

Response to FTA questions and concerns regarding the proposed Snelling site joint development

Introduction

The preliminary application was submitted in accordance with FTA C 7050.1.VI.1.a:

“The project sponsor is strongly encouraged to submit its proposed joint development project for a preliminary FTA review, prior to determining the terms and conditions to be agreed upon by all parties participating in the joint development project. A preliminary review assists the project sponsor in framing how FTA requirements may be satisfied relative to specific elements of the proposed joint development project, and in identifying explicit terms and conditions to which the joint development partners must agree.”

We welcome discussion of how best to move this JOINT DEVELOPMENT project forward, in accordance with FTA goals, policy, and guidance. This project is unusual in many respects, not least of which is the speed with which it is moving towards reality. Since the preliminary submittal, we have seen a concept plan, we understand that the adjacent property owner is now working with a development company that has cross-ownership with the soccer team, and we have worked through how we can maintain the needed control without slowing the development process.

Since issues have been discussed in both email and phone conversations, this memo addresses issues from both, as we understand them at this time. We would appreciate a chance to discuss any item that requires clarification.

Response to issues mentioned in various phone conversations

Based on current plans, this project will be a significant development that would not have happened without the prior transit investment serving the site. Although Met Council's property is less than a third of the total site, it is the key element in making the whole development work operationally, economically, and in accordance with the goals of the community, the City, the County, the State, and the Metropolitan Council. We believe that this JOINT DEVELOPMENT project fully meets FTA goals, policy, and guidance. The actual details of the site and the transit elements will be determined in the design process that is expected to be concluded in early summer 2016.

We do not know how long this opportunity will stay on the table; we have been told that it is a matter of weeks. Preliminary design and engineering of the development has started; Met Council has not been participating, lacking a negotiated agreement and lacking discussion of the preliminary application. At this stage, we are in negotiations for a ground lease of Met Council property to the City of Saint Paul, for the purpose of assemblage into the entire superblock development, which is planned to have a publicly-owned stadium (to be used for Major League soccer games, concerts, and other events), a hotel and conference center, office and residential development, and several public spaces.

The City will be the tenant of the Met Council land and the owner of the stadium, in addition to having development review authority over the private development on the site. We understand that the private development team includes United Properties, a reputable and experienced TOD developer, and the property owner of the rest of the superblock site. Met Council does not foresee a direct relationship with any entity other than the City of Saint Paul, except as needed for the transit components and transit goals. The lease is drafted to include various controls, including review and approval of subleases, review and approval of design, incorporation of transit components to be determined in the design process, and miscellaneous language to ensure continuing control for transit purposes.

In developing this application we sought legal opinion on what federal requirements would apply to the proposed ground lease; the memo from counsel is Appendix 1.

Response to questions in the email sent by Cyrell McLemore on January 5, 2016

Questions sent are in italics

- 1. We understand the project property was acquired 30 years ago. The JOINT DEVELOPMENT request form states that 10 years ago the project property site was cleared and existing bus barns were demolished. Were the bus barns relocated? Please explain why the project property was not disposed of 10 years ago?*

The project property was acquired around 1970, as part of the Twin Cities Area Metropolitan Transit Commission's acquisition of all of the assets of the Twin City Lines, Inc. The remaining buildings on the site were demolished in 2002, with bus activities being relocated to the new East Metro Garage Facility in 2001. The project property was not disposed of at that time for a number of reasons: it was being actively considered for new proposals (new transit facilities and non-transit development), and additional environmental remediation work was needed after the buildings were demolished. After remediation work was completed, the site was utilized for staging for the construction of the Green Line LRT project and then for the A Line Bus Rapid Transit project. Along with these activities, the site has also been used for bus storage and as a park and ride for the Minnesota State Fair. In summary, the agency has been using the site for transit purposes continuously over the past 10 years.

Does Metro Transit currently use the project property for vehicle storage? If not, what is the current use for the project property?

There are buses currently stored on the site, in addition to staging activities related to A Line Bus Rapid Transit construction. Buses have been stored on the site for at least the past 10 years.

Snelling site use historical timeline 1997-present

- 1997-2001: preparation for demolition of the Snelling garage facilities (environmental investigation, remediation)
- 2001-2002: end of active bus operations, building abatement/demolition
 - 9/28/2001: buses left Snelling for the last time, and moved to the East Metro Facility. The plan at the time was to re-build a smaller bus garage on the Snelling site.
- 2002-2007: additional environmental analysis and remediation
 - Remediation completed in 2006
 - Final Minnesota Pollution Control Agency approval in 2007
- 2001-present: used for bus storage, except during the demolition period
- 2002-2005: consideration of various options including the Hampden land swap, joint development feasibility analysis, big box development, a new State armory, and other proposals for the site
- 2002-2010: partial use of site as State Fair park and ride
- 2005-2010: City of St Paul – station area planning/zoning implementation, to prepare for Central Corridor Light Rail Transit (CCLRT) construction
- 2009-2014: CCLRT construction staging
- 2014-2015: MNDoT construction staging
- 2015-present: A Line construction staging

2. *The JOINT DEVELOPMENT Request form indicates that the project property will still have a transit use after the proposed stadium is built, but does not describe how much of the property will retain transit use. Please define in acres how much will be retained for transit use, include specifics on the "transit use".*

Metro Transit actively manages post-event transit passenger staging at several large Twin Cities venues near light rail and bus facilities, including Target Field (major league baseball and special events), TCF Bank Stadium (professional and college football, special events), and CHS Field (minor league baseball and special events). A new professional football stadium is currently under construction in downtown Minneapolis. Passenger staging needs vary by venue, and are dependent on facility design (e.g. size and location of dedicated areas for staging), event attendance, proximity to the platform, and stadium location within the transitway system. At larger events at TCF Bank Stadium (40,000-50,000 attendees), for example, it typically requires 30-40 transit employees (working 3-4 hours on average) to manage the event. Activities include setting up/tearing down barricades, directing vehicle and pedestrian traffic, selling transit tickets, general crowd control, and loading passengers onto light rail vehicles.

Metro Transit staff estimate these activities for the proposed development would occupy approximately 0.5 acres, not including the platforms/stations themselves. This area may be part of a shared space, perhaps a plaza, similar to the staging area at Target Field. The actual design, location, and use agreement will be developed after the lease is signed, as required by the lease terms.

At this time, the first element of the overall superblock development that will be located on Metro Transit property is a publicly-owned sports facility that will also be used for concerts, community events, etc. For the development proposal on the superblock that includes Metro Transit property, Metro Transit staff intends to lead the staging design process as part of the larger design and development process using in-house expertise as well transit, traffic, and design consultants as needed. Retaining ownership of the property with a ground lease structure ensures that Metro Transit can shape the design for the safety of customers and efficiency of operations related to these large events.

We anticipate that this TOD/JOINT DEVELOPMENT will be a case study useful for other transit agencies as the trend towards locating large event venues in transit-rich urban areas continues. If the development proceeds as planned, this may also be one of the rare examples of a sports facility delivering considerable economic development benefits for the district, the city, and the region. The district has been an underdeveloped problem area for decades; this development, which is a result of the Green Line and A Line transit investment, is already stirring development interest in the surrounding district.

3. *Other than the proximity to the proposed stadium, what is the functional relationship between the Snelling station BRT to the proposed stadium? Has the BRT project changed to accommodate the proposed increase in ridership as a result of the stadium? (i.e., will there be kiosks, ticketing plazas, pedestrian thoroughways, safety infrastructure, enhanced lighting, etc.)*

The proximity is the basis for the "physical or functional relationship" that is the basis for satisfying the Public Transportation Benefit criterion in FTA C 7050.1.III.3.b.¹ The proposed development has a physical relationship due to its proximity to both rail and arterial rapid bus transit. It is intended to enhance the effectiveness of the two public transportation projects through the design and

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1. ¹ From FTA 7050.1.III.3.b(1), the physical relationship is sufficient; a functional relationship is not also required:

(a) Physically Related. A joint development is physically related to a public transportation project if there is a direct physical connection to public transportation services or facilities. Some examples of physical relationships are:

- *Projects built within or adjacent to public transportation facilities*
- *A venues of access that connect directly to public transportation, e.g., bicycle paths, pedestrian paths, or parking facilities*

The alternative requirement for a physical "or" functional relationship allows a joint development to be built separate from, but in functional relationship to, a public transportation project. A joint development satisfies this element if it has a physical or functional nexus to a public transportation project.

construction of project infrastructure including good connections for transit customers walking and biking to and from the transit facilities adjacent to the development. It is expected that, as part of the development, there will be staging areas, ticket vending machines, and real time information screens. At this preliminary stage, it is not possible to define these elements with specificity. The proposed lease language gives Metro Transit the right to incorporate these into the development, with appropriate review and approval rights over the design. These transit elements that will improve connections to the A Line BRT are expected to be part of the development, and, at this time, are not expected to be part of the existing transit project. At this time, no FTA funding is anticipated to be used for these elements in the proposed development.

4. *Other than the proximity to the proposed stadium, what is the functional relationship between the Green Line LRT to the proposed stadium? Will there be any changes to the LRT to accommodate the proposed increase in ridership as a result of the stadium? (i.e., will there be kiosks, ticketing plazas, pedestrian throughways, safety infrastructure, enhanced lighting, etc.)*

See answer to Q 4; the Green Line is adjacent to the proposed development of the superblock that will include the Snelling site owned by Metro Transit. The relationship to the Green Line will be improved through the construction of the infrastructure of this related development. From the current concept planning, the sketches indicate that the superblock development project will include a plaza space between the proposed public facility and University Avenue that may provide staging space for the large crowds expected at the public facility events (At this time, the expected events are soccer games and concerts, both of which generate large crowds of transit customers). The transit elements that improve connections to the Green Line are expected to be part of the development, and, at this time, are not expected to be part of an existing transit project. No FTA funding is anticipated to be used for these elements in the proposed development. Details will be developed in the design process following the execution of the lease.

5. *What happens to the property after the 50 year contract agreement? The JOINT DEVELOPMENT Request form does not appear to address this and we need to verify that the transit agency will retain ownership of said property (and/or dispose of it?)*

The transit agency will, as landlord, retain title, and can, with FTA concurrence, pursue any of the alternatives allowable at that time. The proposed deal structure includes language giving the transit agency the right to either take possession of the vertical development or require the site to be returned to a development-ready state. The transit agency will not be restricted by the proposed ground lease after the term of the lease ends.

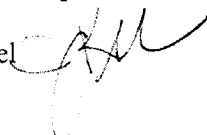
We believe that the proposed structure of a ground lease to the City of Saint Paul, which will be working with the operator of the stadium, the developers of all of the development proposed for the entire superblock, and the community, best achieves all of the joint development goals as well as providing necessary transit components to ensure safety and comfort of transit customers and efficient operations of all of the transit modes serving this development.

Appendix 1. Federal requirements for proposed Snelling Joint Development

**Internal Memorandum
Office of General Counsel**

DATE: January 13, 2016

TO: LUCY GALBRAITH, Director - Transit Oriented Development

FROM: JEANNE K. MATROSS - Associate General Counsel 

SUBJECT: Circular C 7050.1
FTA Guidance on Joint Development –
Federal Requirement / Applicability to Snelling Site Development

I. The Issue

Metropolitan Council's participation in the Snelling Site joint development project is a ground lease of the land on which the project will be built to the City of St. Paul as well as construction/installments of Metropolitan Council or locally funded transit improvements.

The question is whether federal requirements will apply to the construction of the joint development project (a privately financed soccer stadium).

II. Circular C 7050.1

The key circular for the FTA's Joint Development program is Circular C 7050.1(August 25, 2014) which states that Circular 7050.1 provides guidance to recipients of FTA financial assistance on how to use FTA-funded real property for joint development. Section 3 states the Circular 7050.1 consolidates all existing FTA guidance on joint development and SUPERSEDES (my caps) any FTA guidance on joint development contained in other sources including FTA 5010.1D. So to the extent that FTA refers to 5010.1D with respect to a joint development project, 5010D would be relevant only to the extent that it does not conflict with 7050.1.

Chapter V of Circular C 7050.1 addresses federal requirements with respect to joint development projects. Section 3 states very clearly that if no new grant award is being made for the actual joint development, the FTA environmental requirements would not apply. See also the Table under Section 3 which again states if FTA is not funding the actual joint development and is not otherwise involved in project decisions, then a FTA NEPA evaluation would not be necessary. This statement is meant to address situations in which the original FTA grant for the acquisition and development of the property has closed and the construction funded by the original grant is completed. That is the situation with the Snelling site. Under Section 4 of Chapter 5 procurements that are assisted with FTA funds must adhere to certain standards. Again under Section 5(a) of Chapter V if joint development involves a ground lease and there is no FTA financial assistance for new improvements there are only three requirements related to discrimination, conflict of interest and



debarment that are applicable to the joint development project. So the FTA has been quite clear and consistent in 7050.1 in that except as listed in Section 5(a) of Chapter V federal requirements do not apply if FTA assistance is not going into the joint development.

III. Answer

By direction of the FTA itself, Circular 7050.1 is the defining direction on joint development. Per 7050.1 if the joint development involves a ground lease and there is no FTA financial assistance for the new improvements, as is the proposed Snelling site development, there are only three federal requirements listed in 7050.1 Chapter V applicable to the joint development.