



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

**Date:** February 15, 2005

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

**Prepared by:** Darrell Washington, Sr. Project Coordinator, Phone 612-673-5174

**Presenter:** Darrell Washington

**Approved by:** Lee Sheehy, CPED Director \_\_\_\_\_  
Chuck Lutz, Deputy CPED Director \_\_\_\_\_

**Subject:** Authorization to settle negotiated settlement amounts for a portion of the Cooperative Printing property (1101 Plymouth Ave. N. & 1109 12<sup>th</sup> Ave. N.)

**RECOMMENDATION:** Approve settlement terms and the amount with Julieland, LLC.

**Previous Directives:** The City Council on March 24, 2000 approved the Near Northside Master Plan. On June 22, 2001, the City Council and MCDA Board approved the Hollman Transition TIF Plan, Modification No. 13 to the Grant Urban Renewal Plan, and Modification No. 84 to the Common Development Tax Increment Finance Plan. On December 28, 2001, the City Council approved Modification No. 14 to the Grant Urban Renewal Plan and Modification No. 87 to the Common Plan. On August 22, 2003, the City Council adopted Modification No. 15 to the Grant Urban Renewal Plan and Modification No. 95 to the Common Tax Increment Plan, designating sites within the Grant Urban Renewal Area as properties that may be acquired. On December 15, 2003, the City Council authorized City officials to acquire portions of City View Apartments, Summit Academy, and Cooperative Printing for right of way activities.

**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):

**Community Impact** (Summarize below)

**Ward:** 5

**Neighborhood Group Notification:** The Near Northside Master Plan was the subject of an extensive community process where NRRC and Harrison Neighborhood was a participant.

**City Goal:** Goal 3; Support strong and diverse neighborhoods where people choose to live.

**Comprehensive Plan:** Complies.

**Zoning Code:** Complies.

**Living Wage / Business Subsidy:** Not applicable.

**Recommendation:** Approve settlement terms and amounts with Julieland, LLC.

## **Background/Supporting Information**

In December 2003, staff received approval to initiate condemnation for portions of three properties - Summit Academy, City View Apartments, and Cooperative Printing. This action was necessary to complete street improvements relating to the Heritage Park development. In September 2004, staff requested approval by the City Council of voluntary settlements amounts with two of the three property owners – Summit Academy and City View Apartments. Staff is now seeking approval of the settlement amount and terms with the remaining property owner in regards to the northern terminus of Van White Memorial Boulevard.

### Julieland, LLC (Lowell Zitzloff, owner - Cooperative Printing, tenant)

Staff is seeking authorization to finalize settlement terms with Julieland, LLC to acquire an easement for street right-of-way in order to complete the most northerly section of Van White Memorial Boulevard (southbound lane of Van White). The easement is approximately 9,900 square feet in size and runs along the eastern portion of Cooperative Printing's employee parking lot. The City's taking requires the landowner to reconfigure an existing parking lot.

Staff was able to negotiate a price of \$325,000 with the landowner. This settlement offer primarily encompasses the cost of land and the expense to repair Cooperative Printing's employee parking lot. The City's appraisal for the land was \$80,000. This appraisal amount did not include the estimated amount (\$100,000) to repair the parking lot due to the City's roadway construction. Mr. Zitzloff's land appraisal and associated expenses resulting from the taking amounted to \$867,000.

The City and landowner presented their cases to the court appointed condemnation commissioners. The City received a favorable commissioner award of \$167,000 for the taking (not including construction costs to repair the parking lot). Mr. Zitzloff appealed this decision and was prepared to present his case to a jury. The City was able to reach a settlement with Mr. Zitzloff by offering \$325,000 (for the land taking and repair of the parking lot) and conveyance of a small (1,800 sq. ft.) city-owned triangular shaped parcel adjacent to Cooperative's Printing employee parking lot. Mr. Zitzloff argued that by receiving the small parcel of land, he would be able to expand the existing parking lot for his tenant and thus mitigate potential problems he may incur from the loss of the 14 parking spaces the City acquired.

By agreeing to these terms, the City will be able to avoid uncertainty over the jury trial outcome, additional appraisal fees, interest charges, and costs of attorneys and engineering consultants for the hearings, briefing, and further appeals. Under Minnesota law, if the City proceeded to a jury trial, the owner is entitled to recover his out of pocket litigation costs for both the commissioners' hearings and the jury trial, including expert witness fees but excluding attorney fees. Since the owner has no incentive to hold costs down, the total cost of a jury trial could be substantial.

Specifically, the terms of the settlement are;

1. City will pay total compensation in the amount of \$325,000. Payments made to date shall be credited against the settlement amount. Both sides are responsible for their own costs, disbursements, appraisal fees, attorneys' fees and expenditures related to this matter;
2. The City will convey to Julieland, LLC the triangular parcel (Outlot H of City of Minneapolis Heritage Park Plat 2) bordering the south of Julieland, LLC's parking lot;
3. Julieland, LLC will convey to the City a utility easement ensuring the right of the City to own and maintain utilities under the triangle parcel;
4. The parties will release one another from any claims relating to this condemnation action;
5. All prior agreements regarding restoration or construction of the parking lot shall be null and void. All responsibility for reconstruction, repair, reconfiguration or any other improvements to the lands involved in this condemnation shall be the responsibility of Julieland, LLC;
6. Julieland shall be responsible for making application for any and all permits or zoning applications necessary to rebuild, reconstruct or otherwise work upon the parking lot; and
7. Cross appeals shall be dismissed with prejudice and without costs or disbursements to either party.