

Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: August 21, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Bassett Creek Valley—Linden Yards update

Recommendation: Receive and file the progress report on Linden Yards strategies to maximize development.

Previous Directives: Jan 18, 2011-Receive and file report regarding strategies to maximize development on Linden Yards East and accept LCDA Predevelopment Grant from Met Council for Linden Yards East. April 2, 2010-Granted Ryan exclusive development rights to Linden Yards West through Dec 31, 2015 provided annual progress is demonstrated through an annual report each year. If Linden Yards East is selected by the Hennepin County Regional Rail Authority (HCRRA) as the preferred site for a rail layover facility, City staff is directed to work with the HCRRA on joint development strategies to maximize development and report back to the City Council on these strategies by 12/31/2010. March 6, 2009-Approved agreement with Hennepin County Regional Rail Authority for Cedar Lake Trail permits that contemplated future sale of land for commuter rail car storage. November 7, 2008-Granted Ryan Companies five years' exclusive development rights provided that annual progress is demonstrated and a research report is presented to City Council in approximately eight months (regarding the HCRRA rail layover facility issue). February 15, 2008 -Approved zoning revisions in Bassett Creek Valley from industrial to primarily commercial and higher-density residential uses. January 12, 2007- Approved Bassett Creek Valley Master Plan. June 22, 2001 -Directed City and MCDA staff to carry out the short term strategies for relocation and operation alternatives for the Impound Lot, Concrete Crushing, and Linden Yards Operations Storage facilities;

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Approved by:	Charles T. Lutz, CPED Deputy Director _____ Catherine A Polasky, Econ. Dev. Director _____
Presenters in Committee:	Beth Grosen

Financial Impact

Other financial impact - Future Council action would be required for sale of any City-owned land to a private developer or a public agency.

Community Impact

Neighborhood Notification – Ongoing communication with Harrison Neighborhood, Bryn Mawr Neighborhood and the Bassett Creek Valley Redevelopment Oversight Committee (ROC). Harrison Neighborhood and ROC do not support a sale of Linden Yards East to Hennepin County at this time. This is not an action currently before the Council. ROC remains willing to actively engage in resolving issues related to contemplated rail uses, within the context of the objective to maximize transit-oriented development in Bassett Creek Valley.

City Goals - Contributes to “Livable Communities, Healthy Lives,” “Jobs and Economic Vitality”, and “A Safe Place to Call Home,”

Sustainability Targets - Supports central infill development.

Comprehensive Plan - Redevelopment elements conform to the Minneapolis Plan for Sustainable Growth. Zoning Code - Proposed redevelopment elements would comply with the zoning regulations. It should be noted that rail car storage may be exempt from local zoning regulations.

Living Wage/Business Subsidy Agreement - Not at this time.

Job Linkage - Not at this time.

Background Information

Considerable planning and development study has focused on Bassett Creek Valley in the last ten years. Bassett Creek Valley is situated between I-394 and Glenwood Avenue, I-94 and Cedar Lake Road. The City's impound facility and Linden Yards storage operations are located in Bassett Creek Valley. The property has long been believed to be a prime redevelopment site due to its proximity to downtown. The construction of Van White Memorial Boulevard, linking north and south Minneapolis through the center of the valley, provides an opportunity for new site access. The Bassett Creek Valley master plan (adopted as a small area plan by the City Council in January 2007) identifies the Linden Yards area just north of I-394 for high density office and residential uses; the impound lot area east of Van White Boulevard medium density residential; and the impound lot area west of Van White Boulevard as future green, open-space use. The area was rezoned to be largely consistent with the land use policy in February 2008.

In April 2010, the Council approved a multi-point action granting Ryan Companies exclusive development rights to Linden Yards West through 2015. The Council at the same time directed that if the Hennepin County Regional Rail Authority (HCRRA) selected Linden Yards East as the preferred site for a rail layover facility, City staff work with the Hennepin County Regional Rail Authority (HCRRA) on a joint development strategy by December 31, 2010 to maximize development, including air rights after rail needs are accommodated.

This report provides an update on activities related to this area.

Ryan Annual Report

Rick Collins from the Ryan Companies submitted an annual 2011 report of Ryan's activities supporting redevelopment of Linden Yards West. Activities were in four areas:

1. Pursuing prospective corporate tenants.
2. Generating market awareness of the redevelopment opportunity.
3. Pursuing grant funding and execution of grant activities to assess feasibility of development over a commuter rail layover facility on Linden Yards East.
4. Maintaining relationships through participation on the Bassett Creek Valley Redevelopment Oversight Committee (ROC).

More detailed information was provided related to discussions with prospective corporate tenants including the National Marrow Donor Program, United Health Group, and Surly Brewing. Ryan also marketed the Linden Yards opportunities to corporate real estate consultants and brokers. Ryan staff devoted over 60 hours of staff expertise to the feasibility study described below. Collins also participated in four ROC meetings. Ryan remains "bullish" on the long-term redevelopment opportunities, but notes ongoing uncertainties of the site, including office and housing economic conditions, the timing of light rail and commuter rail expansion, and the timing to complete Van White Memorial Boulevard (during the 2011 marketing period). Staff believes that acceptable annual progress has been made by Ryan Companies on the property to maintain the exclusive development rights.

Feasibility Study regarding development above and adjacent to commuter rail car storage on Linden Yards East

An initial feasibility study was completed in November 2011, with the help of a \$100,000 predevelopment grant from the Metropolitan Council. Consultants and City staff worked closely with HCRRA, HCRRA's consultant Parsons Brinkerhoff and MNDOT's Rail Division, to analyze

the technical and financial feasibility of development above a rail layover facility. The initial concept was to construct a development platform with pilings/supports spaced between the planned sets of railroad storage tracks in a manner that does not disrupt rail layover operations later. The goal is to allow the rail facility to successfully co-exist with vertical development on Linden Yards East, allowing for high density development adjacent to the Van White LRT station and at the same time accommodating commuter rail car storage near downtown Minneapolis for an integrated regional rail transportation system. The study analyzed the technical infrastructure issues and the mitigation required to secure a corporate office tenant, including development of rough cost estimates. Key findings include:

- Site could accommodate two 10-story office towers with 250,000 rentable sq. ft. in each and 4 levels of parking.
- Site could also accommodate four 860-foot long, high-speed trains and five 430-foot long commuter trains, including maintenance facilities building and a train wash.
- Concept accommodates the Southwest LRT Station and a street-grade entrance to the office facilities just east of Van White Boulevard.
- The additional differential costs for vertical development is approximately \$45 million including the costs to totally enclose the rail facility, provide additional foundation, vibration, and office building mitigation, and relocate Linden Avenue.
- Piling in a grid pattern is needed across the entire area before any track is placed (cost of approximately \$6 million) to accommodate later development of parking structure above active layover tracks.

Commuter rail storage will be required incrementally as each line is funded; rail storage offsite from the Interchange will be needed when High Speed Rail to/from Chicago is constructed. This report helped to advance the redevelopment effort by outlining the scale and incremental additional cost of development above and adjacent to commuter rail car layover.

Van White Memorial Boulevard Construction

Construction of the final section of Van White Memorial Boulevard, including bridges across two active rail lines, is now underway. Construction should be completed in late 2013, finally connecting North and South Minneapolis. Edward Kraemer & Sons is the general contractor of the last segment of the total \$22 million project.

New Study of Linden Yards West

The Metropolitan Council has recently awarded the City another \$100,000 LCDA Predevelopment Grant for Bassett Creek Valley. This study will focus on Linden Yards West and maximizing the connectivity of multiple new infrastructure projects (the Van White Memorial Boulevard bridge, Southwest LRT station plans, HCRRA commuter rail storage, Cedar Lake Trail, Linden Yards redevelopment) that have been planned independently for the same area. This study will provide an updated development plan for Phase 1 of the Ryan Development which is Linden Yards West, including creation of phased site access from the new Van White Memorial Boulevard, relocation of the Cedar Lake Trail, utilities including storm water, and private development of mid-rise office and multifamily housing units. To visualize this plan, a 3-D computer model will be developed for all of Linden Yards West, the Van White Memorial Bridge, Cedar Lake Trail, and I-394 access. The consultants will work with CPED and Public Works staff.

This new study will include significant community engagement with the Harrison and Bryn Mawr Neighborhoods and the Bassett Creek Valley Redevelopment Oversight Committee (ROC). City staff and Ryan staff time will provide the \$25,000 local match required for the grant. The study will be launched in September and will be completed by next May 2013.

Next Steps

City and Ryan staff will collaborate with the consultants on the Linden Yards West study over the next eight months. The Harrison and Bryn Mawr Neighborhoods, and the Bassett Creek Valley Redevelopment Oversight Committee will be actively involved. The final report will be presented to the City Council in July 2013.

Ryan will continue to actively market the Linden Yards West property to secure corporate tenants. Ryan will also document efforts in an annual report which will include interim activities including grant preparation and engineering studies.