

**Minneapolis Community Planning and Economic Development Department
Long Range Planning Division Report**

**Capital Improvements
Location and Design Review**

Date: November 14, 2013

Authority for Review:

City Charter: Chapter 13, Section 4. "No public improvements shall be approved or authorized to be constructed in the City, nor indebtedness incurred therefore, until the location and design of the same have been approved by the City Planning Commission, provided in case of disapproval the Commission shall communicate its reason to the City Council, and the majority vote of such body shall be sufficient to overrule such disapproval."

State Law: Chapter 462.356 (Subd. 2). "...no publicly owned interest in real property within the municipality shall be acquired or disposed of, nor shall any capital improvement be authorized by the municipality or special district or agency thereof or any other political subdivision having jurisdiction within the municipality until after the planning agency has reviewed the proposed acquisition, disposal, or capital improvement and reported in writing to the governing body or other special district or agency or political subdivision concerned, its findings as to compliance of the proposed acquisition, disposal or improvement with the comprehensive municipal plan."

Capital Project: Construction of a new park and parking facility in Downtown East

Department Submitting the Project: Community Planning and Economic Development

Contact Person and Phone: Miles Mercer, (612) 673-5043

CPED Planning Staff Person and Phone: Beth Elliott, (612) 673-2442

Proposal Description: As described in the attached Capital Budget Request and supplemental materials.

Conformance with Comprehensive Plan: This capital project is in conformance with the City's comprehensive plan, as evaluated in the attached Capital Budget Request.

Recommended Finding:

Staff recommends that the project is deemed **consistent** with the comprehensive plan, with **no further review required**.

CITY OF MINNEAPOLIS - CAPITAL BUDGET REQUEST

Project Title: **Downtown East Development Project** Project ID:
 Project Location: **Five city blocks bound by 5th Avenue South on the west, 3rd Street South on the north, 5th Street South on the south, and Park Avenue and Chicago Avenue on the east** Affected Wards: **7,3**
 City Sector: **Downtown** Affected Neighborhood(s): **Downtown East**
 Initial Year in 5 Year Plan: **NA** Estimated Project Completion Date: **Summer 2016**
 Project Start Date: **Spring 2014** Departmental Priority: **# of # NA**
 Submitting Department: **Community Planning & Economic Development** Contact Phone Number: **673-5043**
 Contact Person: **Miles Mercer** Prior Year Unspent Balances: **NA**

Project Description:

As part of a major mixed-use development in east downtown Minneapolis, the City would issue bonds to 1) purchase and improve a new Downtown Urban Park on up to two city blocks, 2) finance a portion of a new parking ramp, and 3) finance certain site improvement costs, including environmental remediation. The Park would provide a significant new open space amenity to downtown, the city, and the region. The parking ramp would serve the new stadium as well as other commercial and residential traffic.

Purpose and Justification:

The Downtown Urban Park, the Parking Ramp, and the site improvement costs are critical components to realizing this major new mixed-used development in east downtown that would also consist of approximately one million square feet of office space in two 20-story towers, over 200 units of multifamily housing, and retail services. The broader development will expand the tax base, provide space for 5000-6000 jobs, and create hundreds of new housing units downtown, all within a strategically located area around an important light rail station and in an area that, as largely surface parking lots, has resisted new development.

Anticipated Funding Sources Table (in thousands): (Example Included)

Funding Source Name	Prior	Current Five-Year Plan					Future
	Years	2013	2014	2015	2016	2017	
Net Debt Bonds							approximately \$65 million for project costs
Municipal State Aid							
Assessments							
Hennepin County							
Totals by Year							approximately \$65 million for project costs
Total by Year (including prior or future year funding)							

Describe status and timing details of secured or applied for grants or other non-City funding sources: **The City has applied for environmental remediation grants and is likely to apply for further development grants.**

Operations & Capital Asset Maintenance:

Is this request for new or existing infrastructure? **New**

What is the expected useful life of the project/improvement? **30 to 50 years**

What is the estimated annual operating cost increase or (decrease) for this project? **The Park will require operating expenses to be funded from City resources and other fundraising from other levels of government and philanthropic sources. The parking ramp will fund operating expenses from the parking revenues it generates.**

Describe how operating cost impacts were determined. If new infrastructure, also discuss how the department/agency will pay for the increased annual operating costs: **Operating costs for the park will be determined based on its final design. Operating costs for the parking ramp have been estimated by a parking consultant.**

For new infrastructure, describe the estimated timing and amount of future capital investment required to realize the expected useful life: (idea is to capture future "capital investment" required to get the full useful life out of the improvement) **NA**

Project Cost Breakdown by Major Expense Category (in thousands): (Example Included)

Major Expense Categories	2013	2014	2015	2016	2017	Totals by Category
Land Acquisition/Preparation/ROW						
Relocation Assistance						
Design Engineering/Architects						
Furniture, Fixtures, Equipment						
Information Technology						
Construction Costs						
Project Management						
Contingency						
City Administration (calc = 5%)						
Total Expenses with Admin						

Goal Contributions/Comprehensive Plan Compliance:

The Minneapolis Plan for Sustainable Growth:

- Policy 1.3: Ensure that development plans incorporate appropriate transportation access and facilities, particularly for bicycle, pedestrian, and transit.
- Policy 4.1: Support private sector growth to maintain a healthy, diverse economy.
 - 4.1.1 Use public development resources and other tools to leverage maximum private sector investment for public benefit.
 - 4.1.2 Seek out and implement long-term redevelopment projects that catalyze revitalization and private sector investment.
- Policy 4.9: Focus economic development efforts in strategic locations for continued growth and sustained vitality.
- Policy 7.1: Promote the physical and mental health of residents and visitors by recognizing that safe outdoor amenities and spaces support exercise, play, relaxation and socializing.
 - 7.1.1 Ensure that adjacent land uses contribute to the safety and ambiance of parks and open spaces.
- Policy 7.3: Maintain and improve the accessibility of open spaces and parks to all residents.
 - 7.3.3 Support the development of additional publicly accessed open spaces in underserved areas.
- Policy 7.9: Work to develop high quality open spaces in Downtown.
 - 7.9.1 Encourage the creation of new parks and plazas that are easily accessible by Downtown workforce and residents
- Policy 10.18: Reduce the visual impact of automobile parking facilities.
 - 10.18.18 Encourage appropriate land uses to share parking lots to reduce the size and visual impact of parking facilities.

Describe how this project contributes to meeting the current City Goals and Objectives:

Jobs & Economic Vitality – proactive business development in a key growth area, businesses thrive here, transit-oriented location moves workers smartly

Eco-Focused – World-class parks fully enjoyed

Livable Communities, Healthy Lives – Thoughtful neighborhood design with density done right, supports active lifestyles, plentiful cultural and recreational opportunities

State Law Chapter 462.356 (Subd. 2) requires review of all capital improvements for compliance with the comprehensive municipal plan. Chapter 13, Section 4 of the City Charter requires Location and Design Review for the purpose of approving the sale of bonds for these projects. Describe how the project is consistent with the adopted City comprehensive plans and how the project implements goals and policies as stated in the adopted plans, including specific policy references:

A major focus of the Comprehensive Plan's economic development policies is to support private sector growth in areas of market failure in ways that also benefit the public. The Downtown East LRT Station Area has experienced a lack of investment in a part of Downtown that is surrounded by amenities but lack direct benefit from those amenities. The Ryan project will instantly support the LRT station with 5,000-6,000 employees but it will also set the stage for future market demand with a shared parking facility and a significant park amenity. These attributes directly support the city's land use and transportation policies.

Future action on the implementation of a park and parking facility will still need to be in compliance with the city's policies and regulations. This relates to any action on the demolition of structures and design.

Provide the date that Location and Design Review was conducted for the project, the outcome of that analysis and the date formal action was taken by the Planning Commission: Review expected November 14, 2013 with formal action expected December 2, 2013.

Supplemental Information:

Describe any collaborative arrangements with outside project partners, including who they are and what their role is with the project: This project represents a collaboration between the City, the developer Ryan Companies US, Inc, and the Minnesota Sports Facilities Authority (MSFA). The City and the MSFA are providing funding and financing for the parking ramp.

Scalability/Funding Allocation Flexibility – discuss any flexibility to increase or decrease funding among the years in the five-year plan and the most that could be spent in a given year: NA

Are there any unspent project balances from prior years? NA Amount of unspent balances? NA (These questions are in the Project Highlights tab but any unspent balances will print on the front page of the CBR as indicated on front page as Prior Year Unspent Balances above)

Describe project completion status for ongoing projects and plans for unspent balances or if this is a new project, describe the major project phases and timing anticipated for completing the project: Site preparation and site improvement work will begin Spring 2014. Construction of the parking ramp is expected to begin Fall 2014. Work on the park is expected to begin sometime between Fall 2014 and Summer 2015. All project components are expected to be complete by Summer 2016.

Add any additional supplemental information you feel is important for the CLIC committee, Mayor, City Council members or the general public to know about this potential project and why it should be approved:

This project would bring over \$400 million of investment, development, and amenities to an area that has languished largely as surface parking lots for decades. The project increases the City's tax base. The project is transit-oriented with its strategic location next to the Downtown East light rail station where the Hiawatha and Central Corridor lines converge, as well as its access to bus service, bike lanes, and pedestrian connections. The office space would support 5,000-6,000 jobs downtown with the anchor user. The project would add hundreds of residents to downtown and bring new retail services. The project would create a new park amenity to be used and enjoyed by residents, downtown workers, and visitors.

