

GRANDVIEW

Former Public Works Site

City Council Work Session
Presentation Materials

September 1st, 2015



Reynolds
urban
Design

DJR
ARCHITECTURE INC. CONFLUENCE



Sutton +
Associates
Cultural Facility Development



OPUS
THE OPUS GROUP



FRAUENSHUH
Commercial Real Estate Group

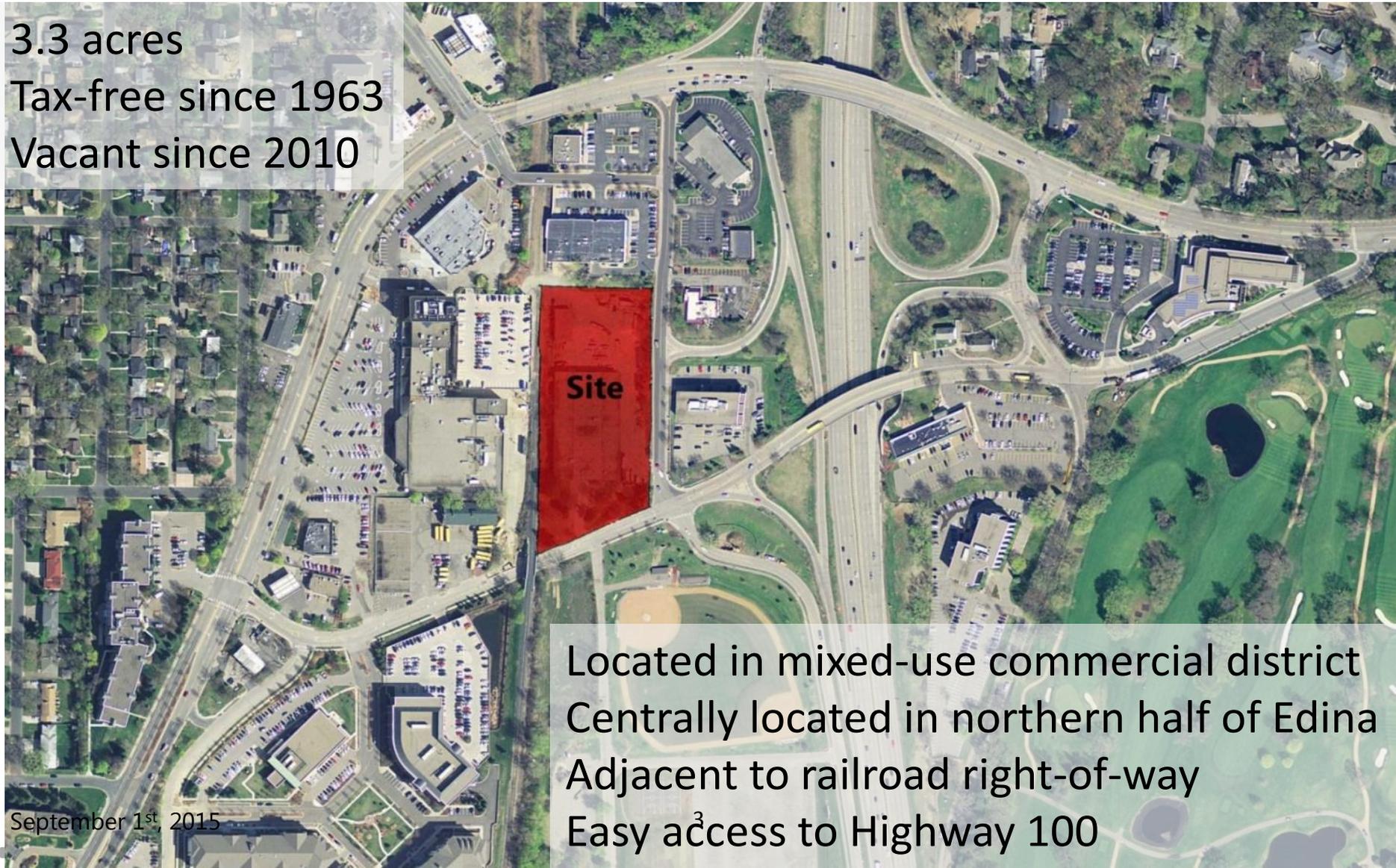


Former Public Works Site

- The Opportunity
- Background
 - History
 - District Planning (2010-2012)
 - Site Planning (2014-2015)
- **Progress Since June 2015**
 - **Architectural Concepts & Traffic Impact**
 - **Financial Overview**
- **Decision Making**
 - **Whether or not to proceed**
 - **Shaping a process to advance**

Former Public Works Site The Opportunity

3.3 acres
Tax-free since 1963
Vacant since 2010



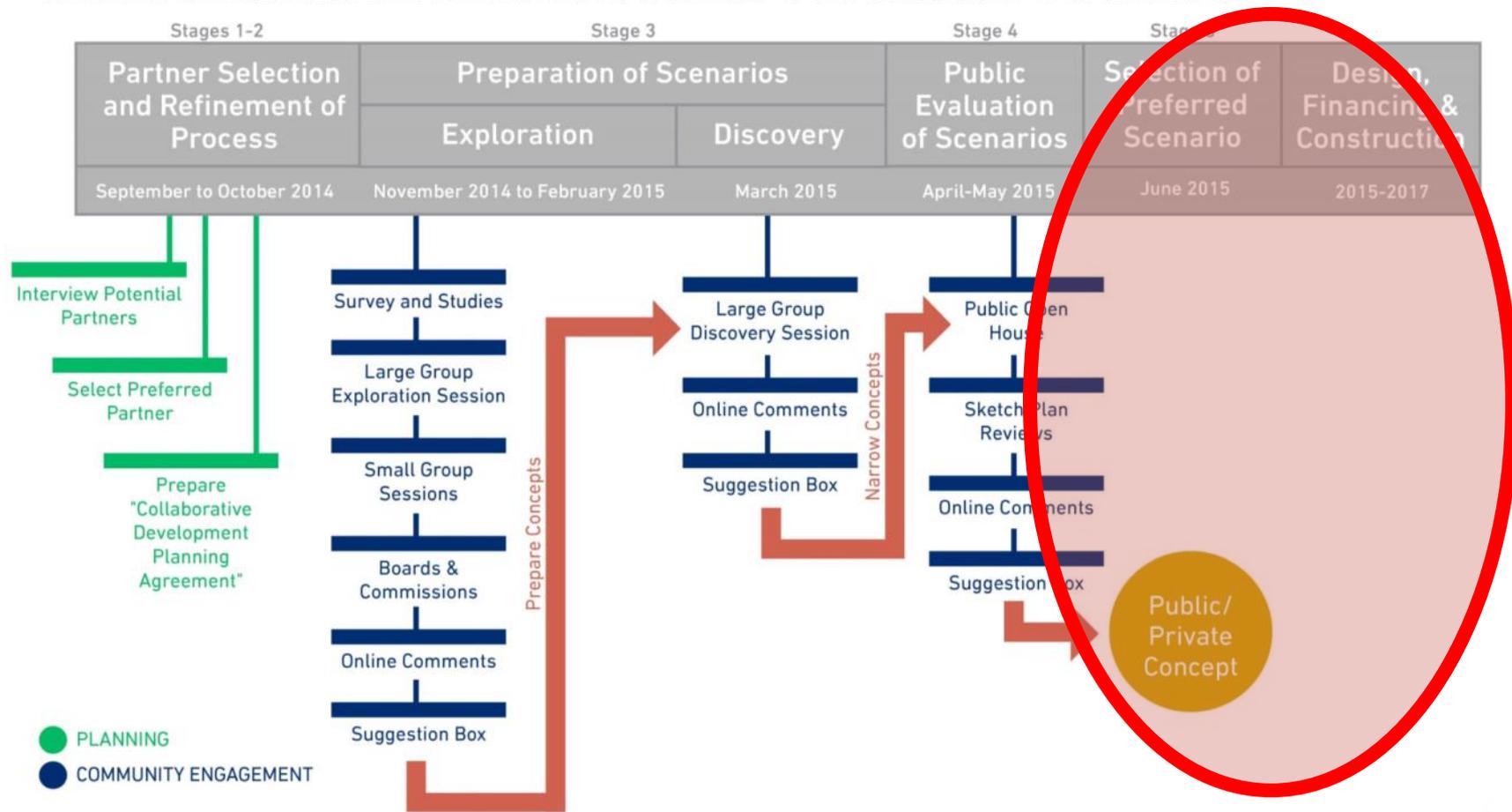
Located in mixed-use commercial district
Centrally located in northern half of Edina
Adjacent to railroad right-of-way
Easy access to Highway 100

September 1st, 2015

Former Public Works Site Background

FUTURE OF THE FORMER PUBLIC WORKS SITE

COLLABORATIVE DEVELOPMENT PLANNING TIMELINE



Former Public Works Site Background

* SEVEN GUIDING PRINCIPLES

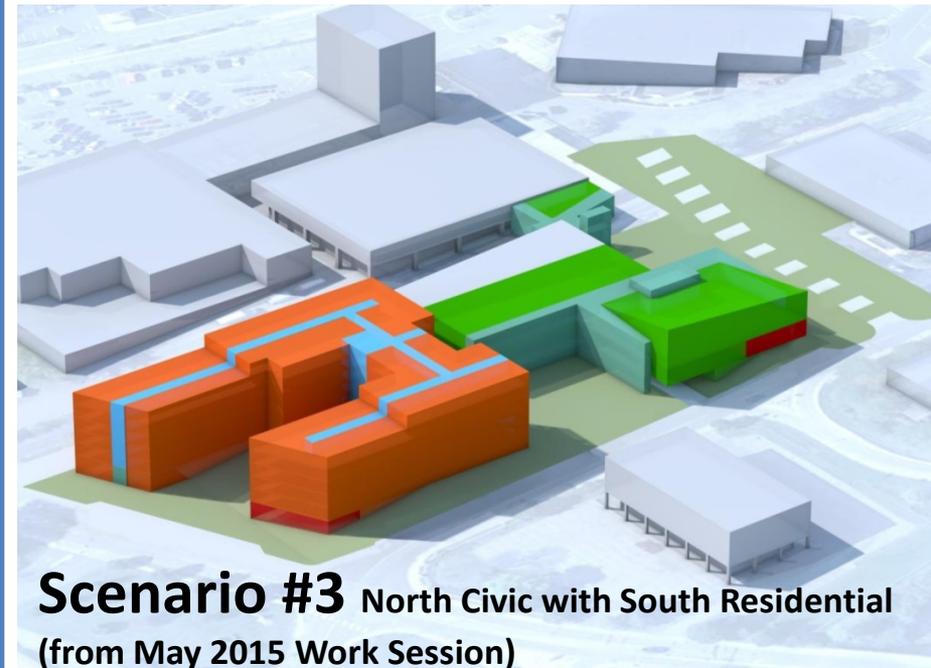
- 1.) Leverage publicly-owned parcels and civic presence to **create a vibrant and connected district that serves as a catalyst** for high quality, integrated public and private development.
- 2.) Enhance the District's economic viability as **a neighborhood center with regional connections**, recognizing that meeting the needs of both businesses and residents will make the district a good place to do business.
- 3.) **Turn perceived barriers into opportunities**. Consider layering development over supporting infrastructure and taking advantage of the natural topography of the area.
- 4.) **Design for the present and the future** by pursuing logical increments of change using key parcels as stepping stones to a more vibrant, walkable, functional, attractive, and life-filled place.
- 5.) **Organize parking** as an effective resource for the district by linking community parking to public and private destinations while also providing parking that is convenient for businesses and customers.
- 6.) **Improve movement within and access to** the district for people of all ages by facilitating multiple modes of transportation, and preserve future transit opportunities provided by the rail corridor.
- 7.) **Create an identity and unique sense of place** that incorporates natural spaces into a high quality and sustainable development reflecting Edina's innovative development heritage.

Former Public Works Site Background – Preferred Direction

Program Elements for Multi-Generational, Multi-Purpose Community Facility (60,000+ SF in area)

- Arts education, training production
- Visual media (painting, pottery, glass, metals)
- Public galleries & event space
- History display/exhibit
- Multi-generational flexible spaces (large, medium and small community rooms)
- Meeting space for community members and groups
- Oversized lobby/lounges for community events
- Largest community room designed as flexible, multi-purpose space
 - Up to 300 movable seats
 - Full variety of performances and events
 - Supported by lobby & back-of-house areas
- Restaurant / café
- Park-and Ride
- Future transit connection to rail
- 340 total parking stalls, minimum

Preferred Programming from
May 2015 Work Session



Progress Since June 2015

- 1) Architectural Concepts & Traffic Impact
- 2) Financial Overview

Former Public Works Site Progress Since June 2015

1) Architectural Concepts & Traffic Impact

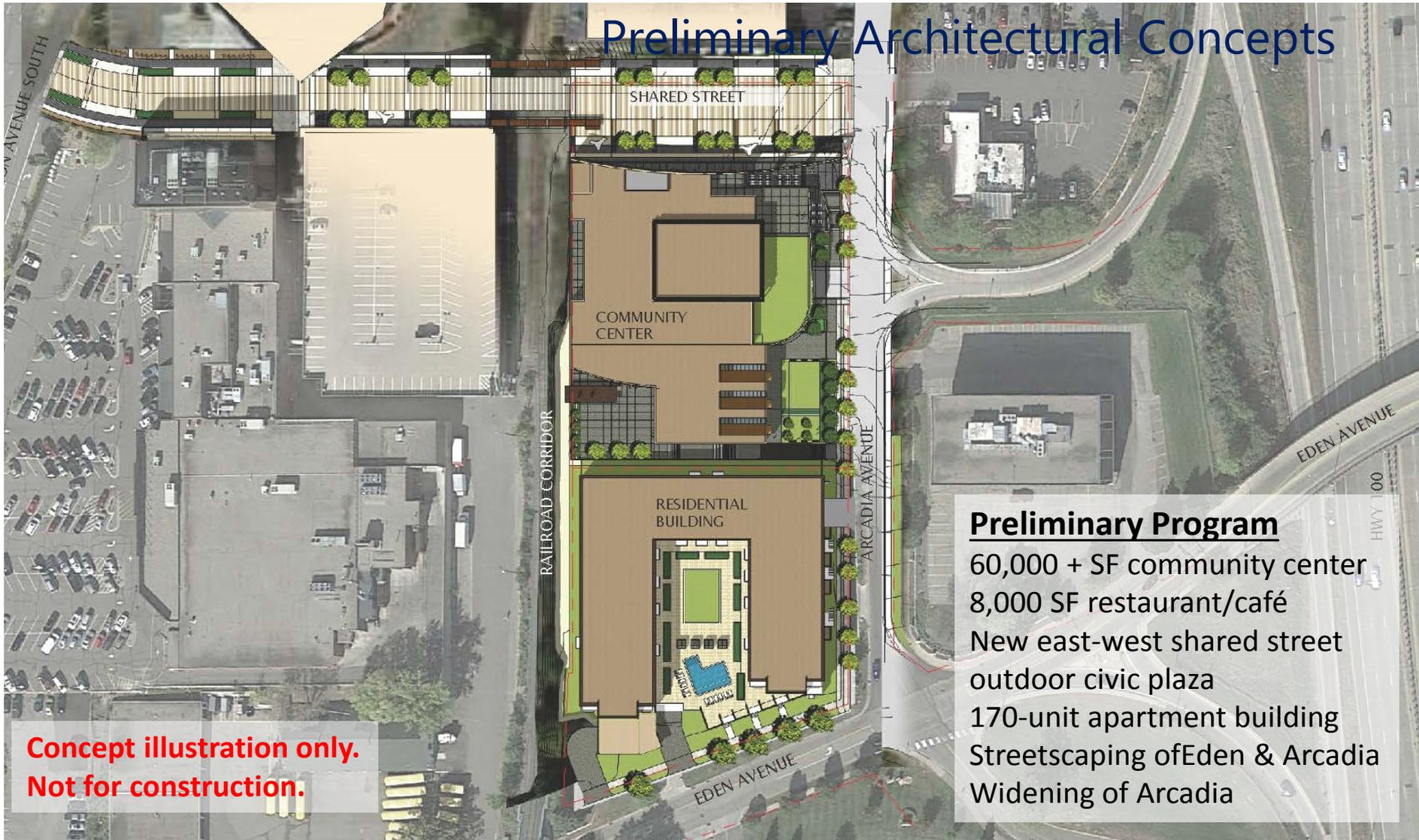


ESG Architects and WSB Associates have been engaged to provide preliminary information regarding the possible implementation of Scenario #3.



While preliminary in nature, their efforts indicate that the mixed-use / public-private scenario is realistic for the site.

Former Public Works Site Preliminary Architectural Concepts



**Concept illustration only.
Not for construction.**

Preliminary Program

- 60,000 + SF community center
- 8,000 SF restaurant/café
- New east-west shared street
- outdoor civic plaza
- 170-unit apartment building
- Streetscaping of Eden & Arcadia
- Widening of Arcadia

Former Public Works Site Preliminary Architectural Concepts – civic facility

**Concept illustration only.
Not for construction.**



**Rendering of a potential community center as the
cornerstone of a public/private redevelopment**

Former Public Works Site Preliminary Architectural Concepts – residential building

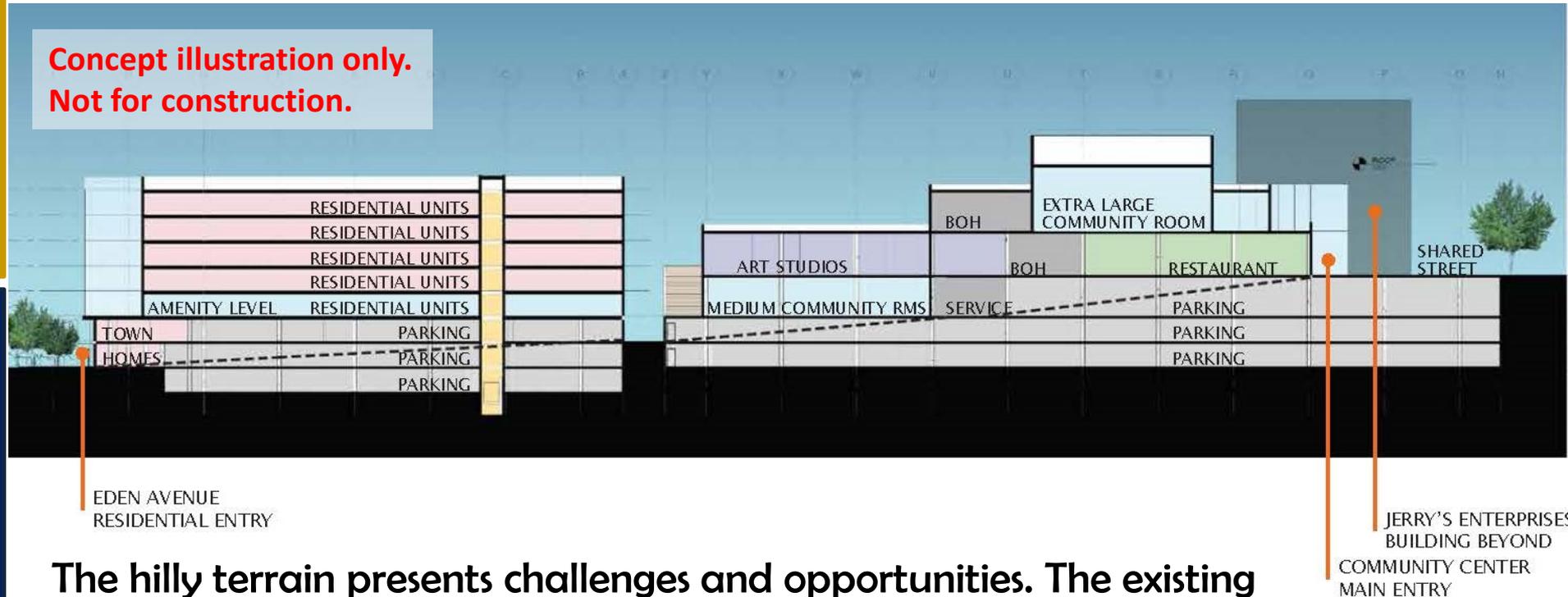
**Concept illustration only.
Not for construction.**



Rendering of a potential apartment building facing Eden Ave.

Former Public Works Site Preliminary Architectural Concepts – cross section

**Concept illustration only.
Not for construction.**



The hilly terrain presents challenges and opportunities. The existing excavation can be used to mask the public parking below the new community building.

Former Public Works Site Traffic Impact Study

The WSB Traffic Study suggests five improvements to address concerns related to the redevelopment of this particular site.



- 1) Add new shared street from Arcadia to Vernon
- 2) Widen Arcadia to include a center turn lane, bike lane & sidewalk
- 3) Add signal or roundabout to Eden & Arcadia intersection
- 4) Add west bound turn lane on Vernon at Interlachen (along with signal changes)
- 5) Change signal timing at Vernon & Link



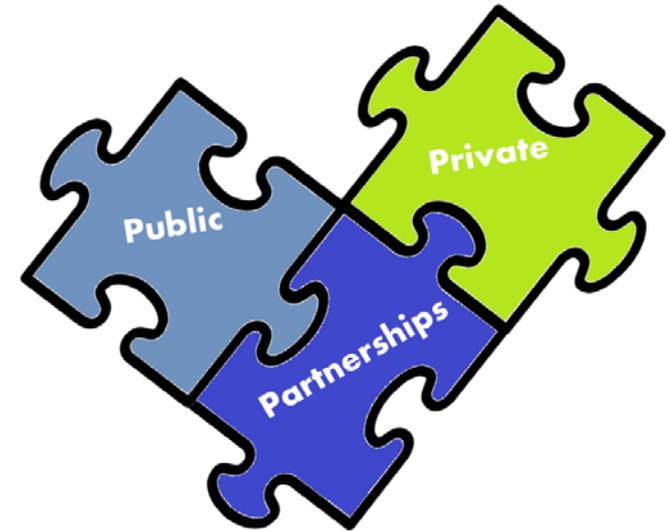
At this time, only 1 & 2 are included in the preliminary cost estimates.

This information will be incorporated into the future District-wide Traffic Study anticipated in 2016.



2) Financial Overview

A mixed-use / public-private project can be complicated to develop and finance. Updated cost estimates and financing strategies have been prepared.



Former Public Works Site Financial Overview – cost estimate

	Estimated Construction Costs*
New Residential Building	\$32.4 million
New Civic Facility - New 74,000 SF building - new public parking structure - new shared street (east of RR tracks)	\$31.0 million
New bridge and improved streets (west of RR tracks)	\$1.6 million
Total Cost of Civic Elements =	\$32.6 million
Total Residential + Civic =	\$65.0 million
* Estimates prepared by Frauenshuh/Opus/Edina Engineering Dept. Estimates do not include architect/engineer fees, land costs and development fees	

Former Public Works Site Financial Overview –Operational projections

An annual operational subsidy of \$300,000 to \$500,000 is likely. This is a rough estimate only. This would replace operating costs at Art Center & Senior Center. Further analysis is necessary to fully understand the operating & maintenance expenses of a new facility.

	Edina Art Center	Edina Senior Center	Edinborough Park	Grandview Center Estimates
Approx. Size	12,000 SF	15,000 SF	42,000 SF	74,000 SF
Paid Staff	6 FTE	1.5 FTE	20.5 FTE	8+ FTE
Contract Employees & Volunteers	51+	40+	0	91+
Program Revenue	\$383,675*	\$50,000**	\$725,000*	\$450,000
Total Revenue	\$448,950*	\$100,000**	\$1,369,800*	\$550,000
Personnel Expenses	\$449,431*	\$200,000**	\$745,581*	\$650,000
Total Expenses	\$683,306*	\$350,000**	\$1,616,747*	\$850,000
Income (Loss)	(\$234,356)*	(\$250,000)**	(\$246,947)*	(\$300,000)

* Source = 2015 Budget ** Source = estimates only; costs and expenses absorbed into general City budget



Former Public Works Site Financial Overview – comparable facilities

Most, but not all, community facilities operate at a loss. The most recent budget numbers are summarized here. These figures do NOT include debt service on the capital improvements.

	Edina Aquatic Center	Maplewood Comm. Center	Chaska Comm. Center	Minnetonka Williston Center	Eagan Comm. Center	Shoreview Comm. Center	Hopkins Art Center	Burnsville Ames Center
Revenue	1,023,000	1,860,417	3,081,500	2,492,730	1,425,141	2,480,834	544,261	1,387,480
Expense	938,625	2,595,284	3,816,200	2,160,771	2,320,264	2,674,831	774,120	2,192,388
Income (Loss)	84,375	(734,867)	(734,700)	331,959	(895,123)	(193,997)	(229,859)	(804,908)

Source: 2014 CAFR and 2015 Budget documents from City websites



Former Public Works Site Financial Overview – Tax Impact

Public Finance

A few options exist to finance a new community recreational and social amenity of this scale.

- Lease Revenue Bond
 - (higher rate, requires long-term lease)
- General Obligation Bond
 - (lower rate, requires voter approval)



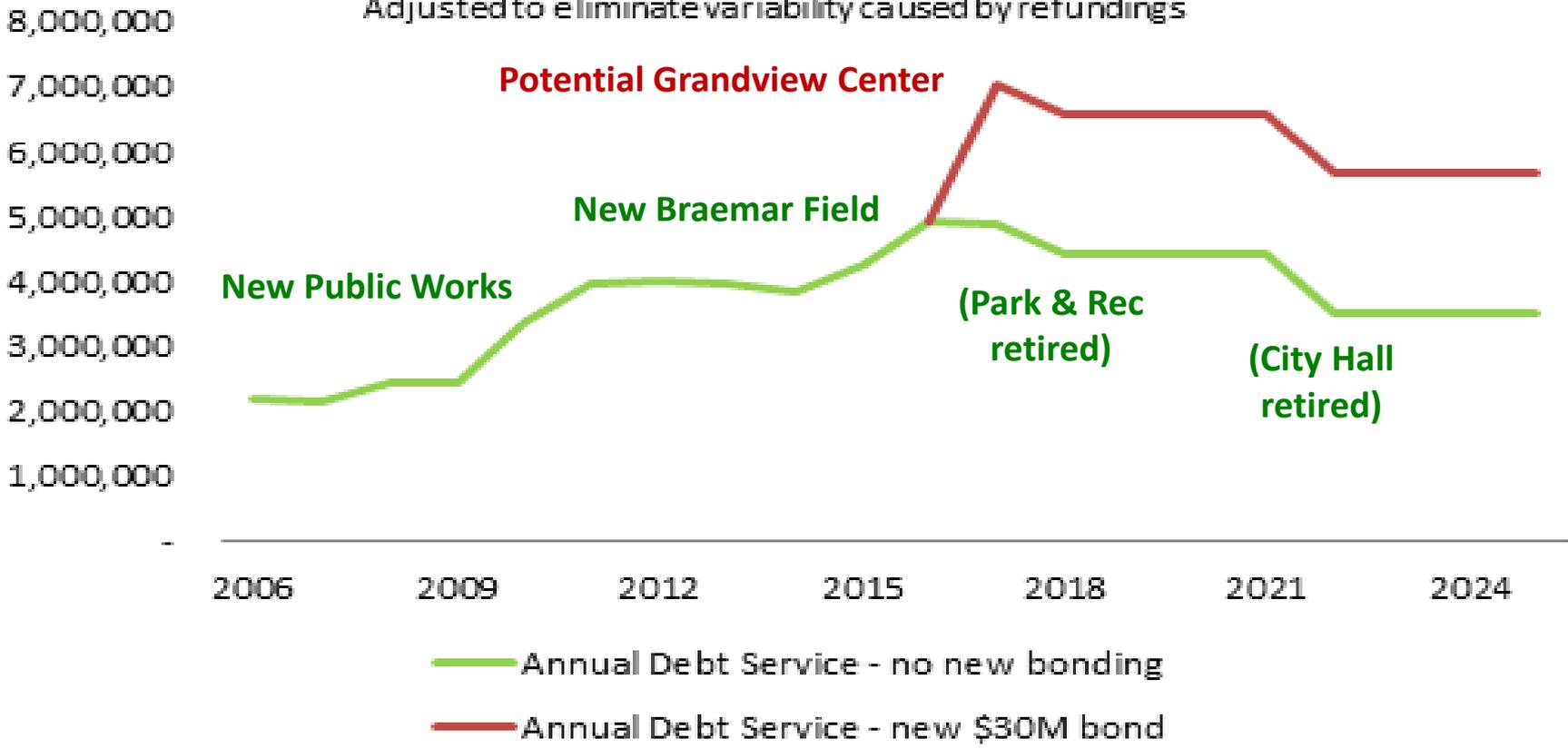
Using current estimates, **\$32.9 million** in public debt would require annual repayment of **\$2.4 million** over 20 years. This would add approximately **\$103 annually** to the property tax bill of a \$457,300 home (the median value in Edina) raising the City's portion of annual property taxes by 8%.

Any new debt would be layered on top of the City's existing debt load. Graphs of the City's current and potential debt load follow.

Former Public Works Site Financial Overview – Debt Service

Tax Supported Debt Service (Annual P&I)

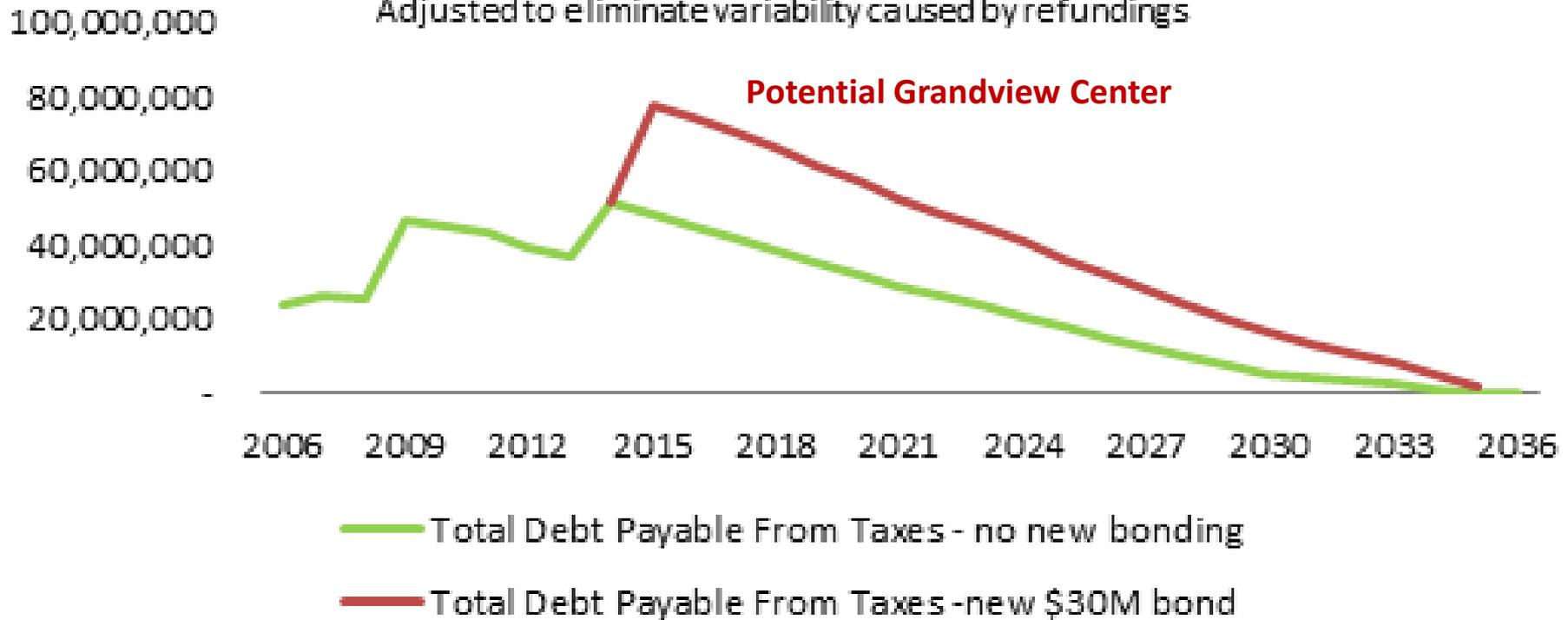
Adjusted to eliminate variability caused by refundings



Former Public Works Site Financial Overview – Outstanding Debt

Tax Supported Outstanding Debt

Adjusted to eliminate variability caused by refundings



Former Public Works Site Financial Overview – Revenue Sources

	Possible Revenue Sources to Defray Public Costs	Type
New Civic Facility	1. Lease income from signature restaurant/café	Recurring, stable
	2. Lease income from other tenant(s)	Recurring, stable
	3. Senior programming fees	Recurring, fluctuates
	4. Arts & Culture programming fees	Recurring, fluctuates
	5. General program fees	Recurring, fluctuates
	6. Private rentals	Recurring, fluctuates
	7. Metro Transit / Met. Council	One-time
	8. Philanthropic donations / sponsors	One-time
New Apartments	9. Sale or Lease of land for new apartments	One-time or recurring
	10. Incremental property taxes	Recurring, stable
Off-site facilities	11. Sale of old Arts Center	One-time
	12. Lease of old Senior Center	Recurring, stable
	13. Incremental property taxes from new development on surrounding parcels	Recurring

Former Public Works Site

Whether or Not to Proceed

Related Questions to Consider

- 1) If sold for new housing, the existing Art Center property could generate approximately \$1 million in new revenue. **Should Art Center property be sold to support a new facility?**
- 2) The existing Senior Center could be sold or leased to generate direct revenue or annual income. **Should the Senior Center be sold or leased to support a new facility?**
- 3) The new civic facility is estimated to cost in the range of \$30 million. **What level of philanthropic generosity is needed to encourage the City to issue debt for the balance?**
- 4) The new civic facility will require new staff and likely, an annual operating subsidy in the range of \$500,000. **What level of philanthropic generosity is needed for the City to commit to the long-term operations and maintenance of a new facility?**

3) Whether or Not to Proceed

While the potential benefit to the community is high, the costs to the Edina taxpayer are significant.

The City's agreement with the development partner (Frauenshuh) grants full flexibility to the City but requires reimbursement for costs incurred if the City decides to discontinue redevelopment of this site.



Direction is needed on whether or not to proceed with this project.

Former Public Works Site

Whether or Not to Proceed

Options to Consider	Short-Term Costs to City
1) Continue to pursue civic/housing scenario with Frauenshuh	TBD - based on consultants engaged
2) Continue to pursue civic/housing scenario with other Developer within 1-year	Reimburse Frauenshuh \$113,968 for out-of-pocket expenses & staff time
3) Discontinue mixed-use /public-private concept and sell the property for private development	Reimburse Frauenshuh \$56,468 for out-of-pocket expenses
4) Discontinue mixed-use / public-private concept and land bank the property for future community use	Reimburse Frauenshuh \$56,468 for out-of-pocket expenses



Former Public Works Site Whether or Not to Proceed



Pause for Discussion

4) Shaping a Process to Advance

If this project is to advance, staff recommends that action be taken on three vital aspects of this project:

- 1) Design and Programming
- 2) Real Estate & Finance
- 3) Philanthropic Friends and Community Advocates



Design and Programming

Many questions will need to be investigated regarding the final site plan, architectural design and civic programming.



This task will require extensive involvement with community stakeholders and professionals.

This task will take approximately 6 months.

Former Public Works Site Recommended Process to Advance

Design and Programming

Staff recommendations:

- 1) Appoint 10-12 person ad hoc task force to shape design and refine programming
- 1) Led by Parks & Recreation Dept.
- 2) Hire architect and related consultants
- 3) Hire construction advisor



Former Public Works Site Recommended Process to Advance

Real Estate and Finance



Staff recommendations:

- 1) Negotiate “term sheet” for land transaction
- 2) Establish TIF District
- 3) Prepare for voter referendum in 2016
- 4) Seek grants from Hennepin County, Met. Council and State resources
- 5) Solicit lease for restaurant & other tenants
- 6) Identify partners for programming and amenities

Philanthropic Friends and Community Advocates



A community project of this scale requires many advocates and supporters.

This new community center presents a wonderful opportunity for Edina families and friends to make a legacy commitment of time and financial resources. Such fund-raising and advocacy efforts must be well-planned to be successful.

Former Public Works Site Recommended Process to Advance

Philanthropic Friends and Community Advocates



Staff recommendations:

- 1) Partner with or establish new 501(c)3 non-profit to assist in fundraising and advocacy
- 2) Prepare for advocacy campaign
- 3) Pursue large donations from Edina families and Foundations
- 4) Pursue small donations from Edina families and friends

Former Public Works Site Recommended Process to Advance



Pause for Discussion