

Purpose

The purpose of this document is to provide the City Council and the LynLake Parking Advisory Board with information related to the development and operation of the Municipal surface parking lots located at Aldrich Avenue and Lake Street, and Garfield Avenue and Lake Street, hereafter referred to as the LynLake Parking Lots. Important history, philosophy and specific issues regarding lot operation and finances are included in this document. The LynLake Trust fund is also defined, explained and detailed. This is not intended to be an all-inclusive document but will serve as the document that establishes the guidelines for the operation of the lots. More detailed operating procedures will be established by the Parking & Transportation Services Division of Minneapolis Public Works, The LynLake Parking Advisory Board and the contracted Parking Operator.

Terms and Definitions

Aldrich Lot – The surface parking lot bordered by Aldrich Ave on the west, Lake Street to the south, the James Ballentine VFW post to the north, and the alley behind the store fronted Lyndale properties. This lot contains 76 parking spaces.

Annual Assessment – An amount assessed to the businesses within 300 feet of the LynLake parking lots for repayment of the original \$2,282,000 bond.

Assessment Calculation – Assessments are computed annually using three factors: market value, building area & parcel area, and distance from lots. A sample Assessment Calculation is contained within this document.

Critical Parking Area – a City of Minneapolis program where parking restrictions are placed on designated streets. These street restrictions are usually used to reserve on-street parking for residents in a designated area.

Garfield Lot – The surface parking lot bordered by the alley behind the properties fronting Lyndale Avenue on the west, Garfield Avenue to the east, Lake Street to the south, and a physical northern barrier i.e. treated lumber fence. This lot contains 120 spaces.

Lyn-Lake Parking Advisory Board – The advisory board consists of an 11 member Board of Directors broken down into the following groups:

- Six Directors are owners of businesses within 300 feet of the lots
- Four Directors are from each of the following neighborhoods, Wedge, Whittier, CARAG, and Lyndale, nominated by the appropriate council member.
- One Director, is the Director of Public Works for the City of Minneapolis or his/her designee.

Original Bond – Original bond amount was equal to \$2,282,000 established by Council Action on May 22, 1998 (Resolution 98R-185).

Parking Deficiencies – Defined as the amount of parking spaces required by the zoning code for a particular use, minus the amount of spaces the landowner possesses. If this calculation results in a positive number that would equal the space deficiency.

Parking Fund – The City Finance Department's budget for all parking related services. This fund provided an additional \$1,315,000 in funding for the Lyn-Lake parking lots per Council Action dated on April 23, 1999 (Resolution 99R-113).

Parking Operator – The parking operator is defined as the parking management company that is contracted by the City of Minneapolis for the LynLake surface parking lots.

Trust Fund – This fund was created by Council Action dated May 22, 1998 and further defined by the TP&W committee letter dated April 6, 1998, revised on May 22, 1998. This fund can by definition receive monies via three sources, donations, positive lot cash flow, and development impact fees. Also, by definition the monies can only be used for the development of additional parking at such a time a shortage is realized.

Zoning Requirements – The number of parking spaces required is determined by the Licensing Division based on USE Code, and section 541 of the zoning requirements.

LynLake Parking Lot Original Philosophy/History

The LynLake neighborhood has always been an attractive area for residents and businesses alike. As more businesses moved into the area, the neighborhood and business owners raised concerns related to parking shortages. The limited on-street parking in the area could not support the increased demand for space. The City of Minneapolis and the LynLake Business Association developed several ideas to create a plan that would address the shortages. The original philosophy was to create additional parking (i.e. surface lots) for the increased business activity and establish a Critical Parking Area for the neighborhood residents. These surface lots were created to address the additional business parking necessary. Also, by moving the business need into the lots the residential parking problems would also be resolved. This was a sound plan but one important aspect was never approved. The creation of a Critical Parking Area around the business district and in the neighborhood never came to fruition. This has a negative financial impact on the lots.

To implement the plan, and create the lots, the City of Minneapolis acquired 18 total parcels using funding supported by through bond proceeds. The bonds total \$2,282,000 and were established by Council Action 5/22/1998-Resolution 98R-185. An additional \$1,315,000 was borrowed from the Parking Fund to complete the project. These parcels have been developed into the parking lots known as the Aldrich Lot and Garfield Lot. The requirements for establishing the Critical Parking Area could not be met in this particular location.

The City of Minneapolis owns and operates the parking lots per City Standard with the City approved parking operator. The LynLake Parking Advisory Board oversees the lots. This Advisory Board offers recommendations concerning the lots to the Department of Public Works designee. Recommendations are then forwarded to the Transportation and Public Works Committee. The City of Minneapolis also administers an assessment process for the repayment of the original bond by the businesses that benefit from the parking lots (i.e. businesses located within 300 feet of the lots). The assessment process and calculation are detailed further later in this document.

Considering the above factors, the lots have been reasonably successful. The overall appearance of the area has improved. There have been new businesses that have moved into the area, and increased activity for existing businesses. The assessment process has progressed and has slowly been improved. It should also be noted that the LynLake Project has had the effect of increasing neighborhood land values.

Trust Fund History

The Lyn-Lake Parking Trust Fund was established and authorized by Council Action dated May 22, 1998. This fund was set up within the City of Minneapolis financial system, is an interest bearing account and receives monies via donations, impact fees and from positive cash flow resulting from parking lot operations.

The development impact fees would be charged to an existing or new business in the assessment area which was unable to meet either the zoning or license requirements for off-street parking. The Parking Advisory Board will establish a value to be charged for a parking stall and each new development/existing business could meet their parking requirements by paying funds to the trust the per stall impact fee. The established impact fee was established by Council Action on September 18, 1998. The fee is based on the appraised value of raw land in the area that has been developed as part of the property acquisition: \$1,610 per parking stall for new businesses in the area, \$805 per stall for current businesses that either have permits to expand their businesses or approved plans by the City to expand as of September 1, 1998. The impact fee structure shall be effective September 1, 1998 through August 31, 1999. These original impact fees have been re-approved annually in October of each of the following years.

The Lyn-Lake Parking Trust Fund would be used to fund additional parking spaces when the parking demand for the area is proven to exceed the areas comfortable supply. This parking expansion may include structured parking on the lots. The Trust Fund would be used to design and construct the parking. Likewise, if a development would occur on either site, all revenue from the land sale or lease would be placed in the Trust Fund to be used for expansion of the parking supply.

The businesses can pay their respective impact fees in one bulk sum or can make payment over a 5-year term, interest-free. All payments are the responsibility of the respective business. The City of Minneapolis will not issue invoices or payment vouchers. The payment due date will be on the anniversary of the initial payment. All payments will be made directly to the Designee of the Director of Transportation. These payments will then be processed and credited into the LynLake Trust Fund (7500-2538 balance sheet account).

The above actions were approved by the City Council. A summary of Council Actions concerning the Lyn-Lake Trust fund are listed below:

May 22, 1998	Establishment of Trust Fund within the City of Minneapolis financial system
Sept. 18, 1998	Established impact fee values for 1999 assessment
Sept 17, 1999	Established impact fee values for 2000 assessment
Oct. 13, 2000	Established impact fee values for 2001 assessment
Oct. 12, 2001	Established impact fee values for 2002 assessment

Understanding the Issues

Throughout the LynLake Project different interpretations between the various involved parties of the many actions have created the following issues. This section identifies these issues by listing the facts and actual acts concerning each issue, and will clarify the intentions of each action. This will be done by defining and explaining the issue, listing the facts and then providing recommendations that are both community friendly and fiscally responsible.

A. **Trust Fund** - This fund was created by Council Action dated May 22, 1998 and further defined by the T&PW committee letter dated April 9, 1998, revised on May 6, 1998. This fund by definition can receive monies via three ways, donations, development impact fees and positive lot cash flow.

- **Issue – Can Trust Fund dollars can be used for lot improvements and lot equipment?**

- **Facts:**

- This issue has been presented to the City Attorney. In an Interoffice Memorandum the following summary provided. “The LynLake lot trust fund monies obtained from impact fees cannot be used to install fee collection machines or pay for other improvements to the LynLake parking lots. Traffic control agents cannot be used to patrol the lots and give tickets, even if meters were installed on the lots.” In the summary opinion of the aforementioned memo the precedent quoted was established by the State of Minnesota Supreme Court. The case cited was Country Joe, Inc. vs. City of Eagan. This case defines impact fees and states that earmarked funds must be used expressly for the purpose of new development.
- The T&PW letter mentioned above defines the Trust Fund uses as follows, “The Lyn/Lake Parking Trust Fund would be used to fund additional parking spaces when the parking demand for the area is proven to exceed the areas comfortable supply. We envision this parking expansion to include structured parking.”
- By definition monies can also be received in trust by donations or positive lot cash flows. These funds can be used for purposes other than increasing the amount of spaces. However, these funds cannot be commingled with the impact fees.
- **Recommendation** – Per the State law precedent mentioned above all funds generated through impact fees must be earmarked and used to “fund additional parking spaces.” Therefore, we recommend an additional revenue line item added to the Trust Fund ensure monies would remain separated. These dollars can be used when appropriated by Council Action. The allocation procedure for non-impact fee dollars is as follows; The LynLake Parking Advisory Board makes recommendations to the Transportation and Public Works committee. Upon committee approval the expenditures would then be forwarded to the City Council for approval.

B. **Assessment Amount** – The Assessment amount is the yearly amount charged to the businesses that benefit from the parking lots. This amount is used to pay back the Bond initiative of \$2,282,000 and follows the bond schedule. (see attachment)

- **Issue – Can the annual Assessment Amount will be lowered each year?**
 - **Facts:**
 - The bond schedule has been fixed and established by the Board of Estimate and Taxation. The established schedule cannot be changed. This does not allow for the lowering of the Actual Assessment Amount.
 - Each year the Council members from Wards 6 & 10 have used their Residential Parking Program monies of \$10,000 each (per council member) to lower the assessment. This does not actually lower the Actual Assessment Amount. It does is create an Adjusted Assessment Amount and uses city funding via the Residential Parking Program to pay a portion of the assessment. Note: (only one member contributed funds towards lowering the assessment for the 2002 payable assessment.)
 - The original first year total assessment was \$170,773.
 - Staff committed to keeping the assessment amount under \$170,773/year.
 - Council Resolution 99R-113 was passed to, “provide cash flow (temporary funding) for the completion of the lots. Upon completion of the project, with the project costs finalized, assessment bonds will be issued to reimburse the Parking Fund for actual expenditures above the project’s original appropriation of \$2,282,000 less net revenue from the sale of any properties.” This resolution could invariably increase the assessment amount to re-pay the Parking Fund indebtedness.
 - Council Action on July 28, 2000. In this Council Action net proceeds from the sale of 600 W. Lake Street be used to “hold down” the assessments of the property owners. In doing this an adjusted bond re-payment schedule was developed by city staff. (see attachment)This is a modification based on the original bond schedule.
- **Issue – Can positive lot cash flows lower the Annual Assessment amount?**
 - **Facts:**
 - **Council Resolution 2001R-449** approved the payable 2002 Assessments and Assessment Role. The Adjusted Assessment Amount was reduced using positive lot cash flow. This has only been done once and may have been done in error. No provision allows for positive lot cash flows to be used to lower the assessment.
 - The T&PW letter dated April 9, 1998 revised May 6, 1998 states, “The city will be the owner of the parking facilities and all negative cash flow, including debt service, will be assessed to affected area commercial properties.” This directly contradicts the above provision.
 - This has raised questions related to all City of Minneapolis taxpayers. Can and should funds be used solely for the benefit of one neighborhood? Lot revenues from other areas do not allow the same provisions. Although assessments are made to pay for the development, the landowner is the City of Minneapolis. The businesses presently have benefited by the increased value of their respective properties due to the LynLake Project.

- Another aspect is that Council Action dated April 23, 1999 appropriated an additional \$1,315,000 for the Project from the Parking Fund. This appropriation has a definition for re-payment in a T&PW letter dated April 13, 1999 and by the Council Action on April 23, 1999. The established method for re-payment is as follows, “Upon completion of the Lyn-Lake project, with costs finalized, assessment bonds will be issued to reimburse the parking fund for actual expenditures above the original appropriation of \$2,282,000 less net revenue from the sale of any properties.” In keeping with the staff promise not to increase assessments over the \$173,000 level this bond may not be feasible.

- **Recommendations:**

- Council Action approving the Board of Estimate and Taxation to issue bonds equal to the Parking fund deficit due to the LynLake Project.
- Never assess more than \$173,000 per year.
- Allow Residential Parking Program dollars to lower Adjusted Annual Assessment.

C. Property Sale Proceeds – Property Sale proceeds would be funds captured in the sale of parcels not needed for the LynLake Project.

- **Issue – Can the sale of either developed parcel be used to re-pay the \$2.282 million bond or to pay back the Parking Fund Debt?**

- **Facts:**

- The T&PW letter dated April 9, 1998 revised May 6, 1998 states that, “...if a development would occur on either site all revenue from the land sale or lease would be placed in the trust fund to be used for expansion of the parking supply
- As mentioned above the April 23, 1999 Council Action earmarks property sale dollars for the reimbursement of the Parking Fund.

LynLake Parking Current Financial Situation

The following is an overview of the financial status of the LynLake Parking Lots. The monies expressed will be rounded to the nearest dollar. Two distinct revenue streams were used to finance the lots. They are listed below and outstanding balances are listed.

<u>Original Bond (8P10-943-9464)</u>		<u>Parking Fund (7500-943-9464)</u>	
\$2,282,000		\$1,383,352	Original Balance
\$ (342,000)	Sale of 600 West Lake	\$ (28,352)	???????
\$ (342,300)	Payments made to date	\$ (247,458)	2933 Lyndale
		\$ (16)	2937 Lyndale
		\$ (439,306)	2937 Lyndale
		\$ (100,000)	MCDA Grant
		\$ (5,200)	Misc. monies
\$1,597,700	Ending Balance	\$ 563,020	Ending Balance

Current Lot Operations

The following is a brief description and outline for the operational procedures for the LynLake Parking lots – Aldrich & Garfield.

NOTE The following operating procedures prevail over both parking lots unless specified.

- Lots use a drop box or Honor Lot system.
- Lots will be monitored as seen fit by the parking operator with more emphasis placed on evening and theater events Wednesday through Saturday.
- Drop box pick-ups occur twice daily, 10am & 5pm.
- Monies will be deposited per the operating procedures set forth by the operator per city operating standard. When monies are collected security personnel will be present to provide the highest level of safety.
- The LynLake Parking Advisory Board can make recommendations and operational suggestions. All parking suggestions by the Advisory board are then forwarded to the Transportation & Public Works committee. After the T&PW committee approval then the items are forwarded to the City Council for final approval.
- The Transportation Parking Services Division must approve all capital expenditures over \$500.
- Operator Income Statements are provided monthly to the City of Minneapolis.
- Violators will be towed after 3 parking infractions. An infraction is defined as parking without proper payment i.e. no payment whatsoever or insufficient payment. The Parking Operator will keep a violator list.
- Parking rates can be changed as needed to deal with market fluctuations.

Assessment Information & Sample Calculation

Assessment calculations are based on the following factors with percentages assigned to each factor for the complete calculation. The factors are Market Value Assessment (11%), Building Area Assessment (11%), Parcel Area Assessment (11%), and Parking Shortage Calculation (67%).

Sample Calculation

Total assessment area market value	\$9,605,600.00
Total assessment parcel area	555,589 square feet
Total assessment building area	501,598 square feet
Total assessment	\$ 170,773.00
Parcel Market Value	\$ 195,000.00
Parcel Building Area	8,400 square feet
Parcel Size	3,419 square feet

Market Value Assessment

Percentage of Total Market Value (Parcel Market Value/Total Assessment Market Value)		
	$\$195,000.00/\$9,605,600.00 =$	0.02030066
	$0.02030066 \times 11\% =$	0.00223307
Total Market Value Assessment	$0.00223307 \times \$170,773 =$	\$381.35

Building Area Assessment

Percentage of Total Building Area (Parcel Building Area/Total Assessment Building Area)		
	$8400 \text{ square feet} / 501,598 \text{ square feet} =$	0.01813401
	$0.01813401 \times 11\% =$	0.00199474
Total Building Area Assessment	$0.00199474 \times \$170,773 =$	\$340.65

Parcel Area Assessment

Percentage of Total Parcel Area (Parcel Area / Total Assessment Parcel Area)		
	$3,419 \text{ square feet} / 555,589 \text{ square feet} =$	0.00615383
	$0.00615383 \times 11\% =$	0.00067692
Total Parcel Area Assessment	$0.00067692 \times \$170,773 =$	\$115.60

Parking Shortage Calculation

Constants

Sample Total Parking Shortage	9	Stalls
Distance to Aldrich	345.020	feet
Distance to Garfield	126.594	feet
Total of all Factors	5.32564	Stall/feet

Calculations

Stall Feet Total $(9/345.020)+(9/126.594)$	0.09717886
Your factor divided by total of all factors $(.097179/5.32564)$	0.01824736
Total Parking Shortage Assessment	$0.01824736 \times \$170,773 = \$2,087.82$

Total of All Assessments

Total Market Value Assessment	\$ 381.35
Total Building Area Assessment	\$ 340.65
Total Parcel Area Assessment	\$ 115.60
Total Parking Shortage Assessment	\$2,087.42
Total	\$2,925.42

LynLake Parking Advisory Board Members

Business Representatives				
Name	Address	Business Affiliation	Phone	Fax
Ackerberg, Stu	2936 Emerson Ave S. Mpls, MN 55408	The Ackerberg Group	924-6400	924-6499
Arambadjis, Denise	626 W. Lake Street Mpls, MN 55408	It's Greek to Me	825-9922	825-0068
Bethel, Charlie	2951 Lyndale Ave S. Mpls, MN 55408	Jungle Theatre	822-4002	822-9408
Meldahl, John	822 W. Lake Street Mpls, MN 55408		759-7400	374-1538
Nelson, Dick	3501 S. HWY 100 St. Louis Park, MN 55416	Aarcee Rental	(952) 922-7233	(952) 922-3743
Rohrman, John	711 W. Lake Street Mpls, MN 55408	John Rohrman Architects 4432 Harriet Ave South	825-8302	825-8305
Scott, Greg	28100 Woodside Road Shorewood, MN 55331		(952) 470-4452	(952) 470-4428
Neighborhood Representatives				
Name	Address	Neighborhood Affiliation	Phone	Fax
		CARAG		
Pietz, Norma	3537 Nicollet Ave. Mpls, MN 55408	Lyndale Neighborhood Development Corporation	824-9402 ext. 15	824-6828
Deitrich, John		Wedge		
Erickson, Terry		Whittier		
Braun, J.		Lyndale		
City Representative				
Name	Address	Affiliation	Phone	Fax
Blazina, Tim	33 North 9 th Street Mpls, MN 55403	City of Minneapolis, Transportation Division	673-2242	673-2898