

**Meeting of the Southwest Corridor Management Committee
December 4, 2013**

Members Present	Susan Haigh, Chair	Jan Callison	James Hovland
	Brian Lamb	Lisa Weik	Terry Schneider
	Cheryl Youakim	Gail Dorfman	Nancy Tyra-Lukens
	Peter McLaughlin	Jake Spano	Mayor Rybak
	Bill James	Jim Brimeyer	Scott McBride
Members Absent	Jeff Jacobs	Kathy Nelson	Keith Bogut
	Peter Wagenius		

1. CALL TO ORDER

Vice Chair Jan Callison called the December 4, 2013 meeting of the Southwest Corridor Management Committee to order at 9:11am at Beth El Synagogue. The order of the agenda was changed due to Chair Susan Haigh's late arrival because of the weather.

2. PROJECT UPDATE

Freight Rail Relocation Analysis

Mr. Jim Alexander said the purpose of this work is to have a consultant do a review of the existing studies, look at the designs we have done in the project office and assess the viability of those options, and also identify if there are any new options for freight rail relocation. We have been looking at the scope with all our partners – Hennepin County, Minneapolis, and St. Louis Park technical staff have been involved. We've also had them involved in reviewing the proposal. We've also updated the MnDOT Office of Freight Rail; so MnDOT will be part of this process as we go forward.

We have awarded the contract to TranSystems, a firm out of Kansas City. Jim Terry will be the project manager for this work. They have experience in this area with work completed for Ramsey County. We issued a Notice to Proceed to them last week and we are holding a kick-off meeting tomorrow. We will have all the partners, their consultants, and the railroads there as well. Weather permitting, we will do a tour on Friday (December 6, 2013).

Council Member Jake Spano said that it would be helpful if the consultant could provide a comparative analysis of what exists now vs. what is proposed, particularly in terms of safety. Mr. Alexander responded that we have actually done that ourselves and we can add that dialogue in the analysis.

Water Resources Evaluation Scope

Mr. Alexander said that this is an independent assessment of water resources impacts in the region, looking at all the lakes in the area and the groundwater as well. We have had several coordination activities already and will continue to do so. Similar to freight rail, we reviewed the scope with City of Minneapolis, Minnehaha Watershed District, Minneapolis Park and Recreation Board and Hennepin County staff. Minneapolis and

Hennepin County staff were also involved in the proposal review. The watershed districts felt that they had a conflict so they did not want to get involved and the Park Board had also elected not to be involved in that process, but both were invited to participate and will continue to be asked to participate in the analysis. We have awarded a contract to Burns & McDonnell, a firm that is based in Kansas City who has an office in Burnsville. We issued them a Notice to Proceed on December 2 and we are hoping to schedule a kick-off meeting early next week.

Landscaping/Greenscaping Analysis

Mr. Alexander said that this work is being done within the project office – we aren't hiring a separate consultant. It entails looking at the existing conditions through the Kenilworth Corridor, from West Lake Station to Penn Ave. Station and getting a count of the trees in that area. That work was underway on November 13 and we hope to get it finished in the next week or two. The second part is to look at opportunities for where trees, grass and understory could go with the shallow LRT tunnel.

Mr. Alexander presented the overall schedule for the 3 studies. We would like to get all the studies done by the end of January. If the Council decides the shallow LRT tunnel is the way we should go, then we will embark on some type of public involvement process and charrette in the February-March timeframe to understand what the Kenilworth Corridor could look like.

Mayor R.T. Rybak thanked the project office for great work on these studies. He said that these are not all equal – that the first 2 points are critically important. Mitigation matters all the way along the line. It sends the wrong message for us to deal with mitigation in this one area without dealing with it collectively. He encourages the project office to focus on the first 2 and if there is a decision to move it one place or another then we deal with mitigation.

Mayor Nancy Tyra-Lukens asked about betterments – is that going to be a decision made in the context of the entire length of the corridor, and whose decision is the priorities for that? Chair Haigh replied that yes, the timing on mitigation efforts is something we will be thinking about throughout the design. It is something that comes once we have final construction plans approved. What we are doing is getting a little ahead and getting information that we probably would have gotten later in the process. We are not necessarily advancing this area over another. Mr. Alexander added that typically this is later in the design. Once we get things settled about where the line is going to go after Municipal Consent, generally after the 30%, we start looking at the landscaping. That is something we will be looking at along the whole alignment. We have been responding to concerns, that there needs to be an understanding of what the Kenilworth Corridor might look like earlier in the process. Typically this will take place in a project of this magnitude in the 60% completion design phase.

Council Member Jim Brimeyer asked about the water study and whether it was correct that the Minneapolis Park Board has decided not to participate. Mr. Alexander replied that they involved Minneapolis staff, Hennepin County staff, Minnehaha Watershed District staff and their consultant along with the Minneapolis Park Board. During the process of developing the Scope of Work, as we got to evaluating the proposals we had received, the Minnehaha Watershed District and the Minneapolis Park Board staff elected not to participate in that process. We will be sharing this report with all the stakeholders for their input.

Mayor James Hovland said he wanted to be assured from Mayor Rybak and Council Member Spano that both Minneapolis and St. Louis Park had an active role in the process that was put together by which these experts were selected and that they are comfortable with the experts that were selected. Mayor Rybak said yes, they have been working closely with the group and it is going well. Council Member Spano concurred.

Mr. Bill James asked relative to the freight rail analysis, is there a listing of all the options that will be looked at? Mr. Alexander said it was in the slides from the previous CMC meeting – it was the alignments that were suggested from the previous 5 or 6 studies and the SPO designs. The DEIS relocation is also part of that.

Mr. Alexander discussed Stakeholder Involvement. During December we will have the kick-off meeting for freight rail and also go through an initial screening of the alternatives we had presented to weed out the alignments that should no longer be considered. We will share that information with project partners. For the Water Resources Evaluation, we will have a kick-off meeting next week. As we get into January we hope to have draft reports of the water piece and the freight rail piece out to everyone so we can review that with our partners, and then in late January bring a final report to a joint BAC/CAC and then to CMC.

3. SWLRT PUBLIC INVOLVEMENT PLAN

Ms. Robin Caufman said we are looking to have a mobile office, using a retired Metro Transit bus where we can have information. We see it being used all along the corridor. She asked that the CMC think about where they could use this bus. We are also looking at doing up to 3 mailings on where people can get information, summaries of what the draft reports say sometime in January, and another mailing when it gets closer to the Municipal Consent process about what that process is. We are also looking at doing listening sessions. For the January CMC and Met Council meetings we are looking at having public testimony during the meetings. We are also looking at doing some elected town hall meetings, possibly an open house, and have reached out to the state legislative offices. We are looking at doing that sometime in December. It would be a facilitated discussion.

Council Member Spano suggested using social media for spreading information. Ms. Caufman said that we do use social media and also GovDelivery.

Mayor Terry Schneider asked which of these ideas will have broad public participation. Ms. Caufman replied that we see the mobile office as an opportunity to go all along the corridor. For the direct mailings we are looking at doing between ½ mile and 1 mile off the corridor. The public comment period for the CMC and Met Council meeting would be focused primarily on the 3 studies but would be open to anyone to participate or comment. For the town hall meetings we are looking at focusing one in Minneapolis and one in St. Louis Park and those would be open to the general public. Mayor Tyra-Lukens said for the direct mailings she would encourage us to go up to 1 mile the whole way. Chair Haigh said legislators have been involved in giving their input to the public involvement plan.

4. APPROVAL OF MINUTES

Chair Haigh presented the November 6, 2013, Southwest Corridor Management Committee meeting minutes for approval. There were no comments or discussion on the minutes and the motion for approval was granted.

5. TRANSIT ORIENTED DEVELOPMENT

Chair Haigh gave an overview. TOD has been a priority for Council Members as we have been going through the Thrive MSP 2040 process and getting input from people about the next 30 year regional plan. We have looked at what some of our existing Council roles are and the strategy about how we should be thinking about TOD. The Corridors of Opportunity has informed us a great deal. We have held a series of stakeholder sessions with our partners over the last year to get your input and feedback on what role we should play. A definition of TOD is walkable, moderate to high density, a development that's served by frequent transit with a mix of housing, retail, and employment choices that allow people to live and work without the need of an auto. We have had a strategic action plan for the last several months to get to the point we are now. We are in the process of creating an external advisory group. We had an extensive working group at the Council because we have to align our work from the Community Development part of the Council to our Transit Operations part of the Council. We have established a TOD office at the Council and a TOD policy. The policy was adopted by the Council in mid-November. There are 5 strategies for the policy. Trying to figure out how to prioritize resources – there are so many opportunities for development throughout the region and many communities

would like to see the Council play a role in this. How do we actually focus on implementation and how do we get work done? How do we communicate effectively with our partners, both local and neighborhood partners and developers? How do we coordinate internally – how do we take the decisions we are making in other areas of our work and coordinate those into a single policy? Our focus, as a result of the policy, is a priority of partnering and coordinating with communities for those communities that have effective TOD programs of their own and effective TOD strategies. We want to be a partner in that – we do not want to take that over or replace or duplicate that work. The stakeholder workshops we have had this past year have helped us understand better what the capacities are within local communities and the differences in those capacities.

Chair Haigh said the goals in the TOD policy are: 1) maximizing the development and the impact of transit investments by integrating transportation, jobs and housing, 2) supporting regional economic competition by leveraging private investment, to set the table so that private market and private capital come in to do the bulk of the TOD investment, 3) advancing equity – improving multi-modal access and opportunity to jobs throughout the region and being aware of those parts of the region that might need more investment in order to stimulate TOD, and 4) having this be the underpinnings of a 21st century transportation system which allows us to increase ridership and serve local communities in the process. At the Met Council the TOD office will reside within Metro Transit, so Brian Lamb and his team are responsible for that.

Mr. Brian Lamb discussed the TOD office. He said that this is not an unusual occurrence – transit agencies throughout the country have embedded more frequently a TOD office, trying to build on the synergy that Chair Haigh mentioned. Our first order of business is identifying staff. We do not envision building a huge office, but rather one that's focused on being nimble. There are plenty of resources available in the Met Council – the idea is not to duplicate those resources but to better coordinate those resources, both internally and externally. We know that several of our jurisdictional partners have very strong community development or TOD offices themselves – as the Chair mentioned, it is not our intent to ride in and oversee, but to partner where appropriate, provide some opportunities for leadership in certain projects, and provide support. The first focus is hiring and we are in the process of interviewing for a Director position. We have just closed on the application for the Development Manager - the Development Manager is looked at as a deal closer.

In 2014 we will focus on 3 or 4 things in the TOD office. First, the Council has over \$1.5B of real estate assets itself, so the Council will take a look at the inventory of its own assets and look at where there may be JD opportunities. Second, understanding that there are various TOD activities going on, either at the corridor level or other projects that are currently underway, not only on rail projects but ABRT - Arterial Bus Rapid Transit programs. Our first corridor will be on Snelling Ave., linking Rosedale on the north end, down Snelling Ave. and through Highland Park and connecting with the Blue Line on 46th St. – what are opportunities for us to focus on for TOD options through that corridor, working collaboratively with the partners? Our intent is to stay focused on transit corridors and work with our partners moving forward. We can't do that internally without having a very vibrant external advisory committee. We have a good model to work off of for this last year and 1/2 in the Corridor of Opportunity work. There has been a good, solid dialogue that has occurred between public sector interests and private sector interests, as well as community interest groups in terms of what the future will look like in this metropolitan area. We want to have that be an active dialogue between the Met Council's TOD office and an external advisory group and we are in the process of formulating that right now. As we move forward, there is the internal working group, there are several staff functions that we do not want to replicate, we want to coordinate. We want to start to elevate the visibility of this TOD office. We visualize one of the roles of this TOD office is that for development opportunities this is the entry point into the Metropolitan Council. We want to be the first point of contact. Another role is to facilitate problem solving. The 3rd issue the TOD office will be focused on in 2014 is what is the role and what are the mechanisms for any public sector financing for TOD initiatives.

Ms. Kathryn Hansen, Manager of TOD and Land Use at the Southwest LRT project office, gave a presentation on TOD and JD for the project. There has been a paradigm shift in this region and at the federal level as it

relates to focusing not only on the transitway itself but on TOD along the alignment. That has funneled down to the Southwest project office in that for the first time there has been a TOD Land Use section in the project office and for the first time the project office has set a goal for looking for JD opportunities along the alignment. We have also incorporated a community development aspect of the cities' resources to help us solve issues and look at opportunities along the alignment. The Hennepin County Community Works effort has really bolstered and allowed this kind of effort to take place – right now there is a TSAAP process taking place where all the cities are working with the county to basically set the table for TOD and JD to happen by looking at where we need to invest in public infrastructure for real estate development to actually occur.

Ms. Hansen discussed the FTA JD program and the 4 elements they are looking for: 1) The JD projects have to show an economic benefit, 2) You have to show how these projects will enhance our public transportation system, 3) You have to show that the JD projects have revenue associated with them that will come back to the public sector – we have to lay out the financing associated with these developments and how the revenue generation comes back to the transit agency specifically to help maintain the Southwest LRT project, and 4) If there is any tenant within a facility that is transit related, you have to show that tenant will be pay a fair share of the operations of that facility. First and foremost it is a transportation project - therefore you are looking for what the transit element is associated with these projects. Second, how do you couple that transit element with commercial development? The definition also relates to who is actually going to develop these projects. They anticipate the FTA will be a partner with a public entity, a private entity, or a non-profit entity. What defines it is the FTA is a financing partner – they would pay for 50% of these projects.

Ms. Hansen said there are a lot of tools to do TOD and this is just one of those tools. Chair Haigh previously discussed the strategic action plan that has been developed – there is an Appendix E to that, which you can get on line. There are almost 50 different programs and sources of support to make sure we are doing as much as we can in the region to support TOD. The FTA will pay for acquiring land, demolition of any building that might be on the land, preparing the site to house a building, public infrastructure and some of the soft costs like architecture and engineering fees. JD is a collaborative process. We won't be able to do any of these JD projects unless we come to an agreement with the cities along the alignment. Metro Transit, local government, and the county have to come together as public entities first before we're comfortable going to the private sector. We are focusing on JD because it benefits transit and land use. JD will also leverage federal funds. The big point is the New Starts Application which the project office plans to submit in spring of 2014. There are distinct advantages to having a JD program referenced in the application.

Ms. Hansen discussed the challenges to doing JD. You are bringing a 3rd party to the table which complicates any development. There are federal funds involved so there are strings attached – federal funds may limit the flexibility of traditional local funding streams.

Ms. Hansen discussed regional JD examples. They show how other areas have coupled the transit element with the commercial. The first example is Grand River Station in LaCrosse, WI. This has been approved by Region 5 and is a very robust development. It is a FTA JD project by definition. It is a \$33M project – housing is the bulk of the cost at almost \$22M. There are 6 different sources of funding – the FTA was one and came to less than 30% of the total cost.

The second example is the Eagan Transit Station. Mayor Hovland asked where this type of project meets the definition of TOD as on slide 3, where it's walkable, moderate to high density development served by frequent transit. How do we go about defining TOD for our purposes? Does it always have to be a development that is within walkable distance of a station? Can it be another kind of non-motorized movement? In the case of LaCrosse, they are actually receiving motorized movement, but it's still called a TOD. Ms. Hansen replied that the Met Council defines TOD – there are a lot of different definitions of TOD – as set up so people can walk, bike or take a bus, or in some cases take an automobile. Access is a huge part of what we are trying to create at the station areas – getting people to the transit stations so they can go to other parts of the region. LaCrosse

Grand River Station is a good example of mixed use. Getting to the point where as a region we don't have to use automobiles anymore is one of the most attractive parts of the definition of TOD that Met Council has come up with. We are trying to create nodes of TOD along our various transitways so that you can live here and not have an auto. Mayor Hovland said that it seems to him that you wouldn't necessarily need to think just about station area planning to have it be a TOD site. How far we can reach out and have available to cities the tools that are described in the Grand River Station source of funding? Can you be ½ mile out, a mile out and still call it a TOD as long as you can walk or bike there? Ms. Hansen replied that because the FTA is our major funding partner, they define station area as a ½ mile radius from the station. We here at the region accept that but also look at walkable area – we look at a 10 minute walkshed. TSAAP has looked at that very specifically. Those are 2 definitions of station area – ½ mile radius or 10 minute walkshed. You are looking to as much as possible connect the population to the transit station, with those main access points – walking, biking, bus, automobile.

Commissioner Gail Dorfman asked that if you do JD through the FTA JD program, and you have the benefit of FTA funding, to what extent does that increase the overall project cost for Southwest? Ms. Hansen replied that the overall cost of the 4 JD opportunities we have identified is a little over \$64M, of which the federal government would pay for 1/2 and local sources would pay for the other 1/2, \$32M. Yes, it would increase the current budget of the SWLRT project. Some of those costs are already included in the \$1.55B budget and some are not. Commissioner Dorfman said that we all want to see JD along this corridor and there are a number of different tools to do that. Whether we go through the FTA program or figure out other tools to do it in partnership with the private sector, non-profit, the cities, the county, and with the Met Council TOD office; at some point we need to understand what the benefits are, and what the challenges are. Is it more cumbersome to go through the FTA where you're increasing the project cost, which is a tough sell politically and has lots of strings attached? We still would benefit if we do JD - FTA would still look at that positively no more matter how we do it. Have you done that kind of analysis where you think this is the direction we want to go to do JD? Ms. Hansen replied that we have done that analysis. We see the JD program as being a very robust tool here in this region, for several reasons. One is that you are taking money from the federal level and putting it to work at the local level. Second, you increase your chances of being approved through the New Starts application process by having a JD program and JD opportunities laid out in the application. We are in competition with 4 or 5 other cities to move to the next level of funding. We are looking for a rating of, let's say, medium-high. There are 11 factors that go into whether we will get a medium-high rating. Of those 11 factors, 4-5 will be benefited by having a JD program or JD opportunities.

Commissioner Peter McLaughlin said that the term “federalizes the project” is something that, having been through it a couple times, is not a trivial matter. It could, in fact hamper development if we don't pick the right things to do. The same thing happened on the Interchange – there were a lot of different things we had to do to meet the federal criteria. This should not be glossed over. There are city tools, there are county tools, there are even difficulties with state bonding because the public needs to own the property, and you get a myriad of requirements with federal. I know there is federal money dangling out there, but we need to be extremely careful in embracing this, because it is only one tool. We need to understand what we're buying into in terms of requirements and procedures before we think this is the greatest thing since sliced bread.

Council Member Brimeyer said that he wants to echo that and Mayor Hovland's question. As I look at the numbers on this project, I'm not sure that I would be excited about this sort of funding process. To me, it needs to be kind of like a TIF – it has to meet about 4 tests. Federal dollars, if needed, are the last ones in, not the first ones in. As part of the TOD office, we need to flesh out a policy or formula that spells out how we would fund TOD projects, similar to how you would fund a TIF project, that says the developer will kick in at least X, that there will be a minimum of X public funding, whether it's federal, state or Met Council, and that you need to look at a payback period on a proforma that says, if you kick in this much money what's the payback time and what's the amount of the payback. We haven't gone that far yet, but in answer to Mayor Hovland's question it's something we need to work hard on. I know it's a good example of what FTA will do, but I don't think I would use it as a model for funding a Beltline, Wooddale or Blake Road or anything like that. Commissioner

McLaughlin's caution is well said. We need to be careful we don't chase federal money just to get a development project because we need to think about local financiers. This was presented at the St. Louis Park Business Council two weeks ago – several bankers walked up to me and said we just knocked them out of the market because they can't complete with 0% loans. That's a valid concern that we need to be aware of.

Mayor Hovland said he would concur because he has dealt with many federal programs and you pay your dues when you go through that process. There may be, depending on the entry barriers, some opportunity depending on the timeframe of when you can qualify or at least get in the queue for the grant, particularly regarding land acquisition. He is thinking in particular about the Shady Oak area where we have 17 parcels that are a hodgepodge of uses and it would be difficult to acquire. We have very limited resources in our land use regulations to facilitate that. For example, if the city decides that they want to take the risk of tying up the land to options for other things subject to the potential of getting a federal grant through this program, that we would involve Met Council or whatever and go after the 50% of the land acquisition or mediation or demolition and get a developer in queue to pick up the other ½ of that cost. While it may increase the project cost, technically all the other project funders wouldn't have to be contributing their 50% because the developer would do it. Is that a model that might work, or is that so out of sync with what their criteria is that they would say don't count on it? Ms. Hansen replied that would be a great model from the FTA's perspective and from our New Starts application local funding partners as well. This whole project gets funded 50% federal, 30% CTIB, 10% HCRRRA, and 10% State of Minnesota. JD projects don't have to meet that same framework. In fact, you wouldn't expect them to meet that same framework. As we have talked with the cities and the county this summer, there are expectations to be a partner in doing a JD project. Those would entail both capital and non-capital resources coming to the table to see these projects come to fruition. It's been a little over a month since we first talked to the FTA about having the potential to do JD on this project. We are just starting now and are appreciating your comments this morning.

Chair Haigh said that this is the beginning of this discussion. Your comments are really helpful and we have to figure out how to do this new work.

Commissioner Dorfman said we have been talking to the FTA about JD since this project started. The TSAAP process is a lot about JD and TOD development. I would echo what Commissioner McLaughlin said – we need to look at the different tools we have. Developers come in our doors different ways – typically they go to the cities, sometimes they come to the county if they are looking for county dollars. We have to figure out how we are all going to work together on these developments. We want to make sure we maintain our own flexibility to drive them – that gets hampered some when you are trying to do it through this prescribed federal formula.

Chair Haigh said that Ms. Hansen is describing a way a do a development with the federal government as a partner and that it won't happen on every station on every project along the line. It is one tool. Commissioner Dorfman is right – how you choose to use that tool for a project is part of the prioritization process.

Ms. Hansen discussed the SouthWest Village project in Chanhassen. It is a new development on an 8 acre site. The transit component is a passenger area and a 3 level parking facility. There are 2 commercial components – 33 owner occupied townhomes which are under construction, and a pad for 18,000 sq. ft. of commercial space.

The SouthWest Station project is on our alignment in Eden Prairie. This was a master plan done back in 1989. There is a 6 bay bus platform, transit station and a 4 level parking facility. In addition there is a condominium development, restaurants, retail and commercial space.

Ms. Hansen went over what we did this summer to identify opportunities. There was a series of 4 meetings with each city and county staff. They discussed JD, defined it, and came up with a tier classification to look at all 17 stations. The first round of that discussion was an introduction definitional to FTA and the regional JD examples. In the second round we asked the cities to go back and say, now that you understand what JD is and

the examples, tell us about the stations in your city – where do you see opportunity? In Rounds 3 and 4 we laid out a framework for those opportunities.

Ms. Hansen went over the Tier Classifications. Tier 1 stations are station areas and JD opportunities that we think can be completed in the timeframe of the Southwest LRT project. First and foremost, there is a very strong transit element to these potential JD opportunities. Second, they are consistent with all the good work that has been by TSAAP and the city for the past 2-3 years. Third, city staff have said, yes, I am in support of doing JD, and yes, I will consider coming into an agreement with you. Fourth, we think there is a market for these opportunities and it can be done within the project schedule. Fifth, if there is any other private or public TOD going on, we don't want to get in the way or in any way slow down something that is already in the works. Finally, we see the financial benefits of these opportunities. There are 6 stations that we call Tier 2 stations, meaning there is JD opportunity there but for some reason we don't think it fits in Tier 1. We are looking for the TOD office to pick up those opportunities along with all the other funding partners to foster JD at these stations over time. Tier 3 is the same situation – the TOD office will be very active along with the other funding partners to be sure JD and TOD at all stations.

Ms. Hansen summarized that each one of the Tier 1 opportunities have been defined in terms of a development program, how much they are going to cost from both public sector investment and private investment, and what the revenue is that will be generated as it relates to these opportunities. We are in the beginning of this process so a lot will be fleshed out over time. The estimated capital costs for Tier 1 JD is \$64.2M in total cost, of which 50% would be federal and 50% local, which is undefined at this time in terms of who the local funding partners are. The private element to these JD projects would entail a private investment of \$224M. The revenue that would be coming back to the transit agency would be \$1.8 - \$2.1M per year. That would reduce the operations and maintenance bill to operate SWLRT. The primary beneficiaries of the revenue generation are really CTIB and the State of Minnesota in that anything that we're short of not generating ourselves to operate our transit system gets paid for the CTIB and the State of Minnesota.

Ms. Hansen discussed the 4 specific opportunities that have been identified. At Royalston, the City of Minneapolis would like to see the Farmers Market stay there and become a permanent feature, and they have plans to make some elements of it year round. That, coupled with the fact that we want to make sure that there is a connection from the station to the Farmers Market, created an opportunity. This is setting the table for basically a public effort, as well as preparing a pad for what's anticipated to be residential development. In terms of the private sector, it's all housing at an estimated cost of \$37M - \$40M. The revenue coming off of that would be ground leases – that's the primary way that the revenue comes back to us. The FTA is the partner in these developments and they aren't going to just sell the land. They have a continuing control and they are your partner going forward for housing and the Farmers Market, and there would be lease payments for the stalls themselves.

At West Lake Station, there is a lot public infrastructure being put in place in order to foster the development. It points to relocating Abbott and creating more of a developable parcel there as well as contributing district parking stalls to what would be anticipated to be private development there. District parking is an opportunity to provide parking that's needed but not have it necessarily associated so closely with one individual development. I'm thinking about Hopkins in that they have been very proactive as it relates to their parking ratios with residential. They're saying that's OK - you can only have 1 parking space per unit in a residential development. A lot of developers will say that's not enough – I need 1-1/2 or I need 2. In order to actually move forward with that development you may need to provide them with a solution they are comfortable with so residents there can take advantage of district parking. It's a way to leverage parking and reduce parking at station areas.

Mayor Hovland said that it sounds like Ms. Hansen was talking about FTA as a partner – the inference was that they have some kind of land rights here. If you're doing ground leases you said the FTA was a partner.

Through what methodology do they acquire an interest in the land? I didn't know the FTA would acquire a land interest by virtue of providing funding for the line. Ms. Hansen replied that with the New Starts program in general there is a lot of acquisition that takes place as it relates to the Southwest LRT project – she believes there is over \$100M in the budget for land acquisition. As it relates to FTA JD projects specifically, the federal contribution towards that project can either be in the form of capital or land or a combination of both. In some cases, if land is part of the contribution of the FTA partner, then that is their contribution and one of the requirements of that contribution is you can't then just sell that land, it has to be part of the development going forward. Mayor Hovland asked by what method do they become a land owner? Chair Haigh replied through the project office as a recipient of the federal funding. Mayor Hovland asked by virtue of receiving 50% funding from the federal government they become an owner of the land? Chair Haigh replied no, the revenue stream would come to the project – the project would acquire the land and then we would follow the rules of the federal government about that type of use of that federal money for that ownership. They don't go do it independently – they do it through us as an instrument and a vehicle. These are the rules we have to follow if we want to use federal money to do JD projects. We don't have to use federal money to do JD projects – you could do other things in this corridor and there will be many things that will be done. Kathryn is trying to explain that this is a new day with the FTA – saying, “yes, we are actually going to allow you to use federal money as part of the development process. We get that it's not just about moving people through the corridor.” This is a big shift for FTA from the previous administration to this administration and the new rules.

A letter from Mr. John Doan of Hennepin County to Mr. Fuhrmann regarding JD along the Southwest Corridor was distributed to the committee.

Commissioner McLaughlin said there are some fundamental points. In the public presentations that have occurred prior to this there has been a presumption that CTIB would contribute 30% and the county rail authority would contribute 10%. From Brian's comment today, maybe we need to rethink that. I don't know if CTIB has statutory authority to do this, I don't know if the county rail authority has the authority to do this, and I frankly don't know if you want to be going to the legislature and getting 10% of your share in the traditional cookie cutter way through state bonding. The local funding is wide open in terms of where it comes from. Chair Haigh said she totally agrees with that and thinks we all understand that. Commissioner McLaughlin said that's not what was presented to the public in some prior meetings, as he understands it. There hasn't been any conversation with CTIB about that. He is glad we are kind of back to square one. What we should be thinking about is bending existing investment streams of counties through things like community works, of the cities through their sidewalks and other means that they invest in and try to bend them toward this goal we all share of doing this TOD. And then we need to think very hard about what projects or what elements of projects we want to federalize – we need to be very careful about that and we need to be in consultation with private developers – bankers and private developers as well. These land leases are not ideal for these developers – it is 3 more levels of complication that they don't particularly want to deal with. I think we need to be pretty smart and surgical about how we do this and I'm not clear that we ought to be picking whole stations as the priority. I think we might want to get the list of all the stations and then figure out which ones are most appropriate for this use of this tool. That can help us make sure we don't get ourselves tied up in knots by getting the federal government in places where we don't want them. I think we can spread out the benefits and not pick winners and losers. It's kind of a decision that's being recommended about what the prioritization should be without having consultation with elected officials along the line – that's pretty important because it's tactical but it's also political. The letter has a whole list of questions. I think this is very early and we need to get to some higher level policy maker discussions to figure out the way to go. Chair Haigh said she completely concurs. There are a whole myriad of issues associated with the local share of funding for a JD project, how that gets done and the timing of that.

Mayor Schneider asked that with a ground lease, is there a minimum term, or is that too much detail? Ms. Hansen replied that typically, ground leases will run anywhere between 50 and 99 years.

Ms. Hansen discussed Beltline Station in St. Louis Park. Base project improvement shows parking north of the station. What's anticipated in terms of a JD opportunity is a Park & Ride that would be elevated or part of the development that would take place north of the station. We're looking at, in conversations with St. Louis Park, market rate housing as well as commercial, entertainment and office, private investment of \$58M-\$82M and the revenue stream associated with that would be approximately \$500,000/year. Ms. Hansen discussed Blake Station in Hopkins. There is an opportunity to acquire some additional land, do some district parking and therefore stimulate private development in the form of housing, retail and entertainment. There is approximately \$40M in cost from the private sector and revenue of \$400,000-\$500,000.

Ms. Hansen said that we are in Phase 1 of this effort. It started in October in terms of going out and talking to our partners and seeking approvals. It's an FTA program and we have to take these opportunities to them and make sure they understand what we're talking about and that we fit the profile of even doing these in the first place. We talked about our agreements with the local partners. This would culminate in potentially these projects being wrapped up into the project and being described as part of the project to be submitted in September of 2014. If that happens then there will be a process of bringing all the public partners together and deciding the best way for us to go out to the private sector and bring them to the table. Phase 2 is all about the public partners working together even more diligently and Phase 3 is all about bringing the private sector to the table to actually do the development. Next steps: We just started this process at BAC and CAC, today at CMC, and we plan to go to the Met Council in December where they will hear this for the first time. Our first hurdle is FTA so we are pulling together pre-qualification describing these 4 opportunities, expecting to submit them in winter 2013-2014. In our BAC/CAC meeting we have gotten feedback about these 4 opportunities. Van White Station has surfaced as possible Tier 1 because 2 criteria may be met that we didn't expect and we will take a closer look at that station.

Chair Haigh said that, as Kathryn indicated, this hasn't even come to the Council yet for their review and comment on it. There will be a lot of other opportunity for us to have dialogue here. The CMC is a great opportunity for us to continue to get feedback from local elected officials, and you will also be able to do that directly with the project staff, so continue to have those conversations as we go forward.

Council Member Spano said he just returned from the National League of Cities Annual Conference and went to a lot of TOD conferences. One of the interesting characteristics that each one of these successful projects had was that the tools that work are not the same for every region or every line. There are tools that work at one station that don't work at others and it's important to recognize that fact. There are financing tools that may work for the Van White Station that wouldn't work at Beltline. We've got groundwater contamination issues, maybe, at St. Louis Park – there may be EPA issues. Looking at each station as a unique entity and the challenges and opportunities it provides is important.

Chair Haigh said that as we're trying to create the TOD program at the Met Council, think about our role as joint developer and think about our partnership with local communities. It's really about the discernment process to identify what the right tools are, the right timing, the right local shares, and it has to be done both setting regional priorities, corridor wide priorities and responding to unique local concerns. There is a lot of complexity and I think we can figure it out – we're learning as we go through this process. There is a public input session later this month – it hasn't been set yet. We will let you know when it is, and the whole array of public sessions on the freight rail and water issues as soon as we get those dates.

The meeting was adjourned at 10:43am.

Respectfully submitted,
Deborah Loring, Recording Secretary