

Transportation Committee

For the Metropolitan Council meeting of May 24, 2017

Subject: 38th Street 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 Lander Group, and supplemental agreements, including a site development agreement, an operations and maintenance agreement, and an intergovernmental agreement, for the property located at the 38th Street Transit Center, Minneapolis, Minnesota, such agreements 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

Michael Krantz presented.

No questions. Letofsky noted that she is pleased to see this development happening, and would like to get developers interested in the Franklin Station area as well.

Motion by Letofsky, seconded by Dorfman and passed.

Transportation Committee

Meeting date: May 8, 2017

For the Metropolitan Council meeting of

Subject: 38th Street Transit Oriented Development

District(s), Member(s): Cara Letofsky – District 8

Policy/Legal Reference: Minn. Stat. § 473.129, Transit Oriented Development Policy

Staff Prepared/Presented: Brian J. Lamb, General Manager, 612-349-7510
Lucy F. Galbraith, TOD Director, 612-349-7669
Michael H. Krantz, TOD Development Analyst, 612-349-7392

Division/Department: Metro Transit/Transit Oriented Development

Proposed Action

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Background

The Council owns a site adjacent to the 38th Street Station on the METRO Blue Line. This site was acquired for the METRO Blue Line project and is currently used for a bus transit center.

The Lander Group is interested in leasing a portion of the site for transit-oriented development while reconfiguring and maintaining existing bus operations. At the request of Council staff, the Lander Group hired a consultant to evaluate the impact of the proposed development on transit operations. The study found that all impacted routes will continue to function as well as, or better than, the existing condition.

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.

Thrive Lens Analysis

The project will advance all Thrive Outcomes. Significant examples for the advancement of each of the Thrive goals are listed below.

- **Stewardship:** This project will produce new transit ridership and revenue on Council owned land, while maintaining the original transit purpose of the site.
- **Prosperity:** The development will add an estimated \$30 million in private investment to the 38th Street station area. Further, by integrating transit service and development, the project will reduce the housing and transportation cost burden borne by people who will live and work here.

- **Equity:** This project will increase the number of jobs, housing units and amenities accessible along transit. A portion of the housing units are anticipated to be affordable.
- **Livability:** This project will significantly improve the quality of the urban environment. It will add street trees, street furniture, plaza space, and public art where little exists today. The project will also improve the comfort and safety of those arriving at or passing through the site on foot or by bicycle.
- **Sustainability:** This project will increase tree cover in an area that is currently mostly pavement. The design and location of the project will also reduce the need to use automobiles for transportation.

Funding

The Council will receive approximately \$62,000 in year 1 of the lease. After year 1, rent will be annually indexed to the Consumer Price Index. Every 10 years, the rent will be reset based on an appraisal of the property. From the date the lease is signed, the term will be 99 years. Rent will commence when construction begins. The Lander Group will install transit facilities that maintain or improve existing transit functions at no cost to Metro Transit. Metro Transit will continue to perform maintenance responsibilities equivalent in scope and cost to Metro Transit's existing maintenance responsibilities at this site. The Lander Group will perform additional required maintenance.

Known Support / Opposition

Minneapolis Mayor Betsy Hodges and City Council Member Andrew Johnson support this business item.