

Minneapolis Community Development Agency

Request for City Council Action

Date: September 30, 2003

To: Council Member Lisa Goodman, Community Development Committee

Refer to: MCDA Board of Commissioners

Prepared by Ann Calvert, Senior Project Coordinator, Phone 612-673-5023

Approved by Lee Sheehy, Interim Director, CPED
Chuck Lutz, Deputy Director, CPED _____

Subject: Approval of a Grant to Study Redevelopment Potential of Upper Harbor Terminal Property and Direction to Staff to Participate in Study

Previous Directives: City Council actions on December 10, 1998, August 13, 1999, and September 17, 1999, directed MCDA staff to establish an "Upper River Land Bank Fund" into which net revenues from the Upper Harbor Terminal (UHT) would be deposited to aid in MCDA implementation of the Above the Falls plan and established guidelines for use of the fund. On June 9, 2000, the City Council approved the *Above the Falls Master Plan*. Numerous other actions over previous years have approved the budget and management agreement for the UHT and other operational items.

Wards: 3, 4, 5

Neighborhood Group Notification: The McKinley Community has approved the proposed study approach, and the Above the Falls Citizens Advisory Committee has been informed about and supports the partnership concept with Friends of the Mississippi. A copy of this report has also been sent to Lind-Bohanon Neighborhood Association, Webber-Camden Neighborhood Organization and the AFCAC Facilitation Committee.

Consistency with *Building a City That Works*: Helps achieve Goal 4. B. – Redevelop the upper and central riverfront.

Comprehensive Plan Compliance: The UHT initial reuse planning process proposed will review the comprehensive plan, *Above the Falls Master Plan*, and other plans to determine the future redevelopment's compatibility with these plans.

Zoning Code Compliance: The UHT initial reuse planning process proposed will review the current zoning ordinance and make recommendations for any future zoning code changes needed to implement the redevelopment of the UHT.

Impact on MCDA Budget: (Check those that apply)

- No financial impact
 Action requires an appropriation increase to the MCDA Budget
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves
 Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable.

Job Linkage: Not applicable.

Affirmative Action Compliance: The contractor will comply.

RECOMMENDATION:

City Council Recommendation: The Interim Director recommends that the City Council: 1) direct the CPED, Planning and Public Works directors to participate in a policy-level steering committee to guide staff involvement in the UHT study process described herein and appoint staff members to participate and provide technical assistance; and 2) authorize CPED staff to offer the Minneapolis Park and Recreation Board the opportunity to also participate at policy and staff levels.

MCDA Board Recommendation: The Executive Director recommends that the MCDA Board: 1) authorize the execution of a grant agreement with the Friends of the Mississippi River for completion of a study about future uses of the Upper Harbor Terminal property as outlined herein, and 2) waive its Procurement Policy to allow Friends of the Mississippi River to select the consultant team for said study.

Background/Supporting Information

In 2000, the City Council approved the *Above the Falls Master Plan*. This included a decision to terminate operation of the City-owned Upper Harbor Terminal (UHT) before it would require any additional substantial capital investments to continue operation. It also included a decision to use the net revenues from the UHT in the interim until it closed to fund MCDA implementation of the *Above the Falls* plan.

The reasons for the policy decision to eventually close the UHT are as follows:

- Historical revenue and expense data indicate that UHT will not generate enough revenue to support major new investments to allow its continued long-term operation, and the City does not have the funds or the will to continue to subsidize the UHT operation.
- Only a small portion (about 10%) of the materials handled at the UHT benefits Minneapolis businesses.

- The UHT does not generate real estate taxes or significant numbers of jobs. If redeveloped for other uses, this City-owned asset could provide open space/recreational amenities, as well as generate jobs and/or housing units, plus the associated real estate taxes. Redevelopment of the UHT for other uses could be the linchpin for broader redevelopment of that area in accordance with the *Above the Falls* plan.

Based on a study of the current condition of the structures and equipment at the UHT, and under the present operating agreement, staff has estimated that the UHT could continue in operation until about 2010 without requiring major capital investments. In the past three years since the UHT bonds were paid off, the UHT has returned a profit in two of the three years. It is hoped that the UHT will continue to provide a return to the City during the interim in which it continues in operation, but that situation will need monitoring on a regular basis. (Note: An update report to the City Council about the 2003 operations of the UHT and a proposed revision to the current management agreement is under consideration this cycle.) As previously noted, any net revenue will be used to fund implementation of the *Above the Falls* plan. To date, UHT revenues are earmarked to cover expenses of two projects – the Grain Belt Brewhouse project and acquisition of a parcel of land adjacent to the UHT. A total of \$2,050,000 has been expended for these projects. Net revenues of \$550,000 from the UHT have partially defrayed these expenses. Therefore, it is hoped that the UHT operations can generate at least \$1,500,000 in net revenue to cover these already-incurred expenses.

Staff is proceeding under the 2000 direction that UHT operations will be terminated at the earlier of the time that:

- 1) continued operation as a terminal would require additional major capital investments or on-going subsidizing of operational expenses, or
- 2) resources have been identified that will allow the appropriate entities to at least begin the actual redevelopment of the UHT parcel for other uses, including the Park Board having the funds to acquire and develop an appropriate part of site.

No specific date for closure needs to be set yet, but staff recommends that further research be completed in order to better inform the eventual future final decision whether and when to terminate UHT operations.

Proposed Grant for Cooperative Study

Staff believes that it is time to complete a study to better identify the redevelopment potential of the Upper Harbor Terminal property. It is proposed that this study be undertaken in cooperation with Friends of the Mississippi River (FMR), which has secured grant funding for such a study.

The proposed cooperative study will include:

- A more detailed assessment of the property's redevelopment potential, including how much of the property should be allocated to park and public improvements and what development options would be appropriate for the available land

- Approximate costs to achieve that redevelopment (e.g., site prep, park development, infrastructure, additional land acquisition) and benefits (e.g., real estate taxes, new housing units)
- Possible strategy and timeframe for securing funding to build park improvements
- Possible strategy and timeframe for securing funding for other public costs
- Possible solutions to logistical concerns (e.g., alternate locations for dredge materials)

The proposal from Friends of the Mississippi River outlining the proposed scope of services and budget for the cooperative study is attached. The anticipated process will include: a) a policy-level steering committee to guide staff participation in the study, b) active participation and provision of technical assistance by staff of the CPED (both planning and development staff) and Public Works departments, and c) a community input component. As park improvements are expected to be an important component of the future reuse vision for the parcel, it is recommended that the Minneapolis Park and Recreation Board also be offered the opportunity to participate at both the policy and staff levels. Participation also will be sought from appropriate non-local departments and agencies.

It is recommended that the MCDA provide matching funds up to \$45,000 to FMR to complete this study, on the condition that it be matched with at least \$40,000 of non-MCDA funds. Sufficient funds have been appropriated for Upper River activities to cover this expenditure, so no additional appropriation is needed. It is also recommended that the MCDA's Procurement Policy be waived to allow Friends of the Mississippi River to select the consultant for the study; however, all applicable contractual obligations for professional services will apply.

Staff will return with completed study results in 2004 and, at that time, will be better prepared to propose a more specific action plan and timeframe. It should be noted that MCDA funding of this cooperative study does not commit the City to accept or approve the results of the study.

Overall Context of Decision

While staff agrees that the *Above the Falls* vision of closing the UHT and converting it to other uses should be pursued, it should be noted that the future of commercial navigation in Minneapolis, including the closure of the UHT, is a highly controversial topic. The proposed cooperative study is not intended to deal with this overall topic, but rather to provide additional information about the development potential for the site.

A decision by the City of Minneapolis to terminate operation of the UHT will affect many parties within and beyond Minneapolis. For example, the Metropolitan Council and Minnesota Department of Transportation will be concerned about the impact on the regional and state transportation system and affected businesses. MNDOT is working with the University of Minnesota on a study to identify how materials that are currently being shipped through the UHT might be shipped if the UHT is closed. This "Impact to

a Modal Shift” study will be completed in December of 2003. Un-addressed Metropolitan Council concerns might limit the availability of Regional Open Space funding for any park improvements on the UHT property. Similarly, a decision to close the UHT may reduce the tonnage shipped through the three Minneapolis locks to a low enough level that the Corps of Engineers might consider ceasing operation of those locks. If the Corps were to eventually decide to no longer operate the locks and dredge the channel, this would affect recreational boating in Minneapolis and the private Minneapolis barge users (i.e., American Iron, Aggregate Industries, Holcym and Xcel as a potential user). Finally, it was recently determined that the Upper Harbor is eligible for the National Register of Historic Places. The impact of this determination must be evaluated.

While the proposed study is under way, City staff will work concurrently with other stakeholders to evaluate these other impacts and concerns so that the City and other stakeholders will have as much information as possible by the time final decisions about the future of the UHT property must be made.

AC698

Proposal to Minneapolis Community Development Agency

Project Title: “Exploring a Future for the Minneapolis Upper Harbor Terminal Site”

Submitted: July 17, 2003; rev. 9/11/03

Friends of the Mississippi River respectfully requests a grant in the amount of up to \$45,000 from the Minneapolis Community Development Agency to support a proposed riverfront development study in north Minneapolis – “Exploring a Future for the Minneapolis Upper Harbor Terminal Site.” This grant will be matched with an equivalent amount of funds from other sources.

Organizational Background

Friends of the Mississippi River (FMR) is a leading citizen-based organization that works to protect and enhance the Mississippi River and its watershed in the Twin Cities area. FMR has a strong record of working with diverse groups of stakeholders on river, land and watershed planning. Some examples of FMR’s leadership in collaborative activities include the River Leaders Forum, the Farmland and Natural Areas Project in Dakota County, and the South St. Paul Riverfront Design Charrette. For one of our recent projects —the Mississippi River Greenway Strategic Plan, FMR and Hoisington Koegler Group, Inc. received the prestigious Merit Award in the Planning category from the American Society of Landscape Architects.

Partnership with American Rivers

In 2001, FMR began a partnership with American Rivers, a national nonprofit organization dedicated to protecting our nation’s rivers, whereby we sought to work with cities on the Mississippi River to facilitate environmentally-sensitive riverfront planning. After organizing a successful multi-stakeholder design charrette workshop with the City of South St. Paul, it is now our goal to initiate a similar project in north Minneapolis. One of American Rivers’ objectives is to implement community-based planning initiatives that can serve as models for other riverfront communities in the United States.

Professional Design Consultants

FMR proposes to contract with the Minneapolis urban design firm of Hoisington Koegler Group Inc. to conduct the charrette process and coordinate the research and analysis components with additional consultants. FMR has a long-standing working relationship with HKGi on projects such as the South St. Paul Riverfront Design Charrette, Mississippi River Greenway Strategic Plan, Hastings River Flats Master Plan, Mississippi River Initiative and Pine Bend Riverfront Overlook. HKGi is nationally recognized and sought-out for their sensitive and innovative approaches to weaving community, ecology and economic development into the urban fabric.

Project Rationale and Purpose

The Upper Harbor Terminal site and possibly adjacent sites on the west bank of the Mississippi River in north Minneapolis will likely undergo land use changes over the next five to fifteen years. The *Above the Falls Master Plan* adopted by the City of Minneapolis suggests significant land use changes for the site. The effort that we propose will explore more detailed site design alternatives that build upon the land use foundation established by the *Above the Falls Master Plan*, including the basic land use mixture and parkway configuration shown in the *Master Plan*. This exploration can serve as a vehicle for vital community dialogue about the site’s future, it can act as a communication tool between the City of Minneapolis and potential redevelopment partners, it can express alternative redevelopment approaches to the site that complement the adjacent river environment, and it can assist the City in determining the feasibility and timing of potential redevelopment.

The intended outcomes of this study include the following:

- To gain an understanding of the environmental, cultural, market and urban infrastructure forces influencing the site and to assess the feasibility and potential timing of redevelopment.
- To gain an understanding of the spectrum of community feelings about the site's future and memorialize them with a set of guiding principles / points of contention.
- To establish and evaluate the initial framework of several alternative redevelopment approaches and recommend a preferred approach.

Friends of the Mississippi River and American Rivers are interested in coordinating a study that will lead to environmentally sustainable development at this site. The *Master Plan* already calls for this, and it is our goal to build partnerships and bring resources to enhance this effort and move it closer to implementation. In particular, we will facilitate a process that will address both the economic and cultural needs of the community as well as the protection and sensitivity required by the river.

Project Description

The project we propose is to implement the first stage of study of redevelopment opportunities at the UHT site. The study will be facilitated by a professional urban design team and will include a broad stakeholder process that involves citizens, elected officials, city and park board staff, and representatives from a variety of governmental agencies and community organizations.

In addition to urban design, the study includes research and analysis components (market, infrastructure, traffic, transportation) that would be needed to determine the financial and market feasibility of the project in today's marketplace with today's financial parameters. The research and analysis components of the work plan include:

- Cursory analysis of current market forces / testing of urban design alternatives against known and anticipated market forces.
- Analysis of public infrastructure serving the site / recommendation of infrastructure needs for urban design alternatives.
- Analysis of current transportation (traffic & transit) patterns / evaluation of transportation needs for each urban design alternative.
- Preliminary budgeting for each urban design alternative / financial analysis to determine an early idea of feasibility and public contribution needs.

The work will be organized around a charrette process that will involve the stakeholders as well as the public in establishing initial ideas about the future of the site. Design exploration following the charrette will "test" preliminary alternatives against market and financial realities. The results of the process will be assembled into a report that the City and other stakeholders can use as an active tool in debating the issue, pursuing redevelopment options and, if an option is identified that can be pursued in the foreseeable future, potentially proceeding on to further detailed study and preparation for implementation.

Work Plan

Tasks:

- 1.1 Facilitate an exploratory meeting with the Technical Advisory Committee (TAC) that includes representatives from CPED (former MCDA and Planning), MPRB, Public Works, American Rivers, Friends of the Mississippi River and possibly others to review the project approach/schedule, identify known issues, identify key stakeholders and determine workshop and charrette venues. The work of the TAC will be guided by a Steering Committee that will include senior management representatives from CPED, Public Works and the Park Board.
- 1.2 Collaborate with the Above the Falls Citizen Advisory Committee (AFCAC) to participate in the study and assist with neighborhood outreach, with discussions about the process and AFCAC's involvement in it to occur at a meeting to which the general public is invited.
- 1.3 Plan and implement an outreach strategy to communicate with other stakeholders from various local agencies, groups, individuals, and the media, suggesting the various ways interim and final outcomes of the design process are presented to the public.
- 1.4 Plan workshop agenda, presenters, content, and materials.
- 1.5 Organize workshop logistics and registration
- 1.6 Assemble base mapping and aerial photography for the UHT site.
- 1.7 Review technical memo prepared by the City that outlines pertinent plans, reports, capital improvement plans, etc. that may provide valuable background information.
- 1.8 Review cursory market forces, conduct targeted developer interviews and document the findings.
- 1.9 Prepare a technical memo and support graphics that analyze existing utility and transportation systems serving the study area (roadways, rail, water, power, sewer, storm sewer, etc.) and their related capacities, age, life expectancy, etc.
- 1.10 Prepare a technical memo and digital support graphic identifying the latest traffic counts and any calculated future traffic projections for streets and intersections in and adjacent to the study area.
- 1.11 Assemble mapping, site photos, charrette tools, etc. needed to conduct charrette process.
- 1.12 Work with the TAC to identify possible funding sources for park and public improvements and evaluate the feasibility and timing of such sources.
- 1.13 Research the status of possible eligibility of the UHT for the National Register and identify initial options for responding to such a designation.
- 1.14 Present all found information and proposed charrette agenda to the TAC for comment and feedback and document the meeting.
- 1.15 Facilitate a community scoping workshop to introduce the project, present found information and identify topics of general consensus and points of contention surrounding the study area and document the results.
- 1.16 Facilitate a three-day design charrette with the intent of gaining a deeper understanding of the forces influencing the site, arriving at a set of consensus guiding principles for the property's future and establishing "sketch" approaches to several alternative redevelopment scenarios. Charrette participants will include the TAC, the Project Team (i.e., FMR, American Rivers and the consultant team) and AFCAC representatives, with the entire AFCAC and general public invited to the public open house.

Conduct charrette as follows:

Day one:

- *Afternoon* Expert/Stakeholder Presentations & site tour
- *Early Eve* Project Team Debriefing

Day two:

- *Morning* Determine Guiding Principles/Site Forces
- *Aft/Eve* Design Session: Concepts/Performance Criteria

Day three:

- *Morn/Aft* Design Session: Concepts/Support Sketches
- *Eve* Concept “Pin-up”/Public Open House

- 1.17 Determine general infrastructure and park improvement needs for each concept alternative and prepare a preliminary development budget for each concept alternative.
- 1.18 “Test” preliminary development concept alternatives against market, financial and land-ownership realities, identify the costs and benefits of the alternatives and prepare a technical memo outlining the findings.
- 1.19 Review draft findings with the TAC.
- 1.20 Present and review draft findings with AFCAC (or, if so directed, one of its sub-committees) at a meeting to which the general public is invited.
- 1.21 Prepare draft interim report for written comment by TAC members that includes a recommended development concept and implementation strategy and revise/finalize report
- 1.22 Present project and its results to the City Council, Planning Commission and Park Board.

Deliverables:

- Refined work program with detailed project schedule
- Assembled study area base mapping
- Summary of market forces influencing the study area.
- Community workshop summary
- Site forces graphic analysis
- Suggested guiding principles and redevelopment performance criteria
- Preliminary concept alternatives along with market evaluation, development budgets, identification of benefits and suggested park/infrastructure needs for each
- Recommended development concept and implementation strategy
- Written and illustrated report provided in a CD ROM format, with reproduction of reports to be completed by CPED (use of color to be minimized)
- Presentation-size graphics as needed to adequately present options and recommended concept
- MCDA will share with FMR ownership of all final deliverables.

Total Cost for Study	up to \$90,000
Amount of Request	up to \$45,000
Matching Funds to be Secured by FMR	up to \$45,000

Key Contacts

Friends of the Mississippi River
Irene Jones, Outreach Director
46 East Fourth Street, Suite 606
Saint Paul, MN 55101
651-222-2193 x4
651-222-6005 (FAX)

American Rivers
Betsy Otto, Senior Director, Watersheds Program
1025 Vermont Ave. NW, Suite 720
Washington, DC 20016
202-347-7550 x3033
202-347-9240 (FAX)

Hoisington Koegler Group Inc.
Bruce Chamberlain, RLA, Vice President
123 North 3rd Street, Suite 100
Minneapolis, MN 55401
612-252-7140
612-338-6838 (FAX)