



Title: Affirming Developer Selection and Agreement Framework for 325 Blake Road

Resolution number: 21-047

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Recommended action: The Board of Managers wishes to affirm the selection of Alatus as the first choice developer and Wellington Management as the alternate, and identify the key commitments provided by the Hopkins City Council that were critical considerations in its selection, thereby creating the essential terms for inclusion in the forthcoming preliminary development agreement and purchase agreement.

Schedule: June 2021: Proposal review, interviews and development partner selection
July 2021: Design charrette process and pre-development agreement process

Budget considerations: Fund name and code: N/A

Past Board action:

- Res # 20-066 Authorization to Execute a Cooperative Agreement with the City of Hopkins for Coordinated Planning, Improvements and Development for 325 Blake Road
- Res # 20-067 Authorization to Release the Request for Proposals for Design Services for 325 Blake Road Stormwater Management and Site Restoration
- Res # 20-091 Authorization to Contract for Design Services for the 325 Blake Road Regional Stormwater and Greenway Project
- Res # 20-098 Positive Determination of the Feasibility Milestone and Authorization to Solicit Interest in Potential Redevelopment of the 325 Blake Road Site
- Res # 20-099 Authorization to Enter into a Redevelopment Advisory Services Agreement with Shenandoah Consulting, LLC
- Res # 21-015 Confirmation of Select Developer List for Engagement in the 325 Blake Road Restoration and Redevelopment Project

Summary:

For nearly a decade, the Minnehaha Creek Watershed District (MCWD) has been focusing on the most degraded section of Minnehaha Creek – between West 34th Street and Meadowbrook Lake in St. Louis Park and Hopkins – to implement a comprehensive corridor restoration that focuses on reducing pollutant loads, mitigating flashy hydrology, reconnecting the riparian corridor, and restoring the physical character of the stream channel.

A former industrial site along 1,000 feet of Minnehaha Creek, the property at 325 Blake Road was identified as a key piece of the Minnehaha Creek Greenway, and as such, the MCWD made a strategic acquisition of the property in 2011 to facilitate its regional scale effort. This effort identified opportunities on the site for area wide stormwater improvement, ecological restoration of the Minnehaha Creek riparian zone and corridor linkage with

upstream/downstream restoration projects. Identified as the 325 Blake Road Restoration and Redevelopment Project (Project), it is envisioned that, through strategic partnership with the City of Hopkins (City), a development partner will be selected to deliver an integrated project on the portion of the site not utilized for watershed restoration.

Throughout early 2020, the MCWD and City (together as the “Partners”) developed a shared vision for the potential redevelopment of 325 Blake Road. This vision was memorialized in August 2020, when the Partners approved a cooperative agreement to guide the coordinated planning, improvements and redevelopment of the site, and establish a clear partnership framework to successfully deliver on the Partners’ shared vision for the site. The agreement also provides the foundation for the exploration of redevelopment for the Project and outlines a clear framework for engagement of the development community.

As such, in January 2021 the Partners solicited interest in redevelopment of the 325 Blake Road site through a request for letters of interest. Following receipt of the letters of interest, the Partners reviewed all responses and developed a recommended select list of five developers for advancement to developer roundtable meetings and the request for proposal (RFP) process. This select list was developed based on identified experience in delivering complex sites through partnerships.

In March 2021, following roundtable meetings with each of the developer teams, the Partners issued the RFP for development of a portion of the 325 Blake Road site. Following an approximate eight week window for the development of proposals, on May 5, 2021, the Partners received proposals from all five development firms – Alatus, Greco, Schaefer Richardson, Sherman Associates and Wellington Management. Upon receipt of proposals, a staff coordination team reviewed all of the information and developed a suite of preliminary questions for each of the development teams to further inform the proposal process.

On May 20, 2021 the Review Committee – a joint committee comprised of three MCWD Board managers and two Hopkins City Council members – reviewed the preliminary information and discussed the merits of each proposal in advance of the preliminary interview phase. On May 26-27, 2021 the Review Committee conducted interviews of the five development teams with a goal of further understanding each of the developer’s vision for the site and how the development teams would approach partnering to deliver the Partners’ joint vision set forth.

Following interviews, the Review Committee considered the merits of each proposal and voted unanimously to advance three firms as finalists – Alatus, Sherman Associates and Wellington Management – for joint Board of Managers and City Council consideration.

On June 9, 2021 the Partners participated in a series of site tours hosted by each of the developers. The sites were chosen by the development teams as a tangible opportunity to get a feel for the type of development each delivers, and also provided an opportunity for each team to introduce themselves to the joint MCWD Board and City Council and describe how they would approach the 325 Blake Road site.

On June 17, 2021 the Partners hosted a joint meeting of the MCWD Board of Managers and Hopkins City Council to conduct interviews of the developer finalists for the 325 Blake Road Restoration and Redevelopment project. Following interviews, the joint MCWD Board and City Council discussed mutual considerations in order to facilitate the selection of Alatus as the first choice developer, and designated Wellington Management as the alternate.

To effectively frame and facilitate the drafting of the preliminary development agreement (PDA) and purchase agreement terms, the Board of Managers finds it beneficial and important to affirm the mutual considerations discussed in the joint meeting between the MCWD Board and City Council. As such, the following key commitments by the City Council were critical considerations in these selections and therefore are essential terms to be included in the PDA and purchase agreement:

1. the purchase price in the Alatus proposal of \$11.25M over two phases (\$8M and \$3.25M) is firmly understood as the sale price of the land, and that the City Council does not support the developer using the purchase price as a subsidy to close any potential gap if financial concerns arise;

2. the City will not look to the MCWD to assume any further financial risk, and the City will accept the risk associated with any potential project financial gap using tax increment finance, grants, and other subsidy mechanisms to deliver the project vision set forth in the Alatus proposal;
3. the operation and maintenance responsibilities for the site overall will be a shared responsibility for the City, developer, and MCWD, with MCWD's responsibility focused on its remaining parcel and water management features; and
4. the Joint Liaisons Group will remain engaged in this process to assure mutually successful completion of this process and project delivery.

At its July 8, 2021 Board Meeting, staff will provide an update on recent community engagement opportunities and facilitate an early discussion on draft terms for the preliminary development agreement and purchase agreement. The Board may enter into closed session to discuss terms of the exclusive development rights agreement and the preliminary development agreement.



RESOLUTION

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WHEREAS, the Minnehaha Creek Watershed District (MCWD) acquired 325 Blake Road in 2011 as a key piece of the Minnehaha Creek Greenway, which will provide 109 acres of a connected corridor of restored creek and habitat through St. Louis Park and Hopkins; the MCWD and other public partners have made substantial investments in the preparation and planning of the site to date; the driving vision of the project is to create a uniquely water-centric redevelopment of a formerly industrialized segment of the Minnehaha Creek corridor; the project will provide layered ecological and societal benefits and will serve as a centerpiece of the larger Minnehaha Creek Greenway restoration;

WHEREAS, the MCWD and the City of Hopkins (City) have entered into a cooperative agreement to guide the coordinated planning, improvements and redevelopment of the site, focusing on approximately 11-13 acres for transformation into a transit-oriented neighborhood; the MCWD will retain ownership of approximately four-six acres to treat polluted stormwater that flows into the creek from approximately 270 acres of surrounding area and to restore more than 1,000 feet of creek frontage; the MCWD is combining the planning for this later portion of the site with three accompanying parcels bordering the creek for the 325 Blake Road Regional Stormwater and Greenway and Cottageville Park Phase II Riparian Restoration Project; this project includes the construction of stormwater facilities, open space amenities, stream and riparian restoration and a trail network;

WHEREAS, pursuant to the cooperative agreement, MCWD and the City requested proposals from developers for the redevelopment of the 11-13 acre site, received proposals, and selected Alatus, Wellington, and Sherman as finalists to present their proposals to a joint meeting of the Board of Managers and City Council on June 17, 2021;

WHEREAS, at the June 17, 2021 joint meeting the Board of Managers and City Council discussed mutual considerations in order to facilitate the selection of Alatus as the first choice developer and Wellington as the second choice, and the Board of Managers finds it beneficial and important to affirm these considerations in order to frame the preliminary development agreement and purchase agreement terms as contemplated in the cooperative agreement;

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby affirms the selection of Alatus as the first choice developer and Wellington as the second choice, noting that the following key commitments by the City Council were critical considerations in these selections and therefore are essential terms to be included in the preliminary development agreement and purchase agreement:

1. the purchase price in the Alatus proposal of \$11.25M over two phases (\$8M and \$3.25M) is firmly understood as the sale price of the land, and that the City Council does not support the developer using the purchase price as a subsidy to close any potential gap if financial concerns arise;
2. the City will not look to the MCWD to assume any further financial risk, and the City will accept the risk associated with any potential project financial gap using tax increment finance, grants, and other subsidy mechanisms to deliver the project vision set forth in the Alatus proposal;

3. the operation and maintenance responsibilities for the site overall will be a shared responsibility for the City, developer, and MCWD, with MCWD's responsibility focused on its remaining parcel and water management features; and
4. the Joint Liaisons Group will remain engaged in this process to assure mutually successful completion of this process and project delivery.

Resolution Number 21-047 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: 7/8/2021

Date: July 8, 2021

Secretary

DRAFT