



28

**Request for City Council Committee Action
From the Minneapolis Park and Recreation Board**

Date: June 27, 2002
To: Ways and Mean Budget Committee
Referral to: Council Member Johnson

Subject 2002 Net Debt Bond Sale

Recommendation:

That the City Council approve the Park Board's request to amend City Council Resolution 2001 R-507 to add as a net debt project the Park Board Main Office Building and request that the Board of Estimate and taxation incur indebtedness and issue and sell bonds for up to \$4,500,000.

Previous Directives

City Council Approved Park Board Budget December 13, 2001.

Prepared or Submitted by: Judd Rietkerk

Assistant Superintendent for Park Planning
Minneapolis Park and Recreation Board
612-661-4824

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(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):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information Attached:

Transmittal letters to:

**Park Board Report to Commissioners
Park Board Resolution No. 2002-135**



Draft dated June 3, 2002

June 5, 2002

Memo To: Commissioners & Superintendent

From: Judd Rietkerk Assistant Superintendent for Planning

Action: Authorize the Superintendent to enter into a purchase agreement for the Property located at 2117 West River Road North including appropriate terms and conditions for an amount not to exceed \$2,920,000.

Action: Adopt resolution no. 2002 – 135, captioned as follows:

**REQUESTING THAT THE CITY COUNCIL OF THE
CITY OF MINNEAPOLIS APPROVE AND RECOMMEND
TO THE BOARD OF ESTIMATE AND TAXATION
THE SALE OF NET DEBT BONDS
IN THE AMOUNT OF \$4,500,000**

Action: Adopt resolution no. 2002 – 136, captioned as follows:

**REQUESTING THE BOARD OF ESTIMATE
AND TAXATION TO SELL NET DEBT BONDS
IN THE AMOUNT OF \$4,500,000**

BACKGROUND:

The Board's lease in the Grain Exchange expires May 1, 2003. Staff have been researching and evaluating the costs/benefits of alternative locations and facilities for over a year. In addition to the rather expensive rent for building and parking spaces at the Grain Exchange Building the Park Board is seriously lacking usable space, not only in the Grain Exchange, but other facilities such as the Southside Service Center and Northside Operations Center. This limited space issue has caused the Park Board to have

to rent trailers and storage space throughout the City for staff (office space) and heavy equipment.

Rational to Purchase

- **Financial Investment:** The opportunity to acquire property along the Mississippi River, as opposed to continuing to rent space, is a fundamentally sound business decision. Over the course of a thirty-year period, the Park Board will experience an estimated \$4.8 million cost savings, in addition to the equity acquired from owning property, as opposed to renting, located along the beautiful Mississippi River.
- **Excellent Land Acquisition and Use:** Historically, commercial and industrial enterprises have dominated the green space located along the mighty Mississippi River. Consistent with the philosophy and goals of the Upper Mississippi Master Plan, the Park Board's acquisition of this land would place a wonderful land resource in the public domain and contribute significant aesthetic value to the Upper Mississippi.
- **Public Access:** Relocating public offices to the current Moore property will enhance the public's accessibility for both public meetings and park and recreation services.
- **Consolidation of Facilities:** Currently there is inadequate working space available throughout the organization, especially in such sections as Environmental Services, Recreation and Sports programs and Park Police operations, just to name a few. At the present time our Environmental Services and Park Police are working in crowded and often unsuitable conditions at the Southside Service Center. An inadequate number of restrooms, locker rooms, conference/investigation meeting areas (privacy and general resource areas consistent with the nature of the work) parking and equipment service areas are all examples of the major restrictions we are currently working under.

In addition, the Northside Service Center is in need of major rehabilitation. This facility is scheduled for funding in 2003 and 2004, therefore the timing is excellent. Acquisition of the Moore property would allow the redirection of the rehabilitation costs to a permanent facility.

- **Storage Facilities:** Currently the Park Board is spending money annually to rent storage and office space just to meet basic service needs. Renting should be our very last resort in terms of any form of operations. Only on a very short term basis does renting space make any economic sense and we have multiple rental situations, which have been not only long term but also a tradition. The Moore property is a jewel and significant green space opportunity that may never come along again, and certainly not at the accepted price.

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MINNEAPOLIS PARK AND RECREATION BOARD

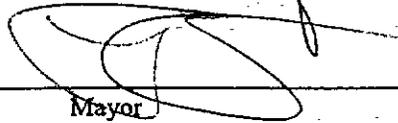
AN ACTION, RESOLUTION OR ORDINANCE

In accordance with Chapter 3, Section 1, of the City Charter, there is herewith submitted to you, the Mayor of the City of Minneapolis, an action, resolution or ordinance adopted by the Minneapolis Park and Recreation Board which you may approve by affixing your signature herein below or if you disapprove of same to return to the Board, with your objection thereto, by depositing the same with the Secretary of the Board to be presented to the Board at their next meeting where the question of its passage will be put again before the Board.

8.5 THAT THE BOARD AUTHORIZE THE SUPERINTENDENT TO AMEND OFFER TO PURCHASE THE PROPERTY LOCATED AT 2117 WEST RIVER ROAD NORTH, INCREASING THE OFFER FROM \$2,920,000 TO \$2,995,000 AND CHANGING THE CLOSING DATE TO JULY 31, 2002.

PASSED June 12, 2002

APPROVED _____


Secretary of the Board

Mayor

| Grain Exchange Annual Rent | Parking | Total | Year | Debit Service | Operating Expenses | Total | Additional Cost (Savings) | Cumulative |
|-------------------------------|-------------|--------------|------|------------------|-----------------------|--------------|------------------------------|---------------|
| 2001 | \$91,000 | \$323,000 | 2001 | na | na | na | na | na |
| 2002 | \$94,185 | \$349,185 | 2002 | na | na | na | na | na |
| 2003 | \$97,481 | \$413,481 | 2003 | na | na | na | na | na |
| 2004 | \$100,893 | \$427,953 | 2004 | na | \$180,000 | \$427,953 | \$0 | \$0 |
| 2005 | \$104,425 | \$442,932 | 2005 | \$256,632 | \$186,300 | \$442,932 | \$0 | \$0 |
| 2006 | \$108,079 | \$458,434 | 2006 | \$265,614 | \$193,821 | \$458,435 | \$0 | \$0 |
| 2007 | \$111,862 | \$474,480 | 2007 | \$274,910 | \$199,569 | \$474,479 | \$0 | \$0 |
| 2008 | \$115,777 | \$491,086 | 2008 | \$284,532 | \$206,554 | \$491,086 | \$0 | \$0 |
| 2009 | \$119,830 | \$508,274 | 2009 | \$294,491 | \$213,784 | \$508,275 | \$0 | \$0 |
| 2010 | \$124,024 | \$526,064 | 2010 | \$304,798 | \$221,266 | \$526,064 | \$0 | \$0 |
| 2011 | \$128,364 | \$544,476 | 2011 | \$315,466 | \$229,010 | \$544,476 | \$0 | \$0 |
| 2012 | \$132,857 | \$563,533 | 2012 | \$326,507 | \$237,026 | \$563,533 | \$0 | \$0 |
| 2013 | \$137,507 | \$583,256 | 2013 | \$337,935 | \$245,322 | \$583,257 | \$0 | \$0 |
| 2014 | \$142,320 | \$603,670 | 2014 | \$349,763 | \$253,908 | \$603,671 | \$0 | \$0 |
| 2015 | \$147,498 | \$624,799 | 2015 | \$362,004 | \$262,795 | \$624,799 | \$0 | \$0 |
| 2016 | \$152,457 | \$646,667 | 2016 | \$374,675 | \$271,992 | \$646,667 | \$0 | \$0 |
| 2017 | \$157,793 | \$669,300 | 2017 | \$387,788 | \$281,512 | \$669,300 | \$0 | \$0 |
| 2018 | \$163,315 | \$692,726 | 2018 | \$401,361 | \$291,365 | \$692,726 | \$0 | \$0 |
| 2019 | \$169,032 | \$716,971 | 2019 | \$335,571 | \$312,117 | \$637,134 | (\$79,837) | (\$79,837) |
| 2020 | \$174,948 | \$742,065 | 2020 | \$320,000 | \$312,117 | \$632,117 | (\$109,948) | (\$189,785) |
| 2021 | \$181,071 | \$768,037 | 2021 | \$320,000 | \$323,042 | \$643,042 | (\$140,571) | (\$314,780) |
| 2022 | \$187,408 | \$794,919 | 2022 | \$320,000 | \$334,348 | \$654,348 | (\$156,691) | (\$455,351) |
| 2023 | \$193,968 | \$822,741 | 2023 | \$320,000 | \$346,050 | \$666,050 | (\$173,375) | (\$612,042) |
| 2024 | \$200,756 | \$851,537 | 2024 | \$320,000 | \$358,162 | \$678,162 | (\$190,643) | (\$785,416) |
| 2025 | \$207,783 | \$881,341 | 2025 | \$320,000 | \$370,698 | \$690,698 | (\$190,643) | (\$976,059) |
| 2026 | \$215,055 | \$912,187 | 2026 | \$320,000 | \$383,672 | \$703,672 | (\$208,515) | (\$1,184,575) |
| 2027 | \$222,582 | \$944,114 | 2027 | \$320,000 | \$397,101 | \$717,101 | (\$227,013) | (\$1,411,588) |
| 2028 | \$230,373 | \$977,158 | 2028 | \$320,000 | \$410,999 | \$730,999 | (\$246,159) | (\$1,657,747) |
| 2029 | \$238,436 | \$1,011,359 | 2029 | \$320,000 | \$425,384 | \$745,384 | (\$265,974) | (\$1,923,721) |
| 2030 | \$246,781 | \$1,046,756 | 2030 | \$0 | \$440,273 | \$440,273 | (\$286,484) | (\$2,210,205) |
| 2031 | \$255,418 | \$1,083,393 | 2031 | \$0 | \$455,682 | \$455,682 | (\$318,166) | (\$2,528,391) |
| 2032 | \$264,358 | \$1,121,311 | 2032 | \$0 | \$471,631 | \$471,631 | (\$355,897) | (\$2,884,288) |
| 2033 | \$273,610 | \$1,160,557 | 2033 | \$0 | \$488,138 | \$488,138 | (\$396,035) | (\$3,280,323) |
| | \$5,491,050 | \$23,177,763 | | \$8,000,000 | \$9,292,082 | \$17,292,082 | (\$4,800,015) | (\$4,800,015) |

* Annualized rent - lease expires on April 30, 2003.

\$4.5 million bond issue, payments to mirror projected rent until 2019, 25 year issue, 5% interest rate

\$2,920 sales price and 10% of sale price in additional costs for inspections, preliminary design

\$3,212 million dollar purchase financed from federal land acquisition grant (\$200,000), land trust fund (\$350,000), sale of other property (\$250,000), and bonds (\$2,412,000)

Building renovation and moving costs of \$2,475 million dollars

Building renovation and moving costs financed with North Side Service Center CIP (\$475,000) and bonds (\$2,000,000)

Rent increases 3.5% annually

Parking increases 3.5% annually

Operating costs for new facility based on 45,000 square feet @ \$4.00 a square foot

No tenant income assumed for 30,000 square feet of rentable space

No operating costs assumed for 30,000 square feet of rentable space

Operating costs for new facility increase by 3.5% annually

RESOLUTION NO. 2002-135

REQUESTING THE MINNEAPOLIS CITY COUNCIL TO AMEND
ITS CAPITAL IMPROVEMENTS PROGRAM
AND REQUEST THE SALE OF BONDS

WHEREAS, the City Council adopted the City's Capital Improvement Program for 2002 on December 13, 2001; and

WHEREAS, the 2002 Capital Improvement Program did not include a provision for a new Minneapolis Park and Recreation Board Main Office Building in the amount of \$4,500,000; and

WHEREAS, an Office Location and Building has now been identified;

NOW, THEREFORE BE IT RESOLVED, that the Minneapolis Park and Recreation Board requests the City Council to amend Resolution 2001R-507 the adopted City's Capital Improvement Program to add as a net debt project the Park Board Main Office Building.

BE IT FURTHER RESOLVED, that the Board requests the City Council to request the Board of Estimate and Taxation to incur indebtedness and sell bonds for the project in the amount of \$4,500,000.

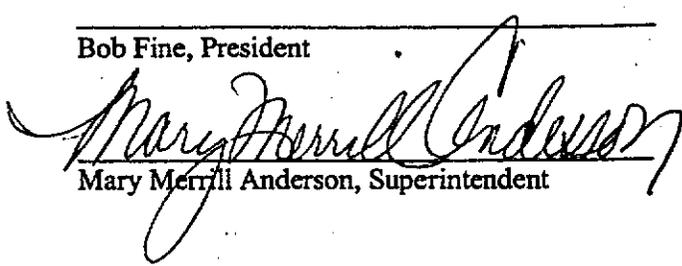
BE IT FURTHER RESOLVED, that \$4,500,000 is appropriated for this project.

BE IT FURTHER RESOLVED, that the Board request the Board of Estimate and Taxation it incur indebtedness and issue the sell City of Minneapolis bonds in an amount up to \$4,500,000 for the above project.

BE IT FURTHER RESOLVED that this resolution constitutes an official declaration that the MPRB/City intends to reimburse expenditures that may be made for this project that are incurred prior to the sale of these bonds.

Adopted by the Park and Recreation Board
in formal meeting assembled on June 5, 2002.

Bob Fine, President



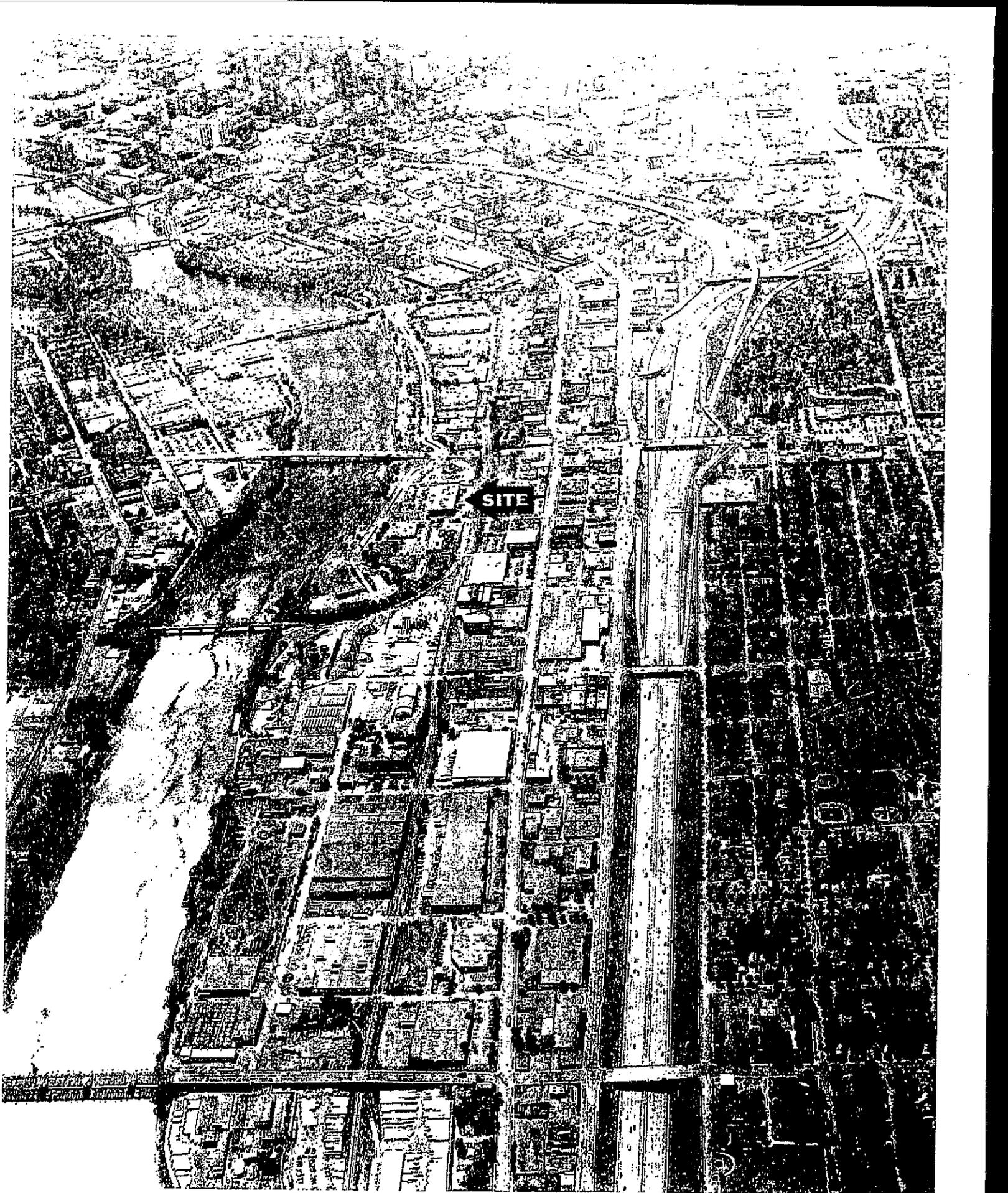
Mary Merrill Anderson, Superintendent

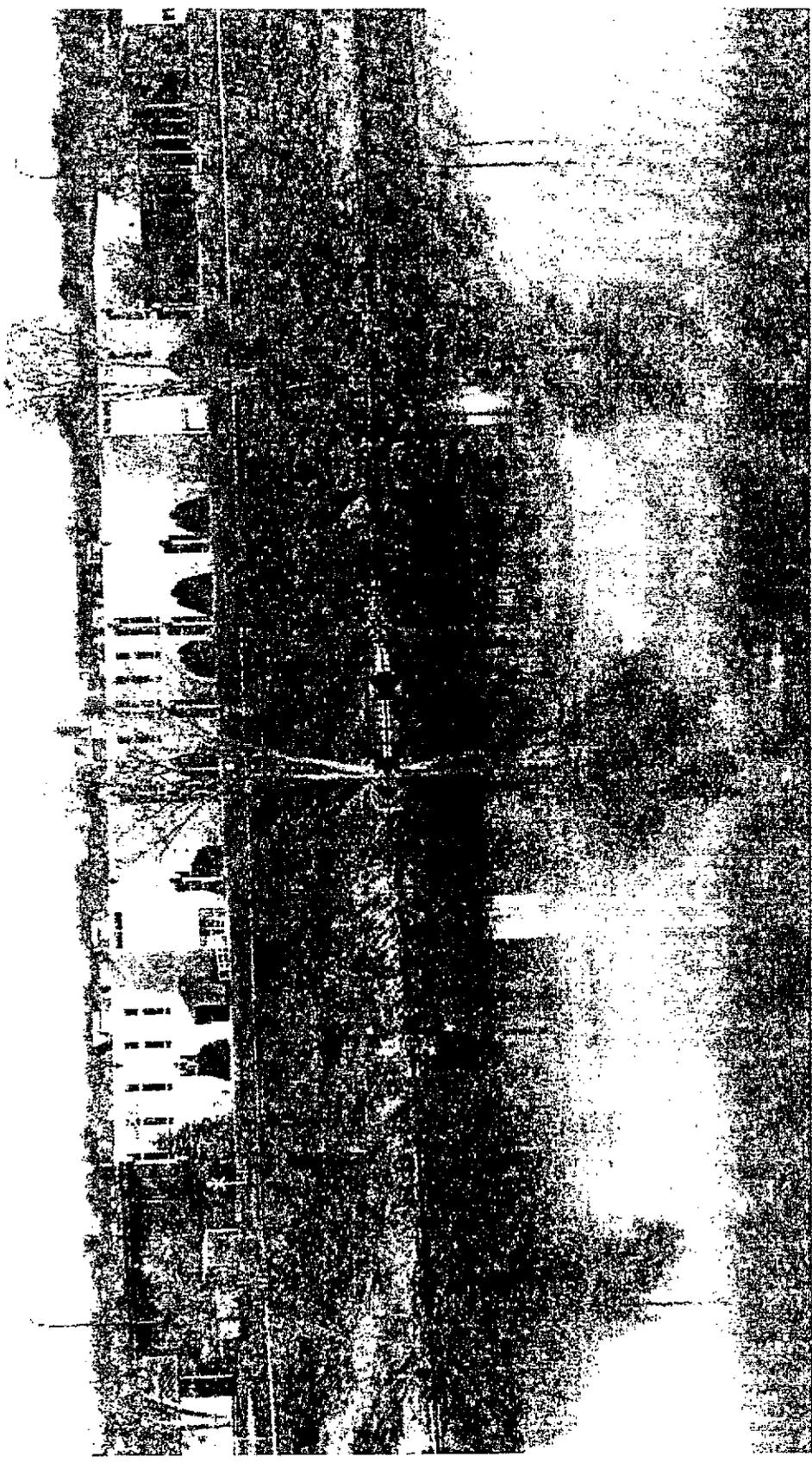
APPROVED:

Norman C. Merrifield, Secretary



R.T. Rybak, Mayor





Looking West at Subject Across Mississippi