



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

**Date:** October 26<sup>th</sup>, 2004

**To:** Council Member Lisa Goodman, Community Development Cmte  
Council Member Barbara Johnson, Ways and Means/Budget Cmte

**Prepared by:** Judy Cedar, Senior Project Coordinator, Phone 612-673-5025  
Andrea Hinrichs, Intern, Phone 612-673-5002

**Presenter  
Committee:** Judy Cedar, Senior Project Coordinator  
Andrea Hinrichs, Intern

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_  
Mike Christianson, Director, Planning \_\_\_\_\_  
And Strategic Partners \_\_\_\_\_

**Subject:** Lease Agreement and Public Hearing - 1813 3<sup>rd</sup> Street South,  
Minneapolis, MN 55454

**RECOMMENDATION:** Authorize lease agreement between the City and Midwest Mountaineering, Inc. for outdoor canoe storage on a parcel of City-owned land.

**Previous Directives:** On July 17, 1995, the MCDA Board of Commissioners authorized a three year lease between Midwest Mountaineering and the MCDA for the above mentioned property for a monthly rent of \$54.17 with options to renew. A subsequent lease agreement was signed on May 1, 2000 for a monthly rent of \$95.83.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to next box)
- 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

**Community Impact** (Summarize below)

**Ward:** 2

**Neighborhood Notification:** Cedar Riverside Business Association

**City Goals:** #4 – Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City’s physical and human assets.

**Comprehensive Plan:** Not applicable

**Zoning Code:** Not applicable

**Living Wage/Job Linkage:** Not applicable

**Background/Supporting Information**

Midwest Mountaineering, Inc. (Midwest) has operated a successful outdoor retail store at 309 Cedar Avenue South, Minneapolis since 1976. In 1995, Midwest requested space to store their canoe inventory on approximately 2,875 square feet at 1813 3<sup>rd</sup> Street South. Midwest entered into lease agreement with the MCDA for the above property on July 17, 1995 and again on May 1, 2000. The May 2000 lease agreement expired December 31, 2001. Pursuant to this lease agreement, Midwest’s rent would double to \$191.66 per month starting January 1, 2002 if a new lease agreement was not signed and Midwest would be considered a holdover tenant.

However, MCDA has continued to accept Midwest’s monthly payment of \$95.83. Luther Frank recently reevaluated the property determining a new monthly rent for the parcel. Presently, Midwest has agreed to enter into a new lease agreement for the above mentioned property for the following terms:

- Three year lease agreement beginning November 1, 2004.
- Monthly rent of \$135, payable the first of each month.
- Option to renew the contract for two additional three year periods. A reevaluation of the property prior to each renewal period to determine the new monthly rent.
- Midwest agrees to pay half the difference between the new rent, \$135, and the old rent, \$95.93, for each month over the December 31, 2001 expiration date. (\$19.585 per month for 34 months = \$665.89)
- Midwest is responsible for property maintenance, insurance, City payments (water, electricity, sewage, storm sewer, and heat), and property taxes during the lease period.

Midwest plans to continue their outdoor retail store at 309 Cedar Avenue South. The lease agreement for the parcel at 1813 3<sup>rd</sup> Street is important to maintain their current canoe inventory.

**Authorizing sale of land Cedar Riverside Redevelopment Project  
Disposition Parcel No 21-4.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel 21-4, in the Cedar Riverside neighborhood, from Midwest Mountaineering, Inc., hereinafter known as the Redeveloper, the Parcel 21-4, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Westerly 25 feet of the Northerly 110 feet of Outlot A, Cedar  
Riverside Addition.

Whereas, the Redeveloper has offered to enter into a 3-year term Lease with a renewal option for an addition 3-year period, having an annual ease payment of \$1,620 annually (\$135/mo) for Parcel 21-4 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on October 15, 2004, a public hearing on the proposed sale was duly held on October 26, 2004, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the Cedar Riverside Redevelopment Project plan, as amended, is hereby estimated to be the sum of \*\*\$\* for Parcel 21-4.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.