

Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: July 15, 2008

To: Council Member Lisa Goodman, Chair, Community Development Committee
Council Member Paul Ostrow, Chair, Ways & Means/Budget Committee

Subject: 1. Amendment to the terms of the Land Exchange with the Minneapolis Park and Recreation Board of the "Shingle Creek Properties" (1610, 1622 and 1700 49th Avenue No.) for the "Park Board Properties" (901 45th Avenue No., 4959 Knox Avenue No., 5201 Oliver Avenue No., and 5200 Penn Avenue No.)

2. Changes to the 2008 General Appropriation and Revenue Budget related to the Land Sale to the Minneapolis Park and Recreation Board of the "Grain Belt Riverfront Properties" for a \$1 purchase price and \$400,000 in demolition/site clearance proceeds

Recommendations:

1. Amend the terms of the Land Exchange with the Park Board of the Shingle Creek and Park Board Properties as described herein;
2. Approve the deposit of all land proceeds from the resale of the Park Board Properties into the Vacant Housing Recycling Program fund (Fund 0400/33VB/FED01023);
3. Increase the 2008 Revenue Budget for the Community Planning & Economic Development agency Fund 01CPO – Capital Projects Other (01CPO-8900900-348501) by \$400,000 related to the Grain Belt land sale; and
4. Amend the 2008 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01CPO – Capital Projects Other (01CPO-8900220) by \$400,000 related to the Grain Belt land sale.

Previous Directives:

Shingle Creek Park Land Exchange: 1) On June 19, 2007, City Council authorized CPED staff to pursue the acquisition of 1622, 1610, and 1700 49th Avenue North and negotiate a land exchange agreement with the Park Board. Staff was further directed to negotiate voluntary acquisition of any additional properties that became available in the project area; and 2) On February 1, 2008, the City Council approved the terms of the Shingle Creek transaction with the Park Board and related actions.

Grain Belt Riverfront Redevelopment: 1) Over the past eight years, the City Council has taken numerous actions on the Grain Belt riverfront and Marshall Street sites with respect to the housing development proposal by the Sheridan Development Company (SDC), who ultimately defaulted on its Redevelopment Contract and lost its development rights to both sites; and 2) On February 1, 2008, the City Council approved the terms of the Grain Belt transaction with the Park Board and related actions.

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Approved by: Charles T. Lutz, CPED Deputy Director	_____
Thomas A. Streitz, CPED Housing Director	_____
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator	
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Reviews

Permanent Review Committee (PRC): Approval ___ Date NA
 Policy Review Group (PRG): Approval ___ Date NA

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget CPO or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: The Shingle Creek Neighborhood Association and the Lind-Bohanon Neighborhood Association have been informed that the City of Minneapolis is acquiring the subject properties. The Sheridan Neighborhood Organization is also aware the Grain Belt land sale with the Park Board and in fact is a partner with the Park Board in the planning and development of the Sheridan Memorial Park.

City Goals: A Safe Place to Call Home. In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well maintained and people will feel safe in the city.

Sustainability Targets: None

Zoning Code: R4/SH/Shoreland Overlay District

Living Wage/Business Subsidy Agreement Yes _____ No X

Job Linkage Yes _____ No X

Other: None

Supporting Information

In January of 2008, the City Council took actions approving a real estate package with the Minneapolis Park and Recreation Board involving two transactions: 1) an exchange between the City and the Park Board of certain parcels in the Shingle Creek area; and 2) the sale of City land on the Grain Belt riverfront to the Park Board. Since receiving Council authorization, CPED staff has been working on the implementation of both transactions with the Park Board and has made considerable progress in the past few months. However, staff is now returning to the City Council to provide this status report and also to recommend additional actions that are needed to implement these transactions.

1. **Shingle Creek Park Land Exchange:** In June 2007, The City Council authorized staff to pursue the acquisition of the “Shingle Creek Properties” subject to successfully negotiating a land exchange agreement with the Park Board. The three (3) Shingle Creek Properties are located at 1610, 1622 and 1700 49th Avenue North. As staff indicated in its report to the City Council last January, the City would purchase these properties and clear the sites, and then convey them to the Park Board in exchange for four (4) properties that the Park Board owns at 901 45th Avenue North, 4959 Knox Avenue North, 5201 Oliver Avenue North and 5200 Penn Avenue North, Minneapolis (the “Park Board Properties”). After the land exchange, the Park Board will make the Shingle Creek Properties part of Shingle Creek Park and the City will sell the Park Board Properties for single family housing development.

City staff has made offers to purchase the three Shingle Creek Properties. The owners of 1700 49th Avenue North and 1622 49th Avenue North have accepted the offers. The owners of the property at 1610 49th Avenue North are deceased and the property has to be probated before it can be sold by the heirs of the owners. The probate process has not been started yet and it could take a year or more to complete. At this time City staff does not know when this property will be available for purchase. The Park Board also has title issues with one of their exchange properties located at 4959 Knox Avenue North that requires Hennepin County to release the property from a deed restriction that the property can only be used for park purposes. At this time the Park Board is willing to exchange the three other Park Board Properties for the two Shingle Creek Properties. It is also willing to exchange the 4959 Knox Avenue North Property for the 1610 49th Avenue North Property when the City acquires the 1610 49th Avenue North Property and the Park Board has successfully addressed the title issues of 4959 Knox Avenue North. The February 1, 2008, City Council Action authorized the City to acquire all three Shingle Creek Properties and simultaneously convey them in exchange for the four Park Board Properties. Given the title issues with 4959 Knox Avenue North and the need to complete a probate action in order to sell 1610 49th Avenue North, staff is recommending that the Council approves the simultaneous exchange of the two Shingle Creek Properties at 1622 and 1700 49th Avenue North for the three Park Board Properties at 901 45th Avenue North, 5201 Oliver Avenue North and 5200 Penn Avenue North, and approve the exchange of the Shingle Creek Property at 1610 49th Avenue North for the Park Board Property at 4959 Knox Avenue North at a later time when the two properties can be exchanged between the City and the Park Board.

2. **Grain Belt Riverfront Land Sale:** In January, the City Council approved the terms of a land sale to the Park Board for the Grain Belt riverfront site. The City will be selling a portion of the riverfront site to the Park Board for park development and will receive \$400,000 that will be used to demolish three City-owned warehouse addition buildings on the site. According to its purchase proposal submitted in late 2007, the Park Board would acquire the City’s land and then lease back the warehouse buildings to the City for a period of up to 18 months, with the possibility of a 6-month extension. However, the agreement now being drafted will actually provide a 12-month lease-back period, with a possible 6-month extension, to reflect the time elapsed since the Park Board’s initial proposal and to meet the original target of completing demolition by the end of 2009. The residual portion of the riverfront site would be reserved for future housing development.

Over the past six months, CPED staff and Public works staff have been working with the Park Board as it has been developing its plans for the Sheridan Memorial Park. This planning process has included the designing of a new Water Street that will form the boundary between the park development and the future housing development. The current Water Street design, which is the preferred alignment, requires the acquisition of two privately-owned parcels (9 and 15 13th Avenue NE) that are owned by a single property owner. Since the Park Board is already

negotiating with the same owner for the purchase of another property at a different location, it was willing to take the lead in acquiring these parcels.

At this point, the Park Board is hopeful that it will conclude a purchase agreement shortly with the owner of these parcels. However, in the event that it cannot reach an agreement with the owner, the City and the Park Board have developed an alternative alignment for Water Street that would not require these parcels. Under this alternative, the new Water Street would shift more to the west (toward the river) with part of the roadway located on land currently owned by the Park Board. Thus when the City conveys its land to Park Board, the Park Board would in turn grant an easement to the City for enough of its land to permit the alternative alignment if that contingency develops.

It is anticipated that the sale of the Grain Belt land to the Park Board will take place sometime in the next 3-4 months. In order to proceed with the Grain Belt transaction and to accept the \$400,000 payment from the Park Board, certain changes are required to CPED's 2008 Appropriation Resolution and its 2008 Revenue Budget. Staff is therefore recommending an amendment to the 2008 General Appropriation Resolution to increase the Community Planning and Economic Development agency Fund 01CPO by \$400,000, and a corresponding increase in the 2008 Revenue Budget for the Community Planning & Economic Development agency of \$400,000.

ATTACHMENTS

- Attachment #1: Ward Map—Proposed Properties the City to acquire from MPB
- Attachment #2: Ward Map—Proposed Properties MPRB to acquire from the City
- Attachment #3: Concept Layout—Sheridan Memorial Park
- Attachment #4: Grain Belt Riverfront Ownership Map
- Attachment #5: Chart—Comparative Summary for the 49th Avenue Project Land Exchange

Amending the 2008 General Appropriation Resolution

Resolved by the City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

- 1) Increasing the revenue source for Community Planning & Economic Development agency Fund 01CPO – Capital Projects Other (01CPO-8900900-348501) by \$400,000.
- 2) Increasing the appropriation for Community Planning & Economic Development agency Fund 01CPO – Capital Projects Other (01CPO-8900220) by \$400,000.