Targets: This land sale does not address a sustainability target.
- Comprehensive Plan: On March 26, 2009, the Planning Commission found the sale of the Parcel to be consistent with the Comprehensive Plan.
- Zoning Code: Rodney F. Johnson (Purchaser) will go through a minor subdivision. Minneapolis Development Review will undertake preliminary design review. The Parcel will be rezoned, administratively, from C3A to C2 prior to sale to prevent the creation of split zoning.

- Living Wage/Business Subsidy Agreement: N/A.
- Job Linkage: N/A

Supporting Information

<u>Parcel</u>	<u>Address</u>	<u>Sale Price</u>
CR 21-4B	1813 Third Street South (Part)	\$10,300

Purchaser

Rodney F. Johnson or Midwest Mountaineering, Inc.
309 Cedar Avenue South
Minneapolis, MN 55454

Proposed Development

Midwest Mountaineering, Inc. (MWM) has operated a successful outdoor retail store at 309 Cedar Avenue South in Minneapolis since 1976. MWM began using this portion of a City-owned, midblock parking lot as an outdoor sales area and paying rent to the City in 1995. Currently the lease is month to month (term expired December 31, 2008) at a rate of \$60 each month. The Parcel is a sliver parcel that abuts other MWM and Rodney F. Johnson property on the eastern boundary. The Parcel includes four parking spaces and provides for pedestrian access from the parking lot to the rear entry of the store.

The Parcel is approximately 114 feet by 24 feet and 2,746 square feet in area (0.063 acres). The Parcel will be combined with an existing Rodney F. Johnson parcel at 305 Cedar and reassigned a common Property Identification Number.

This land sale is contingent upon a minor subdivision and rezoning approval. The sale terms will include requirements to make certain improvements to the Parcel:

- Parking area must be resurfaced with a hard surface material. We encourage permeable concrete or permeable pavers which are products that will allow on-site water retention. Turf block and gravel pave may also be suitable permeable materials for the parking area (but not the driveway or drive aisle) and would require a variance. The parking area includes four car spaces within the sale parcel's northerly boundary together with a driveway and four additional parking spaces within property owned by Rodney F. Johnson and all abutting Third Street South.
- Landscaping and screening materials must be added along the northerly boundary between the parking area and the sidewalk of Third Street South.
- Barb wire fencing must be replaced with a decorative fencing alternative.
- Any signage, existing or planned, must meet code.

Land Disposition Policy

This Parcel is not suitable for stand alone development and is being sold to combine with another commercial property owned by the Purchaser. The adjoining City-owned parking lot provides the Cedar-Riverside business district with much needed public parking consistent with the economic development strategies articulated in the Cedar Riverside Small Area Plan (adopted in 2008).

Financing

The Purchaser will finance the entire project with private financing.

Offering Procedure

The sale price of the Parcel reflects the full fair market re-use value.

Authorizing sale of land Cedar Riverside Disposition Parcel No 21-4B.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel 21-4B, in the Cedar Riverside neighborhood, from Rodney F. Johnson or Midwest Mountaineering, Incorporated, hereinafter known as the Redeveloper, the Parcel 21-4B, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

CR 21-4B; 1813 Third Street South (Part)

The Westerly 24.00 feet of the most northerly 114.00 feet of Outlot A and the westerly 4.70 feet of the southerly 2.20 feet of the most northerly 116.20 feet of said Outlot A, CEDAR RIVERSIDE ADDITION.

Whereas, the Redeveloper has offered to pay the sum of \$10,300, for Parcel 21-4B to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on April 3, 2009, a public hearing on the proposed sale was duly held on April 14, 2009, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

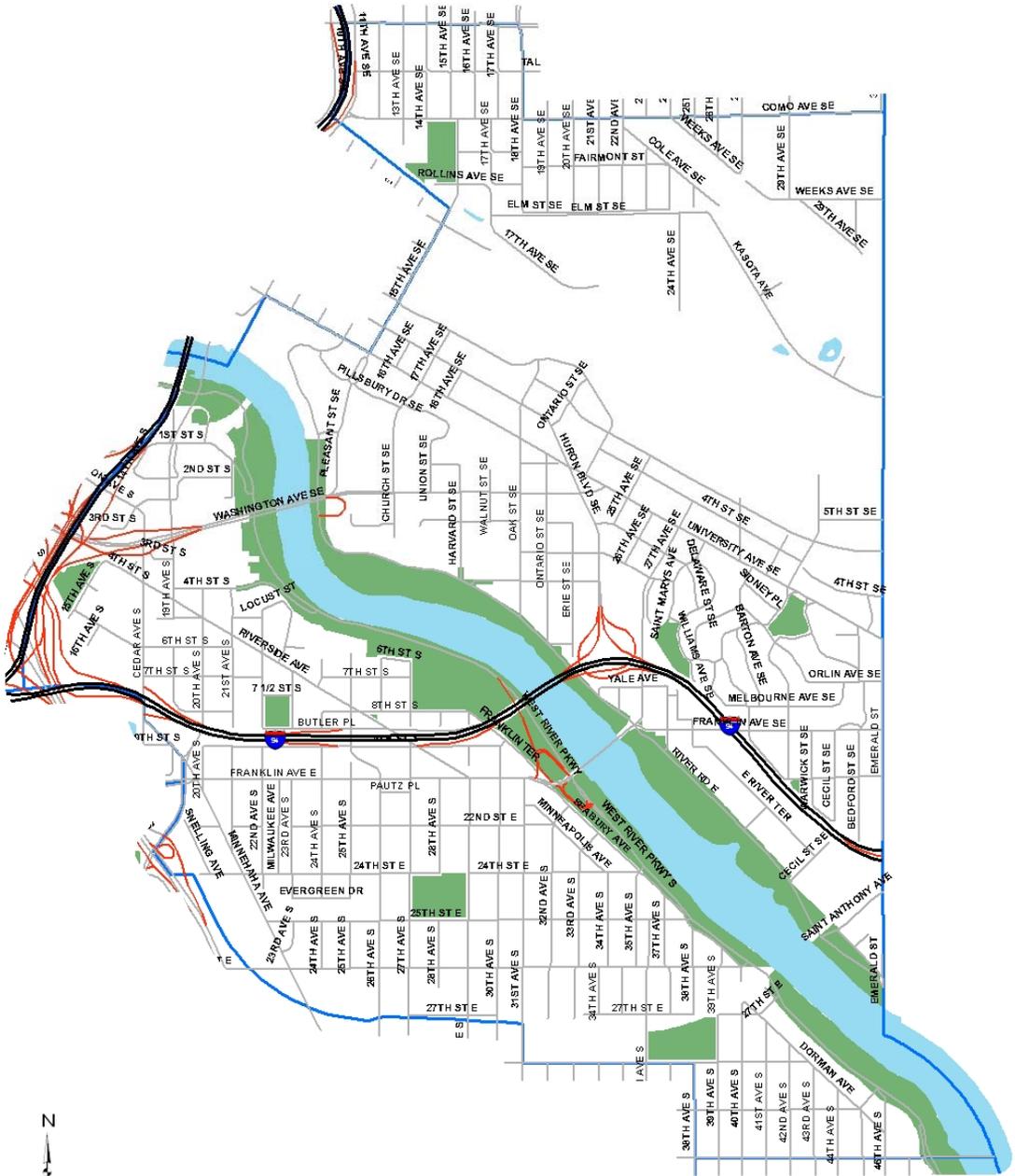
That the re-use value for uses in accordance with the Cedar Riverside plan, as amended, is hereby estimated to be the sum of \$10,300 for Parcel 21-4B.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.

WARD 2



0 0.25 Miles

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TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

Date: March 10, 2009

Subject: Land Sale – Public Hearing
Midwest Mountaineering Parcel

Address: 1813 Third Street South (Part)

Purchaser: Rodney F. Johnson or Midwest Mountaineering, Inc.

Legal: The westerly 24.00 feet of the most northerly 114.00 feet of Outlot A and the westerly 4.70 feet of the southerly 2.20 feet of the most northerly 116.20 feet of said Outlot A, CEDAR RIVERSIDE ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
21-4B 11/08/1982	1813 Third Street South (Part)	\$1.00	(-) \$10,300	-\$10,299

Re-Use Value Opinion	Less Sales Price	Write-Down
\$10,300	\$10,300	\$0

Write-Down

Reason: Not Applicable

Developer History with CPED:

Rodney F. Johnson, owner of Midwest Mountaineering, has been actively involved in the West Bank Business Association since he relocated his business into the neighborhood in 1976. Rodney Johnson/Midwest Mountaineering owns the business and structures located at 305-309 Cedar Avenue in Rodney F. Johnson or Midwest Mountaineering, Incorporated. A \$90,850 forgivable loan with MCDA was purchased at present value and satisfied in 2004. MWM has used the 2% Loan Program in the past with the last loan issued in 1997 for \$15,750. Over the 14 year span of leasing property from the City, Rodney Johnson has consistently complied with terms of the lease, including timeliness of lease payments.

Developer Information:

Single Individual or Corporation of the State of Minnesota