

A History of Lyn-Lake Parking Facilities

The Lyn-Lake Business Association formed in 1985, through the efforts of local business and property owners near the intersection of Lyndale Avenue and Lake Street in Minneapolis. At that time Lyn-Lake was home to an eclectic mix of small businesses, as it is today. The owners sought to boost their commercial district's economic activity and appeal. One of their key strategies for doing so was to increase parking supply. Given the real and perceived parking shortage at Lyn-Lake, they believed creating a shared parking facility would give customers a place to park and walk from place to place in a relatively efficient way as opposed to a patchwork of multiple smaller lots. The challenge was to draft a parking plan that would preserve Lyn-Lake's character while encouraging commercial growth and strengthening the district's unique identity.

Planning a Shared Parking Facility

Many businesses around Lyn-Lake supported the idea of a shared parking facility. Some did not because they either already had sufficient off-street parking, did not want more parking, or did not need additional parking and did not want to fund parking for those who did. However, with the formation of the Lyn-Lake Business Association and the coming together of many in the area, the idea of shared parking won out.

Those organized had been thinking about where to locate a shared parking facility, and they identified parcels behind the commercial buildings on both sides of the 2900-block of Lyndale Avenue. Those parcels, along Aldrich and Garfield Avenues, at one time contained single-family homes. A study of aerial photographs shows a slow-but-steady decrease in the density of these homes beginning in the '60s and continuing through the 80's and 90's, by which time many of the parcels were either vacant or being used as parking lots already.

The business association understood that acquiring enough contiguous parcels to create shared parking lots would require a sizeable investment and would be aided by the option of using the eminent domain power of the City of Minneapolis. Thus, the business association pursued help from the City. Working together, local businesses, property owners, Council Members Lisa McDonald and Jim Niland, and staff from the City Public Works and Planning Departments and the Minneapolis Community Development Agency drafted a proposal for shared parking in the Lyn-Lake area to be known as the Lyn Lake Parking Facilities. The proposal included using municipal bond financing issued by the City to purchase property and build the parking lots.

Financing Approach

The Lyn-Lake Parking Facilities project utilized multiple sources of revenue to pay back the bond financing, and an internal City loan, including net revenues from operating the lots, land sale proceeds, and property assessments. The property assessments were calculated using a multi-layered formula on 47 commercial properties nominally within 300 feet of either parking facility. The formula took into consideration the following:

1. three characteristics of each parcel: (i) market value, (ii) parcel square footage, and (iii) building square footage, relative to four characteristics of the total Lyn-Lake Parking Facilities assessment area as a whole: (i) total market value, (ii) total area square footage, (iii) total building square footage, (iv) total assessment and
2. a "parking shortage calculation," which evaluated each property using (i) the number of required stalls a property was "short," (ii) the distance to the Aldrich lot, and (iii) the distance to the Garfield lot.

With Council approval in 1998, the City began to purchase 20 parcels from 13 different property owners using a \$2.282 million City bond issuance. After acquiring the needed land, the City proceeded to build two parking lots – the Aldrich lot with 76 stalls along Aldrich Avenue and the Garfield lot with ~120 stalls along Garfield Avenue. (Around this same time, in February 1999, the Jungle Theatre moved to its current location in the building directly in front of the Garfield Lot, while The Herkimer Pub & Brewery prepared to open on the other side of Lyndale Avenue.) By April 1999, with costs having run higher than expected, the City needed additional funds to complete the project, and approved an extra \$1.315 million in the form of an internal City loan.

Parking Trust Fund and Advisory Board

In 1998, the City Council also established the *Lyn-Lake Municipal Parking Trust Fund*. This mechanism allowed area businesses to pay a fee as a substitute for providing or constructing additional parking stalls if required by City Zoning Code when undertaking an expansion or other action that triggered a relevant regulatory review. The Public Works Department set aside these credit fees “to fund additional parking spaces when the parking demand for the area is proven to exceed the area’s comfortable supply” (staff report to Transportation and Public Works and Ways & Means/Budget Committees of the City Council by M. Monahan, Assistant Director of Public Works, April 9, 1998). The Trust Fund was also set up to receive monies from donations or net revenues from the parking lots not needed to make debt payments associated with the parking lots. As of December 2018, there was a total of \$283,000 in the Trust Fund from parking credit fee deposits. The Trust Fund dollars stay in the Trust Fund until Public Works and CPED approve any expenditures. In 1998, the City Council also established the *Lyn-Lake Municipal Parking Advisory Board* to advise the City Council on parking facilities operations. The board consists of 11 members: six from the Lyn-Lake Business Area, one from each of the four adjacent neighborhoods, and one from the Public Works Department.

Bond Payments

The chart below shows the various sources of funds that contributed to paying off the City bond issuance and internal loan, which together totaled \$4,747,280. The largest share of bond and loan payments was made from the net revenues of operating the lots, followed by property assessments from the Lyn-Lake Parking Facilities assessment area. The City discontinued property assessments in 2011 when the lot revenues exceeded the amount due in bond payments.

The City also sold some parcels and used the proceeds to pay down the debt. For example, in 2003 the City sold the Aldrich Lot to the developers of the Uptown Lake Apartments building. The sale required the developers to accept a 40-year easement requiring that a minimum of 30 spaces be available for hourly parking and up to 29 spaces be available for weekly or monthly parking in the development’s underground parking. The chart below details the debt secured to purchase properties and build the parking lots and the sources of repayment of that debt. The final bond payment was made December 1, 2018 and the facilities are now free of debt.

Debt Sources	Amount	Sources for Debt Repayment	
First Bond Principal	\$2,282,000	Lot Net Revenue	\$2,039,444
Bond Interest	\$1,150,280	Property assessment payments	\$1,335,391
Internal City Loan	\$1,315,000	Sale proceeds from Aldrich Lot	\$ 663,000
TOTAL	\$4,747,280	Sale proceeds from 600 W Lake St (FUJI YA)	\$ 395,000
		MCDA Grant	\$ 100,000
		Parking Fund	\$ 214,445
		TOTAL	\$4,747,280

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