

## **Municipal Parking Ramps RFPs Proposer Questions (Part 3)**

### **General Questions (All Ramps)**

- Q. The web site does not appear to have separate information on the Mill Quarter site. Is there any and if so, how do I find it?**
- A. Please note that the Mill Quarter Ramp was removed from the current RFP / sale process due to existing contractual issues. We posted a notice on the RFP website on 8-24-06 alerting proposers to this change.
- Q. Were there any minutes taken of the [pre-proposal] meeting? If so, are they available?**
- A. There are no minutes available from the full pre-proposal meeting, but we have posted on the RFP website the list of attendees, the City's PowerPoint slides from the formal presentation, and all proposer questions and City responses from the Q&A session.
- Q. Has the City estimated what the amount of property taxes will be on each of the sites if sold?**
- A. The City has not made any formal estimates of property taxes for each site. Below is a link to the City Assessor's Property Tax Estimator tool, which can be used to estimate the property taxes for a parking ramp. Proposers should use the commercial/industrial option when calculating the amount. If the proposer would like a more precise amount calculated, s/he could contact Hennepin County at (612) 348-3011.  
<http://apps.ci.minneapolis.mn.us/assessorapp/PropertyEstimator.aspx>
- Q. In the case of garages continuing post-sale w/out further development, how will real estate taxes be assessed on a sale? Please provide specific estimates and/or examples on a property by property basis.**
- A. See response to the above question.
- Q. Further on the above question, what are current taxes on comparable, privately owned, garages?**
- A. Proposers may conduct their own research re: privately owned properties.

**Q. Please confirm that there aren't any rate controls (as was indicated at the pre-bid meeting).**

A. Some of the existing agreements may establish rates under certain conditions. These would be included in the documents available on the RFP web site.

**Q. It looks like parking is subject to a 6.5% sales tax, is there any talk of raising that? Would the city contemplate fixing that rate at its current level? Are there any other taxes that are on the horizon that we need to be aware of?**

A. The sales tax required to be paid on parking revenues is 7.0% (6.5% state sales tax and a city sales tax of 0.5%). The long-term finance plan does not anticipate a sunset on the 0.5% sales tax. The City is considering many different revenue options, but no specific tax proposals relating to parking have been adopted by the City Council. The City can make no guarantees about future taxes.

The following website gives information regarding state sales taxes relating to parking services:

[http://www.taxes.state.mn.us/sales/publications/fact sheets by name/content/BAT\\_1100123.pdf](http://www.taxes.state.mn.us/sales/publications/fact%20sheets%20by%20name/content/BAT_1100123.pdf).

**Q. In order to enhance the value of this offering, will the city commit to a moratorium on building new garages? At least for some specific period of time? If so, for how long?**

A. The City currently has no plans to build additional ramps. Any proposed new ramp would be carefully evaluated to determine how the proposed ramp would impact the City's long-term financial plan for the parking fund. Given the financial stress on the parking fund, any new ramp must meet a high level of financial performance. Proposals to buy City ramps may include business terms for the City's consideration. The City would prefer to have no restrictions on future City actions.

**Q. Similarly, will the city be imposing any controls on private development of parking ramps?**

A. The City currently regulates the development of new parking ramps through existing zoning and site plan review. New provisions for parking garages in the B4 District downtown are currently making their way through the City approval process as part of the implementation strategy for the Downtown East/North Loop Master Plan. The proposed language states: "The ground floor of principal and accessory parking garages shall have commercial, residential, office, or hotel uses located between the parking garage and any public sidewalk except where frontage is needed to provide vehicular and pedestrian access to the facility. Principal parking garages shall have all parking spaces located entirely below grade except where the garage includes integrated transit facilities within the structure."

**Q. Will the city consider lease-back, or some similar structure, of properties in order to enhance value?**

A. At this point the City is soliciting proposals and purchase offers for outright sale of the properties.

**Q. The RFP materials reference a 10-Year Transportation Plan...please elaborate on this and on its potential impact to the offered properties.**

A. The City's 10-year Transportation Plan or *Access Minneapolis*, which is currently under development, addresses a range of transportation issues, including long-range transportation demand analyses, a transit and street operations plan for downtown, and new street design guidelines. The plan will also assess transportation needs in 2030 (with particular emphasis on the next 10 years) and will evaluate up to three scenarios for transit operations in downtown and recommend specific actions that should be taken over the next 10 years. Proposals submitted in response to this RFP should be compatible with goals and objectives articulated in the preliminary planning documents. For more information: <http://www.ci.minneapolis.mn.us/public-works/trans-plan/>

**Q. Please provide estimated annual costs associated with ownership or responsibility for all or part of skyways, on a property specific basis.**

A. Current skyway maintenance, janitorial and repair costs are approximately \$25 per square foot per year which includes utilities and day-to-day maintenance.

**Q. Please elaborate on the point or weighting system that the city will use to evaluate RFP submissions i.e.**

- **Portfolio purchase vs. individual asset purchase**
- **Development vs. parking only**
- **Current parking levels vs. reduced parking levels (post development)**

A. The City will use the evaluation criteria described in the RFP as the basis for evaluating proposals. We do not have an evaluation point system per se, but the City will be using multiple factors in determining which proposals offer acceptable or the best sale terms for the City, including considerations for sale price/offer, as well as operational issues, parking levels/demand, development potential/land use considerations, and associated public benefits. These considerations and others are described more fully in the RFP document.

**Q. Is there a required timetable for development activity upon acquisition of the property(ies)?**

A. At this point, the City has not predetermined a timetable for any development activity that would occur upon acquisition. Per the RFP document, development proposals will be evaluated in part on the extent to which the project can move forward on a timetable that will coordinate with other development in the area. Thus, the City recommends providing a viable timetable that allows for the City to gauge the value of this development proposal.

**Q. Can the City provide the maintenance records for the last ten years for at least the records of major maintenance items?**

A. All readily available materials are on the RFP website.

**Q. Did Public Works recommend to carry out maintenance tasks that were not done? If so, which were the tasks and what was the reason for not doing them?**

A. There have been no recommended maintenance tasks that have not been carried out or are in the process of being performed.

**Q. Are there health or safety problems (for example, faulty ventilation, obsolete sprinkler system) that need to be remedied and of which the City is aware at this time?**

A. We are not aware of any health or safety issues in these facilities. However, any sales are going to be "as is" with no warranties as to condition.

**Q. Can the City provide the records for police/fire calls related to the ramps for the past two years?**

A. Following is a breakdown of police-related incidents from 1/1/04 through 12/31/05:

Gateway Ramp: 5 police-related incidents

St. Anthony Ramp: 23 police-related incidents

Seven Corners Ramp: 37 police-related incidents

Downtown East Ramp: 3 police-related incidents

Courthouse Ramp: 7 police-related incidents

Centre Village Ramp: 17 police-related incidents

Riverfront Ramp: No police-related incidents since it opened in 11/05.

Loring Ramp: 6 police-related incidents **(added 10-6-06)**

**Q. When will the existing surveys be posted on the RFP website?**

A. All of the existing surveys (except Federal Courthouse) have been posted on the individual ramp webpages.

**Q. Does the existing security system equipment either in the booth or office stay or will the city be removing it upon the sale of the assets?**

A. The security equipment located in each ramp will remain with that ramp. The City will disconnect and remove any communications-related hardware for transmitting security information to our command center, but the head-end equipment will remain.

**Questions re: Individual Ramps**

**Centre Village Ramp:**

**Q. Is it contractually required to separate the condominium monthly parkers from the other users of the downstairs garage?**

A. No.

**Q. Is it correct that the Condominium and Office components have an option to buy or lease the parking ramp?**

A. The Hotel and TGA Development components have a purchase option for the ramp.

**Q. Who owns the air rights for the Condominium and Office components?**

A. The Homotel parcel is the old Felcor/CSS hotel parcel. TGA Development is the office component, and TGA has granted an interest to the Centre Village Condominium Association.

**Downtown East Ramp:**

**Q. Regarding Downtown East ramp: The title indicates there is a Memorandum of Amended Lease. The answer indicates there is no record of an Amended Lease, however for it to have been filed of record, this would indicate it either exists or the title is incorrect. Do you have any suggestions how to resolve this answer?**

A. That lease was terminated at the time the City acquired the parcel. Apparently, the termination was not filed. The City will have that termination filed and the lease removed from title before conveying it to a purchaser.

**Q. Regarding Downtown East ramp: If the Exhibits missing from the agreement between the Met Council and the MCDA do not exist per the website answer, will they be created so as to have review of the exhibits prior to submitting an offer?**

A. This agreement exists in draft form only (i.e. has not been executed), and the missing exhibits have not yet been generated. These exhibits will not be available prior to the deadline for proposal submissions.

**Federal Courthouse Ramp:**

**Q. By purchasing this lease, does the purchaser gain ownership and operating responsibility of the associated tunnel?**

A. The tunnel is owned by the Federal Government and is part of the General Services Administration (GSA) Tract. The operating responsibility is currently that of the City, and this responsibility would pass to the purchaser.

**Q. If there is damage or destruction to the tunnel, which parties contribute to the cost of its rebuilding?**

A. GSA pays for repairs/rebuilding in the GSA Tract, and the City pays for repairs/rebuilding in the City Tract.

**Q. There is a security guard in the office. He looks as if he's monitoring the monitors (so to speak). Is the cost of this security guard borne by the garage owner?**

A. The ramp entry/exit check-in security patrol at the entry to the garage is provided and funded by the Federal Government (U.S. Marshals Service). The ramp patrols and security office monitoring in the lower level area are provided by the City's parking operator security contractor (ABM). Upon sale of the leasehold interest, the ramp check-in patrol would probably continue to be provided by the U.S. Marshals, but the ramp patrols and monitoring would be the responsibility of the new owner/operator.

**Q. What is the annual lease payment by the city to the GSA – or is the GSA leasing it from the city? Either way – what is the annual payment?**

A. There is no annual payment.

**Gateway Ramp:**

**Q. Is there any future obligation to maintain a certain number of parking stalls?**

A. There is no obligation to provide a certain quantity of stalls for an individual entity or business.

**Q. Are there further obligations to FTA or Metro Transit for the use of space in the ramp after the expiration of the existing Metro Transit lease in 2014?**

A. There are no further obligations after the lease expires in 2014.

**Q. Are there limits to future adjustments of the parking rates, or obligations to certain reduced rate programs?**

A. There are no obligations to maintain these rates after a sale.

**Q. Should the alley encroachment permits for the Wells Fargo skyway be located (see previous answer on this matter), can the City provide them?**

A. We not have these records in our files.

**Q. Will the City get an Examiner's directive for clear title as recommended in the Title Commitment?**

A. If a potential purchaser objected to the encumbrance, the City would most likely endeavor to have the easement removed through an examiner's directive. The sale would be contingent on the City successfully having the easement removed, unless otherwise waived by the Buyer. If the City did not have the easement removed, the Buyer would have the choice not to accept the property.

**Q. Can the Gateway site be redeveloped for uses other than those identified in the Downtown East Master Plan?**

- A. An extensive market analysis completed as part of the Downtown East/North Loop Master Plan identified the potential to expand the high-intensity office uses located in the downtown core. In response, the policy guidance is to expand the core to the northeast, which includes the Gateway Ramp site. This policy is in the process of being implemented as rezoning recommendations make their way through the approval process.

Due to the prevalence of downtown sites with more flexible land use direction than this site, a proposer will need to make a strong argument as to why an intense office use is not feasible as the primary use. Additional policy guidance allows for active commercial uses on the street-level along Washington Avenue, particularly at the 5<sup>th</sup> Avenue intersection.

**Q. You state that the Gateway Ramp has 1397 parking spaces. A count of the spaces as set forth on the floor plans shows approximately 1067 spaces. Please explain the difference.**

- A. This facility was re-stripped in the mid-1990's, increasing the count to 1,397.

**Q. You state that 2004 Operating Income, excluding depreciation, is \$684,102. The financial statement for 2004 shows Receipts in Excess of Expenses of \$1,051,503. Please explain.**

- A. The majority of the difference is due to direct City expenses, such as operator contract fees, ramp repair expenses, City overhead costs, etc., that are not included in the operator's income statement. The operator income statement with the header, "Municipal Parking Inc" contains only the operator revenues and expenses, while the financial statement labeled, "Detailed Schedule of Revenues, Expenses, and Changes in Net Assets by Account" includes both the City and Operator revenues and expenses.

**Loring Ramp:**

**Q. Is it correct that the Hyatt Hotel chooses the manager of the Loring Ramp, not the owner of the facility?**

- A. The Hyatt Hotel is the long-term tenant of this facility and is responsible for the operation of this facility. They currently contract this service to a private parking operator.

**Q. Regarding Loring ramp: Did the hotel buy the ground under the hotel or is it still a ground lease? The ground lease was provided with the documents, but there isn't a document indicating the status as to the hotel's rights.**

A. We are currently investigating the status.

**Q. Regarding Loring ramp: We asked a question about the executed copy of the extension agreement which sets the rate for this agreement. The answer indicated that an executed extension is not in the City's files. However, the 7/12/99 letter provided on the website from Leonard, Street and Deinard indicates an offer for the extension, but if there is not an extension on file, were the terms suggested in this letter agreed upon between the two parties?**

A. We recently posted on the RFP website the Hyatt's notice of renewal and extension of the lease agreement. The option to renew or extend under the existing terms did not require any formal agreements.

**Q. What is the current agreement with the Hyatt hotel for parking their valet cars in Loring? Is this an exclusive agreement? Please help us to better understand this relationship and what binding obligations we may have should we purchase the asset.**

A. There is no formal agreement to provide this service. The valet operation currently utilizes approximately 75 stalls for this service.

- **Can the Hyatt choose to park their valet vehicles somewhere other than the Loring Ramp?**
- Yes.
- **If we choose not to operate the valet would that in turn reduce the expense to the asset of approximately \$170k?**
- Yes.
- **Why are the valet expenses run through the P&L?**
- Both the expenses and revenue related to the valet operation are included in the income statement. This is a service currently permitted by the City as part of the operation of this ramp.
- **Even if we decide not to operate the valet do we bear the cost or expense on the profit and loss statement?**
- No. There is no agreement requiring the owner to operate the valet.

**Q. What does the Hyatt pay for their monthly spaces? Is there an existing agreement with the City with regard to rate, etc.?**

A. The Hyatt would pay public rates if they choose to use parking in the ramp.

**Q. Does the Hyatt pay any additional revenues if they exceed their monthly allotment?**

A. No. They are paid based upon a percentage of the overall annual net income.

**Q. Can we be provided with a more legible copy of the Xcel Energy easement and provide the missing pages?**

A. *[Previous City response from Q&A – Part 2]* We will post a more legible version of the Xcel easement document on the RFP website.

*[Amended City response]* The City's hard copy original of this document that is included in the title work is also difficult to read. We do not have additional information to post at this time; however, the City will provide future opportunities for follow-up due diligence on this issue for successful proposer(s).

**Riverfront Ramp:**

**Q. Has the City obtained written approval from the Commissioner of Finance to sell this facility?**

A. The Declaration (and obligation to obtain the Commissioner of Finance's approval) was released from the ramp parcel pursuant to an Amendment to Declaration that was filed with the Registrar of Titles as Document No. 3957051. The Declaration and the Amendment to the Declaration have been posted on the RFP website.

**Q. Please explain the MPCA issues surrounding this facility and specifically define the risks of MPCA action.**

A. The Riverfront Municipal Ramp site had all contaminated soils removed, and the MPCA has approved this as noted in their letter dated February 17, 2006. During the remediation of this site, contaminated soils were left and placed under the newly constructed adjacent 9<sup>th</sup> and Chicago Avenues. To ensure that any future construction associated with 9<sup>th</sup> and Chicago Avenues would require certain MPCA approvals, a Restrictive Covenant was placed on the adjacent Ramp site. This Restrictive Covenant transfers with this Ramp. Routine maintenance on the ramp will not be affected by this Covenant unless there is disturbance of or intrusion into soils and groundwater. For more details potential owners should review the MPCA letter and Restrictive Covenant (posted on the Riverfront Ramp "supporting documents" webpage in the Environmental Reports and Contracts/Agreements sections respectively). **(added 10-13-06)**

**Q. The Guthrie Option to Purchase required notice to purchase by 1/10/05. Presuming this expired, it is still listed on the title and therefore should it not be removed by the City?**

A. The City would have the Option notice removed from title before closing, but the Guthrie has an ongoing right to notice and an opportunity to negotiate a direct sale under the REOA.

**Q. What purchase options does the Guthrie Theater currently hold?**

A. See response to above question.

**Q. Does the Access Agreement with Rottlund Homes, Inc. allow vehicles to drive through the parking ramp unchecked? Please define the nature of this agreement and describe specifically what area of the property to which this agreement allows access.**

A. Access for residents of the Rottlund development would be granted via access control through the Riverfront Ramp (nested area) entrance and exit lanes, and consequently into a new parking facility to be constructed by Rottlund Homes, Inc. under their development.

**Q. Can this property be released from the GO bond agreement and allow the purchaser to obtain title that is free and clear?**

A. The general obligation (G.O.) bonds that the City issued to finance the Riverfront Ramp are tax-exempt obligations. If the ramp is sold by the City to a private party then all of these G.O. bonds would have to be retired (prepaid) immediately. The City's only identified source of funds to defease the bonds would be sale proceeds. At that point title could be transferred; however, the property would still be subject to various existing real estate restrictions, contractual obligations with the Guthrie, etc.

**Q. Since there aren't historical numbers for the Riverfront or Mill Quarter Ramps, please supply us with original financial projections, pro formas, etc.**

A1. Please note that the Mill Quarter Ramp has been removed from the current RFP / sale process.

A2. The City has chosen not to make available the original financial projections for the Riverfront Ramp because these initial projects are outdated and would have limited value. Projected usage figures for the Riverfront Ramp have changed significantly since the original projections were developed.

**Seven Corners Ramp:**

**Q. Is it accurate that both the Hotel and Grandma's Restaurant can veto rate increases?**

A. No. The City establishes all rates.

**Q. Now that we have the title commitment for this property, there are easement agreements and other documents referenced in the title that are not provided. Do you know when these will be available on the website?**

A. The City is currently researching the location of these documents.

**St. Anthony Ramp:**

**Q. The documents for the St. Anthony ramp include an unsigned easement agreement for the tunnel, but this is not on the title. Is there an executed document and why is it not of record on the title?**

A. We have not been able to locate an executed copy of this easement agreement in our files and have no knowledge as to why it was not recorded. Further investigation is needed.

**Q. The VoiceStream/T-Mobile site lease agreement that was added to the St. Anthony Ramp was not fully scanned (it skips from Page 2 to Page 15). Can you please re-scan it and let me know when it's available?**

A. The complete site lease agreement is now available on the RFP site.