

Transportation Committee

For the Metropolitan Council meeting of November 13, 2019

Subject: Authorization to Negotiate an Amendment to the Snelling Ground Lease

Proposed Action

That the Metropolitan Council authorize the Regional Administrator or her delegate(s) to negotiate one or more amendment(s) to the Net Ground Lease for 400 Snelling Avenue North with the City of St. Paul to accommodate its current or future tenant(s), with provisions that advance the Council's TOD Policy and comply with all applicable state and federal laws, regulations and rules.

Summary of Committee Discussion/Questions

Lucy Galbraith presented this item. Chamblis asked if 99-year leases are common and what the advantages would be. Galbraith responded that the original lease was for 50 years, as there are very few 50-year-old stadiums. Galbraith continued that a longer lease term offers more security in terms of financing for developments and that 99-year leases are common in residential developments. Galbraith continued that this discussion will be part of the negotiations and the Council has engaged a real estate advisor. Barber wanted confirmation that any amendments will come back to the Council for approval, to which Galbraith confirmed that is correct. Atlas-Ingebretson asked if there was any housing slated for this parcel. Galbraith replied that the Council did not specify what type of development would be on this parcel. Atlas-Ingebretson followed up that when the Council owns land that is available, consideration should be given as to how we can achieve the Council goals of affordable housing. Sterner asked what the liability would be with a 99-year lease. Galbraith stated the Council's risk management group is engaged and the Council wouldn't have any liability generated by the development and would not be responsible for any taxes or assessment fees.

Motion by Fredson, seconded by Sterner. Motion carried. CONSENT to Council.

Transportation Committee

Meeting date: Oct 28, 2019

For the Metropolitan Council meeting of November 13, 2019

Subject: Authorization to Negotiate an Amendment to the Snelling Ground Lease

District(s), Member(s): Council District 14, Council Member Kris Fredson

Policy/Legal Reference: Transit Oriented Development (TOD) Policy, Real Estate Policy

Staff Prepared/Presented: Lucy Galbraith, Director, Transit Oriented Development

Division/Department: Metro Transit

Proposed Action

That the Metropolitan Council authorize the Regional Administrator or her delegate(s) to negotiate one or more amendment(s) to the Net Ground Lease for 400 Snelling Avenue North with the City of St. Paul to accommodate its current or future tenant(s), with provisions that advance the Council's TOD Policy and comply with all applicable state and federal laws, regulations and rules.

Background

The Council is the owner of an approximately ten (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.

In 2016, the Council executed a Net Ground Lease with the City of St. Paul ("the City") commencing in April 2016, and expiring December 31, 2068, that advanced the Council's TOD Policy and permitted construction of a publicly-owned soccer stadium on the Property with other permitted uses for recreational, sporting, entertainment, event, and similar purposes. Because the Federal Transit Administration (FTA) had funding in the Property, the Council sought and obtained FTA concurrence for the Net Ground Lease.

The City, the Team (Minnesota United Soccer Club, LLC, the City's sublessee under the Net Ground Lease), and the Team's proposed developer would like to advance high-density development pursuant to the Snelling-Midway Master Plan on a portion of the Property fronting along Snelling. The Team believes that a term extension for a portion of the Property fronting along Snelling is required to achieve this goal. The Team has requested amending its sublease with the City, which requires the City to amend the existing Net Ground Lease with the Council to extend the term of the Net Ground Lease for a portion of the Property to a total of 99 years, expiring December 31, 2114. The Council will seek the required FTA concurrence on any such amendments. Without FTA concurrence, no changes to the approved Net Ground Lease can become effective.

Rationale

The Council's amendment of the Net Ground Lease will support investment in and development of portions of the Property and the surrounding properties, which may not otherwise occur if the sublessees are limited to the current Net Ground Lease terms. If negotiations are successful, the amendment terms will continue the Council's ability to exercise continuing control for transit purposes, ensure that 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. The exact revenue will be determined as part of the negotiations, in accordance with Council and FTA policies.

If negotiations are successful, the amended ground lease will come back to Council for approval.

Thrive Lens Analysis

The amendment may advance some or all of the Thrive Outcomes. Significant examples for the advancement of each of the Thrive goals are listed below.

- **Stewardship:** Development under a longer-term lease for the property fronting Snelling should produce new transit ridership and revenue on Council owned land, while protecting the transit use of the site. (Estimates will be produced based on negotiated terms.)
- **Prosperity:** The amendment is expected to facilitate significant private investment in a site that is located adjacent to the Green Line LRT and the A Line BRT.
- **Equity:** Development is anticipated to increase access to jobs and destinations along transit.
- **Livability:** Dense development should make communities more walkable and bikeable and expands destinations proximate to transit.
- **Sustainability:** The amendment will facilitate development in a transit-rich area. The design and location of the project will also reduce the need to use automobiles for transportation.

Funding

No funding needs anticipated; income generated to be determined.

Known Support / Opposition

There is no known support or opposition for this business item.

Site Plan for Snelling Midway Superblock

