

**CITY OF EXCELSIOR
Hennepin County, Minnesota**

MINUTES

**City Council Work Session
Monday, May 9, 2011
6:30 p.m.**

1. Call to Order/Roll Call

Mayor Ruehl called the meeting to order at 6:35 p.m.

Council members present: Caron, Fulkerson, Miller (arrived at 6:40 p.m.), and Mayor Ruehl

Council members absent: Berghorst

Also Present: City Manager Luger, City Attorney Staunton, and City Clerk Johnson

2. Agenda Approval

Fulkerson moved, Caron seconded, to approve the agenda as presented. Motion carried 3/0.

3. Parking Impact Fee

Luger said that Brian Burdick of Burdick Properties, has asked to meet with the City Council to discuss the parking impact fee and the financial impact it has on his proposed new commercial building located at 289 Water Street.

Brian Burdick, Burdick Properties, distributed a letter dated May 9, 2011, which was addressed to the City Council regarding the parking impact fee and another document outlining reasons why the City should waive the parking impact fee for 289 Water Street.

Burdick reviewed the reasons why the parking impact should be waived for his property. He noted that the new commercial building would not have a significant impact on parking and this property would be the only business along Water Street to pay a parking impact fee. He said if the parking costs were applied equally to all properties along Water Street, there would be few merchants that would survive. He noted that if the City wants this commercial project to proceed, the City needs to consider incentives rather than penalties.

Mayor Ruehl asked Burdick how he provides parking for his current businesses. Burdick said that some of the businesses are next to municipal lots and others have assigned parking spaces.

3. Parking Impact Fee – (Continued)

Mayor Ruehl said to Burdick that if he was putting up a new building in another location he would need to provide parking. Burdick said not necessarily. He noted that in Downtown Minneapolis there is parking available. He also has buildings in St. Cloud that utilize the municipal parking lot free of charge.

Mayor Ruehl said he understands the concept that this project may not tip the scale on the parking, but what happens with future projects that follow this project? Burdick said it would be great if Excelsior did have a huge parking problem; all of the businesses could use more traffic. If that ever happens, which he doubts, the City can address it at that time. He has never had a problem parking when he comes to Excelsior. He noted that about 90% of the time he can find parking right on Water Street.

Fulkerson asked Burdick what types of businesses he is looking for to occupy the new building. Burdick said that the ground level would be retail, possibly a clothing store, and the second level would be office.

Caron asked Burdick for the square footage of the building. Burdick said the ground floor is 3,010 square feet and the second floor is 2,573 square feet. The building would require 20 parking spaces, which adds about \$5.37 per square foot to the operating costs for the building.

Miller asked Burdick how the City will fund parking in the future if it doesn't charge for parking now. Burdick said maybe the City is putting the cart before the horse, because he doesn't believe there is a parking problem.

Miller asked Burdick what the solution should be when the City does have a parking problem. Burdick said the fairest solution would be to develop a plan that would charge back costs to the entire commercial district or all properties in the City.

Mayor Ruehl said the parking impact fee should not be an operating expense; the parking impact fee should be factored into the common area maintenance costs and added to the base rent. The cost is to provide base line parking and that is a cost that buildings normally have. All developments have a cost for parking. The idea that the City provide free parking to his property and create a parking problem with no way to fund a solution would be very short-sighted on the part of the Council. Burdick said he understands what the City is trying to do. Why not charge the costs evenly throughout the business district; it's not fair to put it on one building or property.

3. Parking Impact Fee – (Continued)

Luger said that Burdick stated in his reasons to waive the parking fee that if the parking costs were applied equally to all properties there would be few businesses that would survive. Burdick said that it might, so that might not be the best solution. He said the City needs to encourage good development to keep the City vibrant and healthy.

Fulkerson asked what the cost or options would have been for the parking if the property was developed two years ago. Caron said there would have been no option for development unless the property owner could accomplish the required parking on site.

Mayor Ruehl provided a short history on the parking discussions from 1974 to today.

Miller said the City wants to be proactive, not reactive, and the City needs to generate revenue to be proactive. Maybe the market is weak and the City comes down some in the price, but paying nothing for parking is not an option.

Caron said she is struggling with how the numbers don't work out for Burdick and she can't make a decision without having a clear understanding why the numbers don't work. She thinks the numbers could work out depending on what use goes in the building.

Burdick said that properties on Water Street are in competition for tenants. Each property has base rents and common area maintenance costs. The rental cost per square foot is fairly high in Excelsior compared to other areas. There are two ways to cover the parking impact fee. The building owner pays the \$30,000 or the cost is factored into the common area costs, neither of which will work because the costs are already too high. His tenants have worked with him to find ways to take care of some things themselves to reduce the common area maintenance costs.

The Council and Burdick discussed the costs. The Council agreed that \$1,500 per parking space might not be the correct number. Burdick said it doesn't seem fair that he is the only commercial property paying the fee. The Council stated that they hope there will be others as the market gets better.

Luger said there are two other businesses who are also exploring the parking impact fee.

Mayor Ruehl said instead of having to buy additional land for parking and develop it, Burdick can put a building right on Water Street and there is a value to that.

3. Parking Impact Fee – (Continued)

Bob Bolles, 229 George Street and 340 Water Street, said he is disappointed in what he's heard from Burdick today. There is a cost for parking. He would also be extremely disappointed in the Council if they don't charge for parking. He agrees that maybe \$1,500 is not the right number. He said Jake O'Connor's has an additional cost for parking. When Bill Stoddard developed the rowhouses, he would have appreciated the opportunity to expand and build where the First Class Car Care business is located and Stoddard would have been very favorable to paying for parking. The Council should charge something for the parking and the cost should not be reduced below what it will cost the City to provide the parking or other property owners will end up paying the freight. He is very supportive of Burdick. He said restaurants add vitality, but they also add to the parking. When he's observed the parking lots at night, he would say they are getting close to capacity. If a restaurant comes into Burdick's building it will add significantly to the parking. The City's parking ordinance is extremely fair.

Burdick thanked the Council for their time.

Miller asked if the City will be looking at shared parking again. Staunton said that the Planning Commission began discussing this item at their last meeting.

4. Other

None

5. Adjournment

Fulkerson moved, Miller seconded, to adjourn at 7:32 pm. Motion carried 4/0.

Respectfully submitted,

Cheri Johnson
City Clerk