



**Urban Land  
Institute**

**Minnesota**

TECHNICAL ASSISTANCE PANEL REPORT

# Saint Paul Riverfront Ramsey County

Ramsey County

City of Saint Paul

January 28<sup>th</sup>, 2016



# Urban Land Institute Minnesota

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As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places.

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Supported by ULI Minnesota, the nationally recognized Regional Council of Mayors (RCM) was formed in 2004 and represents Minneapolis, Saint Paul and 46 municipalities in the developed and developing suburbs and Greater Minnesota. This collaborative partnership provides a nonpartisan platform that engages mayors in candid dialogue and peer-to-peer support with a commitment towards building awareness and action focused on housing, sustainability, transportation and job growth.

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ULI has a long history of providing unbiased, market-based solutions and best-practice advice on land use and building resilient and competitive communities through Advisory Services. At ULI MN, three advisory service options are offered to policy leaders. Each option, including the Technical Assistance Panel (TAP), engages ULI MN real estate professionals who volunteer their time and talent to contribute their wisdom and expertise. For more information visit [minnesota.uli.org](https://minnesota.uli.org).

“With the assistance of a ULI MN Technical Assistance Panel (TAP), our city has moved forward on a key redevelopment project that expands rental housing options for residents. The TAP provided immeasurable assistance and was vital in guiding the strategic direction for the property.”

**Mayor Sandra Martin**, City of Shoreview

**Technical Assistance Panels (TAPs)** of the ULI MN are convened at the request of a community to address specific development challenges, such as site redevelopment options, downtown revitalization or environmentally sound development in an area.

TAPs consist of nonpartisan experts who offer recommendations, not mandates, based on the issue at hand and the expertise of the panel. The goal is to offer ideas for realizing local and regional aspirations. Participants evaluate data, site conditions and future redevelopment readiness while providing local policy leaders with recommendations to guide not only future land uses for the site, but also future partnerships with developers. The working session’s focus helps synthesize local input with panel expertise to form a final set of recommendations.

In this instance, the panel was asked to evaluate the Ramsey County Riverfront Property. This site sits below Kellogg Boulevard in downtown Saint Paul against the bluffs above the Mississippi River and contains three distinct parcels on just over five acres. Those parcels include the site of a decommissioned adult detention facility and the former West Publishing building, most recently used as office space for the County. The third parcel lies just to the east, separated from the others by the Wabasha Street Bridge. Ramsey County is removing all existing structures in order to provide a shovel ready site for development, and wanted to strengthen its understanding of the market for this unique property before launching a public solicitation for a master developer.

# The Panel

Panel members are ULI MN members and experts who volunteer their time because of a commitment to the principles of redevelopment, planned growth, economic expansion and local and regional capacity-building.

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## Panel

John Breiting, **TAP Chair** *Cushman & Wakefield/Northmarq*  
Bob Lux, *Alatus*  
Maureen Michalski, *Schafer Richardson*  
Mark Ruff, *Ehlers*  
Paul Mellblom, *MSR Design*

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## ULI MN Staff

Cathy Bennett  
Gordon Hughes  
David Baur

# The Panel's Charge

Ramsey County has invested over \$15 million to make the Riverfront Property site “shovel ready” by removing the buildings and stabilizing the bluff. Given the substantial commitment by the County and the prominence of the location along the Mississippi River in downtown Saint Paul, how can the County and the City of Saint Paul maximize the redevelopment potential of the site while also establishing an active public realm to integrate with other public spaces in the vicinity?

TAP participants evaluated both a proposed solicitation for a master developer for the Ramsey County Riverfront Property as well as the viability of the mix of uses the County and the City of Saint Paul envision for the site. Desired uses include residential, hospitality, retail and office as well as significant public amenities, particularly through an integration with the 1.5-mile proposed pedestrian walkway known as the River Balcony.

The five members of the TAP brought a range of perspectives and experience to the discussion with participants from residential and commercial development, public finance, and architecture and design. The session began with discussion between panel members and representatives from Ramsey County and the City of Saint Paul to better understand the questions and goals of those agencies. Next the panel spent several hours analyzing the site in detail before rejoining the County and City officials to share preliminary recommendations and findings. While the concluding discussion illuminated some gaps between the initial visions from the County and the City and the panel's evaluation, there was also consensus on the excitement and potential for significant, high quality redevelopment on the Riverfront Property.





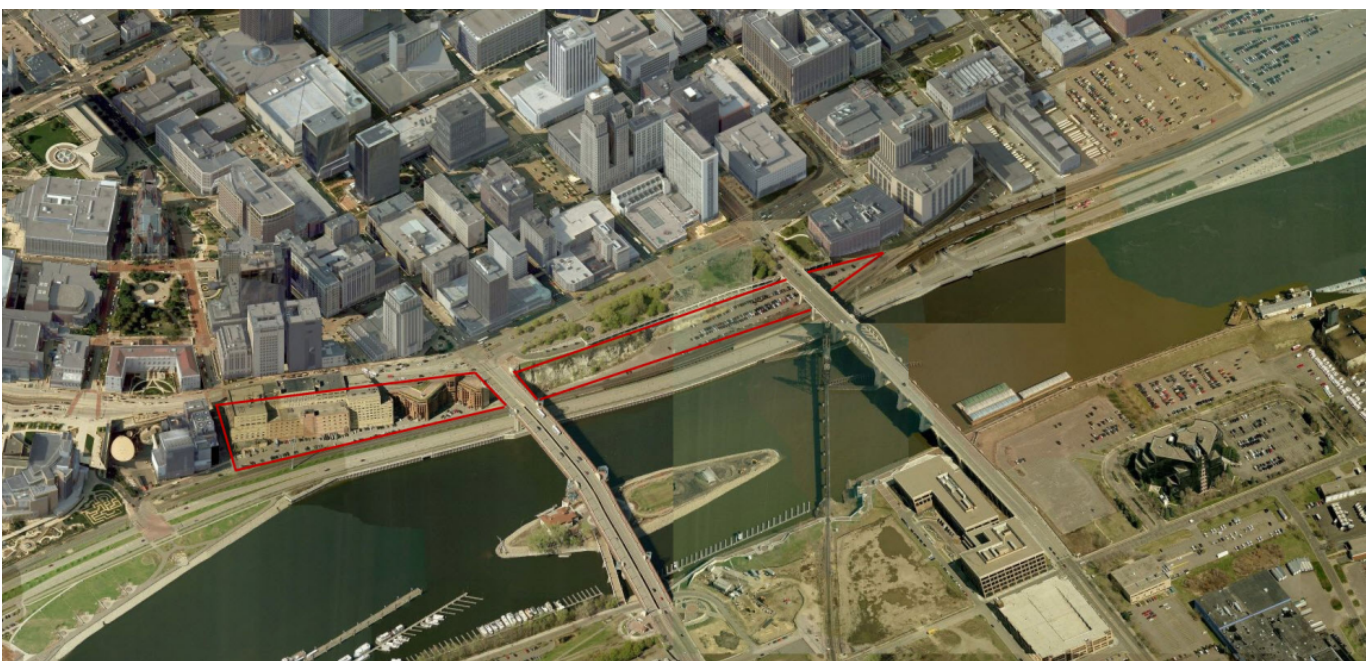
# Ramsey County Riverfront Property Background

The parcels that comprise the Riverfront Property have been eyed for redevelopment for years, dating back nearly to the time when it was first acquired from West Publishing in 1992 and repurposed into County offices. Formal exploration of redevelopment options that would include the West Publishing site (renamed Ramsey County Government Center West) began in 1998 with the formation of the Riverfront Planning Team. A year later the County authorized the development of the Law Enforcement Center Campus which meant the adjacent adult detention facility would be vacated and available for redevelopment as well.

Ramsey County continued pursuing redevelopment opportunities on the site in the early 2000s, issuing requests for proposals (RFPs) and entering into purchase agreements on two separate occasions. The most recent of which was a 2008 proposed agreement to sell the site to OPUS Northwest that included demolition of both the adult detention center and the Ramsey County West building. Unfortunately, the economic downturn and the ensuing Great Recession led OPUS Northwest to terminate that agreement; however, the County continued with its plans to leave the West Publishing building, completely vacating all buildings on the Riverfront Property by 2013.

As the economy began to recover, the County sought feedback from the development community about what needed to happen to get redevelopment on this site. They learned that developers did not foresee any re-use of existing buildings and generally thought there were too many unknowns and risks to move forward. The County then took on a lead role by authorizing deconstruction of the buildings and stabilization of the river bluff to make the parcels shovel ready for development.

The \$15 million plus investment by Ramsey County to prepare the Riverfront Property will be completed near the end of 2016. What remains is a site of just over five acres with roughly one mile of linear, unobstructed views of the Mississippi River adjacent to downtown Saint Paul. At Kellogg Boulevard, the site is within walking distance of major Saint Paul attractions including Rice Park, the Ordway Center for the Performing Arts, and the Science Museum of Minnesota. It is also expected to integrate with future public amenities like the proposed River Balcony. At ground level, the site is near Shepard Road, an active freight rail corridor, and bike trails. Both Ramsey County and the City of Saint Paul are eager to move forward with redevelopment and plan to issue a solicitation for a master developer as soon as possible.



# Panel Findings

The panel's findings are based on their opinions and analyses as real estate, land use, design and development professionals regarding what would enable the Riverfront Property to generate as much interest from developers as possible and to do so as quickly as possible. While the panel considers these ideas and suggestions sound, they are not directives and there is no substitute for developers with motivation and vision. Should someone come to the table with a proposal that does not align with these findings but otherwise meets the City and County's goals, there should be no hesitation in moving forward.

## Consider Integrating Public Parking into the Development

Although the site has opportunities for spectacular views in a unique setting, it also possesses construction and design challenges that developers may see less favorably. Below Kellogg Boulevard and against the river bluff, desired uses such as housing and retail will be challenging to build. The long, narrow layout of the parcels will likely need to be built in a single-loaded corridor where units in a hypothetical residence or hotel structure could occupy only one side of a hallway. This is a loss of construction efficiency that adds costs and drives up the prices needed for each unit, and it creates added complexity that might discourage developers.

In other words, what makes the site so noteworthy also creates its biggest challenges. Moreover, if high-end housing and hospitality users are part of the target market, climate-controlled and dedicated parking is a baseline amenity expectation. This location is distant enough from existing parking structures that they are unlikely to satisfy the demand from onsite users. So while the panel recognizes and is broadly supportive of the City of Saint Paul's goals around increasing multimodal travel in downtown, the realities of the Riverfront Property will require a comprehensive parking solution to be viable for developers.

Despite the challenges, these parcels are well-suited to a user-friendly parking facility with long speed ramps that allow users to drive directly to their desired floor. Such a structure could be designed with an off-street motor court and wrapped attractively to protect views from across the river. The location and integration with key downtown attractions can drive premium parking rates over while allowing other areas in downtown Saint Paul, those closer to light rail and the business core, to be redeveloped with less parking over time.

Ideally, a master developer would take on the burden of this parking solution and coordination of subsequent projects on the site, but the cost and complexity of structured parking are big hurdles for all dense urban projects. If the goal is to maximize interest and accelerate development, the panel believes the County/City should consider building a parking structure using bonding dollars to serve as a podium for development at Kellogg and above where the value of the site and its views can be captured. Building a single parking structure would be much cheaper than trying to solve for each of the anticipated users independently while keeping the structure off of the tax rolls provides a significant cost reduction for developers. It is also critical to identify and coordinate the above-Kellogg structural needs prior to construction, which this approach enables.

Coordinating and solving onsite parking is a key challenge, and a viable solution will entice development. However, parking should not be built as a precursor to securing development partners, and any agreement that incorporates such a structure should be designed to ensure the public to recoups its cost via lease of the parking to serve the users above. Each developer would therefore be responsible for guaranteeing their share of the parking revenue but would share in the upside of the project. Let developers drive the conversation about how much parking is needed. If they are ultimately on the hook for the costs, they will not want to overbuild and will seek ways to diversify and maximize parking revenue. There is also likely a design solution that would allow the parking structure to be built in phases, further reducing the risk. This approach is a way to syndicate the costs, risks, and benefits for both developers and the County/City, and it would give the County/City leverage to demand the highest caliber of projects from developers.

## Create a Clearer Vision for Placemaking

The vision for connecting the Riverfront Property to broader ambitions in the public realm is an important part of this project. Given the site's prominence and potential, this has long-term implications for the City and County, so it's critical to be as clear as possible with potential development partners around how these parcels will integrate with other projects like the downtown bike loop and especially the River Balcony project. This site should be envisioned as a premier link and key destination in that experience.

Growth in Saint Paul's downtown population and the booming dining scene in Lowertown show increasing energy in the city core, and the panel believes attention would be best spent integrating the Riverfront Property with downtown at Kellogg rather than below the bluff at Shepard Road. Connect these areas to the bike path and Raspberry Island for recreational use, but do not focus on those places for other uses at this time. Vertical separation from the river, a lack of open space, and the physical barrier of the railroad tracks limit the practical utility of this space along Shepard Road.

Creating a sense of arrival, a feeling that you are somewhere special and noteworthy will bring new street life to the Kellogg level. Look to develop a below grade motor court in the parking structure to get cars off of Kellogg and preserve the pedestrian and cyclist experience. Sight lines down St. Peter and Market Streets already serve to draw people toward the bluff's edge to enjoy views of the river corridor below. Reinforce and enhance this by ensuring that the Riverfront Property remains porous at Kellogg and enables continued public access to these views.

## Help Developers Envision Site Uses

The key advantage of this site is that it is in a position to leverage the best and most successful elements of downtown St. Paul—places like Rice Park, a spectacular visual environment and a location at the heart of planned public improvements like the River Walk. The offering needs to help investors and developers visualize this in a vivid way and generate excitement.

Provide discrete building pads to encourage developers to build slender point towers oriented toward the river. Link them with a publicly accessible glass structure to maintain access to the views in all types of weather, further reinforcing the placemaking of the site. Offer these pads cheaply or even free, but insist upon revenue commitments for the parking. Making it dead simple for developers to plug into the site will accelerate development by making it possible for developers to focus on discrete components of demand while allowing the City and the County to demand dense, high quality site uses that can create a massive tax base. Be as flexible as possible with site uses and design while insisting on the high caliber projects the site deserves.

## Consider Hiring a Broker

In addition to using the solicitation to pursue a master developer for the site, consider retaining a broker to market the development opportunity. Professional salesmanship can maximize the value of these parcels while also providing a beneficial mediator between the County and potential investors in the negotiation process. "You'll learn a lot about the strengths and weaknesses of your site in a broker solicitation process," Mark Ruff of financial advisory firm Ehlers said.

## Simplify the Solicitation

Whether or not Ramsey County retains a broker, the panel recommends simplifying the proposed solicitation by making it more open-ended and inviting inquiry—even an incremental approach. Lead with what's possible rather than what the potential barriers might be. This will also generate meaningful insight into market demand by engaging with various product specialists. Be open to solutions that may emerge that combine different components than planners and designers envision. If the County hopes to attract national interest, eliminating



a deadline for replying and de-emphasizing the “RFP language” will help because many firms today will not bother responding to RFPs.

In addition, the solicitation seems to imply that the County’s principal objectives are to recoup the costs of demolition and site correction while receiving fair market value for the land. Instead, the solicitation ought to speak to the development goals and vision of the County/City and the opportunities offered by the site. Developers will respond more favorably if they can envision projects on this site as a mutually beneficial partnership with aspirational goals rather than a series of hurdles to overcome.

To that end, the panel suggests contracting with some combination of architects, designers and engineers to provide visual guidance as to the type of proposals that would meet Ramsey County and the City of Saint Paul’s goals for the site. Create 3D renderings, axiomatic diagrams, illustrative site plans, possible timelines for phasing, outlines of a possible deal structure and clear expectations of the types of uses the City and County desire to aid developers.





# Panel Reaction to Questions

## Question #1

**What is the panel's reaction to the proposed solicitation? Are there any major changes that should be considered?**

- The panel believes a comprehensive parking solution on the site will be a critical precedent to making the Riverfront Property attractive to developers. As such, the County/City must decide whether it is willing to construct and own a parking facility in order to facilitate an agreement with the private sector. If the County/City decides it is willing to build a parking structure, any subsequent deal should ensure that developers pay for access to that parking so the County/City can recoup its costs at least in part.
- Offer development rights above the parking structure cheaply or for free. This will greatly accelerate interest by reducing barriers and will create leverage to demand a much higher quality product in terms of density, design, and integration with the public realm.
- Decide whether the County might be willing to take on the role of master developer as a means of enabling developers to take on smaller portions of the whole project. The County ought to perform some analysis on what amount of development is minimally necessary to move forward with a project with the possibility that additional development may follow later. It's not critical to have all the pieces in place (e.g. bonding). Just determine the framework of what could work.
- Consider targeting the solicitation to brokers first rather than developers. The process of soliciting brokers will be illuminating in itself, and will give further information about the strengths and weaknesses of the site.
  - Provide an axiomatic diagram of the how the site and parcels work together including how the development process could be phased. Hire an architect and/or engineers to work up illustrative site plans to help prospective developers envision what's possible on the site.
- Whether for developers or brokers, make the solicitation feel less like an RFP, less formal. Avoid leading with obstacles to the deal (e.g. the "No TIF" image). Remove deadlines for responding and be as open-minded as possible about the type of solution that would be considered.
- At the same time, be clear and specific regarding what is *truly* required of developers in their proposal submissions. For example:
  - Specify "minimum of LEED Silver" rather than using general language around sustainability.
  - Include a specific number of housing units desired and outline affordability guidelines if this will be a factor in the decision process.
  - Identify how much retail is desired or how many jobs would be required for an office project.
- Do not require that the "additional land" that lies to the east of the Wabasha Street Bridge be included in a proposal from developers. The other parcels are much more attractive for development, and requiring the additional land to be included in proposals might deter those who would otherwise be interested. Mention the availability of this land in the event a creative developer has a vision for the site that could include it.

**"It's the perfect opportunity to be patient and find the right players."**

**Bob Lux, Alatus**

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## Question #2

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**The County/City is envisioning a mixed use development comprising office, residential/hotel, and street level retail. Are these uses realistic from a market perspective particularly considering other developments underway in the City?**

The vision as identified by the County and City is generally achievable, though the panel considers some uses more viable than others and advises planning and marketing the site accordingly.

- From Kellogg Boulevard and above, both residential and hospitality uses will be highly desirable with opportunities for spectacular views. The City and County should lead with these uses and pair them with a vision for placemaking on the site. especially the connection to the River Balcony, the coming Saint Paul bike loop, and integration into the fabric of downtown Saint Paul.
- Destination dining in a residential project, hospitality project, or both is an ideal way to incorporate some retail at street level on Kellogg Boulevard. Additional accessory retail may follow residential and hospitality development, but the street life at Kellogg is not active enough currently to attract retail as a primary user.
- An office user is possible as a part of a comprehensive project, but it will require attracting a major tenant. Speculative office development is viewed as highly unlikely in this location with the current market conditions.
  - Expand the idea of what an “office” user might be. For example, a medical technology company might wish to divide its space between 75% and 25% lab space. This could entice someone to occupy office space below grade at Kellogg.
- Below Kellogg, and against the bluff, proposed uses are challenging and less efficient given the constraints of the parcels which drives the recommendation to develop a parking solution to entice developers. The panel does not view retail, residential or hospitality as likely uses below Kellogg at present.

“Specify more clearly the minimum amount of commercial desired to achieve the county's job creation goals. If someone came in with an all-housing proposal, how would that fly?”

**Mark Ruff, Ehlers**

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## Question #3

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**What are the advantages and disadvantages of the site?**

### **ADVANTAGES**

- The site has incredible views which will be attractive for residential and hospitality uses. It could become the premier destination for someone who wants to live in downtown Saint Paul.
  - New construction is key for attracting residents, and building slender point towers can maximize views and light for both residential and hospitality users.
- The site’s adjacency to some of St. Paul’s most loved amenities such as Rice Park, the Ordway and the Science Museum are an opportunity to build on existing strength.
- Connecting the site to the River Balcony will add activity to the area and integrate with the rest of the city where there is good momentum from other projects.
- The County’s work to clear and prepare the site has removed significant obstacles for developers.
- It has enough space to for 3-4 building pads, enabling the mix of uses the city and county desire.

## DISADVANTAGES

- The value of the site is at Kellogg and above, but getting to grade requires building 6-7 stories below. This drives the recommendation to build parking below Kellogg where it can be hidden and, ideally, wrapped in an attractive exterior for views from opposite the river bluff.
- Any major use on the site will require a comprehensive parking solution to be viable, and the complexity and cost of building this solution may discourage developers unless the County/City can become a partner in financing the construction of the parking.
- The grade change and site dimensions from the bluff top along Kellogg Boulevard down to the river means a single-loaded corridor is required. This makes it much more difficult to develop below the Kellogg grade level in a cost-effective manner for uses other than parking.

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## Question #4

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### **Will this site be of interest to a national market? What is the best way of attracting attention to this opportunity?**

The panel agrees that the Riverfront Property has the potential to draw national interest if a few remaining hurdles are removed. The unique setting and the work the County has done to pave the way for redevelopment may attract developers who see the site as an opportunity to do something distinctive. ULI MN reached out to ULI Chicago regarding the project and several developers expressed interest in staying engaged in the solicitation process for the site. The panel recommends the following to maximize the audiences that will be interested:

- Hire a broker to market the site. Professional salesmanship can make this attractive to a national audience. A broker also provides the benefit of acting as an intermediary between developers and the County/City during negotiations.
- Many local developers do work nationwide and are teamed with partners in the national market. There is deep, local talent capable of developing this site effectively.
- Continuing to make this opportunity as simple as possible increases the attractiveness of the site. Solving the parking upfront is an example of eliminating unknowns for developers, lowers their costs and makes financing easier. Demonstrate the City/County's willingness to partner and solve problems together.





# Conclusion

The Ramsey County Riverfront Property is a unique site, and with that comes both special challenges and uncommon opportunities. The consensus of the ULI Minnesota TAP participants was that this site has the potential to attract significant redevelopment leading to high caliber projects, but that a few hurdles need to be overcome to maximize the opportunities.

Although the site presents unparalleled view opportunities, the logistical and cost challenges of building against the bluff are likely to diminish the value of these views for developers below Kellogg. The narrow shape of the parcels against Shepard Road and the geological challenges of the bluff make uses such as retail, hospitality and office structurally complex and expensive to build. However, the parcels are well-suited to a parking structure. If the County can find a way to bring a comprehensive parking solution to the table as part of a potential deal, thereby solving the challenge of the bluff setting, the site's other attributes—its stunning views, its proximity to the downtown core, and its integration with key recreational amenities—make it highly desirable.

Ramsey County has contributed significant time and money to get the Riverfront Property to where it is today. This is commendable and worthwhile work, and the County and City deserve to benefit from it. To move the project forward it is important to strike a balance between a sense of urgency to continue removing remaining roadblocks for redevelopment while being patient for finding the right partners—partners who have the vision and means to deliver the kind of high quality projects this site deserves. The panel and ULI Minnesota are excited for the potential of the Riverfront Property and hope that this Technical Assistance Panel has helped guide the process that will lead to a project of which the MSP Region can be proud.

“Risk goes up with complexity in a nonlinear way. The efforts to untangle this complexity so far by getting the site ready for development are a huge step in the right direction. Keep this momentum going by solving for the smallest project that can get started. Make it easy to capture every increment of market demand that presents itself.

**TAP Chair John Breiting**, Cushman & Wakefield/Northmarq







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