

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

Date: January 18, 2011

To: Council Member Lisa Goodman, Chair, Community Development Committee
Council Member Sandra Colvin Roy, Chair, Transportation and Public Works Committee

Subject: Bassett Creek Valley—Linden Yards East update

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

Previous Directives: 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 _____ Steven Kotke, Public Works 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 and the Bassett Creek Valley Redevelopment Oversight Committee (ROC). ROC recommendations are attached. ROC does 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 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 the joint development strategy and the status of the rail layover facility issue.

The City and HCRRA's agreement for Cedar Lake Trail permits approved in 2009 commits the City to working with HCRRA on heavy rail commuter car storage options in Minneapolis. This storage would be to accommodate future commuter rail lines like Northstar, not light rail car storage. Parsons Brinckerhoff (PB) under contract with HCRRA has completed a technical study for a proposed downtown intermodal station, including future commuter rail car storage. The study is not yet publicly released by Hennepin County. The study investigated the capacity of Linden Yards East to handle 11-18 trains (with a total of 80-100 cars) to be stored between 8 am and 6 pm each weekday; the trains would depart sequentially from a new multimodal station at 5th Street near the ballpark. LRT car storage and maintenance facilities for trains would happen elsewhere.

Hennepin County has not yet officially selected its "preferred site", but the Parsons Brinckerhoff study says the Bassett Creek Valley site is preferable based on key criteria. Problems with the alternative Cedar Lake layover site include its remote site without infrastructure and the fact that a new rail "lead track" would need to be constructed through all of Linden Yards to provide direct rail car access to the Cedar Lake site. This new rail line placed adjacent to the LRT and BNSF main line would adversely reduce the width of the "banana" for development and add another crossing obstacle at the Van White light rail platform. The report questions if there is even enough horizontal clearance to fit a lead track under the Van White bridge.

Most City and County staff believe a rail layover facility will still be required to accommodate expected long-term commuter and passenger rail service. The PB study reports that the Burlington Northern Santa Fe Railway has raised concerns about their freight rail capacity with greatly expanded heavy rail commuter line schedules. BNSF has suggested that at a future point a third, separate main line track through downtown Minneapolis and another bridge across the Mississippi River are needed in order to maintain critical freight train schedules through this area. These infrastructure improvements obviously are very expensive (hundreds of millions) and add to the complexity of transit expansion. This matter requires more study and may serve to temper the projections for full build-out to somewhat less rail car storage on Linden Yards East.

A very basic challenge to redeveloping any Linden Yards property is to clarify whether it is feasible to affordably maximize development by building above a commuter rail layover facility. City staff, in collaboration with Ryan representatives, prepared a grant request to the Met Council for LCDA predevelopment grant funds to study the development potential and feasibility above the contemplated rail layover facility. This \$100,000 request was recently approved, and following approval of the City-Met Council agreement through a separate agenda action before the Community Development Committee and Council this council cycle, the study will proceed over the next eight months.

The study will assemble an experienced design and engineering team to work with HCRRA and its consultants (PB) to analyze the technical and financial feasibility of development above a rail layover facility. An initial concept is 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 soil structure is poor in this area, so significant piling will be needed to construct a development platform to support mid-level office or housing structures. The goal is to allow the rail facility to successfully co-exist with vertical development on Linden Yards East; this approach provides important development density and ridership to support the Southwest LRT line. The study will analyze the feasibility of vertical development over a rail layover facility, including development of rough cost estimates. The completed study report will provide the information necessary so parties can seek incremental federal or state funding to facilitate development over a future rail layover facility.

The study will also include public workshops to share findings and continue the close collaboration with the Harrison Neighborhood and the Bassett Creek Valley ROC. City staff and Ryan staff time will provide the \$25,000 local match required for the grant. The study will inform future property acquisition discussions between the City and County while working to meet long-term land use and redevelopment objectives for the broader Bassett Creek Valley.

In summary, we are striving to maximize development on Linden Yards by investigating the cost and feasibility of air rights development on Linden Yards East. This study will be done collaboratively with HCRRA and their rail consultants. By Fall 2011 the study's findings will be used by the City, County, and neighborhoods to advance the redevelopment effort as well as supporting the public policy goals of providing high density development adjacent to the Van White LRT station and providing commuter rail car storage near downtown Minneapolis for an integrated regional rail transportation system.

Next Steps:

City, HCRRA, and Ryan staff will collaborate on the study over the next eight months. The City Council will receive the final report in November 2011.

Ryan will market the Linden Yards West property to secure a corporate tenant. Ryan will also document efforts in an annual report which will include interim activities such as grant preparation and engineering studies.