



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

Date: November 19, 2013

To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Betsy Hodges, Ways and Means/Budget

Subject: Authorization to enter into a contract in response to a Request for Proposal for market analysis, preliminary engineering studies and research and analysis for future Upper Harbor Terminal redevelopment.

Recommendation:

- Direct and authorize staff to enter into a contract with HKGI, Hoisington Koepler Group, Inc., in an amount not to exceed \$200,000 for work on the Upper Harbor Terminal.
- Amend the 2013 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 07ERT-River Terminal (07ERT-8900320) appropriation by \$50,000 from the available fund balance.

Previous Directives:

- On July 23, 2004, the City Council authorized an Operating Agreement with River Services Inc. to manage and operate the City's Upper Harbor River Terminal from 2005 through 2014. Article VI of the agreement requires annual approval of the Terminal's Operating Budget for the ensuing year. The City Council has approved the budget annually, with the most recent approval on January 25, 2013, for the 2013 budget.
- In October 2003, the City Council approved a grant funded by the Friends of the Mississippi River to study the redevelopment potential of the Upper Harbor Terminal property and directed staff to participate in the study.

Department Information

| |
|--|
| Prepared by: Carrie Flack, Sr. Project Coordinator |
| Approved by: Catherine A. Polasky, Economic Development Director _____ Charles T. Lutz, Deputy Director of CPED _____ |
| Funding Source and Appropriation Language |
| Reviewed by Development Finance: _____ |
| Presenters in Committee: Carrie Flack, Sr. Project Coordinator |

Reviews

Permanent Review Committee (PRC): Approval Date: August 23, 2013
Civil Rights Approval Approval Date: July 31, 2013

Financial Impact

Action requires an appropriation increase to the Operating Budget

Dept Name: CPED, Business Development

Fund Name: 07ERT, River Terminal 8900320

Amount: \$50,000.00

Action is within the Business Plan

The 2013 Adopted budget includes \$150,000 appropriation for this contractual service which will roll over to 2014 should the contract not be executed in December 2013 as expected. This action will increase the appropriation to \$200,000.

Community Impact

Neighborhood Notification – Community input was provided in the recently approved Above the Falls Master Plan. This work will implement some of the plan recommendations that came from this input, and prepare for the next round of community involvement.

City Goals – Jobs & Economic Vitality, Eco-Focused, Livable Communities, Healthy Lives, A City that Works

Comprehensive Plan – The recently approved Above the Falls Master Plan identifies this property to be developed as a Business Park integrated with a riverfront park and parkway system.

Zoning Code – A new zoning category for the Business Park use will be developed in the future and all new development will be in conformance with the appropriate zoning.

Supporting Information

The City has owned and operated the 48 acre Upper Harbor Terminal (UHT), an intermodal bulk commodity freight facility in North Minneapolis, since the early 1960's. In 2005, the City entered into a ten year operating agreement with River Services Inc. (RSI) for the operation of the UHT. This agreement expires in December 2014 and operations are expected to terminate at that time. The operating agreement requires that the operator be responsible for all net losses incurred from the operation of the terminal including the operator fee. Thus, the City has not incurred any costs in operating the terminal since 2005. This contract may be terminated with 180 days notice to the operator and tenants.

The Above the Falls Master Plan was approved by the City Council in June 2013 and the land use guidance for this site was established as a Business Park with a riverfront park and parkway system. Given the significant site planning and preparation work required for any new use, the site will not be ready for redevelopment construction until 2015 at the earliest. Significant site planning and infrastructure work will begin while the terminal is operating through December 2014. Issues to be addressed in preparation for redevelopment include:

- o Site Planning including phasing analysis – Engineering, research/analysis, site planning study as recommended in this report (2013/2014).
- o Pre-development – Negotiations and closing on land transaction for parkland/parkway (potentially 2014/2015); parkway construction (timeframe yet to be determined); site liquidation and demolition (2015/2016); negotiations for handling dredge material and locations (2015/2016).
- o Public offering process – Request for proposal process (2016); redevelopment contract term negotiations; project approvals, financing and closings on land transactions.
- o Site Clean-up and infrastructure – Environmental clean-up (expected to be minimal, Phase I investigations indicate a relatively clean site); planning, financing and construction of public infrastructure improvements.

In August 2013, staff issued a Request for Proposals seeking to conduct deeper analysis of the full UHT site and conduct preliminary planning and engineering of the redevelopment portion of the site as a companion to the Park Board and City's vision for a linear riverfront park and parkway system through the UHT. The RFP did not solicit proposals to redevelop

the UHT site as that is premature at this time. The requested services are a necessary step toward any future redevelopment of the site for both commercial and park/parkway uses. The research and analysis conducted by the consultant team under the proposed contract will be of great value to both the City and the Park Board, as we continue to work together to jointly redevelop this important section of the waterfront. In particular, it will help the City and Park Board determine how to best subdivide the UHT site for commercial redevelopment and better define a working boundary between redevelopment and park/parkway.

Staff received seven proposals for consideration. A staff team consisting of: 2 members from the Park Board, 1 member from Public Works, 1 member from Development Finance, and 5 members from CPED reviewed the proposals. The team recommends a contract with Hoisington Kogler Group Inc. in collaboration with Design Workshop and SHE, as that team's proposal was the most responsive and the proposed approach most compelling. In addition, this team has experience in the areas being explored by the RFP and will be able to build on that work. Specifically, the contract would fund: soil and stormwater analysis, land survey, preliminary engineering, assessment of existing and needed utility services, and additional site analysis for development potential. This study will kick off in January 2014 and will be completed by July 2014.