

Upper Harbor Terminal FAQ



Updated January 5, 2021

Community Ownership

1. WHAT IS THE PROPOSED LAND OWNERSHIP OF THE LAND?

All of the development parcels (with the exception of the land under the Community Performing Arts Center) will continue to be owned by the City of Minneapolis with financeable ground leases provided to the developer(s) of each parcel. The Draft Coordinated Plan recommends that the City Council direct that all proceeds from the annual ground lease payments be held in a dedicated fund to support anti-gentrification and anti-displacement efforts in North Minneapolis.

Due to the state bond financing, the Community Performing Arts Center land will be owned by a new entity which will be a limited liability company formed by First Avenue (FA) and a to be determined community entity (CE). This new FA+CE entity will own the land, the City of Minneapolis will ground lease the land and own the Community Performing Arts Center structure for a period of time equal to 125% of the useful life of the structure, and the structure will be operated by First Avenue (or affiliate) with such entity assuming all costs related to the facility.

The 19.5 acres of parkland on the Mississippi River will be owned by the Minneapolis Park & Recreation Board including the parkway and multi-modal trails along the River.

A diagram showing the land ownership can be found on page 14 of the Draft Coordinated Plan.

2. HOW WILL THE GROUND LEASE WORK? WHAT WILL THE GROUND LEASE PAYMENTS BE USED FOR?

A *ground lease* is an agreement in which the developer will be permitted to develop a piece of property during the lease period, after which the land and all improvements are turned over to the property owner (the City of Minneapolis). In order to secure financing to build the development, the term of the ground lease will need to be approximately 99-years.

The City, the development team and the Upper Harbor Terminal Collaborative Planning Committee are recommending a special enterprise fund be established by the City Council to

earmark the annual ground lease payments to be used for anti-gentrification and anti-displacement efforts in North Minneapolis. It is proposed that the future UHT Community Entity (see Question 3) would make recommendations on the distribution of those funds to the City of Minneapolis. Ground lease payments will be tied to each specific parcel, so the timing of payments to the fund will depend on the final phasing schedule.

3. WHAT IS THE ROLE OF THE COMMUNITY ENTITY (OR ENTITIES)?

To provide ongoing community ownership and voice in the UHT project, the project envisions two key roles for a Community Entity (or Entities):

(1) CPAC Facility/Structure Ownership

As a condition of the Redevelopment Agreement, First Avenue will form a new limited liability entity to own the CPAC facility/structure (FA+CE), with the following ownership stakes: First Avenue (51% with four (4) board members) and the Community Entity (49% and three (3) board members). The Community Entity would be primarily responsible for:

- Receiving the funds from the \$3.00 per ticket fee surcharge
- Managing and deploying the use of ticket fees towards wealth building activities that benefit historically marginalized communities that have been the target of redlining processes.
- Providing a Community voice and decision-making input regarding which artists are brought into the venue (for both free events and venue sponsored events).
- Providing community guidance and accountability for First Avenue initiatives related to developing employment opportunities with career ladders in the music industry and creating youth inclusion, involvement & leadership opportunities.

(2) Ground Floor Commercial Space

The housing developments developed on Parcels 1B and 6A will have up to 35,000 SF of ground floor commercial space which will be owned separately from the housing due to financing restrictions. The Development Team will identify a Community Entity that will:

- Maintain an ongoing advisory role or have a level of ownership of the ground floor commercial space in Parcels 1B and 6A,
- Create and execute a commercial leasing plan that will meet the UHT wealth building and economic inclusion goals, and
- Work collaboratively with the developer of the housing projects.
- Community Hub: The development team is pursuing a health and wellness Community HUB for Parcel 6B, and as part of the feasibility analysis will seek out strategic partners and/or issue a RFQ for a Community Entity that can deliver the vision for the Community HUB identified in the Coordinated Plan.

A more detailed description of the proposed roles of the community entity (or entities) and the process for selection can be found in pages 74-78 of the Draft Coordinated Plan.

4. HOW WILL THE COMMUNITY ENTITY BE SELECTED?

In spring 2021, the development team will issue a Request for Qualifications (RFQ) for a Community Entity or Entities to serve as the community partner in the governance structure of the Community Performing Arts Venue. As part of the RFQ process, respondents would present to neighborhood organizations. Representatives from the development team including United

Properties, First Avenue, and Building Blocks will ultimately make the decision to select a community entity/entities. Selection criteria will include organizational and financial capacity, community accountability, leadership teams and/or membership that reflects the Community, including historically Black/ADOS, Indigenous and other People of Color, and cultural competence/experience working in and with the priority communities identified in the Coordinated Plan.

A more detailed description of the process for selection can be found on pages 73 of the Draft Coordinated Plan.

5. WHAT WILL THE PROCESS BE FOR IDENTIFYING WHO WILL DEVELOP THE COMMUNITY HUB?

The development team is pursuing a health and wellness Community HUB for Parcel 6B, and as part of the feasibility analysis will seek out strategic partners and/or issue a RFQ for a Community Entity that can deliver the vision for the Community HUB identified in the Coordinated Plan.

Affordable Housing

6. WHAT IS THE OVERALL AFFORDABILITY STRATEGY FOR HOUSING ON THE SITE?

The overall site will be subject to the amended and restated Unified Housing Policy of the City of Minneapolis (effective 8/1/20). Both phases of development would be considered a Large Development Project under the policy and may meet the affordability requirement on a blended basis, provided the City is provided adequate assurances that the affordable units will be delivered. Only buildings or phases that include affordable housing for at least 20% of the units (rental) or 10% of the units (for-sale) or receive a pass-through funding waiver will be considered eligible for City financial assistance.

In addition to meeting the requirements of the Unified Housing Policy, the Draft Coordinated Plan reflects a strategy developed with the Upper Harbor Terminal Collaborative Planning Committee (UHT CPC) to create a mixed-income community, with the overall project providing approximately 1/3 of units affordable at 30-50% of Area Median Income (AMI), 1/3 of units affordable at 50-70% AMI, and 1/3 of units affordable at market rates.

7. WHAT AFFORDABLE HOUSING IS BEING PROPOSED ON THE SITE?

The Phase 1 rental housing on Parcels 1B and 6A will be 100% affordable with 245 rental mixed-income units priced for residents earning at or below 30-70% of Area Median Income (AMI), including 160 units (65% of the Phase 1 units) attainable to Northside residents earning at or below 30-50% of AMI. The majority of the units in Phase 1 are two bedrooms or larger, with a focus on providing housing options that work for families.

The Phase 2 housing developments proposed by the development team include units that are listed as “Unrestricted Housing”, which could be open in terms of both target demographics and incomes—creating a broader diversity of housing options within the overall site as recommended by the UHT CPC. This could allow the site to be built out more quickly, as a market rate development does not require adherence to the same funding cycles as affordable housing.

For Parcel 1A, the Senior Housing as shown could be delivered either as an ownership (cooperative, condominium, etc.) or rental housing. The UHT CPC was unable to arrive at a consensus about a recommendation, as there was interest in both options. If the developer pursued rental housing, the UHT CPC would ideally like to see a mix of incomes including some unrestricted units depending on the financial feasibility.

For the high-density housing proposed on Parcel 7A, the development team would propose a mix of approximately 92% unrestricted units and 8% of units affordable to 80% AMI, which would maximize the potential ground lease payments available to fund anti-displacement and wealth creation efforts in the Northside. While recognizing that the development needs to be financially feasible, the UHT CPC encouraged the development team to continue to explore ways to have a wider mix of incomes within the higher density building proposed for Parcel 7A.

A detailed description of the housing plan is on page 84 of the Draft Coordinated Plan.

8. WHO IS GOING TO BE THE DEVELOPER OF THE HOUSING?

United Properties as the lead developer intends to create a joint venture partnership with Building Blocks to develop the first phase of the housing. To deliver on the affordability strategy, the development team intends to apply for the City of Minneapolis Affordable Housing Trust Fund, Tax Increment Financing, and other public and private loans and grants.

9. WHAT ARE THE HOMEOWNERSHIP OPPORTUNITIES?

Phase 1 anticipates approximately 32 townhomes that will be available for home ownership on Parcels 1B and 6A. Phase 2 could provide between 21 – 93 home ownership units depending on which Phase 2 programmatic options are recommended.

10. WHAT ARE YOU DOING TO ENSURE THAT NORTHSIDE RESIDENTS RECEIVE PRIORITY FOR THE HOUSING DEVELOPED ON THE SITE?

The City is recommending that the City’s Community Preference Policy be applied to all of the housing being developed as part of the Upper Harbor Terminal redevelopment whether market or affordable (at all available affordability levels), rental or ownership, with 50% of each category being subject to the preference. The Community Preference Policy as applied to the Upper Harbor Terminal project would be implemented based on the following concepts: income eligibility, household size, preference policy and current renters.

11. WHAT ARE THE PROPOSED BUILDING HEIGHTS ALONG THE RIVER?

The three housing parcels along the river (1A, 1B and 6A) are contemplated as 65' high, which would comply with Minneapolis 2040 guidelines but will require a conditional use permit for exceeding the height limitations of the Critical Area Overlay and the Shoreland Overlay District. Parcels 4 and 5 are designed to comply with Minneapolis 2040 guidelines.

Parcels 1A, 1B, 4 and 5 are subject to both the Critical Area Overlay District (Restrictions on Height to 65 feet with tiering) and the Shoreland Overlay District which limits developments that are within 300 feet from the Mississippi River to 2.5 stories or 35 feet in height. A conditional use permit can be applied for to increase the allowed height in both the underlying zoning districts and the overlay districts. A conditional use permit to increase height would be reviewed by the City Planning Commission.

The UHT CPC is advocating for the City to grant a conditional use permit to exceed the heights permitted in the Shoreland Overlay District and the Critical Overlay District to accommodate additional affordable housing.

Parcel 6 is subject to the Critical Area Overlay District (Restrictions on Height to 65 feet with tiering). A conditional use permit can be applied for to increase the allowed height in both the underlying zoning districts and the overlay districts. A conditional use permit to increase height would be reviewed by the City Planning Commission.

The UHT CPC is advocating for the City to grant a conditional use permit to exceed the heights permitted in the Critical Overlay District to accommodate additional affordable housing.

Community Performing Arts Center (CPAC)

12. WHAT ARE THE SIZE AND FREQUENCY OF EVENTS PLANNED FOR THE CPAC?

a. *What are the general size of the events?*

The venue will have a capacity of 7,000-10,000 people, but First Avenue anticipates that only about 20 percent (#?) of shows each year will reach that capacity.

b. *How late will events typically go in the evening?*

All shows will be required to end by 10 pm.

c. *How many community shows will be provided? Will there be a cost for those events?*

Of approximately 80 planned events each year, 40 will be community events, approximately 13 will be performing arts shows, and the facility will be rented approximately 6 times per year. Space for community events will be provided at cost to the community. Concessions for community events will be at standard rates.

d. *Will the venue be year-round?*

Yes, there will be public use of the lawn area during non-event times. The building which will house the stage will provide a smaller theater suitable for smaller community shows, facility rentals, and other events.

e. *How are you addressing noise concerns from the venue?*

A recently completed noise study showed no adverse effects on either the heron rookery or surrounding neighborhoods. New buildings being constructed on the UHT site will implement noise mitigation strategies through building materials and techniques. Additionally, acoustic consultants and theater planners will advise the design team on optimal audio setup to reduce noise off property and improve the concert going experience for customers. This could include delay speakers, ribboning and other acoustic treatments. The acoustic design work will commence after the schematic design for the CPAC is formalized.

13. WHAT WILL THE \$12.5 MILLION IN STATE BONDING FUNDS BE USED FOR? WHAT WILL FIRST AVENUE BE REQUIRED TO PUT INTO THE PROJECT?

The \$12.5 Million of state bonding funds are to support the design and construction of a year-round community performing arts center on the site. First Avenue will be responsible for raising all other funding to construct and maintain the facility (additional construction costs are estimated to be at least another \$12.5 Million). The matching funds are expected to be a combination of private equity and private debt. To access the state grant, First Avenue will need to have fully executed construction agreements and be able to demonstrate that sufficient funds are in place to complete the project prior to the City of Minneapolis executing a grant agreement with the State of Minnesota. None of the state bond funds can be used to fund First Avenue operations or staffing.

14. HOW WILL THE \$3.00 PER TICKET FEE BENEFIT THE COMMUNITY? WHY WAS THAT ESTABLISHED RATHER THAN A PROFIT-SHARING MECHANISM?

First Avenue will charge a \$3.00 per ticket fee to create a fund that will, as determined by the Community Entity: (1) invest in innovative wealth creation and job creation strategies for historically marginalized communities in the Upper Harbor Development, (2) fund anti-displacement and wealth generation activities that are designed to benefit historically marginalized communities in the Northside, with a specific focus on improving outcomes for communities who were subject to redlining policies, (3) provide free community programming, and/or (4) support sustainability initiatives on the site or in the Northside.

The ticket fee was chosen as a mechanism because it can provide a recurring benefit to the community that can be utilized for community priorities. Allowing the ticket fee proceeds to go to the community entity will allow the community to set priorities and support innovation that benefits the North Minneapolis community. The ticket fee will be based on the number of tickets sold per year, which will be reported annually to the City of Minneapolis, McKinley Community neighborhood association and the future Community Entity. The ticket fee will only be charged on First Avenue shows. The amount of the fee was set by First Avenue as the maximum amount that can be charged without making the overall ticket price higher than what customers are likely to pay. In comparison, the Palace Theatre in St Paul pays a \$2.15 per ticket fee to support community programs but was delivered a fully completed facility.

Projections show that based on approximately 20 shows at a capacity of approximately 8000+ tickets per show and 20 shows at 5000+ capacity, the ticket fee can generate between \$750,000 - \$1,000,000 to be distributed annually through the ticket fee fund.

15. WHAT OTHER BENEFITS WILL THE CPAC PROVIDE FOR NORTH MINNEAPOLIS?

There are a number of community benefits that will be formalized in the Redevelopment Agreement, the Construction Agreement and the Use Agreement between First Avenue and the City, as well as other community benefits that will be included in a Community Benefits Agreement between First Avenue, McKinley Community and a future Community Entity. A complete list of those benefits can be found on pages 63 and 64 of the Coordinated Plan.

16. WHAT IS THE PLAN FOR PEOPLE TO ACCESS AND LEAVE THE AREA FOR THOSE LARGER EVENTS AT THE MUSIC VENUE?

As part of the site plan approval process for the Community Performance Arts Center, a robust, multi-faceted, multi-modal Traffic Management Plan (TMP) will be required to address events. The TMP will include a toolkit of strategies that can be pursued to handle event related traffic, parking, and access. This includes, but is not limited to, the following strategies:

- Design physical layout that supports safe routes for walking, rolling, and biking. Traffic management plan that prioritizes pedestrian access and circulation.
- Provide remote parking with shuttle services.
- Provide sufficient (and convenient) bike parking (for both riders' owned bikes and shared bikes).
- Commit to "distributing" transportation information via normal event PR channels (advertisements, web site, social media, etc.). Transportation information to include info on transportation modal options, remote/shuttle opportunities, on-site parking opportunities (if any) and recommended travel approach routes.
- Set start times of events to not coincide with peak hours of surrounding roadway network.
- Promote Transit as a key mode to the venue. Explore adding supplemental Transit service to facilitate event access.
- Use Traffic Control Agents to help safely and efficiently manage traffic at key intersections and access points in and around site and on nearby external roadway network.
- Establish designated area for TNC's (Uber, Lyft, etc.) and work with TNC's to geocode these areas as keyed to the event.
- Establish designated drop off/pick up zones for Disability Transfers and other non-TNC users.
- Establish a process for scheduling and managing truck access to/from the site for the trucks that load the equipment for the large events.
- Review neighborhood parking restrictions to limit impacts to adjacent neighborhoods.
- Develop a plan to manage access for local residents, businesses, and visitors of the park.
- Commit in the Traffic Management Plan to monitor, evaluate and adjust TMP based on initial events.

17. WHAT IS THE DIFFERENCE IN THE IMPACTS AND FINANCIAL BENEFITS OF A 7,000 SEAT VENUE VERSUS A 10,000 SEAT VENUE?

The size of the building that will house the stage and back of house functions is essentially the same whether there is a 7,000 seat or 10,000 seat capacity. The difference between the two sizes is primarily in the size of the seating area. The total construction cost for the 7,000 seat option was projected at only \$5 Million less than the 10,000 seat option. The ticket fee generated in year two was projected to be \$527,000 for the 7,000 seat venue and \$750,000 for the 10,000 seat venue. The UHT CPC recommended the larger venue because of the significantly higher amount of annual ticket fees that would benefit the community. More detail on the analysis considered by the UHT CPC can be found on page 4 of the February 22, 2020 venue presentation on the UHT website.

18. WILL THE COMMUNITY HAVE INPUT INTO THE DESIGN OF THE VENUE?

The design of the venue will not begin until the City Council final adoption of the Alternative Urban Areawide Review (AUAR), which will establish mitigation strategies to address the environmental impacts of the venue. After the AUAR is completed, the design team from the venue will begin the conceptual design process in close collaboration with the MPRB as it finalizes its park design.

Following the conclusion of the AUAR process, First Avenue will convene an advisory group of community members (which will also include youth representatives) production experts, theater planners and touring and local artists to facilitate a public process to evolve the design of the venue. The design team will continue to work closely with the Mississippi Watershed Management Organization (MWMO) to incorporate innovative stormwater strategies on the venue parcel that will support the goal of a district and regional stormwater solution. The design of the venue will follow the standard city entitlement process including neighborhood presentations and planning commission approvals.

Environmental Review & Regulatory Process

19. HOW IS THE CITY ANALYZING THE ENVIRONMENTAL IMPACTS OF THIS PROPOSED DEVELOPMENT?

An AUAR will be completed for the Upper Harbor Terminal Project. The Alternative Urban Areawide Review (AUAR) is a form of environmental review that reviews a project's environmental setting, the potential environmental effects of the project, alternative scenarios, and a very specific mitigation plan.

The City can use an AUAR as a planning tool to understand how different development scenarios will affect the environment of their community before the development occurs. The process is designed to look at the cumulative impacts of anticipated development scenarios within a given geographic area, including noise, traffic and impact on cultural resources. Environmental analysis information from an AUAR can be used to inform local planning and zoning decisions.

The City Council will approve the scope of the proposed AUAR, which is anticipated to occur in the first quarter of 2021. Once the AUAR analysis is complete and the proposed mitigation strategies are identified, the Minneapolis City Council will make a determination on the adequacy of study following a public comment period.

Once that has occurred, the normal development review process may begin. This includes the final design of the required infrastructure (roads, stormwater management, utilities, etc.) and site and building design for each individual component of the development. This will occur as each building within the development is brought forward for review. As with any development review process, this is a critical opportunity for community input and feedback.

Community Benefits

20. WILL THERE BE OPPORTUNITIES FOR SMALL ENTREPRENEURS TO HAVE SPACE AT UHT?

The Coordinated Plan shows ground floor commercial space on the first floors of Parcels 1B and 6A, and the development team is planning for a mix of small entrepreneurs and established businesses to occupy the space. One of the roles envisioned for the Community Entity is to maintain an ongoing advisory role or have a level of ownership of the ground floor commercial space, and to create an execute a commercial leasing plan that will meet the UHT wealth building and economic inclusion goals.

21. WHAT ARE THE WAYS THAT NORTHSIDE BUSINESSES CAN BE INVOLVED IN THE DESIGN AND CONSTRUCTION OF THE PROJECTS?

Any projects that receive \$175,000 or more of City subsidy will be required to comply with City of Minneapolis requirements for establishing and tracking Small and Underutilized Business Program and Workforce utilization. In order to maximize participation by small entrepreneurs and Northside businesses, in collaboration with established community-based organizations with cultural competence, the developers of each parcel, regardless of subsidy level, will produce a comprehensive strategy for economic inclusion, jobs & careers as a condition of a Redevelopment Agreement with the City of Minneapolis. These documents will include specific strategies for addressing workforce development, job creation, small business support and mentoring, and priority outreach to historically Black/ADOS, indigenous and other BIPOC communities that will be pursued as part of this project.

22. HOW WILL THE CITY ASSURE ACCOUNTABILITY BY THE DEVELOPMENT TEAM?

The commitments outlined in the Coordinated Plan will be memorialized through a series of agreements between the City of Minneapolis, the developers, and the eventual parcel owners to ensure accountability. These future documents include Redevelopment Agreements for each Phase 1 parcel, Exclusive Rights Agreements on future phases, Ground Leases and the Operating Agreement for the Community Performing Arts Center and will be approved by the City Council.

The development team has also voluntarily agreed to negotiate and enter into a Community Benefits Agreement with the McKinley Community by the time the City Council approves the Coordinated Plan that will include the commitments that cannot be included in City Agreements, including the establishment of the CPAC Ticket Fee Fund and the process for selecting and contracting with one or more Community Entities. As part of the Community Benefits Agreement, the development team will commit to maintaining a public dashboard of key benefit metrics through a website and annual reports to the McKinley Community.

Public Realm

23. WHAT HAPPENED TO THE INTEGRATED UTILITY HUB REFERENCED IN THE CONCEPT PLAN?

The City does not have authority to reuse sanitary water. The City Sustainability Office is exploring conceptual feasibility of an integrated hub but is looking at it in a broader more holistic way versus evaluating a specific site.

24. WHAT ARE THE PLANS TO RELOCATE THE XCEL POWER LINES?

The existing double overhead transmission lines that cross the River from Xcel's Riverside Plant and then run southward over the middle of the site will be relocated to the west to prepare the site for redevelopment. The river crossing angle will be revised slightly and the River span will be longer to avoid the need for a pole within the primary park area. The relocated lines then will run down the western edge of the site's riverfront parcels, just east of the rail corridor, before angling back to connect with the existing line that continues downriver from about 33rd Ave. N.

Xcel will be applying to the Public Utilities Commission for a permit to relocate the lines; this will include completion by the Department of Commerce of an environmental assessment (of just the line relocation, not the overall site redevelopment). Xcel also will be seeking approval of the revised river crossing by the U.S. Army Corps of Engineers. These processes are expected to run approximately concurrently with the AUAR process.

25. WHAT ARE THE PLANS FOR PUBLIC ART?

Public art opportunities are being explored in a manner that can be integrated directly into infrastructure throughout the public realm. Artists can participate directly with Public Works during the community engagement effort for the public realm and infrastructure work to help guide artistic elements of the project. If artists are interested in learning more about future design or fabrication opportunities at UHT, they are encouraged to contact Public Works staff so they can be notified about future calls for artists for this project. For more information, please visit the UHT Public Realm Infrastructure webpage: <http://upperharbormpls.com/public-realm-infrastructure-project/>

26. IS THERE A PLAN FOR TRANSIT FOR THE SITE?

The City is working with Metro Transit to review current and future transit needs, understanding that the nearby community relies on transit service for access to essential jobs, goods, and services that are not conveniently located in the neighborhood. The upcoming development and construction of the D-Line provides opportunities to review changing service needs within the broader Northside community.

27. WILL THERE BE ACTIVE USES ON THE RIVERFRONT?

Yes, a parkway design is proposed with a two-way roadway for vehicles, a separate two-way bike trail and a separate pedestrian path to provide visitors with safe and convenient riverside transportation access. MPRB is currently working to determine which riverfront park amenities might be completed in the first phase of improvements planned in 2022 – 2023. Future park features are likely to evolve with the park over time. The park process is a separate, but coordinated effort, with the development. More information on the park engagement and process can be found on the project website www.upperharbormpls.com