



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

Date: May 13, 2014
TO: Council Member Lisa Goodman, Chair, Community Development and Regulatory Services Committee
Subject: Downtown East Project Phased Development Plan for Purpose of Utilizing SAC Credits.

Recommendation:

1. Approve the attached Downtown East Project Phased Development Plan and find that it is consistent with the Comprehensive Plan; and
2. Authorize staff to submit the Plan to the Metropolitan Council Environmental Services for its approval.

Previous Directives: December 13, 2013, the City Council approved a term sheet with Ryan Companies US, Inc. and the Minnesota Sports Facilities Authority that provided for the City acceptance of a transfer of Sewer Availability Charge (SAC) credits. November 14, 2013, the Minneapolis Planning Commission Committee of the Whole found that the Downtown East Project (Blocks 1-5) is consistent with the comprehensive plan. November 12, 2013, the Minneapolis Planning Commission approved conditional use permit and site plan review for the Downtown East Development Project.

Prepared by: Bob Lind, 673-5068 Approved by: Charles T. Lutz, Deputy Director CPED _____ Catherine A. Polasky, Director, Economic Development _____ Presenters in Committee: Bob Lind
--

Financial Impact

- Other financial impact: No direct financial impact as a result of creating a Phased Development Plan. In the future, the availability of SAC credits may reduce the need for City financial assistance to make development projects in the plan area feasible.

Community Impact

- Neighborhood Notification: Presentations have been made to the following two neighborhood organizations: April 21, 2014 at the Mill District Neighborhood Association

meeting and May 1, 2014 at the Downtown Minneapolis Neighborhood Association meeting.

- City Goals: Approval of the proposed Phased Development Plan will help achieve the City's goal of being a hub of economic activity and innovation, providing business development in a key area of the city and the development of an urban park.
- Comprehensive Plan: The City Planning Commission has been asked to concur that the development proposed in the Phased Development Plan is in compliance with the city's comprehensive plan. On November 14, 2013 the Minneapolis Planning Commission Committee of the Whole found the Downtown East Development Project to be consistent with the comprehensive plan. On November 12, 2013 the Minneapolis Planning Commission approved conditional use permit and site plan review for the Downtown East Development Project.

Supporting Information:

This report recommends the approval of a Phased Development Plan (as defined and authorized by the Metropolitan Council Environmental Services) for a portion of the Downtown East Project. This tool will allow Ryan Companies to utilize the SAC credits that exist on its site (Blocks 1-5) to be used within the designated area over a period of five years and also will allow some transferred SAC credits to be utilized within the area.

Background on Phased Development Plans

Metropolitan Council Environmental Services (MCES) was created in 1969 with mandates to provide service for the rapidly growing population in the Twin Cities Metropolitan area and to clean up the area's rivers and lakes. The Sewer Availability Charge (SAC) system for paying for reserved wastewater conveyance and treatment capacity was instituted in 1973. The SAC is a one-time fee imposed by MCES on local government units for each new connection or increase in volume discharged to the metropolitan wastewater disposal system. The regional SAC rate is periodically set by Metropolitan Council action and for 2014 one SAC unit is equal to \$2,485.00.

As part of the Metropolitan Council's SAC Procedure Manual (which is updated annually), cities are authorized to create Phased Development Plans (PDP) to carry out comprehensive redevelopment initiatives in defined contiguous areas with multiple properties over an extended period of time and to use SAC credits within that area (in effect, creating a pool of credits). The City of Minneapolis has done extensive work in the Downtown East Project/Stadium area around facilitating a vision for a redevelopment plan for how East Downtown relates to the Mill District, the CBD, Elliot Park and the Vikings stadium, all of which is supported through the following master plans:

1. Historic Mills District Master Plan and Update - 2001
2. Elliot Park Neighborhood Master Plan - 2003
3. Downtown East/North Loop Neighborhood Master Plan - 2003
4. Minneapolis East Downtown Parking Lot Study - 2013

In order to advance the transit-supportive and mixed-use redevelopment of the area as detailed in the above plans, the City of Minneapolis has an opportunity to create a PDP as an economic development tool to encourage and advance redevelopment in the areas designated as Blocks 1-5. In the case of the Downtown East Project, approximately 1.5 million square feet of office space, approximately 20,000 square feet of commercial space, a 150-room hotel, over 400 units of residential and a shared parking facility are all planned, contributing to the implementation of the mixed-use development in the area. The broader development will expand the tax base, provide space for 5,000-6,000 jobs, and create hundreds of new housing units downtown, all within a strategically located area around an

important light rail station and in an area that, as largely surface parking lots, has resisted new development.

Phased Development Plan submittals consist of six items:

1. List of all properties involved in the phased development plan
2. List of the subject properties' potential SAC credits
3. Narrative describing the type of development planned for the site
4. Timeline for phased development site for each area and phase
5. Map showing the phased development site and the properties involved
6. Copy of approval from City Council and Planning Commission that the phased development plan is consistent with the approved Comprehensive Plan

A PDP will enable the City of Minneapolis to create a pool of SAC credits that can be allocated to any development project within the defined boundaries of the PDP for the period of time specified in the PDP. The City is currently reviewing City permitting records and working with staff at the MCES to determine the potential SAC credits available for redevelopment projects. In addition, the Minnesota Department of Employment and Economic Development (DEED) is submitting on behalf of the Downtown East Project a Credit Transfer request whereby the Mdewakanton Sioux Community would be transferring 308 SAC credits to the proposed Downtown East Project Phased Development Plan for exclusive use within the two Wells Fargo office towers.

Based on a review of the prior uses on the various properties in the proposed Downtown East Project Phased Development Plan, it is our best estimate that a total of 477 SAC credits could be made available for the various development projects in the PDP area for a proposed period of five years (2014-2018). Of this estimated amount, 169 SAC credits are from properties within the PDP area and 308 SAC credits are the transferred credits from the Mdewakanton Sioux Community. The 169 SAC credits would be utilized by the residential and/or retail components of the project, with the 308 transferred SAC credits allocated to the two Wells Fargo office towers. The final determination of the number of available credits will be made by MCES as part of the approval of the PDP and the accompanying credit determination process.

Attachments: Downtown East Project Phased Development Plan and map of the Phased Development Plan area.