



**Request for City Council Committee Action
From the Department of Public Works**

Date: March 1, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barb Johnson, Chair, Ways and Means/Budget Committee

Subject: Approval of Minnesota Department of Transportation Lease Agreements for I-394 under bridge area

Recommendation:

1. That proper City officials be authorized to execute Amendment 3 to Minnesota Department of Transportation (MNDot) Agreement H05808 providing for City use of Minnesota Department of Transportation (MNDot) under bridge land from October 1, 2003 through December 31, 2004. Rent shall be at the rate of \$1,161.00 per month payable from Fund No. 7500-685-6898.
2. That proper City officials be authorized to execute Minnesota Department of Transportation (MNDot) Agreement No. 27732 providing for City use of under bridge land from January 1, 2005 through December 31, 2009 at a rental rate of \$1,466.67 per month payable from Fund No. 7500-685-6898.

Previous Directives:

- Council approved prior lease on November 7, 1997
- Lease amended two times (February 19, 1999 and September 13, 2002)
- Council also authorized negotiation of a new agreement on September 13, 2002

Prepared by: Greg Goeke, Facilities Manager, 673-2706

Approved by:

Presenters: Klara A. Fabry, P.E., City Engineer, Director of Public Works
Steven Kotke, Deputy Director of Public Works for Internal Services
Michael W. Sachi, Parking and Skyway Systems Engineer

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:

The Minneapolis Impound Lot leases land (known as the "Overflow Lot") located under the I-394 freeway in the vicinity of Aldrich and West Linden Avenues. The lease is with the Minnesota Department of Transportation (MNDot). The land is used for storage of garbage carts and towed cars from the Impound Lot.

The capacity of the Overflow Lot is 700 cars and is a significant site for Impound Lot use. The need for this capacity occurs during snow emergencies, and spring and fall street cleaning when the Impound Lot cannot store all the cars it tows. The Overflow Lot is a significant storage site for garbage carts and is also used as a project marshalling area.

The Overflow Lot is close to Impound Lot office and is a cheap and cost effective way to store cars and return them to their owners once towing fees and penalties are paid. There is no suitable replacement for this land at this time.

Upon the Council's directive on September 13, 2002 to negotiate with Minnesota Department of Transportation (MNDot), we started work on a new lease for the Overflow Lot. Based on an appraisal from a recent and related land sale, Minnesota Department of Transportation (MNDot) initially indicated that the value of the land leased should be over \$70,000.00 per year. We conducted research and were able to present Minnesota Department of Transportation (MNDot) with data showing that the amount of useable land in the Overflow Lot was less than they calculated and that its commercial value was also less than assumed (non-buildable).

The net outcome of negotiations was that the City and Minnesota Department of Transportation (MNDot) finally agreed on a new lease with an annual rental rate of \$17,600.00 (a rental rate of 8 cents per square foot). Compared to the old lease that was in place through December 31, 2004, this is an increase of \$3,668.00 per year. There are no rent increases during the five year term of the lease. The 8 cent rental rate would be unachievable anywhere else near the Impound Lot.

The lease from Minnesota Department of Transportation (MNDot) is for five years starting January 1, 2005. Funds for this lease have been budgeted, currently exist in the Impound Lot's budget, and will be paid from 7500-685-6898.

Also before this Committee is amendment 3 for the same area (i.e. for the "Overflow Lot"). The amendment allows closing of the old lease by extending it from October 1, 2003 through December 31, 2004 at which point the new lease goes into effect as outlined above.

Attachment: illustration of leased area
Attachment: Investigation of Alternative Sites

cc. Lisa Goodman