

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

**Date:** March 1, 2011

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

**Subject:** Temporary Construction Easement  
Parcel E Liner Development – The American Academy of Neurology

## Recommendation:

1. Authorize staff to enter into a Temporary Construction Easement with the American Academy of Neurology for staging purposes on the remainder of the Parcel E Liner, consistent with the terms outlined in the report.

## Previous Directives:

- October 22, 2010, the City Council approved the land sale of 800 Washington Avenue South (part) to the American Academy of Neurology and authorized staff to execute a Redevelopment Contract for development.
- July 2, 2010, the City Council authorized staff to negotiate redevelopment contract terms with The American Academy of Neurology and approved exclusive development rights to ArtSpace Projects, Inc.
- January 29, 2010, the City Council authorized staff to enter into a temporary license agreement, and other agreements as necessary, with Forecast Public Art for a temporary art installation to be attached to the Washington Ave and Chicago Ave facades of the City owned Riverfront Parking Ramp.
- 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 part of the implementation of the Guthrie Theater development. The City acquired the property in May 2003.
- From approximately 2002-2006, the City Council approved a number of actions related to a development proposal from Rottlund Homes for the site; the redevelopment contract for that proposal has since expired.

## Department Information

Prepared by: Amy Geisler, CPED Senior Project Coordinator, 673-5266

Approved by: Charles T. Lutz, Deputy Director CPED \_\_\_\_\_

Thomas A. Streit, Director of Housing Policy & Development \_\_\_\_\_

Presenters in Committee: Amy Geisler, CPED Senior Project Coordinator

## Financial Impact

- Financial impact – Temporary construction easement revenues will be directed to repay prior City expenditures and obligations related to the property.
- Action is within the Business Plan

## Community Impact

- Neighborhood Notification – The Downtown Minneapolis Neighborhood Association (DMNA) reviewed and supported approval of this project on June 8, 2010. On

September 7, 2010 the Planning Commission approved the subdivision application. The land use applications were approved by the Planning Commission on October 26, 2010.

- City Goals – Eco-focused; Jobs & Economic Vitality; Many People, One Minneapolis; A City that Works
- Comprehensive Plan - Redevelopment of a vacant parcel for office and residential use in the Mill District is consistent with a number of goals in the Comprehensive Plan. In addition, the project is consistent with the Historic Mills District Master Plan and Update. On September 7, 2010, the Planning Commission approved the sale of the AAN portion of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code – C3A Community Activity Center District, DP Downtown Parking Overlay District and DH Downtown Height Overlay District. Office and residential uses are permitted in C3A.
- Other: On July 8, 2010, the Planning Staff completed a land sale review of the AAN portion of the parcel and found the proposed use consistent with the land use policy and recommended approval of the proposed development.

### **Supporting Information**

On October 22, 2010, the City Council approved the sale of the Parcel E Liner, 800 Washington Avenue South (part) to the American Academy of Neurology and the City closed on this transaction in December 2010. The American Academy of Neurology plans to construct a new global headquarters office building at this prominent Mill District site. The 62,000 square foot, five-story building will house over 120 employees.

In addition, the City Council granted exclusive development rights to ArtSpace for a period of two years for the remainder of the parcel to further develop the financing for their proposed development project.

The AAN general contractor, M.A. Mortenson, is proposing to utilize 11,462 sq. ft. of the ArtSpace portion of the Parcel E Liner site for purposes of staging during the construction of the AAN building (site plan attached). In addition, Mortenson will work with Public Works regarding use of the Riverfront Ramp for construction of portions of the project.

Terms for the temporary construction easement are as follows:

1. AAN Contractor: M.A. Mortenson Company
2. Easement components: First Temporary Easement, for construction staging activities; Second Temporary Easement, to allow a pedestrian portal to the Riverfront Ramp; and Third Temporary Easement, to allow Mortenson's construction crane to 'weathervane' over the ramp property.
3. Term: Up to June 1, 2012. The City may terminate the First Temporary Easement with 30 days notice after December 31, 2011 (should ArtSpace be ready to begin construction at that time).
4. Consideration for the First Temporary Easement (site plan attached): \$2,042/month which is based on a rate of return for the subject property at 4.75% for 11,462 sf (or a proportional amount, based on final square footage needs).
5. Consideration for the Second Temporary Easement (ramp spaces): 3 stalls in ramp for free during construction of the pedestrian connection and any additional spaces \$8.00/24 hr. period
6. Consideration for the Third Temporary Easement (weathervaning): not applicable. Appropriate insurance will be required.

Staff recommends approval of the temporary construction easement subject to the terms above.