



Resolution 2014-259

Resolution Removing the Minneapolis Park & Recreation Board from the Development, Maintenance and Operation of the “Downtown East Urban Park” and Releasing the City from Further Discussion with the Minneapolis Park & Recreation Board Regarding Ownership, Development, and Operation of the Space

Whereas, The Minneapolis Park and Recreation Board (MPRB) was created by the Minnesota Legislature in April 1883 and has the authority to manage and operate park facilities;

Whereas, The Minneapolis Park & Recreation Board (MPRB) is the steward of Minneapolis parks;

Whereas, In December 2013 the City of Minneapolis approved the Downtown East Development which included a two block parcel with 1 full block and 2/3 of the second block designated a public park near the new Vikings Stadium with specified terms;

Whereas, An Urban Park Use Agreement was executed in February 2014 between Ryan Companies and the Minnesota Sports Facilities Authority (MSFA) based on the terms agreed to by the City of Minneapolis in December 2013;

Whereas, The term of the agreement is for 30 years plus an additional 20 years or 50 years and coincides with the Stadium Use Agreement between the Vikings and the MSFA;

Whereas, This public park is part of a 5 block mixed-use project that will include office space, a parking ramp, multi-family housing, retail space, skyway connections and a park/plaza/open space and Ryan Companies has agreed to convey the portion of the development that is legally described as “Urban Park” to the City or to its designee;

Whereas, The City has agreed to accept a conveyance of the Urban Park (or its designee to accept a conveyance of the Urban Park), subject to the use rights granted to MSFA and other terms and conditions set forth in the Urban Park Use Agreement;

Whereas, The MPRB staff did a thorough analysis of the Urban Park Use Agreement;

Whereas, As a result of the analysis of the agreement, the MPRB, as the operator, would face conflicts with existing MPRB permitting policies, and would face significant financial challenges in finding development and operations funding that would not negatively affect all other existing park priorities especially in racially diverse underserved areas;

Whereas, In today’s dollars, basic park development will cost \$6,000,000 and complete



development of the park would cost \$20,000,000;

Whereas, Basic park operating and maintenance costs would be close to \$500,000 annually, with annual operating and maintenance costs for a completely developed park running between \$2,000,000 and \$3,000,000;

Whereas, Conflicts with park permitting policies; limited opportunities for the MPRB to generate revenue to assist with the development, operation, and maintenance costs for the park; the MPRB does not believe it is in the best interest of the public or the MPRB to be involved in developing the park or serving as the Operator of the park at this time; and

Whereas, With the current Urban Park Use Agreement in place, with prior control given to both the MFSA and the Vikings, this space does not truly qualify as a public park, which adheres to MPRB permitting policies;

RESOLVED, That the Board of Commissioners have determined that the Minneapolis Park & Recreation Board will not be involved in the development, maintenance or operation of the "Downtown East Urban Park" given that at this time 1) there is no funding for the development and annual operating and maintenance costs that does not supplant development, operations, or maintenance funding for other MPRB properties currently under the authority of the MPRB, 2) there is no opportunity to generate enough income to fund development and annual operating and maintenance costs under the Urban Park Use Agreement terms, and 3) the same terms preclude the space from following MPRB permitting policies;

RESOLVED, That the Board of Commissioners release the City from further discussion with the MPRB regarding ownership and operation of the space; and

RESOLVED, That the President of the Board and Secretary to the Board are authorized to take all necessary administrative actions to implement this resolution.



TO: Minneapolis Park and Recreation Board

FROM: Jayne Miller, Superintendent

DATE: August 6, 2014

SUBJECT: Resolution Removing the Minneapolis Park & Recreation Board from the Development, Maintenance and Operation of the "Downtown East Urban Park" and Releasing the City from Further Discussion with the Minneapolis Park & Recreation Board Regarding Ownership, Development, and Operation of the Space

BACKGROUND

In December 2013 the City of Minneapolis approved the Downtown East Development. Included in the development project is a two block parcel with 1 full block and 2/3 of the second block designated a public park near the new Vikings Stadium with specified terms. An Urban Park Use Agreement was executed in February 2014 between Ryan Companies and the Minnesota Sports Facilities Authority (MSFA) based on the terms agreed to by the City of Minneapolis in December 2013.

The term of the agreement is for 30 years plus an additional 20 years for a total of 50 years and coincides with the Stadium Use Agreement between the Vikings and the MSFA. This public park is part of a 5 block mixed-use project that will include office space, a parking ramp, multi-family housing, retail space, skyway connections and a park/plaza/open space. Pursuant to a separate agreement, Ryan Companies has agreed to convey the portion of the development that is legally described as "Urban Park" to the City or to its designee, possibly the Minneapolis Park & Recreation Board (MPRB). The City has agreed to accept a conveyance of the Urban Park (or its designee to accept a conveyance of the Urban Park), subject to the use rights granted to MSFA and other terms and conditions set forth in the Urban Park Use Agreement.

Per the City Charter, the Minneapolis City Council and the MPRB have the authority to purchase land for parks. The City Charter gives the MPRB the authority to devise, operate and maintain parks and to designate property to be appropriated for such purposes in the City of Minneapolis. The City Charter does not give the City Council authority to devise, operate and maintain parks. As a result of court proceedings, the City took action agreeing to work with the MPRB to find a solution regarding the development and operation of the public park.

MPRB staff did a thorough analysis of the Urban Park Use Agreement (attached). The analysis, spells out the terms of the complex agreement and the implications of the agreement for the



“Operator” of the park, in particular with the MPRB serving as the Operator. It is the terms of this agreement which inhibit the feasibility of the MPRB owning and operating this public park.

As a result of the analysis of the agreement, the MPRB, as the operator, would face conflicts with existing MPRB permitting policies, and would face significant financial challenges in finding development and operations funding that would not negatively affect all other existing park facilities. Currently there is no designated funding for the development, maintenance and operation of the park. In today’s dollars, basic park development will cost \$6,000,000 and complete development of the park would cost \$20,000,000. Again, in today’s dollars, basic park operating and maintenance costs would be close to \$500,000 annually. Annual operating and maintenance costs for a completely developed park will run between \$2,000,000 and \$3,000,000.

With the conflicts with MPRB park permitting policies; limited opportunities for the MPRB to generate revenue to assist with the development, operation, and maintenance costs for the park; and the lack of funding designated for the development, operations and maintenance of the park, the MPRB does not believe it is in the best interest of the public or the MPRB to be involved in developing the park or serving as the Operator of the park at this time.

In addition, with the current Urban Park Use Agreement in place, with prior control given to both the MFSA and the Vikings, this space does not follow MPRB permitting policies.

RECOMMENDATION

It is the recommendation of staff that the MPRB not be involved in the development, maintenance or operation of the “Downtown East Urban Park”. There is at this time no funding for the development and annual operating and maintenance costs that does not supplant development, operations, or maintenance funding for other MPRB properties currently under the authority of the MPRB. There is no opportunity to generate enough income to do so under the Urban Park Use Agreement terms, and the same terms do not follow MPRB permitting policies. Staff recommends at this time that the Board of Commissioners take action to release the City from further discussion with the MPRB regarding ownership, development, and operation of the space.

ATTACHMENTS:

- Urban Park Use Agreement Final (PDF)
- Downtown East Urban Park Agreement Analysis (PDF)

Prepared By: Jayne Miller, Superintendent, Superintendent's Office

Review:

Jayne Miller Completed 07/23/2014 12:45 PM



Minneapolis Park and Recreation Board

Completed

08/14/2014 6:50 AM