

Shoreham Yards Roundhouse Reuse Study

The Minnesota Preservation Consultation Team is a technical assistance program styled after the Preservation Advisory Services Team (PAST) program of the Midwest Regional Office of the National Trust for Historic Preservation. The Minnesota Team concept was developed to provide preservation consultation to Minnesota communities and governments needing professional help in determining the feasibility of reuse for their threatened or under-utilized historic buildings and properties. While the study process does not develop a comprehensive design solution for the property under study, the team does analyze alternatives and make recommendations for future use of the facilities. Since the Minnesota Team's inception, the consultation study concept has been applied to over 40 historic building and campuses throughout the state.

The composition of the team varies, based on the constraints and opportunities presented by the property, but the core team is typically made up of a principal investigator, a preservation architect and a representative of the sponsoring agency. For projects with an expanded budget, an economic development specialist and/or reuse-related professionals may be added to the core team. For the Shoreham Roundhouse study, the core team was expanded to include: an architect who resides in the NE neighborhood; a real estate broker; a resource researcher specialist; and a masonry specialist.

Disposition of the Roundhouse

The Shoreham Shops and Yards were established in 1888 at 27th and Central Avenues in Northeast Minneapolis to service the newly formed Minneapolis St. Paul & Sault Ste. Marie Railway Company (commonly known as the "Soo Line"). The object of the line was to ship grain from the agricultural production areas of Minnesota and the Dakotas to the mills of Minneapolis, and then move the refined flour eastward through Sault Ste. Marie.

The roundhouse, a one-story, semi-circular brick building originally centered on a turntable, was built in phases between 1887 and 1919 and was originally used for the storage of steam engines. When diesel engines came into use in the 1950s, the roundhouse was used for servicing engines, as well as for lockers and general storage. Constructed in phases, the first three bays (each containing six stalls) were built in 1887, the fourth bay (containing six stalls) was built in 1904, the fifth bay (containing six stalls) was built in 1906, and the sixth and seventh bays (each containing eight stalls) were built sometime between 1910 and 1919 encircling the center turntable with the exception of 1/8th of the pie opening for rail access to the northeast.

In 1948 a rectangular diesel service building was added to the back of the first bay (Bay A) and projecting away from the center to the northeast. In 1970, the sixth and seventh bays were demolished, opening the inner court and leaving a building footprint, as we see it today, as roughly half a circle. The turntable was removed and most of the outer wall windows have been boarded or in-filled.

The roundhouse belongs to the Canadian Pacific Railroad (CP RAIL) which has no use for the deteriorating structure. In 1997 CP RAIL applied for demolition permits for a collection of Shoreham Yards structures, including the roundhouse. Recognizing the historical importance of the last remaining roundhouse in Minneapolis, the Heritage Preservation Commission (HPC) in 2000 designated the unique structure a Minneapolis Landmark.

During the course of the reuse study a number of reuses were discussed for the now vacant roundhouse structure and the inner yard. The options that follow are not in any order of priority but rather a listing to show the broad scope of uses considered.

Although housing was mentioned by a number of people interviewed, it is highly unlikely that CP Rail would transfer the land for a housing reuse.

There is currently a facility near the Broadway and Central Avenue intersection where railroad cars are stored and maintained outdoors. Making the roundhouse available as an indoor facility for this purpose would be in keeping with the building's original function.

Another obvious and compatible reuse would be to continue the building's historic use as an industrial site. This could bring jobs back into the neighborhood.

Similar to the industrial use cited, the building could also lend itself well to an Office/Warehouse/Showroom use similar to what is found in office parks throughout the Twin Cities.

This could include the entire 18 acre site along Central Avenue. Instead of industrial or office/warehouse type uses, there may be a corporate entity looking for a campus-like setting.

Either industrial or office/warehouse/showroom uses could be used in conjunction with the creation of a business incubator program at the site.

A roundhouse facility in Aurora, IL was converted into a railroad-themed bar, restaurant, entertainment, museum, and event center in the late 1990s. Some similar reuse could be applied to the Shoreham structure.

Many people interviewed mentioned the strength of the Northeast Minneapolis artist community and also felt that the artistic "market" in Northeast is not yet saturated. The types of spaces available in the roundhouse could be very attractive to artists, in particular those that need large, high-bay studios.

An interesting idea that was presented for the roundhouse was as a stable facility for horses. Under this reuse scenario, the Minneapolis Police Mounted Patrol would use part of the facility, and a private vendor or vendors would use other parts.

Another idea that was mentioned for the roundhouse was as an indoor park that could include an indoor play area along with an indoor skating area, swimming pool, party rooms, etc.

More than one person that the study team interviewed said that Central Avenue NE needs some sort of green space amenity. The Shoreham Yards frontage along Central Avenue could provide that amenity, tying Columbia Park to a new use at the roundhouse that could take advantage of its proximity to a park.

The study team heard universally that big-box retail was not desired along Central Avenue and particularly not at the roundhouse site. However, smaller, locally-based, unique retailers could be desirable at the roundhouse and possibly along the entire 18 acre site on Central if done well, such as Retail/Commercial, a Farmers Market, a co-op grocery store, an Ethnic Marketplace, or other commercial uses (restaurants, offices, railroad museum, etc.) that can add interest to, and a draw for, the retail.

The area of the former turntable is a unique feature of the Roundhouse that should be creatively used in any reuse option. It could be a large fountain, an outdoor park or playground, an amphitheater, or a sunken garden.

The recommendations below are not listed in any particular order, although those that stabilize or improve the safety of the building should be implemented as soon as possible. Many of the planning recommendations can be concurrent with others.

There are safety and stabilization needs at the Roundhouse that should be addressed immediately as portions of the building are in a much deteriorated condition. Parts of the roof in Bays A, B, and C have collapsed and are allowing water to enter the structure. The water and freeze/thaw action has caused, and will continue to cause, deterioration to the wooden roof structural components as well as the masonry walls. [See Addendum #1 for update.]

While CP RAIL has begun the process to remove the hazardous materials and the roof off of Bays B and C, and the stabilization of the exterior walls of those sections [see Addendum #1 for update], this study recommends that further stabilization be done to secure and/or stabilize the other deteriorated areas of the roundhouse. Further work could include the removal of the roof in Bay A and the stabilization and/or mothballing of other at-risk components, in particular the masonry walls. The stabilization and mothballing would need to be of a level to maintain the building's current condition for a period of 5 to 8 years, or so, depending on what an expected time frame for redevelopment on the site could be.

In order to maximize the redevelopment potential of the Roundhouse, its site should be combined with the other CP RAIL property along Central Avenue NE to make the entire 18 acre site available, as was done in 1999. This will allow for potentially expensive rehabilitation costs at the roundhouse to be offset by less expensive new construction development on the rest of the site.

It is in the best interest of the City to do everything it can to assist in a positive outcome for the site, and preservation of the roundhouse can be an important part of that goal. If the City has the financial ability and political will to assist in stabilizing and mothballing the structure and/or purchasing the property from CP RAIL, it should do so. If not, it should at least play a major role in facilitating efforts between CP RAIL and entities interested in redeveloping the site, as it did in 1999.

A number of planning efforts are currently underway or upcoming in Northeast Minneapolis, including the Mayor's Great City Design Team charrette for the Shoreham Roundhouse site [see Addendum #2 for

update], a Master Plan for the Audubon Neighborhood (across Central from the Shoreham Yards) and a plan for Central Avenue [finalized and adopted by the Minneapolis City Council on June 20, 2008; see http://www.ci.minneapolis.mn.us/cped/docs/Central_Ave_Plan_for_web_final.pdf]. The results of this current reuse study will inform the Mayor's Design Team work, its conclusions will inform the other studies, and so on. It is important that all information accumulated for and prepared by the various studies be made available to all other current or future study teams.

Of all of the various reuse options discussed or heard during the reuse study process, those listed here were determined to be the most likely. They are not in any order of preference. All of them assume the scenario outlined above that saves Bays D, E, and F and the walls of Bays A, B, and C [see **Addendum #1 for update**], since this is possibly the most likely scenario, given the condition of the building, for which construction costs can be predicted. Therefore the team recommends:

- Rehabilitate Bays D, E, and F for the intended reuse.
- Restore all the exterior and interior of all masonry.
- Rehabilitate Bays A, B, and C to reuse as much existing historic roof structure (beams, columns, and bracing – not roof deck) as possible. If it is not possible to reuse these structural elements, they should be replicated in at least one section of each bay to show the original construction.

This reuse would continue using the site in a mode similar to its original use. It could be a stand-alone use or coupled with the other property on Central Avenue for a larger development.

This could be similar to the Midtown Exchange at the old Sears Building on Lake Street, but it could also emphasize not just the current ethnic diversity of Minneapolis but also its past.

This would be a similar concept to the rehabilitated roundhouse in Aurora, IL. It could be a stand-alone use or coupled with the other property on Central Avenue.

This would be similar to the other arts related development that has taken place recently in Northeast Minneapolis.

This would be small-box retail with commercial uses that add interest to, and a draw for, the retail.

Some of the other reuses identified in the "Reuse Options" section are more "lightning strike" uses, or opportunities that materialize based on a unique set of conditions. A corporate campus reuse at the Shoreham Yards site, including the Roundhouse, would be such a use. So would the other more unique uses outlined, such as a railroad car storage and repair facility, horse-related facility, or an indoor/outdoor park use.

Demolition would be the last-resort option only if all other reuse possibilities fail.

Introduction to the Study

In August of 2007 the Principal Investigator and Stark Preservation Planning, in coordination with the City of Minneapolis' Community Planning and Economic Development (CPED), compiled a *Preliminary Research Packet* on the Shoreham Yards Roundhouse. The packet included: historical background data on the roundhouse and its former function in the rail yard; a description of the unique building type; a discussion on the local designation and past redevelopment efforts; and a discussion on other roundhouse reuse examples in the region, nationally and internationally. The research document was sent to the team members, the City, and the Shoreham Area Advisory Committee (SAAC) for distribution to the local neighborhood organizations prior to the on-site portion of the study.

The study formally began on September 18, 2007 when the reuse study team assembled to tour the roundhouse and the surrounding yards. The on-site tour provided the team with a working knowledge of building's condition and a context for potential reuse. The tour also provided an opportunity to begin photographing the structure for future reference and for inclusion in the final report. Ultimately, core team members would return to the roundhouse two more times to evaluate the building's quickly deteriorating condition and to take additional pictures of the problem areas focused in the 3 bays of the earliest (1887) section. The tour was followed by an interview of the representative from the Canadian Pacific Railroad (CP Rail), the owners of the rail yard and the roundhouse.

The following day, Wednesday, September 19, 2007, the team began three days of intensive 45-minute interviews. The 20 interviews individual and groups representing SAAC, the surrounding neighborhoods, state and local council representatives, the Mayor's Design Team, the Minneapolis Heritage Preservation Commission and planning staff members, neighborhood realtors, development specialists, architects, arts representatives, and a masonry specialist. The interviews and resulting team work-sessions were all held at the Columbia Manor just to the north of the Shoreham Yards. On the evening of September 24, 2007, a community meeting was held at the Manor Reception Hall to introduce the attendees to the reuse consultation process and to give the public an opportunity to ask questions, and voice concerns about potential reuses of the roundhouse.

Since the completion of the "on-site" effort, core team members have been involved with additional meetings at the roundhouse. The team also attended a meeting at City Hall called by Councilman Paul Ostrow to discuss CP Rail's work to stabilize a portion of the 1887 back wall near their temporarily inactive rail line, the accelerated deterioration of areas of the roof, and the possibility of removing parts of the roundhouse roof in order to prevent the collapse of that portion of wall and others [see **Addendum #1 for update**].

After completing a draft of this report's reuse options and recommendations, the team made its second community presentation on Monday, December 10, 2007. The neighborhood meeting was held at the Salvation Army Tabernacle on Central Avenue, kitty-corner from the roundhouse site, and like the first community meeting, was well attended and well received.

Basic Reuse Analysis

For a historic building to successfully be renovated and put back into a productive reuse, a variety of important factors must be considered:

- **Building Integrity:** *The building or buildings under study must possess enough design integrity to be worthy of the rehabilitation investment.*

The first three bays of the brick Shoreham Roundhouse on the northeast corner of the remaining crescent were built in 1887 and still retain their original arched doors and most of their exterior and interior integrity [see Addendum #1 for update]. The fourth and fifth bays built in 1904-1906 also retain their interior and exterior architectural features. The 1948 Diesel House projects off the back of the structure to the north, and is set back from the corner of the original building and consequently does not significantly detract from the visual integrity of the original roundhouse configuration. While in the 1970s the 6th and 7th pre-1912 bays were demolished, the structure still retains its central visual focus.

- **Preservation Support:** *Preservation of the buildings should have solid community/owner/agency support.*

The Shoreham Roundhouse was designated by the Minneapolis HPC in 2000 as a Minneapolis Landmark. Following that local designation, the State Historic Preservation Office (SHPO) determined that the Shoreham Yards with its then extant buildings and structures was eligible for nomination to the National Register of Historic Places. It was also noted at that time that, with further research, the roundhouse alone might also qualify for listing on the Register. (Subsequent demolitions have made the Yards ineligible for designation.) While CP Rail has no use for the roundhouse structure, they have been cooperative in the reuse study. The adjacent neighborhood organizations have been in the forefront for preserving this local landmark.

- **Compatible Reuse:** *The reuse must be compatible with the surrounding land uses.*

The roundhouse is in the southeasterly corner of the extensive Shoreham Rail Yards. CP Rail has periodically discussed making the property, including 18 acres along Central Avenue, available for sale and/or development [see Addendum #3 for update]. The surrounding industrial uses and site conditions will prohibit a housing reuse, but most other commercial and light industrial uses would be appropriate for the site.

- **Viable Reuse:** *The renovated building/structure should have a viable reuse, including long-term prospective tenants.*

The roundhouse is potentially part of a larger development site. Depending upon the mix of uses introduced on the Central Avenue frontage, there are many viable reuses that could go into the highly flexible interior of the roundhouse.

- **Economic Feasibility:** *Once renovated, the building should generate enough revenue to support operating costs and debt service.*

Economic feasibility can either be evaluated by a public entity's will to fiscally support a public use of the facility or a private development's ability to support the acquisition, operating and debt service costs. Due to the high cost of building renovation and the uncertainty of availability and reuse, the economic feasibility will be the biggest challenge in realizing the preservation of the roundhouse.

Existing Condition

The site on which the roundhouse is located is currently part of Shoreham Yards, a rail yard owned by Canadian Pacific Railroad (CP Rail). The roundhouse is located on the eastern portion of the Shoreham Yards complex and is the building closest to Central Avenue, the eastern boundary of the property and a main thoroughfare out of downtown Minneapolis. The shape of the property is somewhat irregular but it is roughly bounded on the remaining sides by 31st Avenue/St. Anthony Parkway to the north, University Avenue to the west, and 27th/28th Avenues to the south.

The surrounding neighborhood is a mix of uses, including industrial, commercial, institutional, recreational, and residential. The northern edge of the property is adjacent to Columbia Park, a 183 acre recreational area that is part of the Minneapolis Park system. Central Avenue to the east is a mix of retail and service commercial properties, institutional properties such as the Salvation Army, and residential. The southern border consists of a residential neighborhood and a cemetery. To the west are more industrial uses - primarily railroad.

There are 18 acres of contiguous developable land along Central Avenue - including the roundhouse - that CP Rail is willing to make available for development [see Addendum #3 for update]. The parcel ends immediately to the west of the roundhouse and consists of three city blocks along Central between 28th and 31st Avenues. The roundhouse sits in the southwest corner of the parcel, which is widest at the south end and tapers toward the north end. CP Rail intends to continue using the adjacent site as an intermodal truck-train transfer facility and bulk transfer facility.

The roundhouse is set back off the avenue but has good visibility from Central. Vehicular access is particularly good along the entire south side of the site where an existing access road is located across from 28th Avenue. There is an existing rail line that runs within 10 feet of the building in one area. Because of the immediate adjacency to the railroad tracks and the transfer facility, the site has direct access to railroad transport through CP Rail.

Areas of the site, including the potential development area, are contaminated and currently undergoing cleanup. Contaminants include solvent-related volatile organic compounds and petroleum, according to a 2005 report by the Minnesota Pollution Control Agency on the status of the cleanup. CP Rail officials expect that the cleanup will take about five more years. [see Addendum #4 for update].

The roundhouse was built in phases between 1887 and 1919 and was originally used for the storage of steam engines. When diesel engines came into use in the 1950s, an addition to the roundhouse was built for servicing these engines.

The roundhouse is a one-story, semi-circular brick building comprised of several distinct sections. The building is centered on a turntable (no longer extant) that was used to move locomotives in and out of the stalls for repair and storage. Constructed in phases, the first three bays (each containing six stalls) were built in 1887, the fourth bay (containing six stalls) was built in 1904, the fifth bay (containing six stalls) was built in 1906, and the sixth and seventh bays (each containing eight stalls) were built sometime between 1910 and 1919. The sixth and seventh bays are no longer extant. An 1888 description of the earliest section states that each stall is 71' 2" in depth, 14' 5" wide in front and 22' 5" wide in the rear, and 19' high from floor to ceiling. Successive bays were built deeper and taller as engine sizes increased. The diesel service building added on the north side of the roundhouse in 1948 is rectangular and at a perpendicular angle to the first bay. It is approximately 65 feet x 165 feet.

Current Construction & Existing Conditions

According to 1999 documentation by the Minneapolis Heritage Preservation Commission (HPC), numerous alterations to the roundhouse have occurred since it was built out to its greatest extent. In 1970, the sixth and seventh bays were demolished and the turntable was removed. Most of the outer wall windows have been boarded or in-filled.

The remaining structure consists of five semi-circular shaped bays and one rectangular section. The semi-circular bays have six, wedge-shaped stalls per section. With the exception of a few stalls that have been partially subdivided, the stalls are open to one another with the only divisions being the walls between each of the five bays. The rectangular diesel house is attached and open to the first bay. The total structure is believed to enclose approximately 60,000 square feet (sf.)

Walls: The walls are multi-wythe brick masonry bearing walls with exposed brick on the interior. The parapet caps vary, with clay tile in some locations, sheet metal in others, or the caps are missing.

The brick of the exterior walls shows signs of mortar deterioration and brick damage due to lack of maintenance and water damage from the deteriorating roof edges. While all sections of the roundhouse have damage to masonry, the worst conditions are found at Bays A thru C [see **Addendum #1 for update**]. Extensive water infiltration is evidenced by missing exterior brick and spalling brick faces on both the interior and exterior walls. Parapet flashing is not intact in several locations. Because the roof is not weather tight, it is likely that the roof/wall intersection is also allowing for a great deal of water infiltration. If this continues, especially throughout the winter months, freeze/thaw action will continue to contribute to the overall deterioration of the walls to the point that they could lose their structural integrity.

Roof/ceiling: The roof structure is framed with heavy timber in Bays A thru C. The beams are heavy timber with smaller wood joists spanning between them. The roof decking is wood. Interior columns help to support the roof span over the depth and width of each bay and are also heavy timber. There is bracing or a "kicker" angled between the columns and beams. The ceilings are finished with an asbestos panel system that CP Rail plans to have abated. Bays D and E are framed in steel and wood. Columns and beams are steel and joists and roof decking are wood. There are no ceiling finishes in these bays, just exposed framing.

The roof over the oldest portion of the roundhouse (Bays A thru C built in 1887) are rapidly deteriorating and have developed a number of holes where the roof deck and structure have failed. Sections of the roof have collapsed in several bays, including the collapse of some structural members such as beams and the joists spanning between them. On the second of two site visits, one month apart, roof deterioration showed a significant increase, with previous holes having grown significantly larger. If the roof structure fails completely, there is a danger that the walls could be pulled down at the same time or, if they do remain standing, they will eventually collapse without the roof structure to brace them laterally [see **Addendum #1 for update**].

Floors: Within each bay the floor is concrete or, in areas over the steam lines, wood decking. The concrete flooring is in fair condition, but the wood decking is rotted. There are ash pits remaining in some stalls that are approximately three feet deep. Many of these have been in-filled. Railroad tracks are still in place in some of the stalls. The floor slabs from the demolished bays are still present at the exterior and illustrate their previous configuration.

Windows: Window shapes and sizes vary throughout the structure, but are largely rectangular or rectangular with arched tops. Sills are brick or stone. Some of the double-hung windows are still present, but most windows have been in-filled with translucent fiberglass panels, plywood, or glass block.

Doors: Doors also vary throughout the structure but are primarily large service doors. The doors to the individual stalls are large enough to allow for the passage of locomotives and open onto the former turntable location at the center of the roundhouse. Some have arched tops and some have flat tops with transoms. Most are hinged wooden doors but some have been replaced with metal overhead coiling doors or have been in-filled with masonry. Other doors include overhead coiling doors or sliding metal doors at the walls between the bays and the rear walls of the round house. In some cases, an entire wall section has been removed to accommodate the installation of a new overhead coiling door.

Equipment: There are two tanker cars in Bay B. The diesel house (Bay F) has extensive mechanical ductwork and access platforms/catwalks throughout. Mechanical piping is extensive throughout the entire structure. Unit heaters are also hung from the ceiling in several locations. There is a pipeline system elevated a few feet above the ground with piping into the ground at Bay E that is part of the pollution mitigation system. This system is also present on the exterior of the building.

Turntable pit: The pit where the turntable once sat is outside the roundhouse structure. It is circular and has a concrete floor and walls that are in poor condition. Many of the railroad tracks radiating from the turntable location are still present.

Issues Analysis

In order for the team to develop recommendations for the potential reuse of the property under study, a good understanding of the underlying issues must be developed. The interviews and background readings provided the team with specific issues that could ultimately guide the reuse of the Shoreham Yards Roundhouse. The issues determined important by the team were: Site, Building, Neighborhood Context, Historic, Political, Railroad, and

Economic Issues. Following are discussions of each issue with a focus upon how these issues interface both negatively and positively with reuse of the roundhouse.

Site Issues

The roundhouse site has the potential to serve a variety of uses due to its location, context, and character. It is located and has frontage available for development along Central Avenue, a busy thoroughfare that supports a variety of uses including industrial, commercial, institutional, recreational, and residential. Site access, visibility, and the building's unique character are all positive factors that would work to the advantage of the site's development. However, the site does have some drawbacks that will create challenges to potential development. Most are not insurmountable and may even create opportunities for certain types of development. There are two issues that could, in combination, prevent the possibility of any reuse being found for the roundhouse. These include the existing condition of the building and the site pollution. In its current state, it is unlikely that the roundhouse will remain standing long enough to allow for pollution abatement to be completed and a reuse development to proceed.

- **The structure is in disrepair and has been minimally maintained basically since the railroad stopped using it.** The railroad used the building for storage and detailing of locomotives up until the 1990s. They stopped heating the building in 1997 and, since they intended to remove the building, no maintenance work has been done on it since that time. It is severely deteriorated as described under the "Existing Conditions" and "Building Issues" sections. Stabilization work will need to occur to keep the building standing until a time that a project can move forward and the building can be restored. CP Rail is currently undertaking work to stabilize portions of the building so that they can again use a nearby rail spur, but it remains to be seen whether this work will be extensive enough to save the majority of the building [see Addendum #1 for update].
- **Several of the surrounding buildings have been lost.** The roundhouse was one among a complex of buildings that made up Shoreham Yards, but very few of these survive. Several were damaged or destroyed by storms. Additionally, as rail yard functions moved to other locations, several were demolished. As a result, the roundhouse has lost some of its historic context as part of a larger campus that once included several support buildings. Now, only the passenger depot and the diesel house remain. This may diminish the site's chances for designation to the National Register of Historic Places and therefore its eligibility for historic tax credits and/or grants for historic properties.
- **The roundhouse is adjacent to the noise and vibrations of an active railroad line and yard.** The parcel of land that CP Rail is willing to make available for development ends immediately to the west of the roundhouse. CP Rail intends to continue using the adjacent site and also intends to again use an existing rail line that runs within 10'-15' of the building in one area. Use of this line was discontinued due to concerns about the stability of the adjacent roundhouse walls. These walls are currently being stabilized so that this line may be put into use again [see Addendum #1 for update]. Additionally, the yard now serves as an intermodal truck-train transfer facility and bulk transfer facility. For many uses, the noise and vibrations caused by this use may be unacceptable.
- **The site is polluted with hazardous materials.** Areas of the site, including the potential development area, are contaminated and currently undergoing cleanup. Contaminants include solvent-related volatile organic compounds and petroleum, according to a 2005 report by the Minnesota Pollution Control Agency on the status of the cleanup. CP Rail officials expect that the

cleanup will take about five more years and that the site would not be available for development prior to that time [see Addendum #4 for update].

- **CP Rail and the pollution cleanup standards being utilized will not allow any type of residential reuse adjacent to their yard.** This limits the reuse options to commercial and light industrial.
- **Maintaining visibility of the roundhouse limits development of the parcel immediately east of the building along Central Avenue.** In order to make most reuses of the roundhouse viable, it will need to remain visible from at least some portions of Central Avenue. This will somewhat limit the height, placement, and extent of new construction along Central. While not insurmountable, it will be a challenge to the design of these buildings.
- **There are 18 acres of contiguous developable land along Central Avenue.** The roundhouse is located at the west side of a parcel that stretches east to Central Avenue. This area is open for potential new development and consists of three city blocks along Central between 28th and 31st Avenues [see Addendum #3 for update]. Central Avenue is a stable retail and residential corridor that serves as a main thoroughfare out of downtown Minneapolis.
- **The site has very good visibility and vehicular access to and from Central Avenue.** The roundhouse is set back from the avenue but has good visibility that could be further enhanced by both building and site design for new development that occurs along Central Avenue. While this is a bit of a drawback for new development, it is also an opportunity to enhance the roundhouse's setting. Vehicular access is particularly good along the entire south side of the site where an existing access road is located across from 28th Avenue.
- **Any new reuse of the property could have railroad access if desired.** Because of the immediate adjacency to the railroad tracks and the transfer facility located at Shoreham, a new use could have direct access to railroad transport through CP Rail.
- **The property is adjacent to Columbia Park to the north.** Just north of 31st Avenue and the northern edge of the roundhouse parcel is Columbia Park. Columbia is part of the Minneapolis Park system and consists of 183 acres that include an 18-hole golf course, a golf learning center/driving range, walking and biking trails, picnic areas, a playground, tennis courts, a soccer field, rugby field, archery area, an off-leash dog area, cross-country skiing trails, and snow tubing hills. In addition, Columbia Manor has banquet hall facilities, golf course concessions, and locker rooms.
- **The property is adjacent to a National Scenic Byway.** One block north of 31st Avenue is St. Anthony Parkway, which runs east-west through the southern edge of Columbia Park. It is part of The Grand Rounds, a National Scenic Byway encompassing more than 50 miles of parkway, bicycle and pedestrian trails around Minneapolis.

Building Issues

As mentioned above in "Site Issues", the biggest obstacle to finding a reuse for the roundhouse is its current condition. Stabilization work planned by CP Rail may or may not be enough to prevent the deterioration of the building to a point that it can no longer be salvaged or collapses prevented. Because of the extent of the deterioration, stabilization and restoration will be expensive because every part of the building requires work. If these issues can be overcome, however, the building does present good opportunities for redevelopment due to its location, open floor plan, and unique character.

- **The roof over the oldest portion of the roundhouse (Bays A thru C built in 1887) are rapidly deteriorating and have developed a number of holes where the roof deck and structure have failed.** Sections of the roof have collapsed in several bays, including the collapse of some structural members, such as beams and the purlins spanning between them. On the second of two site visits, one month apart, roof deterioration showed a significant increase, with previous holes having grown significantly larger. If the roof structure fails completely, there is a danger that the walls could be pulled down at the same time or that if they do remain standing, they will eventually collapse without the roof structure to brace them laterally. It is imperative that stabilization work be done to prevent this [see Addendum #1 for update].
- **The roof and many of the interior structural members of Bays A thru C of the roundhouse will have to be totally removed and replaced for any reuse.** The current condition of the roof structure is unsafe as some beams and purlins have already failed and the roofing has fallen in (as described above). It is possible that some structural members may be able to be salvaged and re-planned for reuse as smaller members, but there is no way to know the viability and extent of this at present [see Addendum #1 for update].
- **The brick of the exterior walls shows signs of mortar deterioration and brick damage due to lack of maintenance and water damage from the deteriorating roof edges.** While all sections of the roundhouse have damage to masonry, the worst conditions are found in Bays B, C and D. Extensive water infiltration is evidenced by missing exterior brick and spalling brick faces on both the interior and exterior walls. Parapet flashing is not intact in several locations. Because the roof is not weather tight, it is likely that the roof/wall intersection is also allowing for a great deal of water infiltration. If this continues, especially throughout the winter months, freeze/thaw action will continue to contribute to the overall deterioration of the walls to the point that they could lose their structural integrity.
- **Because of the deteriorating condition of its exterior walls and roof the building will be very expensive to rehabilitate.** Mortar re-pointing, brick replacement, and the reconstruction of some areas of wall will be necessary on all sections. If the walls are not temporarily stabilized/ capped to prevent further water infiltration immediately, the deterioration will continue and the costs will increase. The roof structure, decking, and waterproofing will need to be completely replaced on Bays A thru C, and decking and roofing will need to be replaced on the remaining sections when the building is rehabilitated [see Addendum #1 for update].

- **The roundhouse has lost some integrity with two bays of its structure demolished.** In addition to the loss of surrounding building context, the last two semi-circular building sections, ca. 1910, have also been lost. They were demolished in 1970. This may diminish the site's chances for designation to the National Register of Historic Places and therefore its eligibility for historic tax credits and/or grants for historic properties. However, a way to help remediate this may be through interpretation of their original floor plates, which can still be seen in some aerial photos.
- **Because the structure has curved exterior walls, redevelopment is somewhat limited.** Some uses, such as light manufacturing or warehousing that require more rectilinear, uniform floor plates, may not be compatible with the shape of the building, its curved walls and wedge-shaped bays.
- **The building's shape, space and scale could be a positive in providing a user/reuse with unique identity and high visibility.** While certain uses may not be compatible with the shape of the building, it could attract users who are looking for a unique, signature space that is easily identifiable and in a high-traffic location. There are ample opportunities to provide daylight throughout the building at windows, doors, and the addition of skylights. The scale of the building is generous without being overwhelming, largely due to its division into several bays. The character of the building is also quite unique given its semi-circular shape, brick detailing, and history.
- **The interior of the roundhouse displays a large, open floor plan which could accommodate a variety of uses.** The roundhouse consists of five semi-circular shaped sections and one rectangular section. The semi-circular sections have six to eight wedge-shaped stalls per bay. With the exception of a few bays that have been partially subdivided, the bays are open to one another, with the only divisions being the walls between each of the five sections. The stalls of the first three bays measure approximately 14.5 feet in width at the front and 22.5 feet at the rear, are 72 feet deep and 19 feet high and are approximately 1,200 square feet. The fourth and fifth bays are slightly larger, with stalls up to 2,000 square feet. These dimensions would allow for the subdivision of bays into spaces of varying sizes, if desired, and could also allow for the addition of a mezzanine level. This configuration would be beneficial for individual offices, studios, or smaller retail uses. Alternately, leaving the floor plan open and even opening up areas of walls between the sections provides flexibility for uses requiring a larger floor plate, such as larger-scale retail, office, warehousing, light manufacturing or light industrial, institutional, and recreational uses.
- **There are large doors that open to the inner circle that could be very beneficial for some reuses.** The doors are large enough to allow for the passage of locomotives and are located at every stall. Some have arched tops and some have flat tops with transoms. They open on to the former turntable location at the center of the roundhouse. This area is recessed into the ground and could provide unique opportunities for a site amenity such as a courtyard, garden, pond, or amphitheater. The doors themselves provide flexibility in entry locations, opportunities to bring in daylight, and have views of the courtyard, and/or the ability to open and provide an indoor/outdoor atmosphere for uses such as a farmer's market.
- **The property has good vehicular access via Central Avenue and adjacent rail access via CP RAIL lines.** Vehicular access is particularly good along the entire south side of the site where an existing access road is located across from 28th Avenue. Because of the immediate adjacency to the

railroad tracks and the transfer facility located at Shoreham, a new use could have direct access to railroad transport through CP Rail.

- **The building has been designated as historic by the City of Minneapolis and with designation to the National Register of Historic Places would be eligible for federal historic tax credits for certain types of redevelopment.** Designation would need to occur through the State Historic Preservation Office at the Minnesota Historical Society. While this may be complicated by the lost context due to the removal of surrounding buildings and two bays of the roundhouse, it is still possible.

Neighborhood Issues

Because the roundhouse is located on the edge of an active railroad yard, along one of Minneapolis' more vital commercial corridors, near major park lands, and part of, or adjacent to, three Minneapolis neighborhoods, the site poses a unique set of opportunities, as well as reuse limitations. Short of deterioration and collapse in the meantime, the roundhouse's future as a neighborhood landmark will most likely depend upon coordination of use with the potential adjacent commercial/light-industrial redevelopment along Central Avenue.

- **Although the roundhouse and a good share of the Shoreham Yards falls within the Columbia Park Neighborhood, the railroad property is an island that is part or adjacent to three different neighborhoods.** The industrial uses of the railroad yard are in stark contrast to the commercial, recreational and residential uses that surround the yards. The roundhouse anchors the parcel of the CP Rail property that stretches between 28th and 32nd Avenue NE along the west side Central Avenue. This parcel has long been vacated and takes on the appearance of an industrial graveyard. The state of neglect eventually led to the introduction of a privacy fence and some landscaping along these four block of Central.
- **Partially because the yards are screened from Central Avenue, the roundhouse has little visibility in the neighborhood.** Without good views of the roundhouse from Central Avenue, many residents remain unaware of the structure's existence, let alone its unique architectural footprint, and consequently its importance to the historic fabric of the neighborhood.
- **The roundhouse has a direct connection to the development and employment history of the surrounding neighborhoods.** From a cultural perspective the growth and economy of the adjacent residential neighborhoods once related very directly to the jobs and ancillary services generated by the railroad yard. While most of the rail jobs have disappeared, many of the neighborhood families still have strong ties to their railroad past.
- **The roundhouse gives identity to the surrounding neighborhoods.** No other Minneapolis neighborhood can claim to still have an historic roundhouse as part of its architectural and industrial heritage. Even though many residents aren't aware of the roundhouse's unique footprint, local artists

have adopted the form as a symbolic logo for the NE Neighborhood. The plan view image of the roundhouse appears on public sculpture and abstractly as the "C" in the Central Avenue banners that line the Avenue.

- **There is a strong movement within the established neighborhood organizations to save the roundhouse and other significant railroad structures at the Shoreham Yards.** In 1997 CP Rail applied for eight demolition permits for the Shoreham Yards facility, including the roundhouse. This request served as a wake-up call for many in the neighborhood to rally and protect the historic fabric of their community. Pursuing legal action to save the roundhouse, the Shoreham Area Advisory Committee (SAAC) was formed with strong residential representation from the adjacent neighborhoods. Shortly after that, in 2000, the City designated the roundhouse as a Minneapolis Landmark. These advocacy efforts have led to a broader appreciation of the historic and symbolic importance of the roundhouse to the NE neighborhoods.
- **The roundhouse and 18 adjacent acres along Central Avenue have strong development potential.** There are many significant land use and location factors that could positively impact reuse of the roundhouse. The property is located near good access to the highway system and, if needed, is directly on a rail line. Central Avenue shows strong signs of commercial health in comparison to other major commercial strips in the metro area. A development package that included the acreage along Central could make the required large investment in the roundhouse more palatable. The design of the new development could also serve to buffer views to the rail yards and enhance the architectural features of the roundhouse.
- **With the development of the railroad property along Central Avenue there is a potential for bringing new jobs into NE.** The NE Neighborhood sees itself as a solid, productive, ethnic-focused, working class section of Minneapolis. With the out migration of industrial jobs, many, if not most, residents long to see new and decent paying job opportunities come back to the area. The future redevelopment of a large parcel of land at such a good location may begin to address this need for new employment in NE.
- **There is an opportunity to provide additional green space along Central with development of the CP RAIL property.** Central Avenue stretching from the downtown up to 27th Avenue is basically devoid of quality open space. Any redevelopment on the current CP Rail property west of Central can be designed to provide a softer, greener edge and serve as a transition zone to Columbia Park starting at 31st Avenue NE.
- **The NE neighborhoods directly south of the roundhouse property have developed a regional reputation as the home for the growing artist community.** Because of the success of these uses, the roundhouse is a good candidate for at least a partial arts-related reuse. Because of adjacent rail uses and land condition issues, the industrial structure cannot be considered for artist residences; however, studio and arts education uses could be a good fit for the building.

Historic Issues

As noted above, in 2000 the City of Minneapolis designated the roundhouse as a City Landmark. Subsequent to that designation, the SHPO of the Minnesota Historical Society determined portions of the rail yards eligible for designation to the National Register of Historic Places under Criteria A in the area of transportation for its association with, and use by, the Minneapolis, St. Paul & Sault Ste. Marie Railroad. However, in a 2003 letter, the SHPO noted that the demolition of many of the yards buildings in the meantime has resulted in a significant loss of integrity and a subsequent loss of National Register eligibility. No effort has been made to determine if the roundhouse alone would qualify for eligibility. A variety of potential tax related development advantages could come with designation.

- **Because the structure is old, unique in design, and has not been maintained in recent years, the cost to rehabilitate the roundhouse will be very high.** Years of neglect have taken their toll on the brick industrial structure. With water now flowing freely into the masonry walls and the buildings interior, the freeze and thaw cycles are quickly destroying structural members and exterior wall fabric of the oldest three bays (1887) of the roundhouse. The repair and/or replacement of the roof, rotted structural members, and large portions of the brick perimeter will be very costly.
- **The building's historic designation and the regulations associated with design review and permit approvals may complicate the redevelopment process.** With local designation comes more rigorous local regulation and review requirements. Many developers are not interested in adding this time and potential expense uncertainty to the redevelopment formula. The review delays and more costly methods of reconstruction of a historically appropriate renovation may add additional hurdles. Additional reviews at the state and federal levels are activated if the building is on the National Register and tax credits are being sought.
- **With its lack of use and the demolition of the southerly bays, the roundhouse has lost some context.** In the early 1970s, the sixth and seventh bays, then located on the southeast arch, of the roundhouse were demolished. Why these newer bays, built sometime between 1906 and 1912, were demolished is not clear (storm damage, possibly). However, this loss along with the removal of the central turntable could be perceived by SHPO as significant enough to prevent the property from being eligible for designated to the National Register. Our research discovered that Minnesota has no roundhouses that have been individually listed on the National Register.
- **The Minneapolis Heritage Preservation Commission has designated the roundhouse as an historic site and has supported actions that could result in the preservation of the structure.** The HPC's designation represents a formal acknowledgement of the importance of the roundhouse to the adjacent neighborhoods, to the City of Minneapolis, and (by extension) to the State of Minnesota. Any stabilization, reinforcement, repair or rehabilitation work on the roundhouse that involves structural changes will need the HPC's review and approval, so the HPC will continue to be an important player (and resource) in the redevelopment of the site.
- **The Shoreham roundhouse is the last remaining roundhouse in Minneapolis and, therefore, carries historic significance.** Anything that is truly unique about a property has the potential to enhance its marketability, if handled appropriately. Attributes that would discourage some purchasers or investors – the age of a structure, the absence of “modern” building materials, proximity to dissimilar land uses – could actually be desired or preferred by others. There is a subset of the

development community, both here and elsewhere, that specializes in the creative renovation and reuse of historic properties. There are other developers who do not specialize in such work, but who are typically willing to consider taking on such projects if they make economic sense.

- **The roundhouse is potentially eligible for the National Register of Historic Places and the related tax credits.** With national designation comes potential tax-related advantages. Renovating an historic structure may qualify for tax credits, and in making a charitable donation of the structure's historic facade through an easement program to a qualifying non-profit organization such as the Preservation Alliance of Minnesota may qualify for a reduction in property value and subsequent taxes to be paid. In addition to other national and state programs, with National Register designation there might be additional funding sources available such as Minnesota Historical Society and Transportation Department grants.

Political Issues

The request by CP Rail for a demolition permit (1997), the City's refusal to issue the permit, The United States District Court agreement to establish a Shoreham Area Advisory Committee (1998), the City's historic designation of the roundhouse (2000), all helped thrust the roundhouse into the political spotlight. In 1999, the Minneapolis Community Development Agency issued a request for proposals for the redevelopment of the 18-acre parcel adjacent to and including the roundhouse along Central Avenue. After community residents and the City Council voted to support one of the two proposals submitted, CP Rail took the parcel off the market, citing the discovery of hazardous pollution and increasing the political volatility of the roundhouse's disposition.

- **There is a perception that Northeast Minneapolis has not received its fair share of City attention and funding.** Although there is a significant amount of new economic development activity in Northeast Minneapolis, the "high profile" developments that get the most media coverage and the most discussion are generally located elsewhere in the city. Examples include the new Twins Stadium, the Midtown Exchange (Sears Building), and the revitalization of the downtown riverfront area. Some of those who were interviewed as part of this reuse study indicated their belief that Northeast Minneapolis has (relatively speaking) gotten the proverbial "short end of the stick" when it comes to developer interest, City funding, political support for new development initiatives, attention and help from City staff, and other factors that are believed to be necessary to create a more vibrant and successful community. By the same token, there is some evidence that suggests otherwise - examples include the redevelopment of the Grain Belt site, the substantial growth that has occurred in the local arts community, the Central Avenue planning process that is currently underway [**update: the Central Avenue Small Area Plan was adopted in June of 2008**], and this Shoreham Roundhouse Reuse Study itself. Whether or not the perception of disparate treatment and/or inadequate attention is accurate or fair, that perception has apparently become reality for some (and perhaps many) residents of Northeast Minneapolis.
- **There is neighborhood concern about the City's "political will" for providing the type of funding or financial support that may be necessary to save the Roundhouse from the wrecking ball or "demolition by neglect."** If the Roundhouse had no historical significance, it would have been demolished long ago, due to its functional obsolescence and its deteriorating physical condition. If repairing, improving and occupying it made economic sense (based on

prevailing market conditions), its current owner would be doing so, and/or private developers would be clamoring to acquire it. The fact that such things are not occurring is perhaps the best evidence that some type or level of "outside" financial support will be needed to make the rehabilitation of the roundhouse economically viable. Some neighborhood representatives have indicated their belief that the City of Minneapolis is the most logical source of such funding assistance. However, no such assistance has been offered to date (other than the funding that is being provided for this reuse study, and the costs related to the earlier Request for Proposals process), which has led some to conclude that no City financial assistance of any kind will ever be provided.

This pessimism is probably reinforced by ongoing media coverage of the budget woes that many large Midwestern cities have been experiencing. Declining revenues, increasing expenses and continuing pressure to provide tax relief have resulted in political attention (and funding) being focused on topics such as public safety, education, housing, and rebuilding crumbling infrastructure. Historic preservation and economic development often end up being relatively low priorities. Locally, these realities have fueled the belief that elected officials will be unable or unwilling to find the funds that may be necessary to "close the gap" between (a) what it will cost to "save" the roundhouse and (b) the amount that private sector developers or investors will be willing to pay for (and/or spend on) the roundhouse.

- **The attention that was devoted to a City-initiated Request for Proposals [RFP] process involving the roundhouse (and some adjacent property) in 1999-2000 did not result in a contractual arrangement with a developer or the redevelopment of the site.** As a result, some residents seem to have lingering mistrust of the City's intentions regarding the saving of the roundhouse for reuse. This may be another example of "perception becoming reality." It appears that important details regarding the RFP process may not have been understood by the general public. It is possible that they were not clearly described or conveyed by the City. For example, some residents apparently believed that the City would have the ability to unilaterally require CP Rail to immediately sell the roundhouse site to whichever developer "won" the RFP process, when in reality CP Rail always had the right to unilaterally decide whether, when and to whom the property would be sold (and, of course, the terms of any such sale).

The RFP process was intended to generate interest in the property and identify redevelopment proposals that were consistent with the preferences that had been expressed by the affected neighborhood groups, the City Council, and other interested parties. CP Rail took the property off the market at or toward the end of the RFP process, which was (for almost everyone) an unanticipated and unsatisfying outcome. CP Rail indicated that it did so because of a growing realization that the extent of the contamination at the site would require years of remediation and would seriously compromise any attempt to effectively convey title to the land without subjecting the purchaser to pollution-related liabilities. However, some have claimed that CP Rail simply didn't like the redevelopment proposal that was favored by the neighborhood groups and the City Council, and that the City failed to take whatever steps may have been required to ensure that the favored proposal would actually be implemented. Whether or not such beliefs are fair or accurate, they clearly exist, and they will have to be taken into consideration in connection with any new course of action that is considered.

- **The City initiated the reuse study process with active support from the surrounding neighborhoods.** The initiation of the Shoreham Roundhouse Reuse Study was proposed by City staff as a way to focus the collective energy, expertise and opinions of a number of interested parties,

within an analytical and objective framework that has been successfully used in a number of similar situations involving historic properties. From the outset, representatives of the neighborhoods surrounding the roundhouse have been very supportive of the concept of a reuse study. They agreed that there was substantial merit to the idea of gathering together, in one process and in one resulting document, as much information as possible regarding the many issues that the roundhouse presents and the many opportunities that it offers. The hope was (and is) that by doing so, a sound basis would be established for making well-informed decisions about the future of the roundhouse.

- **The Shoreham Area Advisory Committee ["SAAC"], the multi-neighborhood committee organized to work with CP Rail and the City in connection with the disposition of the surplus railroad property (including the roundhouse), has actively endorsed the reuse study and its members have participated in the interview phase of the study.** As noted above, residents of Northeast Minneapolis and the groups that collectively represent their neighborhoods have all cooperated with and participated in the Reuse Study. They have kept the light of historic preservation burning when the actions of others, or the simple the passage of time, might have extinguished it. They have been, and will continue to be, a resource to those who share their belief that the roundhouse can and should be preserved and reused. The challenge for them, and for many others who have been involved in this issue over the years, is to learn from the past but not dwell in it. Constructive progress will require diplomacy, patience, cooperation, and a consistently positive attitude.
- **This study and other Central Avenue initiatives such as the Mayor's Great City Design Team have the support of the local City Council member and City staff from the Department of Community Planning and Economic Development [CPED].** The support and cooperation of City staff and the City's elected officials will be critical to the success of any proposed redevelopment of the roundhouse. There is a significant amount of day-to-day administrative work that has been, and will be, required to investigate and analyze reuse options. Neighborhood groups probably don't have sufficient staffing to handle that volume of work, and CP Rail staff members probably don't have sufficient time or incentive to do so. It is likely that City staff members will therefore continue to be expected to provide the services in question, subject to the approval of their supervisors and the City Council. City staff members are also in the best position to monitor parallel processes that involve or affect the roundhouse --- this Reuse Study, the Central Avenue planning process, the planned Great City Design Team exercise [see Addendum #2 for update], streetcar studies, etc. --- and provide SAAC and other parties/groups with updates and progress reports.

Railroad Issues

The Shoreham Yards Roundhouse was once at the activity center of Sault St. Marie Line repair yards. The property is now owned by the Canadian Pacific Railway (CP Rail), the successor company to the Minneapolis, St. Paul & Sault Ste. Marie railroad (Soo Line). After a 1995 acquisition of the former Milwaukee Road yard in St. Paul, CP Rail moved many of its operations to the St. Paul location. In 1997, CP Rail applied for eight demolition permits, including a permit to demolish the roundhouse at the Shoreham yards. After the City's refusal to issue the permits, a 1998 agreement in the United States District Court assured that the roundhouse would remain standing for a few more years, and that the City would issue CP Rail seven demolition permits for some of the vacant and un-needed structures at the Shoreham site. The roundhouse remains to this day under the ownership and control of the Canadian Pacific Railroad.

- **The land under and adjacent to the roundhouse has both ground water and soil pollution.** The contamination in question has resulted from more than a century's worth of active railroad operations at the site, plus activities that have occurred on portions of the Shoreham Yards site that have been leased to tenants from time to time. Although remediation (cleanup) of the contamination is currently in progress [see **Addendum #4 for update**], and by all accounts is progressing well, it is difficult to predict how long such work will need to continue before the roundhouse portion of the area will be sufficiently clean to be realistically marketable and/or suitable for any of the potential reuses that have been identified. One component of remediation project requires above-ground pipes that are used to draw soil vapors from the soil and then convey them to on-site collection points for analysis and treatment. A substantial number of such vertical and horizontal pipes and their related supporting structures are currently located around and inside the roundhouse. They adversely affect access to portions of the site, and visually reinforce the existence of contamination issues that would be of potential concern to prospective purchasers or developers.
- **There is a rail spur within a few feet of the roundhouse's back (north) wall.** This spur was taken out of service by CP Rail due to safety and operational concerns related to the condition of the portion of the roundhouse's wall that lies closest to the track. CP Rail believed that the deterioration of the wall could eventually cause it to collapse on the track, or on a train, or on railroad employees. CP Rail representatives indicated during 2007 that they intended to brace or reinforce the wall so that they could put the spur back into service, in order to resume train traffic to and from certain Shoreham Yards buildings located west of the roundhouse [see **Addendum #1 for update**]. Although the repair of the damaged wall is unquestionably a worthwhile endeavor, the resulting resumption of train traffic on the re-opened spur would raise additional questions that would need to be addressed in connection with some or all of the proposed reuses of the Roundhouse. For example, special measures would probably have to be taken to ensure that any new owners, occupants and users of the roundhouse were not endangered by the railroad engines and cars that would be passing (at low speeds, admittedly) less than 20 feet from the building. In addition, some prospective purchasers, developers or tenants may be concerned about noise or vibrations from the passing trains.
- **CP Rail has not used the roundhouse for years. Inasmuch as it doesn't need the roundhouse for any of its operations, CP Rail is not interested in maintaining it, or devoting large sums of money to repairing it for [currently undetermined] future reuses.** CP Rail's apparent position is that the current and future conditions of the roundhouse are (at best) irrelevant to its day-to-day operations, as long as proper steps are taken to ensure that the structure doesn't present a hazard to its employees or others. Accordingly, from a purely business perspective, CP Rail does not believe that there is likely to be any financial "return" on the type of substantial financial investment that it would be required to make in order to render the roundhouse suitable for any type of non-railroad related reuse.
- **A certain degree of uncertainty or ambiguity exists regarding the conditions or circumstances under which the roundhouse would become available for redevelopment.** As noted elsewhere herein, there was a point in the not-so-distant past when CP Rail first indicated that it was ready to sell roundhouse and some adjacent property, but then essentially took the property off the market. Although CP Rail indicated to that it did so because it had developed a better understanding of the scope and extent of the contamination on the site, one of the consequences of that reversal of direction

may be some lingering reservations about relying upon any future pronouncements by CP Rail regarding its redevelopment intentions. In addition, it is unclear whether CP Rail would prefer an outright sale of the roundhouse property, or would prefer to enter into a long-term lease of the property, or would consider both options. Also, no one can currently predict how long the current cleanup of the site will take, or when the applicable regulatory authorities will issue the approval(s) or release(s) that would enable a purchaser or developer to acquire the property without incurring contamination-related liabilities.

- **The structure has “lost its context” with the railroad no longer using the structure for repair and maintenance of locomotives and cars.** The “historical value” of the roundhouse is, to a large degree, related to the specific needs and uses that prompted its original construction and its subsequent operational and structural modifications. It no longer appears likely that a majority of the roundhouse can or will be returned to any type of railroad-related use. (It may be possible, under the right circumstances, to return selected portions of it to such uses, as noted elsewhere herein). The turntable that was once used to rotate locomotives so that they could access the doors located on the east (Central Avenue) side of the roundhouse was removed years ago, and the tracks that once led to the turntable have also been removed.
- **Deed restrictions or other limitations by the railroad, such as a prohibition against residential reuse, will limit redevelopment options for the property.** CP Rail has been clear about its desire to not create future problems for itself in connection with the redevelopment of the roundhouse and the adjacent property. In particular, CP Rail has emphasized that it “doesn’t want any beds” on the site – that is, no residential housing units of any kind. The primary concern, apparently, is that people who would buy, rent or occupy such units, with full knowledge of the presence of the adjacent railroad yard, might still be inclined to later complain about noise, hours of operation, aesthetic concerns, and virtually any other aspect of CP Rail’s day-to-day operations. Public safety may also be a consideration. Fencing, controlled access points and physical separation from Central Avenue currently minimize such risks, but moving a significant number of people closer to (and/or into) the roundhouse area on a regular basis would presumably be of some concern to CP Rail. CP Rail representatives have therefore indicated that they will be receptive to only those redevelopment scenarios that are compatible with ongoing, long-term railroad operations.
- **The surrounding active railroad uses and noise may limit the types of tenants available for redevelopment.** In addition to the redevelopment issues that were addressed above regarding (a) possible concerns related to the railroad spur that is adjacent to the west wall of the roundhouse and (b) any “scope narrowing” that CP Rail may impose with regard to acceptable reuses, it is likely that the general nature of the overall Shoreham Yards facility and its daily operations will cause some potential purchasers and/or developers to eliminate it from consideration. They would presumably have reservations about the same types of actual or *perceived* negatives that occupants of residential units might complain about (see preceding paragraph): loud or frequent noises or vibrations from train whistles, engines, loading/unloading, or the coupling/uncoupling of cars; truck traffic related to the intermodal component of the rail yard’s operations; the visual appearance of the site; and various safety considerations, including the intermittent presence of hazardous substances and materials that pass through the site via rail. There are, quite simply, a number of prospective purchasers and tenants that would not want to have to consider or address such issues.

- **CP Rail is actively participating in the reuse study process.** Despite the fact that CP Rail has no current or anticipated use for the roundhouse, its representatives have cooperated with the City and with the members of the Reuse Study team by (among other things) making the roundhouse available for a number of personal tours and inspections, participating in the interview portion of the Reuse Study process, engaging in collateral meetings and discussions that have occurred during the reuse process in connection with the rapidly deteriorating condition of portions of the roundhouse's roof and walls, and giving its various contractors and subcontractors permission to meet and speak with members of the Reuse Study team about planned stabilization work at the site. Some have characterized CP Rail's handling of the roundhouse as a "do nothing" approach, and although little or no actual repair/reinforcement work has been initiated by CP Rail to date, the company's recent interactions with City staff, the Reuse Study team, neighborhood representatives and others have clearly gone beyond the bare minimum that the company could be expected or required to do. CP Rail's continued participation and cooperation will be crucial to the effective analysis of the reuse alternatives that this study has identified, and to the successful implementation of whichever alternative is ultimately deemed to have the best combination of economically feasibility and neighborhood/City support.
- **CP Rail seems to have a willingness to work with the neighborhoods to find a compatible reuse for its surplus property.** CP Rail representatives have indicated that they want to be a "good neighbor." Of course, how that phrase is defined will vary from one person to the next. Some might maintain that the best way for CP Rail to be a good neighbor would be to cease being a neighbor - that is, by relocating its entire operation elsewhere. However, those who view the situation more objectively understand that doing so would be impractical at best. The Shoreham Yards facility is more than a Northeast Minneapolis operation - it is a critically important transportation hub for the entire Upper Midwest. In short, it is here to stay for the foreseeable future. Given that fact, CP Rail representatives seem to understand that it is not prudent or productive to have a perpetually adversarial relationship with the organizations that represent the many neighborhoods that border the site. In the recent past, CP Rail has shown less of a tendency to act unilaterally and without advance notice, and more of a willingness to engage in proactive meetings and discussions concerning topics of mutual interest to the neighborhoods and the railroad. While doing so, CP Rail typically indicates that in the final analysis, it will usually do whatever appears to be in the company's best interests; however, when it comes to the redevelopment of the roundhouse and the adjoining property, CP Rail seems to be genuinely interested in attempting to identify a course of action that satisfies its own objectives and those of various other interested parties.
- **CP Rail has demonstrated some level of concern for aesthetics and history, by (for example) recently designing a gatehouse to complement the architecture of the other railroad buildings.** CP Rail does not appear to be insensitive to the strong local interest in preserving and reusing the roundhouse. Although the company's representatives continue to talk (from time to time) about demolishing the roundhouse, no affirmative steps toward that end have been taken since the formation of the Shoreham Area Advisory Committee. Railroad employees know, perhaps better than most, how important the roundhouse was to local railroad operations and to the local community for a very long time. There may well be an undercurrent of interest in and fondness for the roundhouse that at least some former and current employees are struggling to reconcile with the company's unwillingness to devote funds to preservation or rehabilitation. It seems likely that if a way can be found to address financial issues related to the roundhouse in a way that doesn't place those monetary burdens squarely on a party (CP Rail) that won't directly benefit from such expenditures, CP

Rail staff could become resources whose expertise could be drawn upon in connection with the rehabilitation and reuse of the roundhouse.

- **CP Rail may be more willing to invest in the property if there was a viable, compatible reuse for the roundhouse.** In business, rarely does anyone do something for nothing. Those who do so with regularity eventually find themselves out of business. It is not unfair or improper for CP Rail to be reluctant to maintain or improve a structure if doing so will be of no financial benefit to the company. Conversely, if a way can be found to make the presence of the roundhouse an asset or a selling point, rather than a detriment or an obstacle to redevelopment, then it might be possible to make a more compelling argument that it would be to CP Rail's advantage to contribute to the cost of preserving or rehabilitating the building. Indeed, that is the goal of this Reuse Study - to identify and preliminarily analyze some reuses of the roundhouse that are both economically viable and acceptable to all of the potentially interested parties.
- **The roundhouse is adjacent to an active rail yard with intermodal services, which might be a positive for some types of light industrial uses.** Industrially-zoned property with rail access is in relatively short supply in the Twin Cities area. The fact that an active rail yard is adjacent to the roundhouse site will be seen as a liability to some. However, businesses that rely on rail transport will see it as a significant advantage. The challenges, of course, would be in (a) identifying such potential purchasers or tenants and (b) creating a site plan that effectively minimizes the aesthetic and operational negatives that are typically associated with rail-dependent businesses. A related issue would involve comparing and weighing the relative merits of rail-based commercial operations at the roundhouse site with the many "non-rail-based" commercial/industrial redevelopment options that may exist.

Economic Issues

Economic viability of a renovated/restored project is always the most important issue in a private sector development. Developers will not spend the time or money to propose, design, construct and market a project without the prospect of a fair return on their investment. Time spent from the conception to the completion of a project also translates into cost.

The Shoreham Yards Roundhouse presents an extremely challenging reuse of a unique but deteriorated structure. Private development and reuse of the building will ultimately be dependent on financial incentives to offset the high cost of saving and rebuilding. A potential developer will need assurance that the property can and will be available for redevelopment. This will mean whoever controls the property is able and willing to sell the roundhouse for redevelopment. If saving the building is important, it would likely mean the City would have to gain control in some fashion, and see to it that best efforts are made to protect the roundhouse. At the same time, to justify the public and potential taxpayer investment it has to adequately benefit any public expense to gain control of the property. This expense, at least partially, can be recovered from the residual value of the residual land.

- **Construction costs of the roundhouse, including the carrying costs, will be unusually high and increasing over time.** The building's roof and, in turn, exterior walls are quickly deteriorating. If saving the structure is possible, it will be absolutely necessary to secure what remains, and then to

mothball what is not replaced immediately. This can forestall further deterioration hopefully for another five to ten years, providing enough time to allow redevelopment. The eventual renovation/restoration of the building shell will also be intensive. Portions of both the interior and exterior brick of the perimeter walls will have to be replaced [see Addendum #1 for update]. Some of the interior wood beam structure will need to be replaced as well. Mechanical systems must then be installed. This will bring the structure to shell condition, ready for leasehold and final improvements. Given the above requirements, the total construction costs could exceed those of new construction.

- **Removal of hazardous waste will be necessary prior to construction.** There is asbestos in portions of the ceiling and pollution of the soil under the building. It becomes more difficult to remove asbestos as the roof deteriorates. This will create additional cost for the project. Soil pollution is currently being remediated and therefore it is assumed it will be adequately cleaned by the time of redevelopment [see Addendum #4 for update].
- **There is currently a very soft commercial market.** The Twin Cities commercial markets, similar to most markets in the country, have softened with the slowdown of the economy. Near term interest rates are uncertain. Most developers are required by lending institutions to minimize speculative risk by preleasing space prior to construction.
- **Site acquisition costs have to be considered.** The purchase of eighteen contiguous acres of land, unique in Minneapolis, and in a high traffic commercial corridor could add additional up-front costs to a project.
- **Time is working against any redevelopment of the existing roundhouse.** The time it takes to determine which portions of the remaining roundhouse can be saved will increasingly limit potential options of reuse. If part of the walls cave in, it becomes less economically feasible to reuse the remaining portions.
- **Commercial redevelopment of the site would bring new jobs back into the community.** Railroad jobs at one time dominated this area. Many people living in the surrounding neighborhoods worked in the Shoreham Yards. Either retail or office development would generate new jobs. Some of those could be filled by nearby residents. The greatest increase of jobs would come from a new manufacturing facility. These jobs tend to be higher paying and in greater numbers than with retail or office. Not only would the specific employer benefit but also residents and nearby businesses. There is also an opportunity for manufacturers who ship and receive materials to use the adjacent heavy rail lines.
- **Eighteen acres of contiguous land is a unique commercial development opportunity.** This land, which includes the roundhouse, is adjacent to both the current CP Rail yards and Central Avenue. It is difficult to assemble development sites of much size anywhere else in Minneapolis. The size alone creates new development options.
- **There are tax incentives available for properties listed on the National Register of Historic Places.** If the roundhouse is applied for and becomes listed on the National Register of Historic Places, it then becomes eligible for Federal Rehabilitation Tax Credits, provided it is a certified rehabilitation, and privately developed for income-producing uses. These tax credits basically amount

to 20% of the total rehabilitation costs. In order to be certified, the work must conform to the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. The process is overseen by the State Historic Preservation Office (SHPO), based at the Minnesota Historical Society. The SHPO forwards applications for certified rehabilitations to the National Park Service (NPS) at the Department of the Interior, which is the final judge of whether or not a project should receive the credits. Active and passive investor tax laws, however, restrict individual investors, while "C" corporations do not suffer these restrictions. A rehabilitation project can extend up to a five year phased period and, therefore, tax credits can be taken over a similar period of time.

- Tax credits remain as one of the more attractive financial incentives for private historic preservation. The Minnesota State Legislature is now considering The Minnesota Historic Preservation Tax Credit. If passed in its current form, there will be an additional 20% credit available to historic commercial real estate. This credit would be applied to state income taxes.
- Alternatively, there is a 10% Tax Credit for the same rehabilitation costs on buildings older than 50 years but not on the National Register. The advantage of this approach is that the developer does not have to follow Department of Interior guidelines which are more restrictive. However, it is required that at least 50 percent of the original exterior walls must remain as exterior walls after the rehabilitation, and at least 75 percent of the exterior walls must be either exterior or converted to interior walls through the redevelopment process. Also, at least 75 percent of the internal structural framework must be retained. In addition, if a structure has been found to be eligible for the National Register, the 10% tax credit cannot be used.
- A developer may take advantage of the Façade Easement Program. The roundhouse would have to be designated to the National Register of Historic Places. If so, the Economic Recovery Tax Act of 1982 allows property owners to take a tax deduction for donating facade easements of buildings listed on the National Register. This historic façade easement is a way of protecting a structure while permitting the owner to retain possession and use of the structure. The easement must be donated to a nonprofit group which agrees to monitor and protect the historic character of the façade. The owner is still responsible for the maintenance of the façade. The Preservation Alliance of Minnesota is a nonprofit membership organization that is qualified to receive historic façade easements and which presently holds a number of these easements.
- **Tax Increment Financing (TIF) could be available for commercial redevelopment.** Buildings which are privately owned and which pay property taxes to a local taxing municipality qualify for TIF financing. TIF is a technique that uses increased property values, attributed to redevelopment, to help pay for private redevelopment costs. Since no property taxes were ever paid on any of this property, the increment or new tax revenue could be substantial. It may then be returned to the private developer. This could be in one, up-front, lump sum by the local municipality selling guaranteed bonds to raise the funds. The municipality could also return payments over a period of years. A rule of thumb is for a municipality to recover the TIF expenditures over about a 10 year period. There are, however, many examples of TIF bonds being paid off over longer periods of time. A TIF district would have to be established with a set period of time for bond retirement. This will in turn determine the level of funding available to a private developer.

- **New Market Tax Credits could be utilized along with other tax incentives.** New Market Tax Credits permit taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities located in low income communities. This credit can be claimed over a seven year-credit allowance period. Eligible low income communities are identified by zip code.
- **A 1031 Exchange, also known as a *like kind exchange*, could be structured into the sale to a buyer/developer.** A tax deferred exchange is a method by which a property owner trades one property for another without having to pay any federal income taxes on the transaction. In an ordinary sale transaction, the property owner is taxed on any gain realized by the sale of the property. But in an exchange, the tax on the transaction is deferred until some time in the future, usually when the newly acquired property is sold. Often the tax is paid when an individual falls into a lower tax bracket. These exchanges are sometimes called “tax free exchanges,” because the exchange transaction itself is not taxed. Tax deferred exchanges are authorized by Section 1031 of the Internal Revenue Code. The requirements of Section 1031 and other sections must be carefully met, but when an exchange is done properly, the tax on the transaction may be deferred. In an exchange, a property owner simply disposes of one property and acquires another. The transaction must be structured in such a way that it is in fact an exchange of one property for another, rather than the sale of one property and the purchase of another. Today, a sale and a reinvestment in a replacement property are converted into an exchange by means of an exchange agreement and the services of a qualified intermediary – a fourth party who helps to ensure that the exchange is structured properly.

Reuse Option Evaluation

The Shoreham Yards Roundhouse, as the last such structure in Minneapolis, has an important significance in the city’s history. It is a unique structure with unusual spaces and volumes and a promising yet challenging site. Its greatest challenge, however, is its current condition, with large holes in various portions of the roof [see **Addendum #1 for update**], wood structural components compromised by exposure to water over a number of years, and masonry walls that have suffered damage due to moisture and/or freeze-thaw cycles.

During the course of the reuse study a number of options were discussed. They included everything from housing to reuse as a corporate or small college campus. The site has good vehicular access for many of the possible uses, and those that could take advantage of rail connections -- something that few sites feature -- are also feasible. Some uses could add significant traffic to the neighborhood, both vehicular and/or pedestrian, while others would have virtually no external impact. In addition, some uses may be viable only using the roundhouse itself, while others would need to have use of the adjacent CP Rail-owned property fronting along Central Avenue in order to result in a viable use. Together with the roundhouse site, the Central Avenue frontage would make approximately 18 acres available for development.

Before discussing reuses, a summary of the areas and volumes of various portions of the building is outlined below. Although the most desirable ultimate reuse would use the entire building, the current

conditions of some portions may preclude their viable use. However, if some or a majority of existing historic bays can remain, other bays that are too far gone could be reconstructed on the same footprint.

The summary of the portions of the building is as follows [the figures that follow were prepared before the partial roof and wall demolitions referred to in Addendum #1 were conducted].

(Square feet = SF and cubic feet = CF.)

Bay A:

Floor Area = 7,980 SF

Volume = 127,680 CF

Area of Exterior Walls = 4,340 SF

Bay B:

Floor Area = 8,130 SF

Volume = 130,080 CF

Area of Exterior Walls = 4,219 SF

Bay C:

Floor Area = 7,840 SF

Volume = 125,440 CF

Area of Exterior Walls = 4,071 SF

Total Bays A, B, C:

Floor Area = 24,000 SF

Volume = 383,200 CF

Area of Exterior Walls = 12,630 SF

Bay D:

Floor Area = 9,160 SF

Volume = 215,260 CF

Area of Exterior Walls = 6,175 SF

Bay E:

Floor Area = 17,260 SF

Volume = 405,610 CF

Area of Exterior Walls = 12,290 SF

Bay F:

Floor Area = 10,283 SF

Volume = 282,783 CF

Area of Exterior Walls = 12,030 SF

- **Total Overall Floor Area (A-F) = 60,650 SF**
- **Total Overall Volume (A-F) = 1,286,850 CF**
- **Total Area of Exterior Walls (A-F) = 43,125 SF**

Reuse Options Discussed

What follows is simply a summary of the many of the reuse options that the study team heard during the interviews. Actual recommendations for the reuse of the facility are in the Reuse Recommendations section of the report. Some reuses may not be possible, but are listed with reasons as to why not. Some may be more viable than others economically and/or more compatible with the site and/or neighborhood. Most reuses may not need the entire building or property, so combined uses would be likely. The reuse options are not in any order of priority and are as follows:

Housing was mentioned by a number of people interviewed as a desirable reuse on the roundhouse site. However, the site has had significant underground pollution and is still in the process of being cleaned up. It is currently anticipated that the remediation will be done in two to five years, but the site is not being cleaned to the level that would allow housing. In addition, CP Rail is very concerned that reuses for the property are compatible with their operations on the adjacent parcels, and housing is not one of them. Depending on how the property is handled with reuses – whether ownership is retained by CP Rail and the land is leased or it is sold – it is assumed that any property lease or transfer will include a prohibition against housing.

There is currently a facility near the Broadway and Central Avenue intersection where railroad cars are stored and maintained outdoors. Making the roundhouse available as an indoor facility for this purpose would be in keeping with the building's original function. For example, it could become a regional or national facility where private individuals, companies, and/or organizations with railroad interests would own or lease space and store and repair their rolling stock. It could be coupled with other uses and possibly be an interest draw for a bar and restaurant or other similar function.

Another obvious and compatible reuse would be to continue the building's historic use as an industrial site. This could bring jobs back into the neighborhood. The various bays and stalls give great flexibility in layout, and the multiple segments of the building that are defined by masonry separation walls would allow for multiple users. Potential uses could also take advantage of the rail access, and the property could be owned by one entity and portions of it leased, or it could be owned in a condominium arrangement.

Similar to the industrial use cited, the building could also lend itself well to an Office/Warehouse/Showroom use similar to what is found in office parks throughout the Twin Cities. This is basically what was proposed for the full 18 acre site when a Request for Proposals was issued in the late 1990s. That RFP resulted in two viable submissions, and the selected developer was moving towards purchasing the property when it was taken off the market due to the extent of the underground pollution. It would have utilized the entire existing building and built additional structures on the property fronting Central. There is no reason to assume that a similar use wouldn't be viable in the future, especially if much of the uncertainty surrounding the site is clarified.

This would likely include the entire 18 acre site along Central Avenue. Instead of industrial or office/warehouse type uses, there may be a corporate entity looking for a campus-like setting. Recent major projects for Best Buy (Richfield), Medtronic (Fridley and Shoreview), Allina (Minneapolis), and Wells Fargo Mortgage (Minneapolis) show that such developments are of interest in the corporate world. Good access to

I-694, downtown Minneapolis, and the affordable housing and a diverse workforce of Northeast Minneapolis could make this a viable corporate campus site.

Either industrial or office/warehouse/showroom uses could be used in conjunction with the creation of some sort of business incubator program at the site. Such an endeavor could have special taxing or financing incentives (TIF, Enterprise Zone, Tax-Free Trade Zone, etc.) attached to it that could help make a project at the site viable.

A roundhouse facility in Aurora, IL was converted into a railroad-themed bar, restaurant, entertainment, museum, and event center in the late 1990s by former Chicago Bears player Walter Peyton. The project won a National Historic Preservation Award in 1999, and its success led to interest by Kirby Puckett to undertake a similar project at the Shoreham Roundhouse. However, nothing became of his idea before he died. The Shoreham Roundhouse could certainly make for an interesting such facility. During a previous reuse study in 2007 for a different site, the study team heard that there is apparently a need in Minneapolis for an event center that can accommodate 300 to 400 people. This would be approximately 6,000 SF to 8,000 SF, plus all of the ancillary functions. Currently, only major hotels are able to handle events that large within their ballrooms. Whether the roundhouse site is desirable for a bar, restaurant, and event center use is unknown. In fact, if the rail spur just north of the building remains active, that could have a negative impact on such a reuse.

Separate from the interviews, the study team was made aware of high-end storage facilities elsewhere in the world that have been developed for storing the collections of museum and private owners of art, textiles, jewelry, etc. Highly secure space is leased or sold so that valuable collections can be kept more safely than in a public facility or in a residence. The Twin Cities, with its large number of museums and generally well-to-do demographics, may be a market for such a facility. This type of facility would have a need for high-end amenities such as lobbies, private viewing rooms, etc. for its clients, and rigorous climate control, security, and fire suppression systems.

Many people interviewed mentioned the strength of the Northeast Minneapolis artist community and also felt that the artistic "market" in Northeast is not yet saturated. It was pointed out that, rather than allowing what happened in the Warehouse District in Minneapolis, where the artists were concentrated in a small area and were eventually driven out by "gentrification", there is an effort to spread the arts-related facilities throughout Northeast to prevent being pushed out in the future.

The types of spaces available in the roundhouse could be very attractive to artists, in particular those that need large, high-bay studios. Another artistic need that could also be met by the roundhouse is for foundry uses, which are apparently in short supply.

Artist-related uses could be facilitated through the creation of an artistic enterprise zone at the roundhouse or selling portions in a condominium or cooperative arrangement. However, the potentially high cost of rehabilitating the roundhouse versus the historically low cost-per-square-foot for rental or ownership rates needed by artists, could make a solely artistic use problematic.

Linked to the artistic use of the roundhouse could be its reuse as an arts center and/or cultural center. The Minneapolis Park and Recreation Board has expressed interest in the past in developing arts-based park facilities in some neighborhoods rather than the recreation-based facilities common in the parks. The

roundhouse could be such a facility, expressing as well the many immigrant communities, past and present, which have shaped Northeast Minneapolis and the city as a whole.

An interesting idea that was presented for the roundhouse was as a stable facility for horses. Under this reuse scenario, the Minneapolis Police Mounted Patrol would use part of the facility, and a private vendor or vendors would use other parts. The vendors could then offer horseback rides along the property that fronts on Central Avenue and into Columbia Park, which some interviewees felt was the most underutilized park in Minneapolis. It could be a unique recreational use that is currently only available in the far suburbs or in resort areas. This reuse could possibly also be coupled with other uses (restaurants, etc.) as a drawing card.

Another idea that was mentioned for the roundhouse was as an indoor park, similar to that at Edinburg in Edina. That facility includes an indoor play area along with an indoor skating area, swimming pool, party rooms, etc. It charges a fee for use, which varies for Edina residents and non-residents. This use could likely be combined with other uses as well, which is what is done at Edinburg, where the park is in an office building. At the roundhouse, it could be a railroad inspired theme, expressing its history or an arts-based theme, expressing the newfound focus in Northeast Minneapolis.

More than one person that the study team interviewed said that Central Avenue needs some sort of green space amenity. The Shoreham Yards frontage along Central Avenue could provide that amenity, tying Columbia Park to a new use at the roundhouse that could take advantage of its proximity to a park. More than one person also mentioned that the Minneapolis Park and Recreation Board has expressed past interest in acquiring all of the Shoreham Yards for park land and restoring the lake that was once on the site, while others said that was not true. The team was unsuccessful in its attempts to contact and interview the local park board commissioner.

The study team heard universally that big-box retail was not desired along Central Avenue and particularly not at the roundhouse site. However, smaller, locally-based, unique retailers could be desirable at the roundhouse, and possibly along the entire 18 acre site on Central, if done well. A few retail ideas expressed included:

- A Farmers Market: This could be a new location for the existing Farmers Market at Glenwood and Lyndale, assuming that the value of the current city-owned facility may increase as the Twins Stadium is developed nearby. The sale of that facility could possibly help fund the conversion of the roundhouse. Otherwise, the viability of another farmers market at the roundhouse could be determined, since it could be partially or completely under a roof. This could give it an advantage over both the current Minneapolis and St. Paul markets.
- A Co-op: A co-op grocery store is normally 10,000 SF to 15,000 SF, and could serve as an anchor for other retail developed in the roundhouse. There is a local co-op grocery store located within a few blocks of the site that had previously looked at the possibility of locating in the roundhouse during the 1999 RFP process.
- An Ethnic Marketplace: The Midtown Exchange was mentioned as an example of this. It could feature not just the ethnic products of the current residents of Northeast, but also those past.
- Other commercial uses (restaurants, offices, railroad museum, etc.) that can add interest to, and a draw for, the retail.

The area of the former turntable is a unique feature of the Roundhouse that should be creatively used in any reuse option. It could be a large fountain, an outdoor park or playground, an amphitheater, or a sunken garden. One interviewee suggested that some sort of structure, possibly a tower of some kind, could help identify it and create a visual connection to Central Avenue. Any use should interpret and celebrate its original function.

Study Recommendations

The recommendations below are not listed in any order, although those that stabilize or improve the safety of the building should be implemented as soon as possible. Many of the planning recommendations can be concurrent with others. The study team's recommendations are as follows:

There are safety and stabilization needs at the Roundhouse that should be addressed immediately as portions of the building are in a much deteriorated condition [see **Addendum #1 for update**]. Parts of the roof in Bays A, B, and C have collapsed and are allowing water to enter. In fact, part of the roof in Bay A fell while the reuse study team was making its first inspection of the property, and one team member's foot went through the wooden floor in Bay C during the same visit. The water and freeze/thaw action has caused, and will continue to cause, deterioration to the wooden roof structural components as well as the masonry walls.

CP Rail wants to reopen the track spur that runs north of the roundhouse adjacent to Bays B and C, but they are concerned about the stability of those walls, since the collapsing roof structure could cause the walls to fall onto the tracks [see **Addendum #1 for update**]. They are therefore currently or soon proceeding with the removal of the roofs in Bays B and C and the work necessary to stabilize the walls adjacent to the tracks. Prior to this stabilization work being done, CP Rail is having the cement asbestos fireproofing panels on the ceiling of Bay B removed. As the roof removal work is proceeding, all attempts should be made, without placing construction crews at risk, to salvage for future reuse or interpretation existing structural members such as beams, columns, diagonal bracing, etc.

The work described above is only being done by CP Rail to reopen its track spur; they are not necessarily committing to spending money on other work in a building that apparently has no value to them. It is also unknown whether the roof removal will negatively impact the stability of the masonry walls. They could collapse, need to be removed to improve safety at the site, or need to be braced because of the loss of lateral stability from the roof [see **Addendum #1 for update**].

No matter what occurs during the roof removal process, it is recommended that further stabilization be done as soon as possible to secure and/or stabilize the other deteriorated areas to reduce potential harm to individuals who may enter the building legally or illegally, reduce further damage to the building, and make as much of the existing building available for rehabilitation as possible. Further work could include the removal of the roof in Bay A and further stabilization and/or mothballing of other at-risk components, in particular the masonry walls. The stabilization and mothballing would need to be of a level to maintain the building's current condition for a period of 5 to 8 years, or so, depending on what an expected time frame for redevelopment on the site could be.

Costs related to stabilizing or repairing portions of the masonry walls have been estimated by Macpherson-Towne Company, a masonry contractor that specializes in restoring historic masonry. The costs are stated in 2008 construction dollars, and total \$3,321,000 for the interior and exterior of all masonry walls at the roundhouse.

The stabilization work described above may adversely impact existing historic portions of the building, in particular the masonry walls. It may even be necessary to demolish portions of the existing building in order to save larger portions [see Addendum #1 for update] or to make reuse of the remaining areas financially feasible. If it is necessary to demolish most of Bays A, B, and C for safety and stability, it is recommended that the following further actions be taken:

- The existing masonry walls of Bays A, B, and C at the inside of the circle be saved, stabilized, and mothballed
- The end (east) wall of Bay A be saved, stabilized, and mothballed
- The walls and roofs of Bays D, E, and F be saved, stabilized if needed, and mothballed where needed.

Loss of portions of the existing fabric of the building, particularly in the oldest bays (A, B, and C), may adversely affect the historic integrity of the structure. The roundhouse is on the City's historic preservation list, and it may be eligible for being placed on the National Register of Historic Places. Loss of historic fabric may jeopardize the potential for placement on the National Register, which would also eliminate the possible use of Federal Historic Tax Credits, Façade Easements, and other financial incentives available to historic properties.

In order to maximize the redevelopment potential of the roundhouse, its site should be combined with the other CP Rail property along Central Avenue NE to make the entire 18 acre site available, as was done in 1999. This will allow for potentially expensive rehabilitation costs at the roundhouse to be offset by less expensive new construction development on the rest of the site.

The City of Minneapolis has directly or indirectly played a role at the Shoreham Roundhouse site for a number of years. When the building was first slated for demolition in the late 1990s, the city assisted in the RFP process that led to two proposals. The HPC designated the roundhouse as historic in 2000. The City has participated in the Shoreham Area Advisory Committee (SAAC) that was created by court order to serve as a forum to advise on issues related to the roundhouse, and the City is funding this study.

The potential redevelopment of the roundhouse, as well as development of the other land along Central Avenue, is a key to future improvements of the neighborhoods surrounding the property, and in particular the Audubon Neighborhood across Central. It is clearly in the best interest of the City to do everything it can to assist in a positive outcome for the site, and preservation of the roundhouse can be an important part of that goal.

During the interviews, the study team heard that there is an impression that Northeast Minneapolis has not had the same level of City involvement, interest, or backing for redevelopment as in other areas of the city. Whether that impression is accurate or not, it was stated by many interviewees. Regarding the Shoreham Yards site, one person expressed it this way, "The city cannot not be not involved".

Given that impression, it is important for the City to take a lead role in trying to get the roundhouse and adjacent property redeveloped. Although CP Rail is also apparently interested in seeing it happen, they really don't want the building and have done little to maintain it. However, they are apparently still willing to work with the City to facilitate its reuse.

If the City has the financial ability and political will to assist in stabilizing and mothballing the structure or purchasing the property from CP Rail, it should do so. If not, it should at least play a major role in facilitating efforts between CP Rail and entities interested in redeveloping the site, as it did in 1999.

As part of the celebration of the 150th Anniversary of the founding of the American Institute of Architects, the AIA Minneapolis Chapter initiated the Mayor's Great City Design Team in 2007 to provide a limited number of design charrettes for urban design issues in neighborhoods throughout the city. SAAC nominated the Shoreham Yards Roundhouse as a study site; and, although it was not selected as one of the five sites studied in 2007, it is one of three sites selected for 2008 [see Addendum #2 for update].

As of this writing, a team is being assembled for the charrette, which will be held on Saturday, February 2, 2008. The primary purpose of the Design Team effort is to meet with the neighborhood and other stakeholders and, in a concentrated effort over a weekend, identify and graphically illustrate potential reuses and/or other possibilities for the site. This effort will allow for further fleshing out of some of the reuses identified by this study, therefore all of the information assembled in this reuse study should be made readily available to the Shoreham Yards Roundhouse Design Team [see Addendum #2 for update].

Rather than be seen as a duplication of this reuse study effort, the Design Team work will identify some of the major design issues that could make reuse of the roundhouse a success. This could include showing how the building could be linked visually to Central Avenue, ideas for the former turntable, what the impact of parking will be, how some reuses could utilize the building, etc.

Various other planning efforts are currently underway or upcoming in Northeast Minneapolis, including a Master Plan for the Audubon Neighborhood (across Central from the Shoreham Yards) and a plan for Central Avenue. The results of this current reuse study will inform the Mayor's Design Team work, its conclusions will inform the other studies, and so on. It is important that all information accumulated for and prepared by the various studies be made available to all other current or future study teams. The Shoreham Yards site is a key to the success of Central Avenue Northeast and all of the neighborhoods it touches, and the Roundhouse can play an important role in that success.

Of all of the various reuse options discussed or heard during the reuse study process, those listed here were determined to be the most likely. They are not in any order of preference. All of them assume the following scenario for the purposes of budget estimating, but the components of the construction for the various reuses would vary by the reuse as noted:

- Rehabilitate Bays D, E, and F for the intended reuse.
- Restore all the exterior and interior of all masonry.
- Rehabilitate Bays A, B, and C to reuse as much existing historic roof structure (beams, columns, and bracing – not roof deck) as possible.

- All possible reuses would require substantial site development, but each would be unique to the reuse. Parking and storm water management requirements will vary, as will the development of site amenities. It is therefore very difficult to determine a site development cost. For the purposes of this study, a factor of 8% of the construction cost for each option has been used.
- Since there are no firm designs at this time, for the purposes of this study, a factor of 30% of the construction cost for each option has been used as a contingency and to cover design fees.

The most likely reuse options [which do not reflect the partial roof and wall demolitions referred to in Addendum #1] are therefore as follows:

Office/Warehouse/Showroom

This reuse would continue using the site in a mode similar to its original use. It could be a stand-alone use or coupled with the other property on Central Avenue for a larger development. Costs for this type of reuse *for just the Roundhouse* assume 20% office and 80% open space and are estimated to be \$12.3 million as follows:

- Restore all masonry walls
- Rehabilitate Bays A, B, and C (New windows & doors, new roof structure & roof, rehabilitated interior floors, build new interior walls, HVAC at office areas, heat only at warehouse areas, etc.)
- Rehabilitate Bays D, E, and F (Rehabilitated and/or new windows & doors, new roof structure & roof, rehabilitated interior floors, build new interior walls, HVAC at office areas, heat only at warehouse areas, etc.)
- Site Development (8% of Building Costs)
- Contingency & Fees (30% of All Costs)

Food & Ethnic Marketplace

This could be similar to the Midtown Exchange at the old Sears Building on Lake Street, but it could also emphasize not just the current ethnic diversity of Minneapolis but also its past. Costs for this type of reuse *for just the Roundhouse* are estimated to be \$12.5 million, as follows:

- Restore all masonry walls
- Rehabilitate Bays A, B, and C to Farmers Market Use (Rehabilitated and/or new windows & doors, new roof structure and roof; rehabilitate interior concrete floors; no new interior walls; no HVAC)
- Rehabilitate Bays D, E, and F to "Vanilla Box" Level (Rehabilitated and/or new windows & doors, new roof, rehabilitated interior floors, build new interior walls, HVAC infrastructure, etc.)
- Site Development (8% of Building Costs)
- Contingency & Fees (30% of All Costs)

Bar, Restaurant, Etc.

This would be a similar concept to the roundhouse in Aurora, IL cited earlier in the report. It could be a stand-alone use or coupled with the other property on Central Avenue. Costs for this type of reuse *for just the Roundhouse* are estimated to be \$23 million, as follows:

- Restore and Rehabilitate Bays A, B, & C (Rehabilitated and/or new windows & doors, new roof structure & roof, complete interior build-out, full HVAC, etc.)
- Restore and Rehabilitate Bays D, E, and F (Rehabilitated and/or new windows & doors, new roof, complete interior build-out, full HVAC, etc.)
- Site Development (8% of Building Costs)
- Contingency & Fees (30% of All Costs)

Artist Use

This would be similar to the other arts related development that has taken place recently in Northeast Minneapolis. Costs for this type of reuse for just the Roundhouse are estimated to be \$10.9 million, as follows:

- Restore all masonry walls
- Low Level Rehabilitation of Bays A, B, and C (Rehabilitated and/or new windows & doors, new roof structure; rehabilitated concrete floors; some limited new interior walls, plumbing & heat but no cooling, etc.)
- Low Level Rehabilitation of Bays D, E, and F (Rehabilitated and/or new windows & doors, new roof, rehabilitated interior concrete floors, some limited new interior walls, plumbing & heat but no cooling, etc.)
- Site Development (8% of Building Costs)
- Contingency & Fees (30% of All Costs)

Retail/Commercial

This would be small-box retail with commercial uses that add interest to, and a draw for, the retail. Costs for this type of reuse for just the Roundhouse are estimated to be \$15.5 million, as follows:

- Restore all masonry walls
- Rehabilitate Bays A, B, and C to “Vanilla Box” Level (Rehabilitated and/or new windows & doors, new roof structure & roof, rehabilitated interior floors, build new interior walls, HVAC infrastructure, etc.):
- Rehabilitate Bays D, E, and F to “Vanilla Box” Level (Rehabilitated and/or new windows & doors, new roof, rehabilitated interior floors, build new interior walls, HVAC infrastructure, etc.)
- Site Development (8% of Building Costs)
- Contingency & Fees (30% of All Costs)

Some of the other reuses identified in the “Reuse Options” section are more “lightning strike” uses, or opportunities that materialize based on a unique set of conditions. The rehabilitation of the Grain Belt Brewery after sitting empty for 20 years, for example, was the result of an interested developer with a tenant who could use the whole building. Likewise, the redevelopment of the Sears Building into the Midtown Exchange also was helped greatly by Allina moving its corporate headquarters to that facility.

A corporate campus reuse at the Shoreham Yards site, including the roundhouse, would be such a use. So would the other more unique uses outlined, such as railroad car storage and repair facility, horse-related facility, or an indoor/outdoor park use. These options have not been priced for this study.

Demolition would be the last-resort option only if all other reuse possibilities fail. The current [2008] costs in the Twin Cities area for demolishing buildings that have already been abated of hazardous materials is approximately \$.50/CF. At the calculated volume of 1,286,000 CF, it is estimated that it would cost approximately \$650,000 to demolish and dispose of the roundhouse structure. The actual cost of demolition must be a factor in determining the cost paid to CP Rail, if any, for the roundhouse property. It is assumed that the value of the additional land along Central Avenue that could be made a part of a redevelopment scheme would have to be arrived at through a negotiating process to reflect its fair market value.

For more information about this Study and/or the Shoreham Roundhouse, contact:

Kevin Carroll
Principal Project Coordinator, Business Development
Minneapolis Department of Community Planning and Economic Development
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401
612-673-5181 (w)
651-983-6384 (c)
612- 673-5113 (fax)
kevin.carroll@ci.minneapolis.mn.us

ADDENDUM #1

While the Shoreham Roundhouse Reuse Study was still in progress, Canadian Pacific applied (in November of 2007) for a permit to demolish portions of the roof of the structure. The portions in question were in poor condition -- some parts had already collapsed, and others were in the process of doing so. A concern was expressed at the time that additional roof collapses could pull down already-weakened walls (to which the damaged roof sections were structurally attached). Ultimately the permit for partial roof demolition was approved, and the work in question was performed in early 2008, after which the portions of the Roundhouse that were roofless were those that are colored orange, yellow and blue (Phases B, C and D) on the illustration that follows this Addendum.

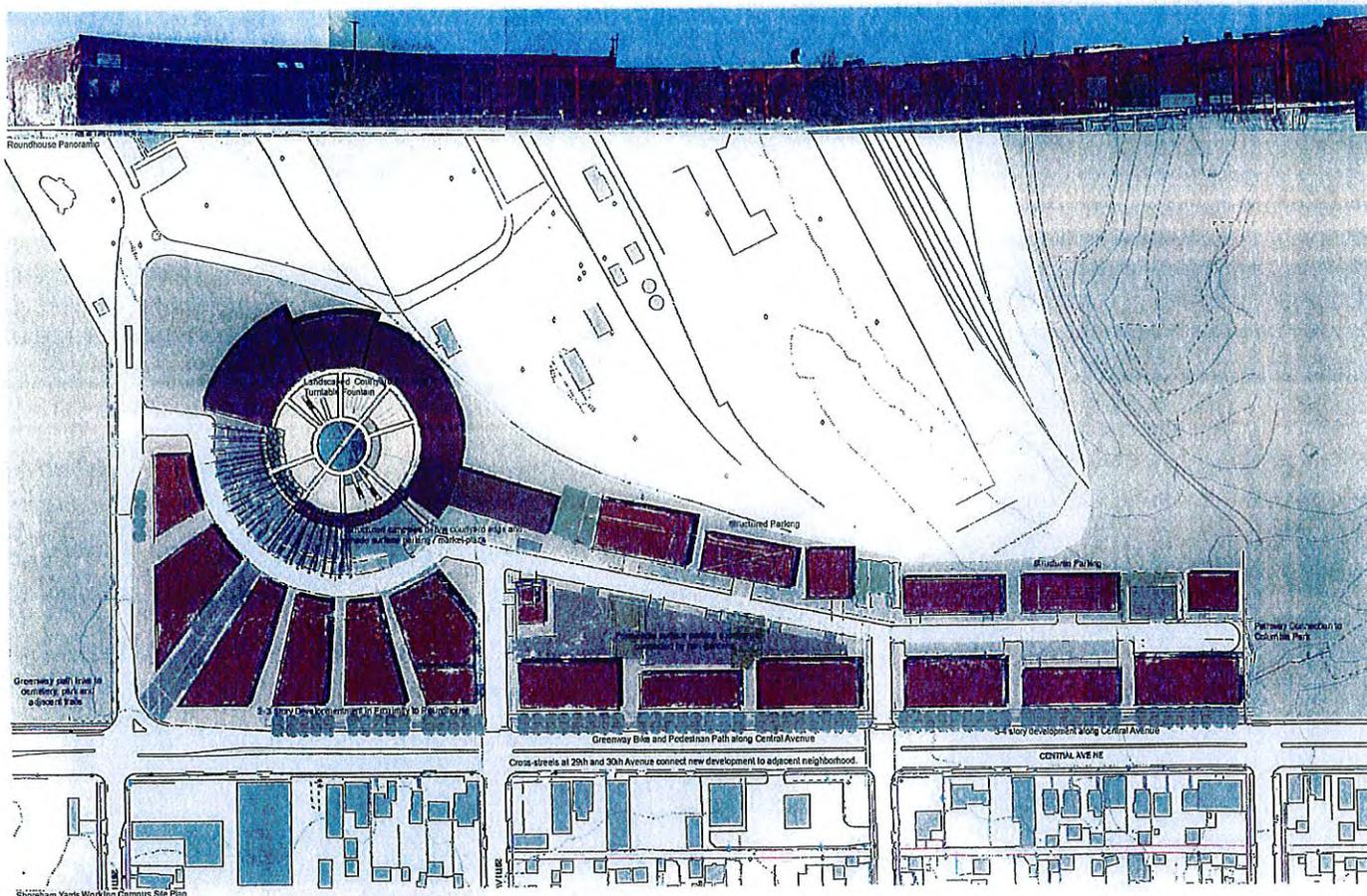
Canadian Pacific's original plan was to design and implement a wall bracing system after the completion of the partial roof demolition referred to above. However, upon further review in the spring of 2008, Canadian Pacific concluded that the portions of the exterior [back] wall that were closest to an adjacent spur line were in such bad condition, and presented such a risk of personal injury and/or damage to passing trains, that attempting to reinforce the wall portions in question was not practical or advisable. Accordingly, Canadian Pacific applied for a permit to partially demolish said wall portions. Approval was granted for the minimum amount of demolition activity necessary to address the perceived risks (i.e., lower portions of some walls were left in place if they could not adversely affect the adjacent track if they subsequently collapsed). As a result of this additional partial demolition work, which was completed in late May or early June of 2008, portions of the back walls of Phases B, C and D are now gone. Canadian Pacific has installed sheathing over the top edges of the remaining "stub" walls to reduce water infiltration and related freeze-thaw damage.

ADDENDUM #2

In 2008, while work on the Shoreham Roundhouse Reuse Study was in progress, the Roundhouse was selected for contemporaneous review and discussion as part of the second round of Mayor R.T. Rybak's "Great City Design Team" process. With the assistance of the Minneapolis chapter of the American Institute of Architects [AIA] and the Minnesota chapter of the American Society of Landscape Architects [MASLA], three design teams lead by local architects were formed to study the Roundhouse and prepare renderings and depictions of potential redevelopment scenarios. Community input was solicited before and during a design workshop that was open to the public. The process concluded with a final public presentation of the design teams' work products on March 10, 2008.

Copies of the some of the final renderings from the Great City Design Team process follow this Addendum.

For more information, contact team leaders Francis Bulbulian (fbulbul@comcast.net) or Frank Clark (Frank_Clark@hines.com).



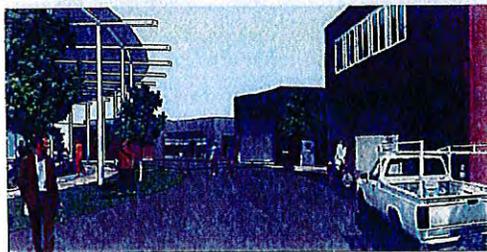
WORKING CAMPUS

In the spirit of historical urban warehouse, commercial and mercantile districts this development strategy for Historic Shoreham Yards holds the street edge with built form.

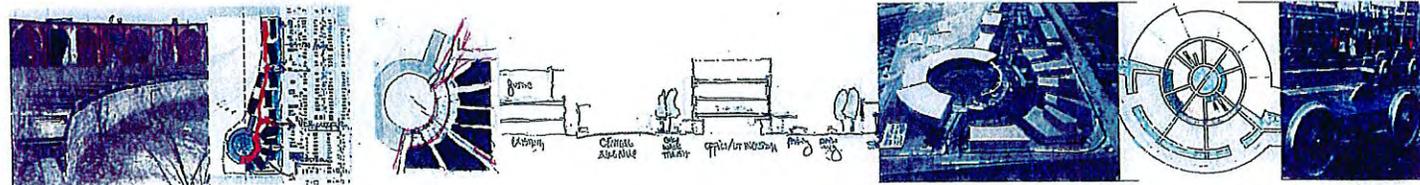
Focused on office, workshop/showroom, and technical/light industrial uses this hard working campus includes flexible footprints along the north end of the Central Avenue frontage.

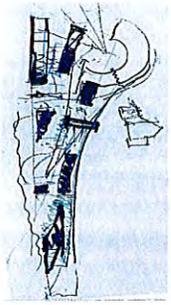
Development in proximity to the roundhouse provides 2-3 story buildings shaped to provide visual connection and broad pedestrian and service paths between buildings.

The Architectural form strategy provides an intensified site development that will resonate with the strong form of the roundhouse and brick industrial construction. The distinctive form of the historic roundhouse and former turntable are reinforced by the landscaped courtyard, architectural canopies, and fountain development.

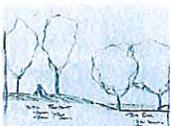


View along Roundhouse frontage: architectural canopies, office/showroom/workshop buildings and drive court.





- A - Phased Roundhouse Retail
- B - Initial Build out
- C - Outdoor Market/ Arts
- D - Ice-skating/ Public Plaza
- E - Campus Plan
- 3 - 4 story buildings focusing Views on the public plaza
- F - Pedestrian Corridors with integrated parking
- G - Merged Access
- H - Topographic landscape scale

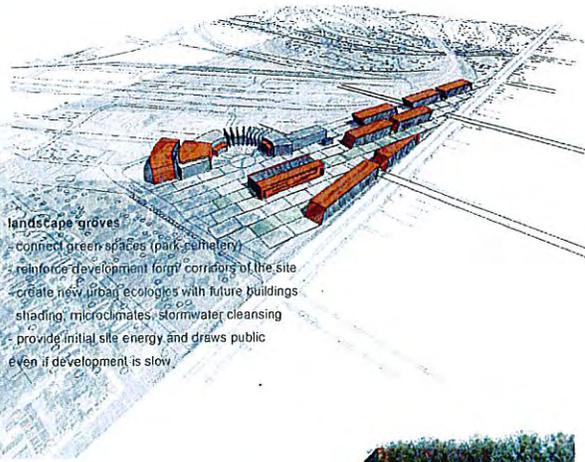


- preserving the past as a vital force for the future
 - letting the faults be the virtues
 - re-activating the surface with the memory of the site
 - re-enlivening the traces of history
 - re-occupying space by creating ceremonial, public, and private domains

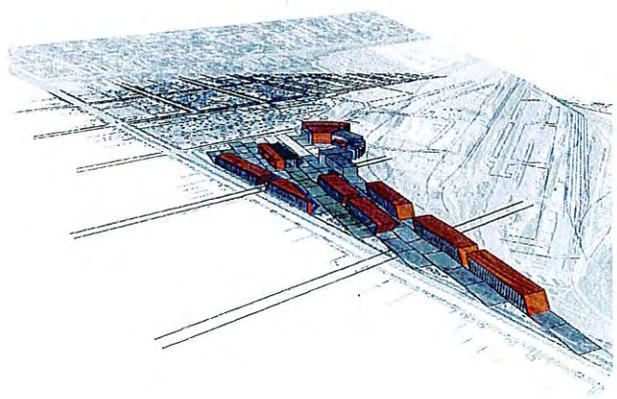


The Urban Yard - Taking from the Traces of History

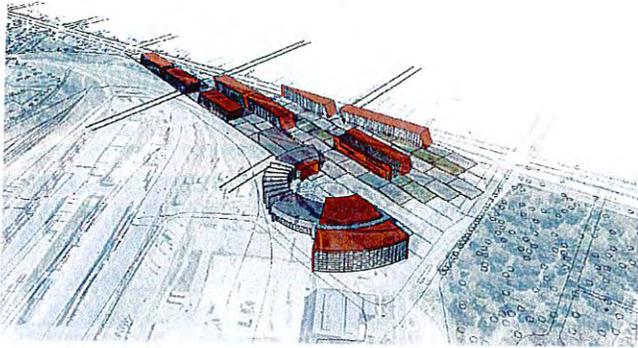
A vision for the new Shoreham Yards



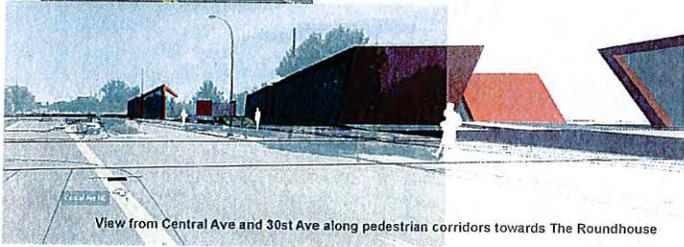
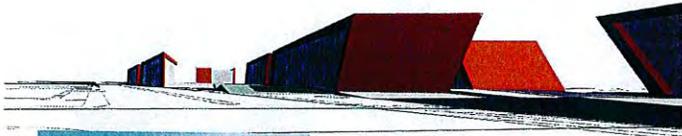
landscape groves
 - connect green spaces (park, primary)
 - reinforce development form corridors of the site
 - create new urban ecologies with future buildings
 - shading, microclimates, stormwater cleansing
 - provide initial site energy and draws public even if development is slow



A vision for the new Shoreham Yards



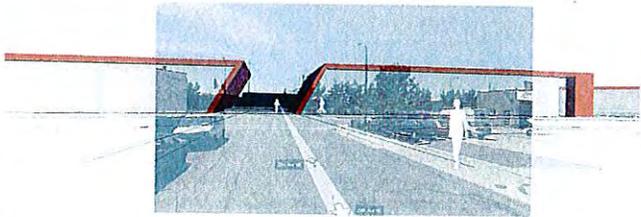
View North from Central Ave towards "the place" peering behind the new development



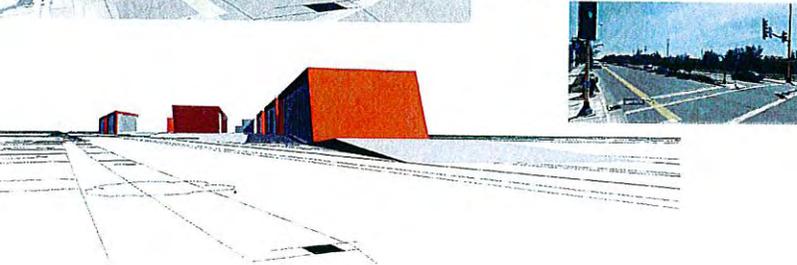
View from Central Ave and 30th Ave along pedestrian corridors towards The Roundhouse

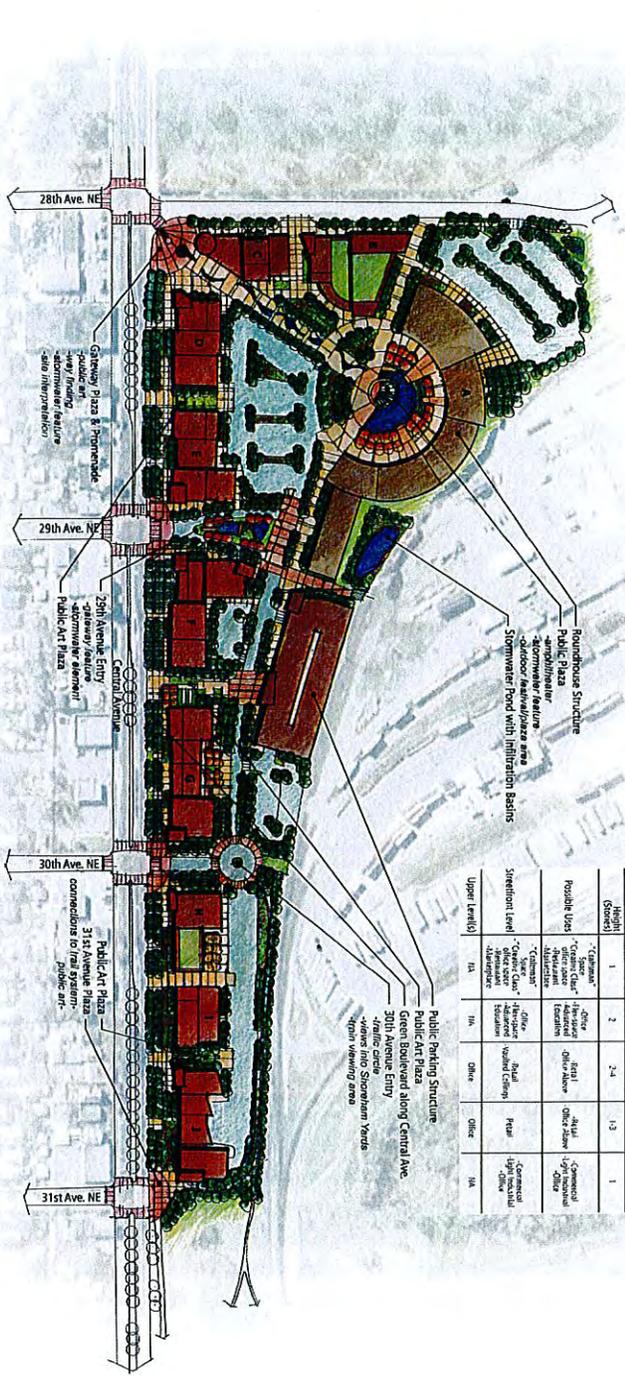


View from Central Ave and 31st Ave along pedestrian corridors towards The Roundhouse

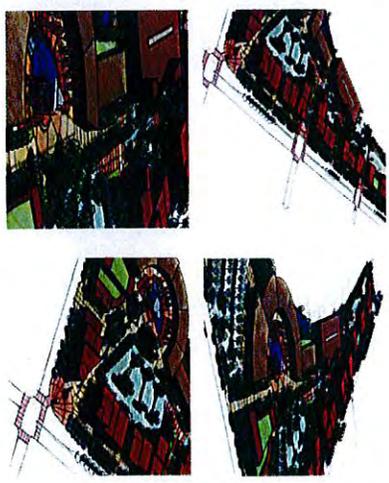
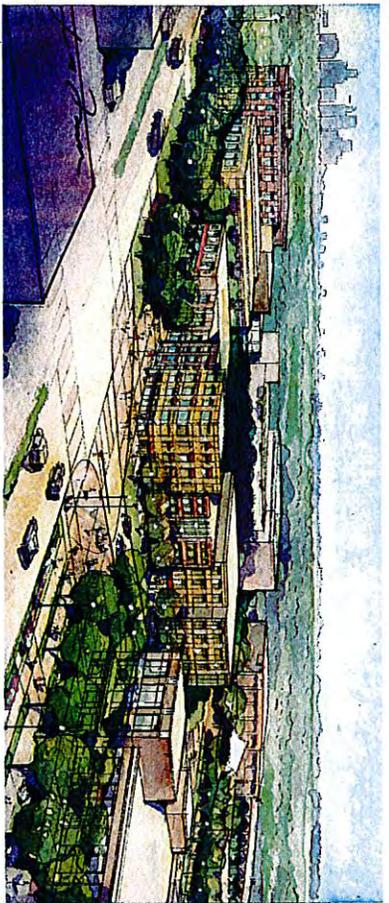


View down 29th Ave NE - Visual keys down the neighborhood streets towards the Roundhouse





A vision for the new **Shoreham Yards**



ADDENDUM #3

In early 2009, Canadian Pacific indicated an intention to solicit development proposals for an 18-acre portion of the Shoreham Yards site. The portion in question included the Shoreham Roundhouse and some adjacent property located along the west side of Central Avenue.

Canadian Pacific thereafter prepared a "Request for Development Proposal" [RFP] document and began distributing it on or about May 2, 2009. The deadline for submitting responses to the RFP was June 1, 2009. A copy of the RFP follows this Addendum.

Canadian Pacific staff members have indicated that they received responses to the RFP, but copies of those responses have not provided to the City of Minneapolis or the Shoreham Area Advisory Committee, nor have the identities of the respondents been disclosed to date. Canadian Pacific staff members indicated at the time (i.e., during the second half of 2009) that they did not receive any proposal(s) that warranted further action on their part, and their position is currently (October 2010) believed to be the same, due in part to the state of the local real estate market.

**REQUEST FOR DEVELOPMENT PROPOSAL
CP R/E PROJECT MN-HENN-001939**

CENTRAL AVENUE SITE

**WEST SIDE OF CENTRAL AVENUE NE
BETWEEN 28TH AVENUE NE & 31ST AVENUE NE**

MINNEAPOLIS, MINNESOTA 55418



SUBMISSION DEADLINE – MONDAY JUNE 1, 2009

**Canadian Pacific – Real Estate, U.S.
501 Marquette Avenue, Suite 1525
Minneapolis, MN 55402**

Contact Nikol Daniels at nikol_daniels@cpr.ca
for issues specific to this RFP

An electronic version of this RFP is available on our website:
<http://www8.cpr.ca/cms/English/Suppliers/Proposal/default.htm>

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Exhibits:

AERIAL VIEW OF LOCATION

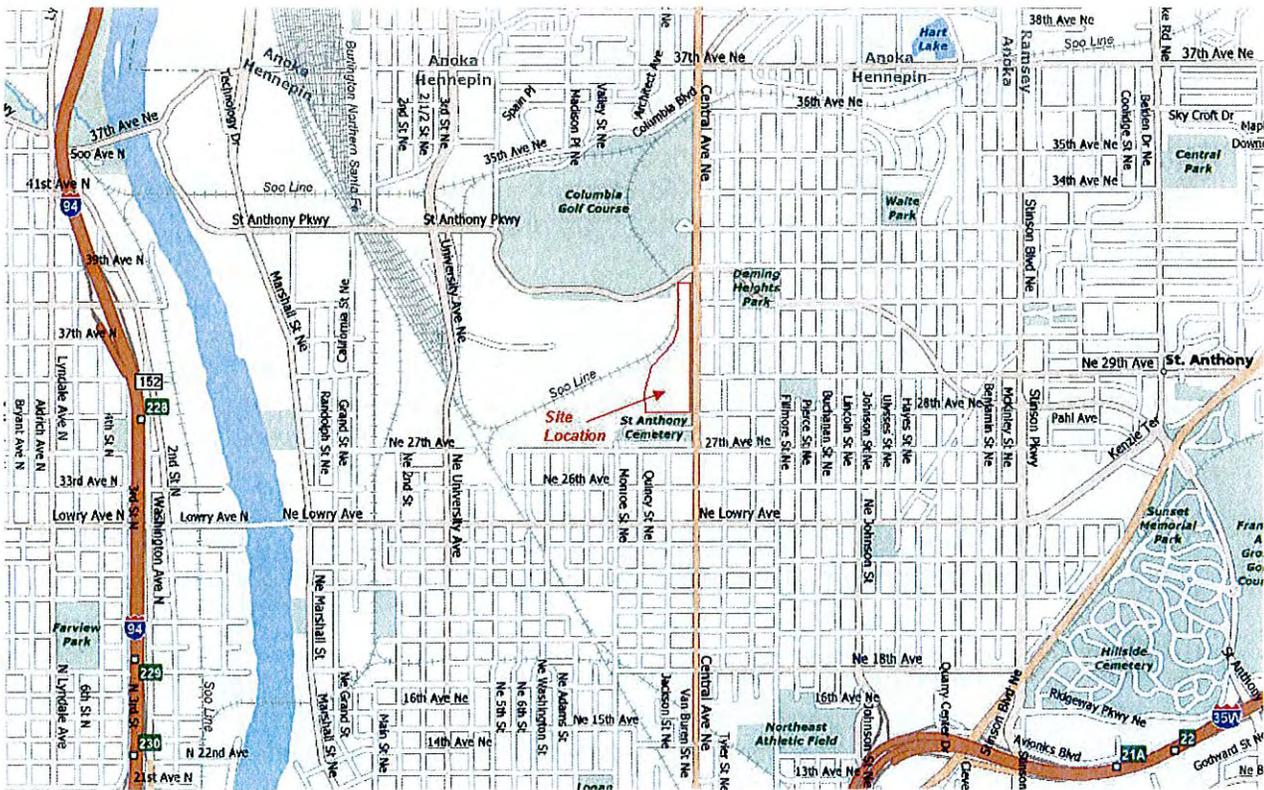
PRELIMINARY PLAT OF CANADIAN PACIFIC RAILWAY ADDITION

I. Introduction

Canadian Pacific is seeking development proposals for certain property located on the west side of Central Avenue between 28th Avenue NE and 30th Avenue NE in Northeast Minneapolis, MN, known as the Central Avenue Site. Canadian Pacific's development objectives for the property are set forth below.

II. Location

The approximately 17.9 acre property is located on the east side of the Mississippi River, roughly 3 miles north-northeast of the central business district in the Columbia Park Neighborhood of Northeast Minneapolis. More specifically, it is part of the "Central Avenue Corridor". It comprises approximately four blocks north to south and two blocks east to west.



III. Site Facts

Land Area

Approximately 17.90 Acres

Zoning

The parcel is zoned I2, Industrial District, and any changes to the zoning will be subject to the Central Avenue Small Area Plan that was approved by the Minneapolis Planning Commission in June, 2008.

Historical

The only building on the site is a retired railroad roundhouse. The building was designated by the City as a historical building and its inclusion in a development proposal, in the opinion of Canadian Pacific, is not mandatory. However, it should be noted there are opinions in the City and community that would prefer that the preservation of the building is at least a part of the development of the site.

More information concerning City historical designation of the building can be found on the City of Minneapolis' Website:

<[http://www.ci.minneapolis.mn.us/hpc/landmarks/Central Ave 2800 Shoreham Yards Roundhouse.asp](http://www.ci.minneapolis.mn.us/hpc/landmarks/Central_Ave_2800_Shoreham_Yards_Roundhouse.asp)>

Rail, Road & Highway Access

Due to the property's adjacency to Canadian Pacific's Intermodal Facility, the site is rail accessible. Just off Central Avenue NE, the property is in close proximity to Hwy I-94, I-694, and I-35W.

Surrounding Uses/Development

In the Central Avenue Corridor neighborhood, as you move easterly or westerly away from Central Avenue the land uses are almost entirely residential, but directly along Central Avenue and University Avenue are virtually exclusively commercial in nature.

A broader scope of the small area plans for Central Avenue can be found here:

<http://www.ci.minneapolis.mn.us/cped/central_ave_plan_update.asp>

Environmental

The Site contains historical environmental impacts. After active remediation work is concluded, accommodations must be made for long term access to monitoring wells. Canadian Pacific does not expect or intend for a developer of the site to take on responsibility or liability for the existing environmental issues at the site.

Copies of environmental studies and reports are on repository at the Minneapolis Public Library: Northeast located at 2200 Central Ave NE, Minneapolis, MN 55418 PH: 612-630-6900

Additional information can be found on the City of Minneapolis' Website:

<http://www.ci.minneapolis.mn.us/cped/shoreham_yards.asp>

IV. Estimated Value / Asking Price

A firm asking price has not been set.

V. Mode of Ownership

Ownership of the site after the development is reasonably flexible and is based on the overall plan of the entire site and corporate approval. Canadian Pacific will consider the creation of a development partnership for the planning and development of the site.

VI. Development Goals

Canadian Pacific has initiated this request for proposals to explore potential redevelopment of the property. Proposals will be evaluated according to how well the plan integrates the use of the site, the activities of the community, and its financial feasibility.

Land Uses

The following land uses are considered opportunities for redevelopment of this site, but should not be considered as strict guidelines, as the redevelopment is not necessarily limited to these ideas:

- Industrial
- OSBC (Office/Showroom/Warehouse and/or Business Centers)
- Mixed Use Retail/Office/Commercial

The following land uses will not be allowed on the site:

- Residential
- Mixed Use Residential
- Other lodging or shelter activities (Hotels, childcare)

Circulation

Vehicular access to and from the site will directly from Central Avenue NE. The existing road at 28th Ave N.E. will exclusively be for traffic associated with Canadian Pacific's rail yard.

Criteria for Consideration

In order to properly evaluate all proposals, ideas should include, but should not be limited to:

- Existing zoning considerations
- Street Design
- Circulation
- Parking
- Pedestrian Access
- Sustainable and/or L.E.E.D Design
- Storm Water Management
- Green Space

VII. Proposal Guidelines

Proposal Submission

Proposals must be submitted as follows: four bound copies and one electronic version in Microsoft compatible or PDF format on CD. Proposals must be 20 pages or less and submitted on standard 8 ½" x 11" paper, with supporting materials on paper no larger than 11"x17". Proposals and supporting documentation must be submitted in a sealed envelope labeled "**Central Avenue Site Redevelopment.**" Presentation quality proposals can be given in person if invited to do so.

Proposals must be delivered on or before **June 1st, 2009 2:00 p.m.**, to:

**Canadian Pacific
Attn: Nikol Daniels
501 Marquette Ave, Suite 1525
Minneapolis, MN 55402**

Proposals received after deadline will not be accepted. Canadian Pacific will acknowledge receipt of any proposal, and will not be responsible for proposals not received.

Proposal Contents

Proposals must include the items listed below.

- Cover page with the following information:
 - Developer's name and mailing address
 - Name and address of any proposed or potential partnerships
 - Developer's current legal status: corporation, sole proprietor, etc.
 - Contact person's name, title, phone number, fax number and e-mail address
 - Signature of authorized corporate officer for each entity proposing as a partnership or team
- Description of the proposed development including:
 - Narrative
 - Preliminary schematic plans and evaluations
 - Size of buildings and approximate square footage
 - Number of parking spaces
 - Anticipated materials
 - Design style
 - Circulation patterns
 - If commercial or industrial rental, information about the anticipated type of tenants should be provided
- Identification of entities that will be involved, i.e.:
 - Developer
 - Architect
 - Building owner / Property Manager
 - Tenant
 - Professional Consultant

- A preliminary capital pro forma showing the detailed sources and uses of funds (debt, equity and other) to acquire the parcel and construct the development. ****Note: Staged development and funding will be considered.**
- For rental projects, a preliminary operating pro forma of at least 20 years for the building operation, including the assumptions underlying the income and expense projections.
- A description of any public benefits that will result from the development.
- A proposed time frame for the entire project, including time frame breakdown for any staged development in the following format:
 - Detail for any stage of development
 - What will occur during each particular stage of development
 - Duration from breaking ground to completion
- Any other information that may be useful in understanding and evaluating the development proposal.

VIII. R.F.P. Inquiries

Any questions and/or requests for access to the site must be made in writing via fax, mail, or e-mail to:

Nikol Daniels
Canadian Pacific
501 Marquette Ave, Suite 1525
Minneapolis, MN 55402
Email: nikol_daniels@cpr.ca
Fax: 612-904-6147

IX. Evaluation Criteria

In reviewing potential development concepts, the following criteria are among those that will be considered:

- Experience and financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget
- The extent to which the project can move forward on an acceptable timetable
- The market and financial feasibility of the project
- Overall quality of the submission
- Review of related previous experience
- Timing and amount of financial benefit to Canadian Pacific.

Canadian Pacific may, in its sole discretion, expand or reduce the criteria upon which it bases its final decisions regarding selection of the developer for this site.

X. Review / Selection Process

Canadian Pacific, along with input from The City of Minneapolis Community Planning and Economic Development (CPED) division will review the proposals.

Canadian Pacific and a CPED representative may ask to meet with developers for discussion of more detailed information, possible changes to plans, and/or to negotiate some the terms of the proposed cost or time frame of the project.

Canadian Pacific reserves the right to select any submitted idea (or none) for implementation.

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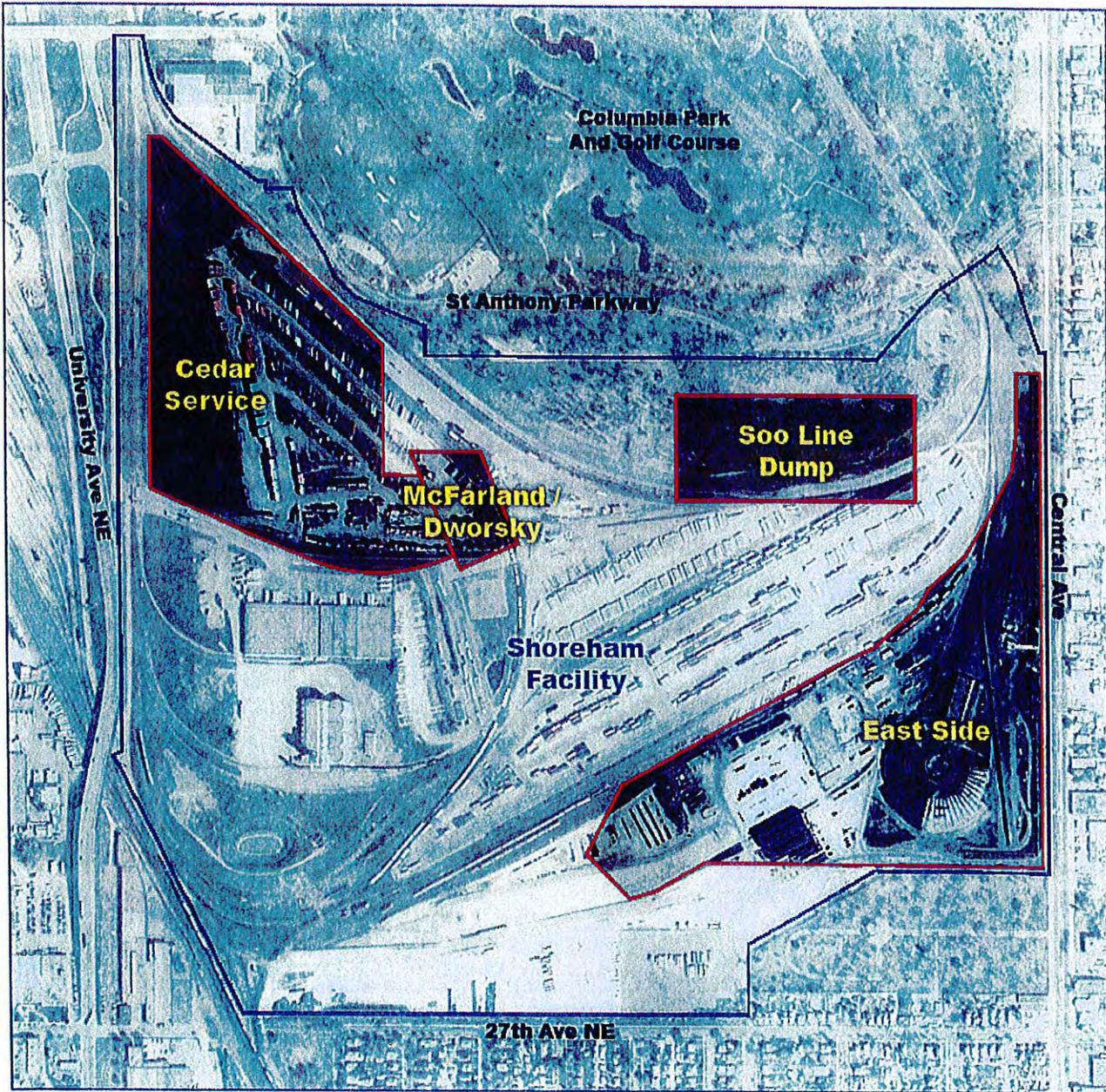
ADDENDUM #4

Environmental investigation and remediation work has been active and ongoing at Shoreham Yards since at least 2004. Representatives of the parties involved in such work (including Canadian Pacific, Ashland Inc., the Minnesota Pollution Control Agency, and various environmental consultants) have been making periodic reports to the Shoreham Area Advisory Committee and others regarding the progress and status of remediation efforts.

Canadian Pacific and Ashland Inc. have also been disseminating an annual newsletter to keep the community informed regarding the cleanup work in question. The most recent newsletter (September 2010) follows this Addendum, along with a map depicting the portions of the Shoreham Yards site that are known to be impacted by contamination.

CP and Ashland maintain an on-line repository of environmental records related to Shoreham Yards. As of October of 2010, it contained 687 .pdf files going back to 1977. This repository can be found at: <http://www.shorehamrepository.com/>.

Shoreham Repository



What's Next?

- Continued operation of the SVE systems and LNAPL collection
- Continued operation of the groundwater extraction and treatment systems
- Implement full-scale bioremediation at the Former Lease Area
- Continued monitoring of natural attenuation for Off-Site Bedrock Groundwater

Additional Information

CP and Ashland provide written biannual progress updates for the East Side Site activities to the Shoreham Area Advisory Committee (SAAC). SAAC is an area residents group that meets the second Monday of the month, 7-9 p.m. at the Holland Neighborhood Improvement Association's office, 1900 Central Ave. NE, Suite 108. Shoreham Yard updates are provided for the meetings in April and December. For more details on SAAC, please visit: <http://www.shorehamyards.org>

Documents Available

Copies of all key reports and Agency correspondence regarding the site may be accessed via the internet at the following website: www.shorehamrepository.com



Printed on recycled paper

Canadian Pacific
Soo Line Railroad Company
Safety and Environmental Services
Suite 1525
501 Marquette Avenue South
Minneapolis, Minnesota 55402

Questions or Comments?

For more information, please feel free to contact

CP:

Technical Staff:
LeeAnn Thomas
LeeAnn.Thomas@cpr.ca
(612) 904-6130

Community Relations Staff:
Jeff Johnson
Jeffrey.W.Johnson@cpr.ca
(612) 851-5616

Ashland Inc.

Technical Staff:
James E. Vondracek, P.E.
jevondracek@ashland.com
614-790-6146

Public Relations Staff:

James E. Vitak
jvitak@ashland.com
614-790-3715

Minnesota Pollution Control Agency

VIC Program
Project Manager:
Andrew Nichols
Andrew.Nichols@state.mn.us
(651) 757-2612

Background

The Canadian Pacific (CP) Shoreham Facility is approximately 250 acres in size and located at 2800 Central Ave. N.E. in Minneapolis. Historically, the facility was used for a variety of railroad activities beginning in the late 1880s. In addition, portions of the property were leased to tenants who conducted a variety of other activities, including bulk chemical and petroleum storage and distribution.

Historical activities on the east side of the Shoreham Facility (East Side Site, or Site) resulted in soil and groundwater contamination in various areas, including both solvent-related volatile organic compounds (VOCs) and petroleum-related contamination. CP and one of its former tenants, Ashland Inc. (Ashland), are cooperating to develop and implement the soil and groundwater cleanup.

Oversight of this work is provided by two programs at the Minnesota Pollution Control Agency (MPCA). Areas contaminated by solvent-related VOCs are overseen by MPCA's Voluntary Investigation and Cleanup (VIC) Program and the petroleum-impacted areas are being addressed with oversight from the MPCA Petroleum Remediation Program.

CP and Ashland proposed a cleanup plan for the Site (referred to as a "Response Action Plan" or RAP) in August 2005. MPCA approved the cleanup plan on January 20, 2006, and also hosted a public meeting to present the plan and invite public comment on the proposed cleanup.

CANADIAN PACIFIC ASHLAND.

East Side Shoreham Yard Site Update

Minneapolis, Minnesota

September 2010

Welcome to the East Side Shoreham Newsletter, the 4th annual newsletter prepared by Canadian Pacific and Ashland Inc. to inform the community of cleanup progress at the East Side Shoreham Facility in northeast Minneapolis.



This newsletter provides information on CP and Ashland's progress in the past year in implementing the approved cleanup plan.

VIC Program Cleanup Progress

Cleanup activities were completed in the Former Diesel Shops Area in 2009, and cleanup of VOC contamination at the Former Lease Area, Roundhouse Area, and Former Waste Reclamation Area is in progress.

Former Lease Area

Ashland installed a soil vacuum extraction (SVE) system adjacent to Central Avenue as part of the soil cleanup.

The system has been in full-time operation since April 2006 and has removed approximately 5,630 lbs of VOCs from the soil to date (see graph, top right).

Free product (also known as light non-aqueous phase liquid, or LNAPL) is also being removed from several wells. Approximately 140 gallons of LNAPL have been removed to date by a combination of bailing, absorbent socks, and a Non-aqueous Extraction Technique (NET™) system (see graph, middle right).

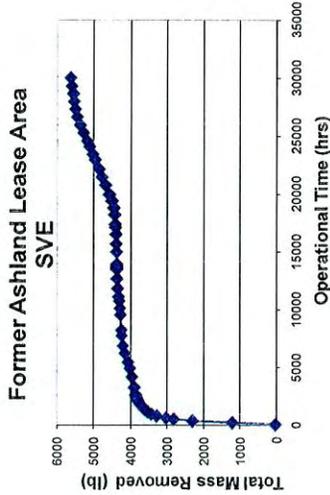
Treatment of contaminated soil and groundwater below the water table using bioremediation commenced at pilot scale in December 2007, following approval by the MPCA and the Minnesota Department of Health. Destruction of contaminants is being enhanced by addition of nutrients and the pilot test showed positive results, with increased breakdown of contaminants. The pilot-test was completed February 12, 2010 and a combined final pilot test report and design for the full-scale bioremediation remedy was approved by MPCA in July 2010. Full-scale implementation is currently in progress.

Deeper groundwater contamination is being addressed by a pumping system, which began full-scale operation in July 2007. Extracted groundwater is treated on-site using granular activated carbon before being discharged to a sanitary sewer under a Metropolitan Council Environmental Services (MCES) permit. Since operations began, approximately 1290 pounds of groundwater contaminants have been removed and treated (see graph, bottom right).

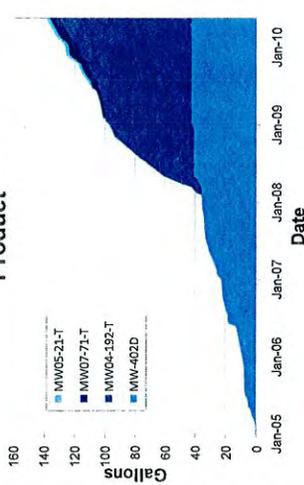
Roundhouse / Shops Area and Waste Reclamation Area

CP installed an SVE system to clean up soil contamination in the Roundhouse area and a portion of the Former Shops Area, and a separate SVE system to cleanup soil contamination in the Former Waste Reclamation Area. Full-scale operation commenced in April 2007, and the SVE system in the Roundhouse/Shops Area has removed approximately 2,147 lbs of VOCs (see graph opposite page, top left). The SVE system in the Former Waste Reclamation Area has removed approximately 115 pounds of VOCs.

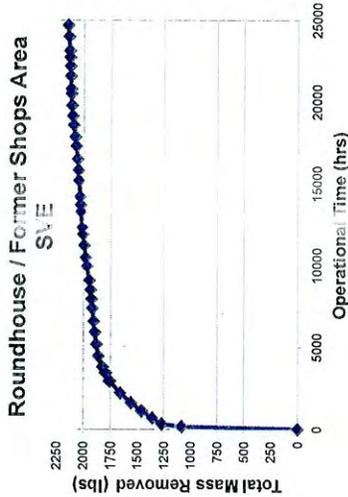
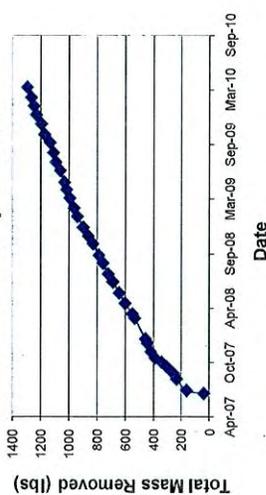
Groundwater contamination is being addressed by pumping from wells located southeast of the Roundhouse. The system commenced full-time operation in November 2007 and the extracted groundwater was initially pre-treated prior to discharge to a sanitary sewer. Approximately 231 lbs of VOCs have been removed to date (see graph opposite page, top



Former Ashland Lease Area Product



Former Ashland Lease Area Outwash Pump & Treat



right) and in November 2009, as the cleanup progressed, MCES approved direct discharge to the sanitary sewer.

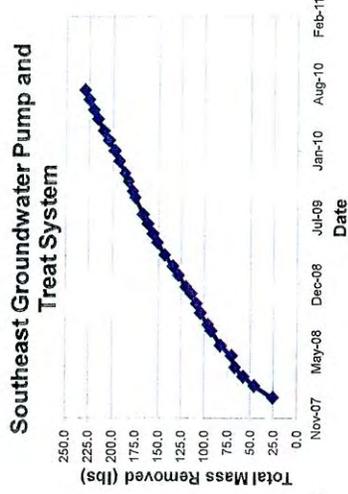
Soil Vapor Investigation

Subsurface soil vapor samples have been collected on the east side of Central Avenue between 28th and 30th Avenues to confirm the effectiveness of the SVE systems at the Former Lease Area and the Waste Reclamation Area. MPCA has approved the latest sampling results confirming that no additional evaluation is required at this time. In addition, in its June 2010 Letter Health Consultation, the Minnesota Department of Health concluded that the current soil vapor contaminant concentrations are not a health concern.

Off-Site Bedrock Groundwater

A monitored natural attenuation (MNA) approach was selected as the remedy for the deep bedrock aquifer in the Site-wide Response Action Plan for the East Side Shoreham Facility and was initiated in 2009. Deep bedrock groundwater quality (approximately 200 feet below ground) is being monitored on a semi-annual basis using a network of wells extending southward from Shoreham Yard to 3rd Avenue NE. The 2009 monitoring data was approved by MPCA and continues to indicate ongoing natural degradation of contamination.

Residents near the Site get drinking water from the City of Minneapolis municipal drinking water system, so the deep bedrock groundwater contamination does not pose an exposure risk to local residents.



Petroleum Remediation Program Cleanup Progress

Petroleum contamination is being cleaned up in former fueling areas, including the Former Collector Pan Area, and the Former Pump House Area. Work at seven (7) of the ten (10) petroleum leaksites originally identified at the Facility has been completed, and these leaksites have been officially closed by MPCA. Free-product (diesel fuel) removal continues using a NET™ system at the Former Collector Pan Area and using a passive collection system in the Former Pump House Area; a total of 123 gallons of fuel has been removed and recycled off-site.

Former Fueling Areas Product

