



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: December 13, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Judy Cedar, Senior Project Coordinator, 612-673-5025

Presenter in Committee: Judy Cedar, Senior Project Coordinator, 612-673-5025

Approved by: Mike Christenson, Director, Economic Policy & Development _____
Chuck Lutz, Deputy CPED Director 

Subject: East Parcel parking agreement extension with Rio Bravo, LLC.

RECOMMENDATION: Authorize the City of Minneapolis to enter into an amendment to the parking lot agreement with Rio Bravo for the East Parcel in accordance with the terms outlined herein.

Previous Directives: On November 22, 2002, the City Council authorized the execution of a redevelopment contract with the Guthrie Theater that provided for the provision of certain employee parking for the Guthrie Theater on the East Parcel. On November 9, 2000, the MCDA Board of Commissioners authorized the execution of a parking lot operating agreement with Rio Bravo, LLC. The acquisition of the property now included in the East Parcel was approved by the MCDA Board of Commissioners and completed in 1987, 1991 and 1994.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- 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): Reduction in size of parking lot will reduce City revenue by \$150,000+ annually.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact:

Ward: 2

Neighborhood Notification: The Industry Square Project Committee and the Downtown Minneapolis Neighborhood Association were notified of this pending report on June 24, 2005.

City Goals: Meets the following City Goal: Creates an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Comprehensive Plan: N/A

Zoning Code: Permitted as a Conditional Use in C3A.

Living Wage/Job Linkage: Not applicable

Background and Supporting Information

The City-owned property is bounded by West River Parkway, 11th Avenue South, Second Street South, and vacated Tenth Avenue South (see map). The parcel was assembled for redevelopment through a number of acquisitions over several years.

The southeast corner of the site contained surface parking lots at the time of acquisition by MCDA (in 1991 and 1994), and those lots have continued in operation since then. Therefore, this corner of the property is "grandfathered" under the 1999 zoning that otherwise precludes surface parking in this area. The remainder of the parcel was improved as an interim-use surface parking lot after demolition of a grain elevator that once existed on the site. This portion has been operating as a surface commercial parking lot under a special Council permit that recently expired.

In accordance with the terms of the redevelopment agreement with the Guthrie Theater, the grandfathered corner of the East Parcel will be used to provide 135 parking spaces for the Guthrie for seven years beginning when the theater opens in 2006. Therefore, this report addresses two transitions in the parking operation on the East Parcel: 1) a reduction in the size of the lot to include only the grandfathered parking area, and 2) a subsequent conversion of that smaller lot from general commercial use to exclusive use for the Guthrie's parking.

As the lot size shrinks, CPED will work with Public Works to distribute to former customers of this site information about the newly opened City ramp.

Recommended Revisions to Parking Agreement

The day-to-day parking operations fall under a Parking Lot Operating Agreement executed in 2000 between the City and Rio Bravo LLC. This agreement provides that the City as owner may decrease the size of the lot and that the parties then

would modify the financial terms in an equitable manner. This report recommends such modification by amending the existing contract, retroactively to December 1, 2005, with Rio Bravo, LLC as follows:

- Contract term to be limited to six months due to potential transfer of parking operations to the Guthrie to operate themselves.
- The contract will automatically renew every six months, although it is possible that Guthrie will want to manage their own lot beginning March 1, 2006, triggering a need for further Council approvals for an operator's agreement with the Guthrie.
- Either party, at any time, may terminate the agreement by giving the other party 60 days notice. This allows maximum flexibility for transfer of operations to the Guthrie.
- Operator will be paid a monthly operating fee equal to 40% of the gross revenues from which all operating expenses of the lot will be paid. The operator will distribute 60% of the monthly gross revenues to the City each month.
- Operator agrees to reductions of the lot from 250 car spaces to 150 car spaces through December 31, 2005 and a further reduction of car spaces from 150 to 135 effective January 1, 2006. Operator will notify customers and cancel monthly parking contracts appropriately to achieve these reductions.
- Operator agrees to limitations on uses of parking lot exclusively for Guthrie employee parking effective March 1, 2006. Guthrie has this parking lot for a term of seven years by contract.

