



Request for City Council Committee Action From the Department of Public Works

Date: December 14, 2004
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: None

Subject: Centre Village Parking Ramp - Hotel Parking Agreement

Recommendation:

Direct proper City Officers to negotiate and execute the Reserved Parking Agreement between the City of Minneapolis and Felcor Lodging Trust/Embassy Suites Hotel.

Previous Directives:

- On May 22, 1981 The City Council authorized the execution of a Contract for Lease and Development of Air Rights and all other documents relating to the construction of a hotel above the Centre Village municipal parking structure, which was amended on October 28, 1981, and on December 27, 1982.
- As of February 1, 1983, the City and the hotel entered into an air rights lease for the air space above the parking ramp.
- On August 23, 1988, the City Council approved the terms of the parking arrangements established for the use of the Centre Village ramp by Hotel patrons.

Prepared by: Michael W. Sachi, Parking and Skyway Systems Engineer 673-2159

Approved by:

Klara Fabry, P.E., City Engineer, Director of Public Works

Presenters: Michael W. Sachi, Parking and Skyway Systems Engineer

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information Attached

Minneapolis Homotel Associates Limited Partnership ("Homotel") constructed the Embassy Suites hotel on top of a city parking structure known as the Centre Village Municipal Parking Ramp. This was done under a Contract for Lease and Development of Air Rights in Development District No. 54 dated December 8, 1980, and amended on October 28, 1981 and again on December 27, 1982 (the "Development Contract"). The parties to the Development Contract agreed that the City would lease, and Homotel would take, for a period of 99 years the air space above the parking ramp for construction of the Hotel. The City and Homotel executed an Air Rights Lease as of February 1, 1983 (the "Air Rights Lease"). Felcor is Homotel's successor in interest in the Air Rights Lease and Felcor and its affiliates and subsidiaries now own and operate the Hotel.

The City currently provides parking areas for the Hotel on Level B of the parking ramp together with an express elevator between level B and the Hotel lobby (the "Express Elevator"). This parking arrangement is pursuant to Letter of Understanding, dated April 6, 1989, from Gregory Finstad of the City Public Works Department, addressed to Melissa Bagley, General Manager of the Hotel at the time. The draft Reserved Parking Agreement incorporates the terms of the Letter of Understanding as modified in practice over the several years since the letter was written. The letter does indicate that a formal agreement should be developed, but this never occurred. Now, Felcor wishes to sell the Hotel to another management company, and a formal agreement is desired by both parties to memorialize the parking arrangements for the Hotel.

A draft of the agreement is attached, as well as a graphic depiction of the Hotel parking areas in the Centre Village Municipal Ramp. In summary, the agreement is positive in that it states that the Hotel will pay the City for the 65 initial parking spaces it rents at the rate of \$185.00 per month per stall, which is slightly higher than the current public rate of \$177.50 per month for underground parking. The Hotel will also pay the City \$210.00 per month for the two reserved spaces on the grade level, which is a slight premium above the \$195.00 per month reserved parking rate. In addition, the Hotel will be allowed to rent additional spaces up a maximum of 223 spaces in the ramp on a daily basis upon notice to the ramp manager at the same rates listed above.

Attachment 1: Draft of Reserved Parking Agreement

Attachment 2: Floor Plan of Hotel Parking Area