

Transportation Committee

For the Metropolitan Council meeting of February 24, 2016

Subject: Snelling Ground Lease
District(s), Member(s): Jon Commers
Policy/Legal Reference: Minnesota State Statute 473.129; Council Policy – TOD 1-4; Council Policy Real Estate 3-10
Staff Prepared/Presented: Brian J. Lamb, General Manager, 612-349-7510 Lucy F. Galbraith, Director, TOD, 612-349-7669
Division/Department: Metro Transit/Transit Oriented Development

Proposed Action

That the Metropolitan Council authorize the Regional Administrator or his delegate to negotiate and execute a ground lease with the City of Saint Paul for the property located at 400 Snelling Avenue, Saint Paul, Minnesota, such lease to contain the provisions stated below in the Funding paragraph, and in compliance with all applicable Federal and State laws.

Summary of Committee Discussion/Questions

Lucy Galbraith, Director of Transit Oriented Development presented the item, first recognizing other staff who worked on this project: Associate General Counsel Jeanne Matross, Director of Engineering and Facilities Marilyn Porter, TOD Development Manager Amy Geisler, TOD Development Analyst Michael Krantz, and Assistant Director of Engineering and Facilities Pat Jones.

Councilmember Letofsky asked about the transit purposes for this site and who is requiring them. Galbraith responded that Metropolitan Council will decide the transit purposes and will use experience of staff who have experience with transit at other stadiums. A question was also asked as to what the rent money can be used for. Galbraith said that the rent is transit program income, either capital or operating budget, and will be determined by the Council, adding that the stipulation of what the rent money can be used for is not part of the lease transaction.

General Manager Brian Lamb reminded the committee to look at the revenue from a timing perspective. As the funds won't be received until 2018, there is time for the Council to discuss and decide how money will be used. Councilmember Munt asked how this advances the equity goal and how do the neighborhoods feel about the stadium? Councilmember Commers spoke on behalf of the Citizen Advisory Committee (a large and diverse group that he served on). He said that the neighbors are excited about increasing the use and vitality of the 35 acres and listed the types of use as commercial, residential, mix, etc. Regarding equity, he said this is an opportunity to create centers of employment, residential & cultural opportunities as well as a stadium, and is very accessible to transit. Galbraith added that the City is requiring vendor outreach, local vendors, and stadium availability for community events. Councilmember Commers thanked Lamb & Galbraith and thanked policymakers Council Chair Adam Duinick, Mayor Coleman and Port Authority President Louis Jambois. Councilmember Rodriguez asked what the appraised value was and was told \$12 million.

Councilmember Barber asked how the Port Authority is going to pay, and what if Metropolitan Council's share goes above \$4.5 million? Galbraith said the Port Authority will manage all contracts, and apply for all grants.

Under the proposed lease language, Council has the authority to review and approve design changes to reduce costs so as not to exceed total resources including the Council's \$4.5 million.

Motion by Councilmember Commers, seconded by Councilmember Letofsky and passed. **Non-consent to Council.**

Transportation Committee

Meeting date: February 22, 2016

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Background

The Council is the owner of an approximately 10 acre parcel located at 400 Snelling Avenue, St. Paul, Minnesota (“the Property”). The site has been used for various transit purposes since the removal of the facilities in 2002. The property is intended to continue to have transit needs as will be delineated in the lease.

The City of Saint Paul is interested in leasing the site to be part of a larger development consisting of a Soccer stadium (primarily on the 400 Snelling site) and mixed use walkable development. The Stadium will be owned by the City of Saint Paul.

Council staff recommends that it is in the best interests of the Council and the public to continue use of the Property for transit purposes and facilities in combination with the proposed development, in conformance with the Council’s TOD Policy goals, Metro Transit operational safety and efficiency, and applicable FTA Guidance.

Rationale

The ground lease, as proposed, will allow the Council to exercise continuing control for transit purposes, ensure that all future development and uses of the site are consistent with Council policies, and generate a stream of revenue that can be used as transit program income.

Funding

The Council will receive \$556,620 annually for the term of the lease. The lease will generate approximately \$29 M over its 52-year term. The Council has committed a maximum of \$4.5 M towards environmental remediation of the site; the exact amount to be spent will depend on environmental grants received. The transit elements on the site may incur costs for signage, ticket machines, etc. and will be procured according to policy. The specifics of the transit elements will be defined working with the design team over the next 6 months.

Known Support / Opposition

The City of Saint Paul supports this item.