

GREG F.H.

MICDA

MEMORANDUM



DATE: October 27, 1992

TO: Bill Tetzlaff
Mike Schwab
Matt Seltzer
John Hessel
Larry Heinz
Carter Johnson

FROM: Jim Sutherland 

SUBJECT: Grandma's Saloon

Re: Cedar Riverside Urban Renewal Project: Block 13
Parcel 14 and 15

Following receipt of October 20, 1992 letter (attached) from Jim Rebham, I spoke with Jim. These are reasons he gave for Grandma's cancellation of Agency lease and their not being interested in acquiring Agency-owned property.

- . Grandma's does not want to be in parking lot business because of:
 - cost to acquire property
 - cost to improve property
 - cost to maintain property
 - liability responsibility
 - proximity of existing available parking (ramp) for their customers and employees
- . Additional real estate taxes
- . "Volleyball" will not provide sufficient income to pay for above

Decision not to acquire was "strictly business", according to Rebham.

Jim Rebham will meet with Agency/City staff as soon as possible to discuss:

1. Location of easement.
2. Who is responsible to pay for easement improvements; based on historic information provided Rebham (which he will bring to the meeting), Grandma's thinks the City is responsible to replace 1940 easement taken when ramp was constructed.

3. Agency imperative that the easement configuration result in optimum public/private use of remaining property.
4. Time table to dismantle volleyball court and other improvements to Agency property.

I asked Jim if Grandma's calculated the value of contract parking on the non-easement property and he said yes. In addition to above comments, he said the site would not cash flow given rates being charged by the ramp, the University lots and nearby private lots.

One question not asked was what cost, if any, to Grandma's for the easement. Is there a legal issue regarding type of easement, i.e., easement by necessity or easement by prescription? Has Grandma's exercised any easement arrangement to date? No easement presently exists, but trucks have accessed Agency property to make deliveries.

The Department of Regulatory Services states that as soon as possible (after November 1st) they will require the area to be closed to motor vehicle access. This must be coordinated with location of easement.

What will the Agency do with the property? I would suggest that the Agency negotiate with a private parking contractor and have that firm be responsible for all facets of the improvements, operation, maintenance, etc. In return the Agency would receive a small, if any, remuneration. This approach would be similar to our arrangement with Parking Services, Inc. in the Cedar-Riverside Avenue area. Leasing the property would obviously allow the Agency to sell the property at a future date. Who knows, maybe five years from now, Grandma's might be an interested buyer.

Mr. Rebham will confirm meeting date.

JSGRAND1

cc: Grant Wilson, License & Consumer Services



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Duluth, MN 55816-0230
218-727-2250

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October 21, 1992

Jim Sutherland ✓
John Hessel
MCDA
Suite 200
105 5th Avenue South
Minneapolis, MN 55401-2534

Dear Mr. Sutherland and Mr. Hessel:

Subject: MCDA Lot Purchase and Improvements,
Minneapolis, MN

I am sending you this letter to hereby notify the MCDA that Grandma's, Inc. will not be continuing negotiations with you on the purchase of the MCDA-owned lot adjacent to Grandma's in Minneapolis. Furthermore, your receipt of this letter is notification of our termination, effective October 31, 1992, of the Lease Agreement dated October 8, 1982.

Attached you will find a copy of a letter dated October 20, 1992, addressed to Grant Wilson of the City of Minneapolis from Andy Borg, President of Grandma's, notifying him of Grandma's intent to terminate our parking lease rights to this subject property. In addition, Mr. Borg has notified Mr. Wilson to deal directly with the MCDA on the parking lot improvements and restricting access issues.

Furthermore, by your receipt of this letter, you are hereby notified of Grandma's intent to continue our right to the use of the designated easement across subject property for purposes of delivery of products compulsory to the continuance of our business operations. I have attached a copy of the plot drawing designating that easement area. It is imperative that free and unrestricted access within this easement remains and that any sale of this property to any unrelated third party is subject to this either express or implied easement of necessity.

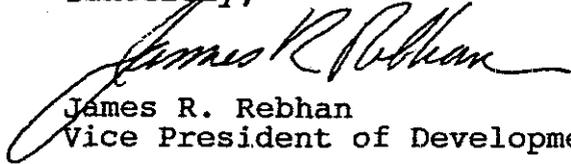
I want to thank both of you for your time spent on attempting to consummate a sale of this property to Grandma's. Grandma's certainly was trying to justify,

Jim Sutherland
John Hessel
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from a business perspective, the value of the sales price and the cost of the improvements required to keep the lot open for parking. Unfortunately and ultimately, we could not make the numbers work resulting in these decisions to decline your sale offer and terminate the leasehold.

If you have any questions regarding these matters, please feel free to give me a call.

Sincerely,



James R. Rebhan
Vice President of Development

/ma

Attachment

cc: Andy L. Borg, Jr.
Ronald L. Anderson
Grandma's Steering Committee