



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

**Date:** June 20, 2006  
**TO:** Council Member Lisa Goodman, Community Development Committee  
**Subject:** One Year Lease with Two One-Year Options for Midwest Mountaineering; Northwest Corner of Outlot A located at 1813 3<sup>rd</sup> Street South; Cedar Riverside

**Recommendation:** Authorize a one-year lease agreement with two one-year renewal options contingent upon City Council review and approval between the City and Midwest Mountaineering, Inc. on the northwest swath of land with approximate dimensions of 24 feet by 114 feet, named Outlot A and located on a parcel of land at 1813 3<sup>rd</sup> Street South with PIN # 25-029-24-23-0064 in Minneapolis.

**Previous Directives:** July 17, 1995, MCDA Board of Commissioners authorized a lease between Midwest Mountaineering (MWM) and the MCDA for the subject property with options to renew. A subsequent lease agreement was approved May 1, 2000. In October, 2004, the City Council denied a renewal of lease terms and directed staff to prepare this sliver parcel for sale.

**Prepared by:** Judy Cedar **Phone:** 612-673-5025

**Approved by:**

Chuck Lutz, Deputy Director CPED \_\_\_\_\_

Mike Christenson, Director of Economic Development \_\_\_\_\_

**Permanent Review Committee (PRC)** Not Applicable

**Presenter in Committee:** Judy Cedar

**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.
- 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: N/A

City Goals: Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Comprehensive Plan: Cedar and Riverside Avenues are designated Community Corridors in the Minneapolis Plan. In addition, Cedar Riverside is designated as an Activity Center.

Zoning Code: NA

Other:

**Background/Supporting Information:**

Midwest Mountaineering, Inc. (MWM) has operated a successful outdoor retail store at 309 Cedar Avenue South since 1976. In 1995, MWM asked to use a portion of the City-owned parking lot to increase its business operations. The area is used for additional canoe/kayak outside sales space, four parking spaces for residential tenants, additional patio area, and canopied stairway egress to their back door. That request was approved, and MWM has since leased a small area of land, 2,746.46 square feet in area, from the City. The swath of land is contiguous to several City parcels that are currently used to provide community parking for the many businesses in the area.

In October 2004, staff prepared a report to the City Council recommending lease renewal. The City Council directed staff to sell the property instead. Staff commenced negotiations and preparations for the sale. These preparations included obtaining a survey and clearing title exceptions, conducting an appraisal and setting the fair market value, crafting a purchase agreement with a five-year note and mortgage with the City, preparing a land sale report, and commencing neighborhood notifications. As part of the plat approval process, Development Services and Zoning staff identified several issues with the site that needed to be resolved. Staff obtained cost estimates for the site improvements and began discussions with the purchaser, MWM.

While these sale preparation activities were underway, CPED was evaluating the Central Corridor LRT line and beginning to prepare for a small area plan. It became apparent that the future planning and policy framework might guide the city-owned lot toward being part of a new development site that would enhance the future transit line. In order to preserve options for the City until the small area plan has been completed, staff is recommending a lease rather than a sale of the property to MWM. Terms of the lease would include the following:

- A fair market net annual lease rate, as determined by the CPED Acting Appraiser, of \$3,430 (\$285.83 per month) plus any expenses including taxes, insurance, maintenance, security, etc.;

- A term of one year; and
- Two one-year renewal options that are contingent upon additional City Council approvals.

The purpose of the small area plan is to provide the City with a clear policy direction for land use and development by evaluating their long-term viability. The plan will propose policy for a 10-20 year period and then explore possible approaches to addressing certain key implementation issues. General topics to be evaluated during the plan include past planning efforts, current policy direction for the study area, demographic trends, land uses, urban character and design, economic development including a market analysis, housing, transportation and public realm (streets, sidewalks, parks, etc). The small area plan for Cedar Riverside will commence summer 2006.

The small area plan may provide clearer options for treating the parcel of land leased to MWM. Such options may include: 1) selling the swath of land to the adjacent property owner, MWM; 2) selling only a portion of the swath of land to the adjacent property owner; 3) retaining ownership of the swath of land and selling it, together with the Parking Lot B, for redevelopment; or 4) retaining ownership of the swath of land and continue with current land uses (status quo).

If the small area plan recommends no sale of this parcel to MWM, CPED will return to the City Council for further review and direction regarding the lease status. Otherwise, CPED will prepare the land sale report and submit that for Council's approval. One recent example of using a small area plan to inform Council action related to a parcel sale is 2920 Lyndale Ave South, a small Public Works-owned parcel, that is in the study area of the Midtown Greenway Land Use and Development Plan. According to CPED Planning, Public Works received a request from the adjacent property owner to purchase and CPED requested it be held for one year for the small area plan to come to a conclusion.

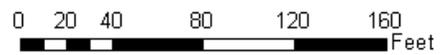
Attachments include maps outlining Parking Lot B and the lease area.

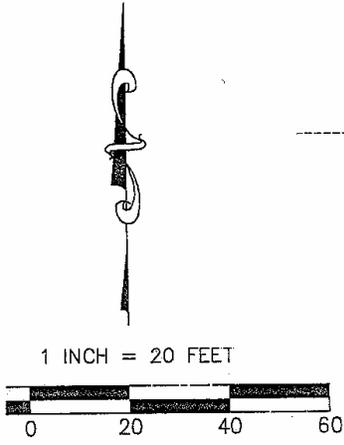
Lease parcel



**Legend**

 Midwest Mountaineering Lease Parcel





3RD STREET S.

