



To: Mayor and City Council Members

Agenda Item #: VII. D.

From: Bill Neuendorf
Economic Development Manager

Action

Discussion

Date: January 7, 2014

Information

Subject: Resolution No. 2014- 10, Rescinding Acquisition Authority for Property at 3944 West 49-1/2 Street

Action Requested:

Adopt Resolution.

Information / Background:

The City has been negotiating with the property owners of the former Hooten Cleaner site at 3944 West 49-1/2 Street for more than one year. Negotiations have continued since the City Council passed Resolution 2013-81 which authorized the use of eminent domain, if necessary, to acquire the site for use by the public. The purpose of these renewed negotiations has been to find a creative solution to achieve mutual goals.

The property owners prefer an alternative to sell their property to a third party instead of the City's proposed acquisition and expansion of public parking on this site. In light of this alternative, the City will consider concluding its pursuit of this property. Efforts will focus on alternative methods to improve public parking at 50th and France in a manner that is more cost effective to the City and taxpayers.

Attachments:

Resolution No. 2014-10

RESOLUTION 2014-10

RESCINDING ACQUISITION AUTHORITY FOR PROPERTY LOCATED AT 3944 WEST 49-1/2 STREET

WHEREAS, the City of Edina City Council (“COUNCIL”) passed Resolution 2013-81 on September 17, 2013, to authorize the acquisition of property at 3944 West 49-1/2 Street (the “Subject Property”) to expand public parking and possibly relocate the municipal liquor facility, and to further authorize the use of eminent domain proceedings, if necessary, to acquire the Subject Property;

WHEREAS, the COUNCIL undertook Resolution 2013-81 only after learning that the owners of the Subject Property intended to retire and close their business and after attempting to negotiate a voluntary acquisition of the Subject property; and

WHEREAS, the COUNCIL directed its representatives to both (1) continue negotiations with the owners of the Subject Property in an attempt to agree upon a voluntary purchase prior to commencing formal eminent domain proceedings; and (2) to consider other possible alternatives to eminent domain acquisition; and

WHEREAS, the COUNCIL has studied and continues to study the availability of public parking for the 50th and France business district and has determined that additional public parking is needed to support the continued success of this district, to meet the needs identified in the studies of public parking in the 50th and France area, and to reduce congestion, traffic and waiting periods in existing parking facilities in the area. The information considered by the COUNCIL included the 2011 Study by Walker Parking Consultants, which identified the need for an additional 140 to 300 public parking stalls. The ongoing study also included consideration of methods to improve the efficiency of the existing parking facilities and consideration of the costs of constructing new facilities; and

WHEREAS, the acquisition of the Subject Property was determined to be necessary for the expansion of the North Parking Ramp to provide additional public parking; and

WHEREAS, representatives of the City of Edina (“City”) met with the owners of the Subject Property and their representatives on several occasions to discuss the possible sale of the property; and

WHEREAS, City commissioned an independent appraisal of the fair market value of the Subject Property, based on all currently-available information, and the City then offered the owners a price greater than the fair market value appraisal and included reimbursement requested by the owners for out-of-pocket costs incurred in preparation to lease their property; and

WHEREAS, the City asked the owners of the Subject Property to consider other creative means to achieve mutually beneficial goals: a fair value for the owners and new business tenants and additional public parking for the public's benefit. Among the alternatives were a joint venture to construct a new facility with first floor retail owned by the current owners and rooftop public parking owned by the City; sale of "air rights" above the existing building for the City to construct public parking above the private building; and a request to the property owners to propose any other alternatives they wished to have considered; and

WHEREAS, the owners proposed an alternative whereby an independent third party would purchase the Subject Property with plans to construct a new facility with improved parking; and

WHEREAS, the owners prefer to pursue this alternative transaction instead of continuing negotiations with the City because the acquisition price negotiated for this alternative transaction exceeds the purchase price offered by the City to construct a public parking expansion; and

WHEREAS, the COUNCIL's ongoing consideration of alternative, cost-effective solutions to the parking situation in the 50th and France area indicates that other options are available to improve public parking at a lower cost.

THEREFORE, the COUNCIL finds that:

- 1) While there is a need for additional public parking at 50th and France, the COUNCIL must consider the cost effectiveness of the total project, including land acquisition, construction cost and operating expenses;
- 2) The current anticipated cost of acquiring the Subject Property and constructing an expansion of the North Parking Ramp on the Subject Property exceeds the resulting benefit to the community; and
- 3) There are other options to improve public parking in the 50th and France area at a lower cost to taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL, that the COUNCIL rescinds its authorization to acquire the Subject Property at 3944 West 49-1/2 Street.

Adopted by the Edina City Council this 7th day of January, 2014.

Attest: _____

Debra A. Mangen, City Clerk

James B. Hovland, Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing City Council Minutes is a true and correct copy of the Resolution duly adopted by the Edina City Council at its regular meeting of January 7, 2014, and as recorded in the Minutes of said regular meeting.

WITNESS, my hand and seal of said City this _____ day of _____, 2014.

Debra A. Mangen, City Clerk