

Consideration of the Sale of Public Property

1. Ownership Rights - Title Search Results

A title search was completed by Best and Flanagan and found that the land is owned by the City of Wayzata, and not the HRA. Thus, the City Council will be the ultimate decision maker regarding the potential sale of the property. However, the HRA is requested to act as an advisory body to the Council on this issue.

The title search revealed that the property is subject to a covenant that describes a "reversionary interest." The reversionary interest, if still in effect, benefits the owner of the Cov property, which is Stielow LLC. The record shows that there was a 1988 development agreement/CUP between the predecessor in interest to Stielow (Gertrud Elisabeth Noelting) and the City of Wayzata that required Noelting (Stielow) to convey this land to the City of Wayzata, subject to the following:

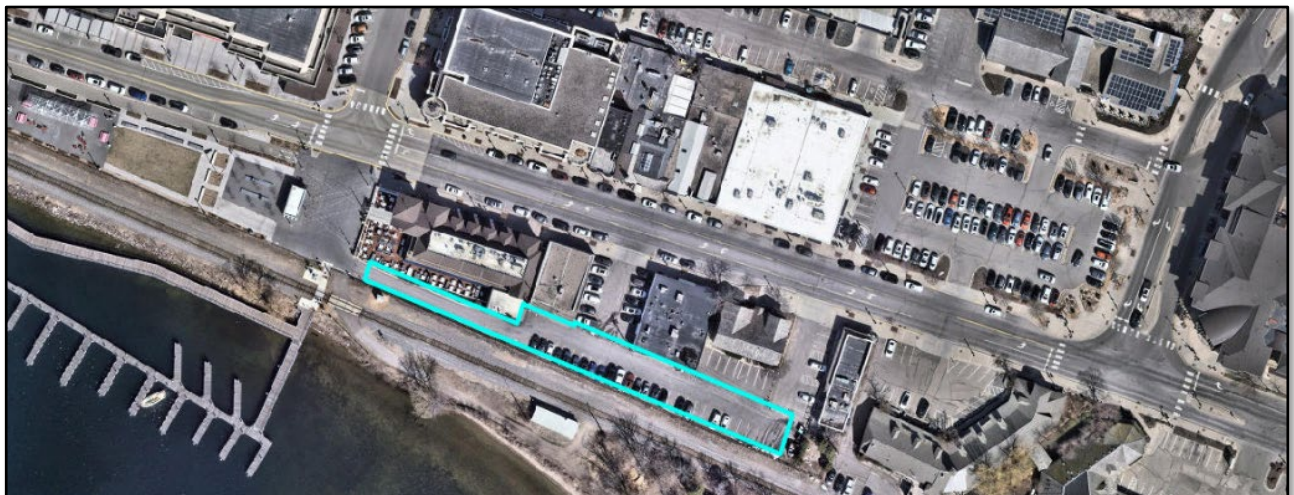
"Subject to the restriction that the property conveyed to the City must be used as a public parking lot and driveway, and in the event the property and driveway are no longer used for public parking purposes, title to the parking lot and driveway shall revert to [Stielow]."

That CUP was dated March 1, 1988. The quitclaim deed conveying to the City of Wayzata was signed on December 8, 1988, and was filed on April 5, 1989. The deed failed to include the reverter language. On October 1, 2022, Stielow filed an Affidavit claiming rights under the covenant. That affidavit was incomplete in that it omitted the exhibits. A corrective document was filed on November 29, 2022.

It appears that this reverter covenant, if it was ever effective, is likely expired due to Minnesota's so-called "thirty year rule" codified in Minn. Stat. 500.20. Under that statute, the 30 years begins to run from "the date of the deed, or other instrument, ... , creating them."

2. Current Purpose and Use

The property being considered is PID 0611722420039 and sits south of Lake Street from Broadway to PURALIMA. It functions as a public parking lot with 29 parking stalls. It is also utilized by CoV for deliveries and solid waste pickup. The entrance and exit for the lot used to be both from PURALIMA and Broadway Ave S (through the Plaza). However, around 2023 the property owner of PURALIMA closed access through their private parking lot. Now the entrance and exit for the public parking lot is solely through Broadway Ave S (through the Plaza).



a. Costs to Own/Maintain

The City incurs ongoing cost to own and maintain this parking lot. Pavement maintenance includes reconstruction every 50 years (\$50,000), mill and overlay every 20 years (\$20,000) and seal coating every 6 years (\$7,500). Annualizing those costs is about \$3,250. In addition, City staff restripe the parking stalls, plow, and haul snow away after snow events, and sweep the lot several times a year. Staff estimate this routine maintenance costs approximately \$1,900 per year in labor.

Combined, the annual cost to own/maintain this lot is approximately \$5,150 per year.

b. Income Produced

The property is not leased and does not have any maintenance agreements with surrounding businesses and therefore does not produce any income for the City directly. It does have an indirect benefit to the City's ability to charge for Fee-In-Lieu of Parking (FILOP) spaces.

c. FILOP and Parking Needs

In 2016, in conjunction with the Mill Street Parking Ramp, the City adopted the Fee-in-lieu of Parking Policy (FILOP) and the "Downtown Mobility District", which covers downtown Wayzata. The policy was created to address downtown parking demand and provide flexibility for developments that cannot meet the City's minimum parking requirements. Under this policy, developers may pay \$10,000 per parking stall to utilize the available public parking capacity to satisfy their parking requirements.

This parcel is within the "Downtown Mobility District" and has 29 public parking stalls currently included in the City's FILOP inventory.

To ensure adequate parking capacity remains available, the City conducts regular parking studies. The most recent study, completed in October 2024, found overall parking demand and availability to be relatively stable. This property is located within Study Area 14, where utilization ranges from 50% - 75% on weekdays and 75% - 90% on weekends, with higher demand in the evenings.

Staff and the parking consultant noted that utilization on the subject property is significantly higher and fluctuates less than other surrounding parking areas. A focused 2022 analysis of this parcel found approximately 85% utilization on Fridays and Saturdays between 2 pm and 6 pm, with relatively low turnover. Supporting aerial exhibits for both studies are included below.

d. Liability

Due to the location of the entrance and exit, there is some liability for the City because cars, delivery vehicles, and solid waste vehicles have to drive through the Plaza, which can be busy with pedestrians, to get to this lot.

3. Alignment with Future Public Plans or Uses

a. Comprehensive Plan

The 2040 Comprehensive Plan emphasizes connected pedestrian friendly multi-modal transit within downtown. The Comprehensive Plan notes that this is achieved by pushing parking to the rear of buildings where it is not the focus adjacent to Lake Street. It also highlights the need for public parking facilities where users can park once to navigate downtown on foot, rather than traditional suburban development which emphasizes the use of a vehicle to navigate between local destinations.


b. Future Panoway Plans

Panoway plans surround this property but do not really include it, but it's worth considering how this lot accompanies and ties in with the overall Panoway project.

Some early concepts of the Plaza intended for it to be used primarily for parking but with the option for it to be blocked off for events (see excerpts from the 2014 Lake Effect Development Framework Report).

PARK(ING) PLAZA

The municipal parking lot next to Sunsets is redesigned as a multi-functional plaza. The plaza would be used for parking most of the time, but can be cordoned off for special events such as JJ Hill Days or a weekly farmer's market.



As the City looks to future phases of Panoway, specifically the Section Foreman House, consideration on how people will visit the site is important. As it is planned to be restored and repurposed into a lakefront learning center with indoor and outdoor classrooms and community space, if there is desire for nearby parking or bus or van drop off sites for kids or visitors, this subject property would be the closest location.



c. Dakota Rail Regional Trail Extension Project

Three Rivers is interested in extending the regional trail east to the Minnetonka City Hall complex. A few years ago, they completed an informal study of potential routes through Wayzata and a few routes were identified. Recently staff from Three Rivers indicated that any route through Wayzata would have its challenges with limited right-of-way, the railroad, and impacts to parking. Options they are in the early stages of thinking about include:

- i. A route completely along Lake Street to the east, south on Circle Dr., and then east on Eastman Lane
- ii. A route that goes through the parking lot on the subject property until PURALIMA, and then goes up to Lake Street to the east, south on Circle Dr., and then east on Eastman Lane

It's important to note that these plans are still very preliminary and conceptual. Evaluation of right-of-way needs, parking impacts, City preferences, etc. has yet to happen.

4. Impact of Sale

a. Redevelopment Potential

The site is zoned C-4B "Central Business District". The purpose of this district is:

"..to provide a district for those retail sales, service, office and residential functions which are characteristic of a "downtown" area and to allow the present downtown area to expand, develop and redevelop, with emphasis on specialty shops and retail uses with continuous linear low level building designs, while maintaining this desired character. Such areas are to be characterized by individual storefronts with public sidewalk access, as contrasted to shopping mall type development. The district requires retail use at street grade."

To facilitate a dense walkable downtown environment with a pedestrian focus, C-4B has zero setbacks, allowing developments to build up to the property line. Code also requires a floor area ratio (FAR) of 2.0, meaning an entire site could be covered in a two-story building. A FAR of 2.0 encourages/requires moderate to high density developments.

The District also allows varied uses, with an emphasis on ground floor retail. The district use table is below for reference.

Commercial Districts Uses	
	C-4B
Clubs or Lodges, Existing	C
Child Day Care Facility, General	C
Dry Cleaning or Laundry	P
Dwellings, Multiple Family	C
Dwellings, Multiple Family, Upper Stories	P
Educational Facilities Establishment	P
Food and Beverage	P
Health Clinics	P
Liquor Store	P
Micro-production facilities	C

Parking Garages/Lots	A/I
Parking and Loading Areas and Structures	A/P
Personal Services	P
Post offices	P
Professional Services (inc. Finance and Office Uses)	P
Public Services and Utilities	C
Recreation, Indoor	C
Recreation, Outdoor Public	P
Places of Assembly	C
Retail Sales, Limited	P
Retail Sales, General	P
Sales, Service, or Rental; Outdoors	A/C
Sales, Service, or Rental; Accessory	A/C
Sidewalk Café, Outdoors	A/P
Storage, Indoor	A/P
Storage, Outdoor	A/C
Theaters, excluding Drive-Ins	P

Multi-family uses are permitted on the upper stories with ground floor retail. However, a multi-family development without retail would only require a conditional use permit, which can only be denied if it fails to meet general performance standards. Downtown density requirements must have a minimum of 20 units per acre and can be as high as 30 units per acre. The Comprehensive Plan notes that densities up to 40 units per acre can be considered if affordability is offered.

The site is also within the Shoreland Overlay Zone. Any proposed developments would require a shoreland impact plan and would be subject to density restrictions based on distance from the lakeshore.

Any development in this area would be subject to the City's Design Standards for the Lake Street District, which influence both allowable density and site design. The standards require the inclusion of open space, which given the length of the site, would likely be integrated into required building massing breaks.

Additionally, there is an active Met Council forcemain that runs underneath this property. Any redevelopment would have to accommodate the existing forcemain or relocate it.

On its own, the size of this parcel is not conducive to redevelopment. However, combination with adjacent parcels is likely and would make redevelopment more feasible. Based on recent development patterns, staff would anticipate significant demand for multi-family development on this site, particularly with direct lake views.

b. CoV Deliveries and Solid Waste

If the parking lot were sold and no longer usable by CoV, operations like solid waste pickup and deliveries would need to be rerouted onto Lake Street. The City's Police, Fire, and Public Works Departments are concerned about this impact due to the existing traffic on Lake Street and potential for more accidents or negative traffic impacts. The 2040 Comprehensive Plan notes that this section of Lake Street is already over traffic capacity (Exhibit included below), so consideration of how traffic patterns could be impacted by a change in the function of this lot is important to consider.

c. FILOP

If these 29 parking stalls were removed or were no longer available to the public, parking demand would shift to other downtown parking areas. Currently, there is limited, if any, available parking within walking distance capable of accommodating the low turnover, high demand use currently served by this lot. The loss of these stalls could therefore impact the City's ability to offer FILOP in this area in the future. Any impacts would be evaluated in future parking studies following a change in use.

d. Dakota Rail Regional Trail Extension Project

If the property was sold, it may limit or remove the ability to route the trail through the parking lot.

e. Pedestrian and Vehicle Interaction

If the parking lot were sold and/or its use was changed, the vehicular traffic through the Plaza could largely be eliminated. This would decrease the liability of pedestrian and vehicular traffic occurring in the same place.

Questions To Consider

1. Does the property currently serve a public purpose or public benefit?
2. Would the City continuing to own the property remain important for any future public plans or uses?
3. What advantages could be found to the City through sale of the property?
4. What changes to the use of this site could or should the City consider through sale or continued ownership?

Future Steps

The HRA's recommendation will be considered by the City Council at a future workshop and then next steps would be one of two options.

1. If the Council decides to continue exploring the sale of the property, the City will need to take the following steps.
 - a. Secure an independent appraisal
 - b. Determine terms of the sale in a possible closed meeting
 - c. Planning Commission review
 - d. City Council approval
 - e. Complete the final sale/closing on the property
2. If the Council decides not to sell the property, the City could take no further action or could explore additional changes to the use and operation of the property while still maintaining its public ownership.

Exhibit – 2024 Parking Study Excerpt - Daytime

Appendix A

Appendix 3



Figure A1

Exhibit – 2024 Parking Study Excerpt - Weekends

Appendix A

Appendix 6



02417863
October 2024

Parking Utilization - Friday 12:00 PM

Downtown Wayzata Parking Study

City of Wayzata

Figure A4

Exhibit – 2022 Parking Study Excerpt

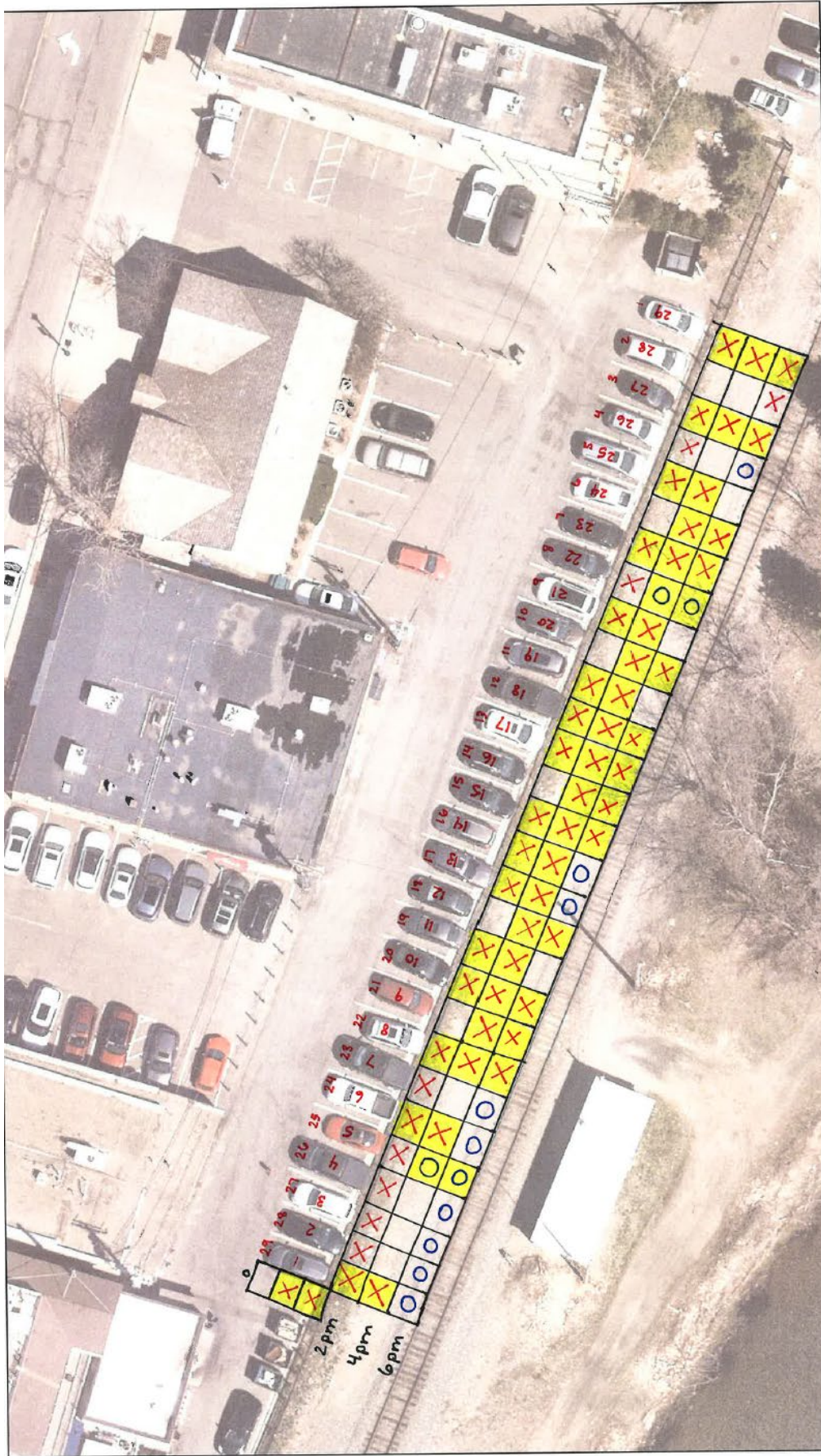


Figure X

SRF Saturday

Key

- Blank: Open Parking
- X: Utilized Parking
- O: Vehicle Change

Exhibit – 2022 Parking Study Excerpt

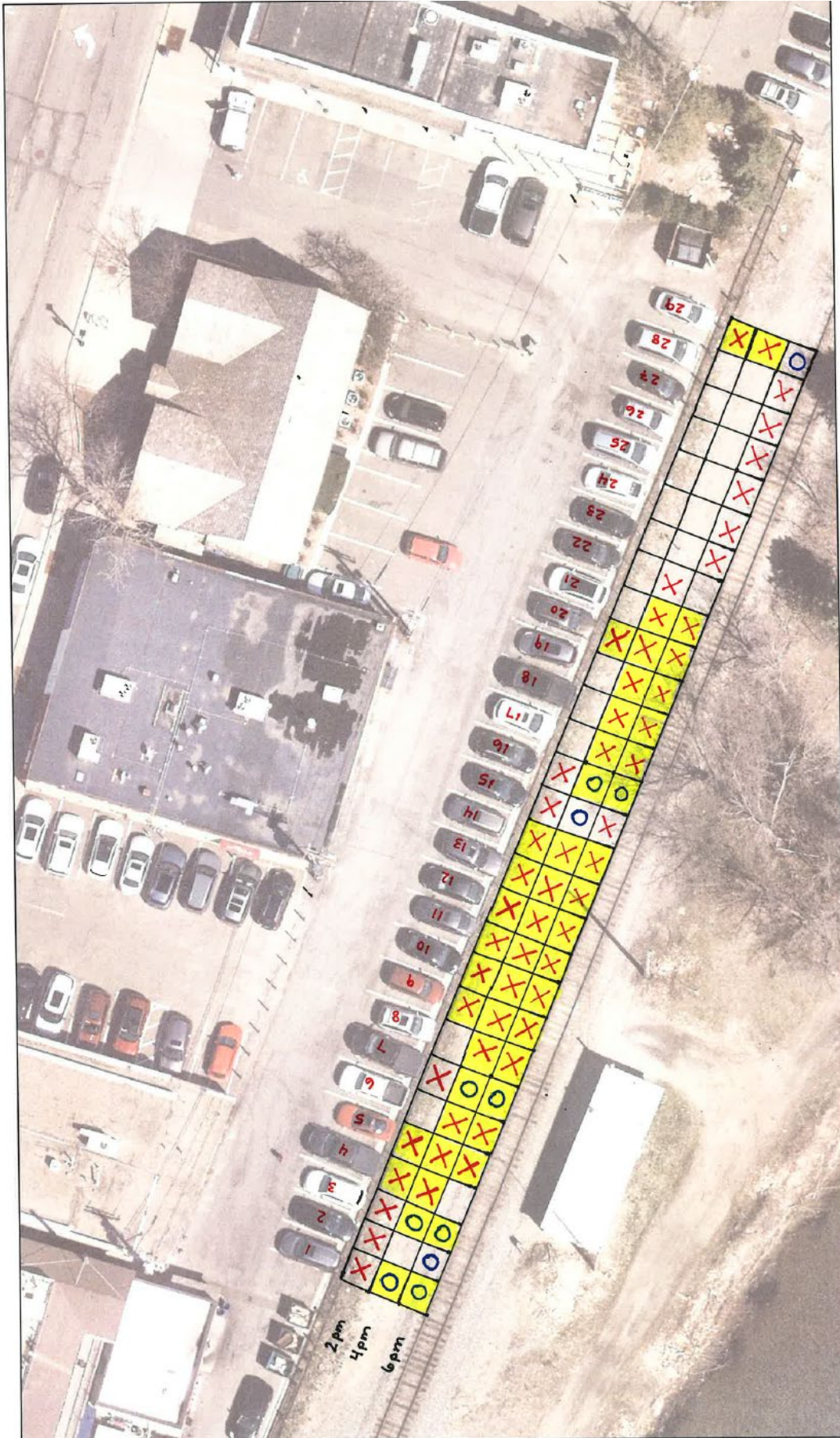


Figure X

SRF Friday

Key

- Blank: Open Parking
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Exhibit – 2040 Comprehensive Plan Traffic Deficiencies

