



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

Date: July 11, 2006

To: Council Member Lisa Goodman, Community Development Committee

Subject: **Parcel E Liner Project – The Revue**

Recommendation: Approval of a one year extension to the Rottlund Company, Inc. for the Parcel E Liner Project at 900 Washington Avenue South

Previous Directives: On April 16, 2004, the City Council authorized execution of a Redevelopment Contract with David Bernard Builders and Developers for the Parcel E Liner Project. On December 15, 2003, the City Council granted exclusive development rights to David Bernard for a period of six months. On May 16, 2003, the City Council authorized the MCDA on behalf of the City to solicit development proposals for the Parcel E Liner development. On November 22, 2002, the City Council authorized execution of a purchase agreement between the City and Hennepin County Regional Rail Authority to acquire the Parcel E property as a part of the implementation of the Guthrie Theater property.

Prepared by: Dollie Crowther, Principal Coordinator **Phone:** 673-5263

Approved by: Elizabeth Ryan, Directory of Housing Policy & Development _____

Permanent Review Committee (PRC) Approval Not Applicable

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Presenter in Committee: Dollie Crowther, Principal Coordinator

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 or Operating Budget.

Action provides increased revenue for appropriation increase.

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- Action requires use of contingency or reserves.
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification: Representatives of the Downtown Minneapolis Neighborhood Association (DMNA) and Industry Square Project Committee (ISPC) participated in the Parcel E Liner Review Committee and both organizations held a joint meeting to hear a presentation on the proposal. The ISPC has voted to support the proposal and DMNA has not expressed concerns.

City Goals: The proposed development fosters the development and preservation of a mix of quality housing types and promotes future growth and creates an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Comprehensive Plan: The proposed development achieves many policies in the Comprehensive Plan, including 3.4 (developing residential uses in accordance with *Downtown 2010*), and 9.12 (design solutions for automobile parking facilities).

Zoning Code: The basic proposed uses comply (subject to approval of a CUP for the residential and granting of a variance to allow the commercial parking requirement to be met in the adjacent public ramp).

Other: N/A

Background/Supporting Information

As part of the implementation of the Guthrie Theater project, the City acquired a piece of property identified as "Parcel E." from the Hennepin County Regional Rail Authority in October 2003. Most of Parcel E will be used for public purposes, i.e., two new street segments and the Guthrie District Parking Facility. In addition, an L-shaped parcel has been reserved for "liner" development that will add activity to the area and screen two sides of the parking facility.

Following a Request for Proposals process in May 2003, the City Council granted exclusive rights to David Bernard Builders and Developers, a division of the Rottlund Company, ("David Bernard") for a period of six months to negotiate with the City the terms of a land sale redevelopment agreement for the Liner parcel.

The City Council authorized staff to execute a Redevelopment Contract for the Parcel E Liner in April 2004. The Rottlund Company, Inc. proposed a development which would include a 5 story mixed use facility containing approximately one hundred sixteen (116) units above approximately 32,000 square feet of commercial/flex space and one hundred fifty six (156) below grade parking stalls. The project was named "The Revue."

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The acquisition of the parcel was to occur after the Guthrie Theater and the public parking facility was complete. Also Hennepin County was responsible for contamination clean up before the sale of the property. This clean up was completed in May 2006. The negotiated Redevelopment Contract with the City and Rottlund Company, Inc. stipulated a closing date no later than April 15, 2006. Rottlund diligently worked toward this closing date, however, the construction lender has a 40% pre-sale requirement which Rottlund has not met at this time. Upon closing on the land, Rottlund would be required, per the contract to begin the minimum improvements within one month after delivery of the deed. Due to current trends in the market place, Rottlund is requesting that the City grant a one year extension to allow for the pre-sales commitment to be met. Rottlund requested this extension prior to the closing date deadline.

After careful analysis of this request, staff has determined that an extension will be granted commencing on May 15, 2006 for a period of one year. A holding fee of \$10,000 per month will also be required. This fee to the City is nonrefundable and will not be used to offset the acquisition costs of the parcel. Rottlund will also be required to provide grass cover, mow and appropriately water the parcel while vacant. The property must be kept clean of debris and Rottlund must maintain the designated sidewalk area during the winter months.