

FORMER SCHERER BROS SITE Parcel 'D' Update

CAC & TAC UPDATE

MARCH 7, 2017



Background

MPRB has taken 3 major actions to advance development of Parcel D:

1. **Commissioned RiverFirst** and identified implementation strategy placing Parcel 'D' outside the Above the Falls Regional Park Boundary allowing it to be developed as a feature rather than a park
2. **Extended an Exclusive Rights Period to Graco Inc.** who submitted a proposal for a corporate headquarters and second speculative office building. This was rejected by the Board of Commissioners who instructed staff to develop and pursue a more community-responsive approach to engaging a development partner
3. Staff engaged the community to create and **extend a Request for Qualifications to developers** that outlined a more qualitative review and selection process, to which there was no response.



Developer Feedback on RFQ

At least 3 development teams had initially expressed interest in developing the Parcel 'D' site prior to the release of the RFQ. Some reasons given for a lack of response were:

1. The key team member left the organization
2. A concern over the ground lease structure coupled with MPRB consultant projections for park operating costs
3. The proposed community engagement process was a deterrent. There was concern that a Developer may be selected upon their strengths and then required to work with a community who might drive a concept not suited to their talents.
4. A perception that the obvious user group was Graco and therefore it was not worth their time to be involved.
5. A challenging site, including neighboring industrial use and the small amount of land available for development.
6. Development standards that emphasize structured parking and mixed-use, both of which could be financial challenges.



Redirections

MPRB might consider any of the following as possible redirections:

1. Reframe and reissue the Request for Qualifications (RFQ)
2. Direct site to park use as the remainder of the Scherer site is developed as a park that includes Hall's Island
3. Develop the site as temporary parkland as the remainder of the site evolves into its park use
4. Reconsider directions for development and lead the development process as opposed to seeking a development partner



1. Reissue the RFQ

Since the date of submission and the lack of response several developers have approached MPRB posing their qualifications and interest in the project.

Considerations:

1. Each of the inquiring entities had an opportunity to respond to the original RFQ and chose not to.
2. A revision to the parameters for development responding to suggestions from developers who chose not to respond, which may include a reassessment of the directions for Parcel 'D' contained in the approved schematic design
3. The process may lose integrity if we simply choose to engage a developer that is now making inquiries.



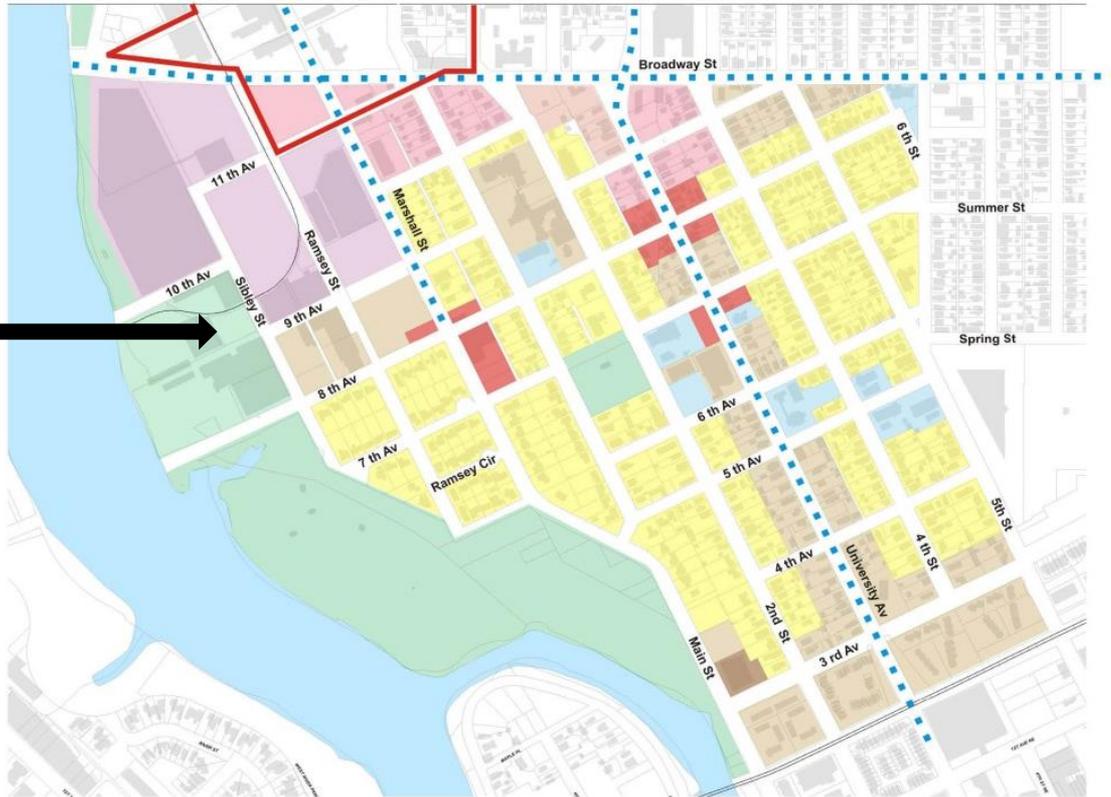
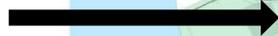
2. Redirect Site to Park Use

Increases parkland at the site to a total of 11.42 Acres with the addition of the 3.55 Parcel 'D' site.

Considerations:

1. Increases parkland along the river in an evolving neighborhood and may allow for more neighborhood serving park uses
2. Induces potential evolution of parcels lying easterly of Parcel D as envisioned by the St Anthony West Neighborhood Organization (STAWNO) Small Area Plan
3. Removes a significant revenue generating opportunity intended to support maintenance of the park
4. Changes the area available for programming at the park, which may require revisiting the approved Schematic Plan

Parcel D



Urban Neighborhood Land Use Category with Housing Densities

- | | | |
|--|--|---|
|  Low-Density Housing
8 to 20 du / acre |  Medium-Density Housing
20 to 50 du / net acre |  High-Density Housing
50 to 100 du / net acre |
|--|--|---|

Other Land Use Categories

- | | | | |
|--|--|---|---|
|  Mixed Use
50 to 80 du / net acre |  Transitional Industrial |  Park |  House of Worship |
|--|--|---|---|

STAWNO FUTURE LAND USE PLAN

From STAWNO Small Area Plan Volume 2 – April 12, 2016



3. Develop Temporary Park

Acknowledges that development of the site will happen, but the time isn't appropriate for development as demonstrated in the current MPRB plans for RiverFirst

Considerations:

1. Temporary improvements may be embraced to the point where no future evolution of Parcel 'D' is possible
2. Requires definition of a program of uses that are temporary in nature and can eventually be relocated
3. Allows development of Parcel 'D' to be aligned with other redevelopment envisioned by STAWNO's Small Area Plan, which may build momentum for Parcel 'D'.



4. MPRB Leads Development

MPRB might reconsider leading the development process as opposed to seeking a development partner.

Considerations:

1. Allows for a more community-centric development
2. Places MPRB clearly in the position of leadership, including assembling a development team, framing a concept, leading entitlement process, engaging stakeholders and the public, and implementing the development
3. Allows, potentially, for more neighborhood based entities as “tenants” based on the ability of each to contribute to the park project as a whole
4. Positions Parcel ‘D’ to better complement new development between Sibley St. and Marshall as envisioned by STAWNO’s Small Area Plan
5. Permits MPRB to consider other methods of supporting the park maintenance objectives envisioned in the schematic design documents.



Development Goals

Any redirection must be focused on the original goals of the project:

RIVERFIRST DEVELOPMENT GOALS

1. Ground Lease (or other) payment structure that supports the park maintenance and operations
2. Development that activates and promotes park use
3. Retained ownership of Parcel 'D' by MPRB in order to control the type and magnitude of development that might occur on the parcel
4. Creation of a separated park building along Eighth Avenue to accommodate park uses and concessions/vendor operations



Performance Goals

PERFORMANCE GOALS - Urban planning and design that:

1. Supports sustainable water remediation from city outfalls and building rooftops by returning these water flows to the river, in a clean state, as an integral part of the public experience and functions of the park
2. Acknowledges the new public uses and public riverfront character of Scherer Park and establishes a system of public access points and circulation pathways to the new park.
3. Ensures that new development massing envelopes will be consistent with the larger urban scale of the public park and the vision for future adjacent block development.
4. Integrates architecture and landscape architecture to achieve high environmental performance.



Recommended Redirection

MPRB LEADS DEVELOPMENT

Precedents

- MPRB employs a landlord tenant relationship at several properties, including:
 - Phillips Community Center
 - Concession Buildings at regional parks
 - Future Concessions Pavilion at Water Works
- MPRB operates event centers, such as Nicollet Island Pavilion
- MPRB acts as a developer in creation of new facilities, including the Adventure and Welcome Center.



MPRB Leads Development

Authority

During early stages of development considerations for Parcel 'D' MPRB was challenged relative to its legal capacity to take on a development or redevelopment project.

MPRB engaged Gregerson, Rosow, Johnson and Nilan, Ltd. who concluded, without reservation, that the Charter of the City of Minneapolis allows MPRB the right to take on development or redevelopment projects.



MPRB Leads Development

Partners

While MPRB would take a lead position in the development, additional active development partners may be identified to help advance:

- Philanthropic support , especially for community supporting portions of development on Parcel 'D'.
- Knowledge of advanced and innovative methods related to building systems, sustainability, and site development, including financial resources to implement these methods.

Resources

Other organizations and programs may act as a resource to MPRB in helping create a development that meets the development and performance goals.

- Sustainable design assistance through energy modeling that leads to lower long term energy use and project cost rebates.
- Technical and design assistance t in meeting livable and sustainable development goals.



MPRB Leads Development

Roles

In order for MPRB to take a lead position several key roles need to be filled with some roles being unique engagements when compared to past consulting relationships:

- Project Leadership MPRB
- Project Management MPRB
- Development Advisor Consultant or Panel Consultant
- Site and Building Design Consultant
- Park Design Consultant
- Community Engagement MPRB
- Entitlements MPRB, Development Advisor
- Financing Consultant, MPRB



MPRB Leads Development

Roles Continued

- Legal Consultant
- Market Research Consultant
- Tenant Identification and Marketing Consultant
- Public Relations Consultant



MPRB Leads Development

Potential Program

- Office, For Profit Leasehold space
- Office, Non-Profit(s) Leasehold space
- Food/Beverage, Annual Restaurant and/or brew-pub, kitchen supporting events space
- Food/Beverage, Seasonal Seasonal café lease per RiverFirst
- Events 500-750 person private events
- Gallery/Flex/Classroom Flex space accommodating temp users, perhaps with those users all or a portion of the gallery on a recurring basis
- MPRB Office & Storage Includes space identified in RiverFirst for boat rental and storage
- Site and Park Support Terraces and public gathering spaces per RiverFirst
- Parking Parking to support all programmed uses



RiverFirst Schematic Plan



**CURRENT
SCHERER PARK - SITE PLAN**



MPRB Leads Development

Operations Revenue Considerations

- Ground Lease as originally envisioned by RiverFirst
- Creation of a Common Interest Community (CIC) that identifies park maintenance as part of the obligation of the charter
- Reduction in expectation for the development to fully support the maintenance of the park
- Direct tenant participation in park maintenance activities in order to reduce MPRB costs and lease rates



Questions?

- *Next Steps*
- *Thank you!*