



Request for City Council Committee Action
from the Department of Community Planning and Economic Development

Date: February 28, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF)

Recommendation:

1. Accept and/or approve the following grants:

MN Department of Employment and Economic Development (DEED) Grants
(The local match for these projects will come from developer's funds and/or from other grant funds.)

Project	Recipient	Grant Award
222 Hennepin	City of Minneapolis	\$436,881
700 Central	City of Minneapolis	599,880
1100 2 nd Street S.	City of Minneapolis	130,052
Hobbs Bar-B-Que	City of Minneapolis	129,826
Pillsbury Lofts	City of Minneapolis	284,112
Seward Commons, Phase II (Snelling Apartments)	City of Minneapolis	200,000
The GAV	City of Minneapolis	41,250
Total DEED awards:		\$1,822,001

Metropolitan Tax Base Revitalization Account (TBRA) Grants

(There is no local match required for these grants.)

Project	Recipient	Grant Award
222 Hennepin	City of Minneapolis	\$442,900
430 Oak Grove	City of Minneapolis	265,300
Artspace Jackson Flats	City of Minneapolis	28,000
Riverside Plaza	City of Minneapolis	300,000
Seward Commons, Phase II (Snelling Apartments)	City of Minneapolis	140,600
Total Metropolitan Council TBRA awards:		\$1,176,800

Hennepin County Environmental Response Fund (ERF) Grants

(There is no local match required for these grants.)

Project	Recipient	Grant Award
430 Oak Grove	City of Minneapolis	\$80,000
700 Central	City of Minneapolis	140,620
1100 2 nd Street S.	City of Minneapolis	12,480
Pillsbury Lofts	City of Minneapolis	385,362
Seward Commons, Phase II (Snelling Apartments)	City of Minneapolis	135,000
Spirit on Lake	City of Minneapolis	235,600
Total Hennepin County ERF awards:		\$989,062

- a) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$313,608 and b) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$3,674,255.
- Increase the 2012 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,822,001; Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,176,800; and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$989,062.
- Approve the attached Resolution requested by Hennepin County regarding the various ERF grants referred to above.

5. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On November 4, 2011, the City Council authorized staff to submit a number of applications for remediation grant funds to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF). On November 18, 2011, the City Council adopted a separate resolution approving MPHA applications to the three aforementioned brownfield grant programs on behalf of the MPHA's Heritage Park Senior Living Redevelopment project. Additional project-specific Council actions are as follows.

222 Hennepin [former Jaguar site] (222 Hennepin Avenue): None.

430 Oak Grove (430 Oak Grove St.): None.

700 Central (700 Central Ave. NE, 119 7th St. SE and 123 7th St. SE): None since the current developer acquired the site; the City Council may have taken action(s) in connection with earlier (but ultimately unsuccessful) development proposals by other parties in the 2006-2008 range.

1100 2nd Street S.: On January 27, 2012, the City Council approved the proposed land sale to Izzy's Ice Cream.

Artspace Jackson Flats (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE): On November 5, 2010, the City Council authorized City staff to preliminarily reserve 2011 Federal Low Income Housing Tax Credits for this project. On May 27, 2011, the City Council adopted a resolution authorizing the sale of two City-owned parcels to Artspace for this project. On February 10, 2012, the City Council approved an AHTF loan of \$275,000 and allocated additional Low Income Housing Tax Credits to the project.

Hennepin County West Broadway Hub a/k/a WB Equities (1314 to 1410 W. Broadway, 1301 to 1409 21st Ave. N., 2017 Girard Ave. N.): On January 27, 2012, the City Council denied the request to modify the West Broadway Redevelopment and Common Area Plan to include parcels facing 21st Avenue in the 1300-1400 Block of West Broadway.

Hobbs Bar-B-Que (600 5th Street N.): None.

MPHA Senior Living (901 4th Avenue N.): On January 28, 2011, the City Council accepted a \$177,000 LCDA grant from the Metropolitan Council for the MPHA 4th Avenue Street Improvements project. On June 18, 2010, the City Council adopted Ordinance 2010-Or-061 which rezoned the property at 901 4th Ave. N. [the site of the Heritage Park Senior Living Housing project] to the OR2 District as contemplated by the May 10, 2010 City Planning Commission approval of the development plans described in PL-242, BZZ-4766, and BZZ-4767. The MPHA's Heritage Park Senior Living Housing project was referred to in a City staff report that was considered by the City Council's Community Development Committee on February 11, 2011. The project in question was included in the report (for information purposes only) in connection with brownfield cleanup grants that were awarded to the project by the Metropolitan Council (\$390,900) and Hennepin County (\$167,550) in the fall 2010 brownfield grant round. No formal action by the City Council was required in connection with said grants, because in each instance the MPHA had applied directly to the grantor (rather than through the City of Minneapolis) and the grant funds were therefore awarded to the MPHA rather than to the City of Minneapolis.

Pillsbury Lofts (301 Main Street SE): On September 23, 2011, the City Council accepted a Metropolitan Council TBRA investigation grant in the amount of \$47,300 that had been awarded to the project.

Riverside Plaza (1600 S. 6th Street): On February 25, 2011, the City Council accepted a Metropolitan Council TBRA grant in the amount of \$800,000 and a Hennepin County ERF grant in the amount of \$150,000 that had been awarded to this project. On November 5, 2010, the City Council a) approved a resolution granting final approval of up to \$80,000,000 in tax exempt multifamily housing entitlement revenue bonds for the Riverside Plaza stabilization &

rehabilitation project; b) authorized a loan to Cedar Riverside Limited Partnership of up to \$1,900,000 from the 2010 Affordable Housing Trust Fund; c) authorized the execution of a Memorandum of Understanding with Cedar Riverside Limited Partnership and such other documents necessary to implement the project; d) authorized submittal of a HUD Choice Neighborhoods application seeking funding for road, sidewalk, infrastructure and related improvements to 4th St S, 15th Ave S & 6th St S in the immediate vicinity of Riverside Plaza. On October 22, 2010, the City Council authorized staff to submit brownfield grant applications to the Metropolitan Council and Hennepin County on behalf of this project. On July 23, 2010, the City Council and the MCDA Board of Commissioners approved (a) execution of a reimbursement agreement settling the City's indemnity and access obligations and (b) the appropriation of \$161,908 as additional funds for reimbursement of up to \$700,000 in costs related to relocation of the vacated 5th Street driveway as the Relocated E-Building Driveway. On July 23, 2010, after conducting the required public hearing, the City Council granted approval of the issuance of up to \$80,000,000 in Tax-Exempt Multi-family Housing Entitlement Revenue Bonds. On July 23, 2010, the City Council and the MCDA Board of Commissioners approved an agreement closing out the Contract for Deed and conveying title to Riverside Plaza Limited Partnership. On April 3, 2010, the City Council accepted and appropriated a Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$575,000 for Riverside Plaza, and authorized execution of grant and funding sub-recipient agreements. [A long series of Council directives going back to 1988, when the MCDA approved the acquisition of this property from HUD, has been omitted in the interest of brevity.]

Seward Commons, Phase II a/k/a Snelling Apartments (2218 and 2304 Snelling Ave.):

CPED acquired 2304 Snelling Ave on June 2, 2009, with a combination of City Transit-Oriented Development (TOD) funds and Met Council Land Acquisition for Affordable New Development (LAAND) funds. Council authorization for this action was granted on May 8, 2009. On October 2, 2009, the City Council authorized the sale of a portion of the site to PPL for a Phase I housing development. On May 13, 2010, the City Council authorized the sale of the balance of the site to CRS Housing, LLC for development of a 60-unit affordable senior rental project.

Spirit on Lake (2930 13th Ave. S., 1238 E. Lake St.): On December 23, 2005, the City Council approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing Program. On November 3, 2006, the City Council approved Project Analysis Authorization (PAA) to evaluate the use of tax increment financing for this project. On April 27, 2007, the City Council adopted a resolution of support for Spirit on Lake as part of the City's 2007 list of priority projects for Hennepin County Transit Oriented Development (TOD) grant funding. On August 3, 2007, the City Council approved the expenditure of Hennepin County HRA Affordable Housing Incentive Fund (AHIF) for this project in the amount of \$225,000. On October 5, 2007, the City Council authorized the execution of a Cooperative Agreement between Hennepin County and the Hennepin County Housing and Redevelopment Authority related to a \$75,000 Hennepin County TOD grant award to the project. On October 19, 2007, the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the project. On January 31, 2008, the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the project. On February 29, 2008, the City Council accepted two brownfield grants to the project; \$235,600 from Hennepin County ERF and \$328,800 from Metropolitan Council TBRA. On May 2, 2008, the City Council accepted a \$391,500 DEED Redevelopment grant for the project. [Ultimately the AHIF, TBRA, ERF and DEED funds referred to above, and approximately \$25,000 of the \$75,000 TOD award, were relinquished because the project did not move forward as quickly as originally envisioned.] On January 12, 2011, the City Council approved an Affordable Housing Trust Fund allocation in the amount of \$1,449,000 for this project. On June 17, 2011, the City Council authorized application to the Metropolitan Council's LCDA grant program. On December 16, 2011, the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment

grant program on behalf of the project. It is currently anticipated that on February 10, 2012, the City Council will accept and appropriate a \$250,000 Metropolitan Council LHIA grant for the project.

The GAV (1307 Glenwood Ave.): None.

Prepared by: Kevin Carroll, Principal Project Coordinator	
Approved by: Charles T. Lutz, Deputy Director, CPED	_____
Catherine A. Polasky, Director of Economic Development	_____
Funding Source and Appropriation Language	
Reviewed by Development Finance:	_____
Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5181	

Financial Impact

Action requires an appropriation increase to the Capital Budget _____ or Operating Budget
 Action provides increased revenue for appropriation increase
 Action is within the Business Plan

Community Impact

Neighborhood Notification (for any grant applications that were submitted directly by the City; projects that have not been awarded brownfield grants are not included below):

222 Hennepin [former Jaguar site] (222 Hennepin Avenue): Letters of support for this project were prepared by the Downtown Minneapolis Neighborhood Association on August 10, 2011, and the North Loop Neighborhood Organization on August 1, 2011.

430 Oak Grove (430 Oak Grove St.): The minutes of a September 12, 2011 meeting of the Board of Directors of the Citizens for a Loring Park Community indicate that a motion in support of this project was unanimously approved at an August meeting of the CLPC's Land Use Committee.

700 Central (700 Central Ave. NE, 119 7th St. SE and 123 7th St. SE): In a letter dated August 18, 2011, the Marcy-Holmes Neighborhood Association indicated that this project had been unanimously approved at an August 16, 2011 meeting of MHNA's Board of Directors.

1100 2nd Street S.: The project was presented to the Downtown Minneapolis Neighborhood Association (DMNA) at its November 8, 2011 meeting. DMNA will also review the project as part of the City design and site plan approval process.

Artspace Jackson Flats (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE): Letters of support for this project have been prepared by the Logan Park Neighborhood Association (June 5, 2011), the Northeast Minneapolis Arts Association (June 12, 2011) and the Northeast Minneapolis Chamber of Commerce (July 12, 2011).

Hennepin County West Broadway Hub a/k/a WB Equities (1314 to 1410 W. Broadway, 1301 to 1409 21st Ave. N., 2017 Girard Ave. N.): The January 17, 2012 City Council public hearing on a redevelopment plan modification needed to assemble the development site demonstrated that there is significant community concern about the project. Several Northside neighborhood groups have issued formal statements opposing the project. The City Council voted against the redevelopment plan modification.

Hobbs Bar-B-Que (600 5th Street N.): None.

Pillsbury Lofts (301 Main Street SE): The Board of Directors of the Marcy-Holmes Neighborhood Association voted on October 18, 2011 to support the plan for developing the Pillsbury A Mill site.

Riverside Plaza (1600 S. 6th Street): The West Bank Community Coalition discussed this project on June 9, 2010, and provided a letter of support dated July 22, 2010. The Riverside Plaza Tenants' Association issued a letter of support dated June 23, 2010.

Seward Commons, Phase II a/k/a Snelling Apartments (2218 and 2304 Snelling Ave.): The Seward Neighborhood Group has prepared a letter of support dated April 28, 2011.

Spirit on Lake (2930 13th Ave. S., 1238 E. Lake St.): The Midtown Phillips Neighborhood Association, Inc. (MPNA) issued letters of support dated February 10, 2007, and September 15, 2010. The Powderhorn Park Neighborhood Association issued letters of support dated July 13, 2005, and September 15, 2010. Both neighborhood associations support the change in the development concept from homeownership to rental.

The GAV (1307 Glenwood Ave.): None.

City Goals: Jobs and Economic Vitality; Livable Communities, Healthy Lives; Eco-Focused. Cleanup of contaminated land supports sustainability goals and some projects include “green” design and construction elements.

Sustainability Targets: Nine Minneapolis sites were awarded funds in this grant round, which brings the total number of City projects securing brownfield grants (2004-2011) to 132. (Fourteen sites were actually awarded funds, but to avoid double-counting, three of them – Pillsbury Lofts, Riverside Plaza and Spirit on Lake – have been excluded because they were also awarded funds in prior grant rounds. The Hennepin County West Broadway Hub project, which was awarded funds that will presumably not be accepted by the City Council, has also been excluded.) The City’s goal of remediating 100 brownfield sites by 2014 has been achieved and exceeded.

Comprehensive Plan: The proposed projects generally comply with the “land reclamation” and “providing a healthy environment” elements of the Minneapolis Plan for Sustainable Growth.

Zoning Code: The proposed projects either are in compliance or will comply prior to the expenditure of funds.

Other: Environmental remediation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act. However, any business that occupies a remediated site may be asked to sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

Living Wage/Business Subsidy Agreement: Yes _____ No
Job Linkage: Yes _____ No

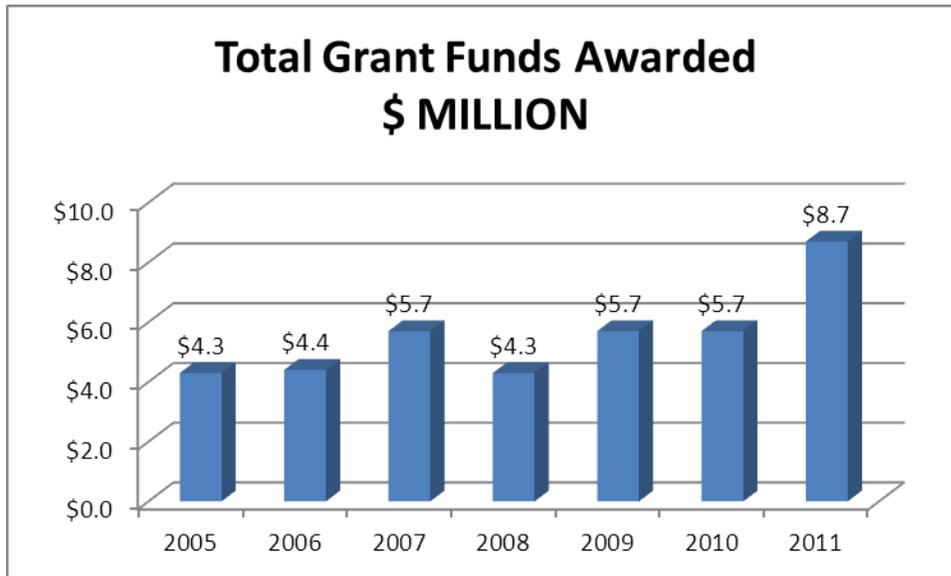
Supporting Information

On November 1, 2011, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF) for a number of projects, including those identified herein.

Total grant funds in the amount of \$4,676,291 were awarded to projects located in the City of Minneapolis during the fall 2011 brownfield grant funding round. If the City Council declines to accept the \$323,710 that was awarded to the Hennepin County West Broadway Hub project, the total grants funds accepted by the City Council will be \$4,352,581. This amount will set a new record for brownfield funds awarded to the City in a single grant round, eclipsing the

\$4,343,035 that was awarded in the spring 2011 round. The amount awarded in the fall 2011 round is 56.6% of the total amount requested for projects located in the City.

The combination of the grant funds awarded in the spring (\$4,343,035) and fall (\$4,352,581) rounds of 2011 set a new City record (\$8,695,616) for total brownfield grant funds awarded in a single year, as indicated below:



Minnesota Department of Employment and Economic Development (DEED)

Contamination Cleanup and Investigation Grant Program – of the \$5,256,010 awarded statewide, Minneapolis projects were awarded \$2,344,178, or 44.6% of the grant funds awarded (the Hennepin County West Broadway Hub project is included in this total solely for statistical purposes, even though this report recommends declining to accept those grants, as indicated on page 13).

Nine of the ten Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those nine projects represent 73.9% of the total amount requested by the ten projects.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA)

Grant Program – of the \$2,407,500 awarded metro-wide, Minneapolis projects were awarded \$1,203,700, or 50% of the grant funds awarded.

Six of the thirteen Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those six projects represent 39.2% of the total amount requested by the thirteen projects.

Hennepin County Environmental Response Fund (ERF) - of the \$1,528,413 awarded county-wide, Minneapolis projects were awarded \$1,128,413, or 73.8% of the grant funds awarded (the Hennepin County West Broadway Hub project is included in this total solely for statistical purposes).

Eight of the twelve Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those eight projects represent 55.9% of the total amount requested by the twelve projects.

Overall, Minneapolis projects were awarded 56.6% of the total amount of funding that they had requested from the three brownfield grantors.

Geographic Distribution of Grant Awards

DEED, the Metropolitan Council and Hennepin County awarded a total of 40 brownfield grants during the fall 2011 grant round. Projects receiving grant awards were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS RECEIVED
Minneapolis	23*
St. Paul	6
St. Louis Park	3
Duluth	2
Brooklyn Center, Columbia Heights, Fairmont, Hennepin County, Osseo, White Bear Lake	1 each

*(Includes, solely for statistical purposes, the two grants awarded to the Hennepin County West Broadway Hub project even though this report recommends declining to accept those grants, as indicated on page 13)

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

The City sponsored and submitted grant applications on behalf of the following 11 projects, and in each case the related grant agreement will be between the grantor and the City. The City will enter into subrecipient agreements with the developers or related entities to enable them to obtain reimbursement for any eligible investigation and/or remediation costs incurred.

222 Hennepin (Ward 7) - \$879,781

222 Hennepin Avenue

Lead Developer – Ryan Companies (or affiliated entity)

DEED Contamination Cleanup award	\$436,881
Met Council TBRA award	\$442,900

The developer, Ryan Companies, plans to demolish an existing building and a portion of an existing parking ramp, and construct 287 market rate (high end) rental units and a 40,000 square foot grocery store in two new (connected) six-story buildings on this 2.5-acre site. The proposed residential use with a ground-floor grocery store is consistent with the *North Loop Small Area Plan* and policies related to Commercial Corridors in *The Minneapolis Plan for Sustainable Growth*. The project was approved by the Planning Commission on September 19, 2011. Grant funds will be used to clean up soil contamination and to remove asbestos, lead-based paint and PCB-containing caulk from the existing building prior to demolition.

430 Oak Grove (Ward 7) - \$345,300

430 Oak Grove Street

Lead Developer – Krause-Anderson (or affiliated entity)

Met Council TBRA award	\$265,300
Hennepin County ERF award	\$ 80,000

The developer, 430 Oak Grove Holdings LLC (an ownership/development entity created by Krause Anderson Realty and TruCore Realty) intends to rehabilitate an existing 1923 four-story office building on a .86-acre site and convert it into a 75-unit market rate apartment building. The conversion of the building from office use to residential is consistent with the future use of Urban Neighborhood from *The Minneapolis Plan for Sustainable Growth*. The project has received its zoning approvals. Grant funds will be used primarily for the abatement of asbestos and lead-based paint.

700 Central (Ward 3) - \$740,500

700 Central Avenue NE

Lead Developer – Nolan Properties Group (or affiliated entity)

DEED Contamination Cleanup award	\$599,880
Hennepin County ERF award	\$140,620

The developer, 7th & Central LLC (an affiliate of Nolan Properties Group) intends to rehabilitate an existing 1897 four-story timber building and an adjacent 1909 seven-story concrete building (total site acreage, .956 acre). The developer plans to add three new stories to the seven-story building and then convert both of the existing structures into a 105-unit market rate apartment complex with approximately 10,000 square feet of retail and/or restaurant space on the ground floor. These buildings have been vacant since the late 1990's. This project was approved by the Planning Commission on September 19, 2011. The parcel is located within a designated Activity Center, and the mix of uses and density is appropriate with this location and consistent with the Comprehensive Plan. It is also consistent with the Marcy Holmes Neighborhood Master Plan's vision for this area. Though the existing buildings have not been historically designated, they have been identified as historic resources - the proposed development will stabilize and rehabilitate these buildings. Grant funds will be used for remediating soil contamination, installing a vapor mitigation system and abating asbestos and lead-based paint.

1100 2nd Street S. (Ward 7) - \$142,532

1100 2nd Street S.

Lead Developer – City of Minneapolis (CPED)

DEED Contamination Cleanup award	\$130,052
Hennepin County ERF award	\$ 12,480

This City-owned .22-acre site is currently a vacant lot. City Council has approved the sale of the property to an affiliate of Izzy's Ice Cream for the construction of a 1½-story, approximately 5,200 square foot building that would include space for ice cream making, small event hosting, an administrative office, and a retail outlet. The City Planning Commission has found this use to be consistent with *The Minneapolis Plan for Sustainable Growth*, which designates this area as mixed use, and the use is allowed in the existing I1 zoning. The proposed project has yet to go through its formal design and site plan approval process. Grant funds will be used for soil remediation and the installation of a soil vapor mitigation system.

Artspace Jackson Flats (Ward 1) - \$28,000

1839-1847 Jackson Street
Lead Developer – Artspace

Met Council TBRA award \$28,000

This .82-acre site currently includes ten adjacent vacant lots. The developer, Artspace Projects, Inc., intends to construct a new 69,000 square foot, four-story building containing 35 units of affordable live/work space and 2500 square feet of gallery/commercial space. This project was approved by the Planning Commission on November 14, 2011. The proposed use - moderate density live/work artist housing - is consistent with both the Comprehensive Plan and the Central Avenue Small Area Plan. The proposal also has strong community support, and was originally a project of the Northeast CDC. The City has been involved in this project via a land sale of some of the parcels assembled for the project, and assisting with applications for funding (LCDA, tax credits, etc). Grant funds will be used to conduct an environmental site assessment in order to develop a better understanding of the site’s overall environmental condition.

Hobbs Bar-B-Que (Ward 5) - \$129,826

600 5th Street N.
Lead Developer – Randall Hobbs and 600 5th Street N. LLC

DEED Contamination Cleanup award \$129,826

Randall Hobbs, d/b/a 600 5th Street North LLC, intends to remodel a vacant gas station (formerly Palmer’s Automotive) into a restaurant on this .36-acre site, which is located about two blocks from the Target Field LRT station. He plans to expand the current footprint of the 1953 gas station building by 625 square feet, to a new total of 2828 square feet. The restaurant use is consistent with recommendations in the *North Loop Small Area Plan* to offer more commercial options in the neighborhood as well as more active uses along 5th St N. The applicant has received zoning approvals. Grant funds will be used to clean up soil contamination. (Note: discussions apparently began in January regarding the possibility of expanding this project into a mixed-used development consisting of a new five-story building with 48 units of market rate apartments and ground floor commercial space that would include the bar-b-que restaurant that was originally proposed.)

Pillsbury Lofts (Ward 3) - \$669,474

301 Main Street SE
Lead Developer – Dominion (or affiliated entity)

DEED Contamination Cleanup award \$284,112
Hennepin County ERF award \$385,362

The developer, Minneapolis Leased Housing Associates IV Limited Partnership (an affiliate of Dominion Development and Acquisition LLC), intends to redevelop six existing buildings (five of which are adjoining) on this 4.8-acre site, to create 248 affordable housing rental units. This project covers a significant portion of the Pillsbury A Mill campus, including all the historically significant structures. Another portion of the campus is controlled by a different developer (Doran). The Pillsbury Lofts project has not yet been approved by the Planning Commission. The cost of this project is high and likely will require numerous forms of subsidy, including brownfield cleanup grants. The project is currently under HPC review, with some issues (e.g., parking) still to be resolved. The developer is requesting housing revenue bonds, tax credits, historic credits and tax increment financing [TIF] to assist this project. None of this City of

Minneapolis financing has been approved to date. Grant funds will be used for soil remediation and the abatement of asbestos and lead-based paint.

Riverside Plaza (Ward 2) - \$300,000

1600 S. 6th Street

Lead Developer – Sherman Associates (or affiliated entity)

Met Council TBRA award \$300,000

Sherman Associates is currently in the process of remodeling and rehabilitating this existing 10-acre, 1303-unit apartment complex. Among other things, the work in question and some related financial restructuring will increase the number of affordable units from 669 (currently) to a new total of 1174 (an increase of 505 units). This project sought and obtained brownfield funds in a prior grant round. However, brownfield remediation costs have been higher than originally estimated, due in part to fire safety enhancements that required the removal of more asbestos-containing wallboard than was envisioned when the prior brownfield grant applications were submitted. Preservation of this large affordable housing development is consistent with the Comprehensive Plan, the Cedar Riverside Small Area Plan, and various other plans and policies. It is located within an Activity Center, Transit Station Area, and Growth Area, all of which support high density development such as this. Grant funds will be used for the abatement of asbestos.

Seward Commons, Phase II a/k/a Snelling Apartments (Ward 2) - \$475,600

2218 & 2304 Snelling Avenue

Lead Developer – Seward Redesign (or affiliated entity)

DEED Contamination Cleanup award \$200,000
Met Council TBRA award \$140,600
Hennepin County ERF award \$135,000

CRS Housing Corporation (a development entity created by Seward Redesign in partnership with CommonBond Communities) intends to demolish two existing warehouse buildings on this .62-acre site and construct a new 56,388 square foot, four-story building with underground parking and 60 units of affordable senior housing. This project is consistent with Comprehensive Plan policies and City zoning. The City and numerous funding partners have provided significant funding to the Seward Commons redevelopment to effectuate the transition from industrial uses to TOD housing in the Franklin Station area. The City has a redevelopment contract with master developer Seward Redesign, and this particular project is consistent with that contract. The site is in a designated Transit Station Area (Franklin Ave), which calls for high-density housing near the station. It is also in a “transitional industrial” area, which anticipates industrial land uses shifting to other uses (such as housing) over time. The zoning is currently I2/ILOD, which allows for industrial uses as well as housing. Grant funds will be used for soil remediation and for the abatement of asbestos and lead-based paint.

Spirit on Lake (Ward 9) - \$235,600

1238 East Lake Street

Lead Developer – PRG, Inc. (or affiliated entity)

Hennepin County ERF award \$235,600

PRG, Inc. intends to construct a four-story mixed-use building on what is currently a .821-acre surface parking lot. The new building will include 46 affordable rental units (65,500 square feet), 4500 square feet of commercial space and underground parking. This project is consistent with Comprehensive Plan policies and City zoning. The City supported the project’s successful past

efforts to secure funding from a variety of sources (AHIF funds, and TOD, DEED, Metropolitan Council TBRA and Hennepin County ERF grants) in 2007 and 2008; however, such funds and grants had to be relinquished when the project did not proceed at the pace originally envisioned. The site is on a designated Commercial Corridor (Lake Street), where multifamily mixed-use development is encouraged. The zoning is C2, which allows the proposed project with routine land use applications. This project received approval from the City Planning Commission in 2008, but those approvals have since expired. New land use applications will need to be submitted. Grant funds, if awarded, will be used for soil remediation and the installation of a soil vapor mitigation system.

The GAV (Ward 5) - \$41,250

1307 Glenwood Avenue

Lead Developer – The GAV LLC (or affiliated entity)

DEED Contamination Cleanup award \$41,250

Lili Hall d/b/a The GAV LLC has indicated an interest in demolishing a former gas station on this .3-acre site and constructing a new two-story commercial building of approximately 20,000 square feet. Ms. Hall owns an adjacent property and the business (Knock, Inc.) located thereon; the new building that is envisioned for the former gas station site would provide office space for new employees as the current advertising and marketing business expands on the adjoining property. This part of Glenwood Avenue is a Commercial Corridor with C2 zoning. Additionally, the *Bassett Creek Valley Master Plan* shows this area as mixed-use office/retail/housing. Grant funds will be used to conduct an environmental site investigation to determine the nature and extent of any contamination that may be present.

DEVELOPER AS GRANT RECIPIENT:

The City did not submit the grant applications for the project referred to below; the owner/developer applied directly to each grantor. All three grantors allow certain parties to apply directly to them (rather than through the City) if the owner/developer is identified in the grantor’s guidelines as an authorized “direct” applicant and if there is evidence that the City supports the project. For the project referred to below, the grant agreements will be between the grantors and the owner/developer, rather than between the grantor and the City. Therefore, no subrecipient agreements will be required, and the City will not appropriate the grant funds. The owner/developer will obtain reimbursement for eligible remediation costs directly from the grantors rather than from or through the City. This project is presented for informational purposes.

MPHA Heritage Park Senior Living Redevelopment (Ward 5) - \$364,718

901 4th Avenue N.

Project Applicant – MPHA

DEED Contamination Cleanup award \$310,875
 Met Council TBRA award \$ 26,900
 Hennepin County ERF award \$ 26,943

The MPHA intends to construct two new buildings on a 2.3 acre site located at 901 4th Avenue North in Minneapolis. The Thomas F. Feeney Manor will create 48 one-bedroom units of affordable senior housing, primarily for seniors with various forms of dementia. The Heritage Park Senior Services Center will be a 69,603 square foot facility that will house a medical center, adult day services, Courage Center’s physical therapy pool, a YMCA for seniors, and advocacy/support services and nutrition programs for seniors. Grant funds will be used to

remediate soil at the redevelopment site that is significantly impacted by various forms of contamination.

GRANTS RECOMMENDED TO BE DECLINED

On January 27, 2012, the City Council denied a request to modify the West Broadway Redevelopment and Common Area Plan to include two parcels of property that would be needed for the Hennepin County West Broadway Hub project as proposed in the grant applications. Inasmuch as that action indicates a current lack of City Council support for the project (at least at that particular location), the staff recommendation in this instance is that the City Council decline to accept the DEED and Hennepin County grants that were awarded to the project. The project in question is described below.

Hennepin County West Broadway Hub (Ward 5) - \$323,710

1314-1410 W. Broadway

Lead Developer – Ackerberg Group (or affiliated entity)

DEED Contamination Cleanup award	\$211,302
Hennepin County ERF award	\$112,408

The Ackerberg Group was working with Hennepin County for a planned two-story, 31,000+ square foot building that would house offices for Hennepin County human services and public health. The City Council voted against a proposed modification to the West Broadway redevelopment plan that would have authorized a possible City role in facilitating property assembly. Given this it is unlikely the project as proposed in the grant applications will move forward. If a project emerges that can garner community and Council support, new applications for brownfield remediation grants may be submitted.

FALL 2011 CONTAMINATION CLEANUP GRANT ROUND

MINNEAPOLIS APPLICANTS - Requests & Awards

(o) = original request in pre-application; (a) = amended request in final application; red text = grants not recommended for acceptance/approval

PROJECT	APPLICANT	# of Acres	DEED		Met Council TBRA		Hennepin County ERF		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
222 Hennepin [former Jaguar site]	City of Minneapolis	2.500	400,000 (o) 440,000 (a)	436,881	381,770 (o) 442,993 (a)	442,900			781,770 (o) 882,993 (a)	879,781
430 Oak Grove	City of Minneapolis	0.860			490,025 (o) 492,320 (a)	265,300	442,500 (o)	80,000	932,525 (o) 934,820 (a)	345,300
700 Central	City of Minneapolis	0.956	536,800 (o) 599,880 (a)	599,880	400,000 (o) 425,000 (a)	0	200,000 (o) 215,000 (a)	140,620	1,136,800 (o) 1,239,880 (a)	740,500
1100 2 nd Street S.	City of Minneapolis	0.220	196,070 (o) 144,002 (a)	130,052	16,993 (o) 12,480 (a)	0	16,993 (o) 12,480 (a)	12,480	230,056 (o) 168,962 (a)	142,532
Artspace Jackson Flats	City of Minneapolis	0.820			28,050 (o)	28,000			28,050 (o)	28,000
Bryant Lofts	City of Minneapolis	1.740					154,000 (o) 27,000 (a)	0	154,000 (o) 27,000 (a)	0
Cameron Building	Cameron Building	0.689					65,000 (o) 188,509 (a)	0	65,000 (o) 188,509 (a)	0
Hennepin County West Broadway Hub	City of Minneapolis	1.770	176,000 (o) 271,302 (a)	211,302	176,000 (o) 112,408 (a)	0	176,000 (o) 112,408 (a)	112,408	528,000 (o) 496,118 (a)	323,710
Hobbs Bar-B-Que	City of Minneapolis	0.360	82,694 (o) 90,525 (a)	129,826					82,694 (o) 90,525 (a)	129,826
MPHA Heritage Park Senior Living Redevelopment	Minneapolis Public Housing Authority	2.290	310,875 (o)	310,875	26,943 (o)	26,900	26,943 (o)	26,943	364,761 (o)	364,718
Parcel A	City of Minneapolis	2.510	796,875 (o)	0	250,000 (o)	0	138,125 (o)	0	1,185,000 (o)	0
Pillsbury Lofts	City of Minneapolis	4.800	300,000 (o) 295,362 (a)	284,112	445,000 (o) 485,553 (a)	0	445,000 (o) 385,362 (a)	385,362	1,190,000 (o) 1,166,277 (a)	669,474
Riverside Plaza	City of Minneapolis	10.000			300,000 (o)	300,000	100,000 (o)	0	400,000 (o)	300,000
Seward Commons, Phase II (Snelling Apartments)	City of Minneapolis	0.620	200,000 (o)	200,000	102,542 (o) 140,642 (a)	140,600	112,500 (o) 135,000 (a)	135,000	415,042 (o) 475,642 (a)	475,600
Spirit on Lake	City of Minneapolis	0.821			328,500 (o)	0	235,600 (o)	235,600	564,100 (o)	235,600
The GAV	City of Minneapolis	0.300	25,000 (o) 22,500 (a)	41,250	25,000 (o) 22,500 (a)	0			50,000 (o) 45,000 (a)	41,250
TOTAL (acreage total is for <i>awarded</i> grants only; also, Pillsbury Lofts, Riverside Plaza and Spirit on Lake have been excluded from the total because they received grants in prior rounds)		10.696	3,024,314 (o) 3,171,321 (a)	2,344,178	2,970,823 (o) 3,067,389 (a)	1,203,700	2,112,661 (o) 2,018,927 (a)	1,128,413	8,107,798 (o) 8,257,637 (a)	4,676,291
Percent of Requested Funds Awarded:				73.9%		39.2%		55.9%		56.6%

Amending the 2012 General Appropriation Resolution.

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$313,608.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$3,674,255.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,822,001.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,176,800.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$989,062.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By (Council Member's last name)

Approving various Environmental Response Fund projects.

Whereas, on November 4, 2011 the City Council authorized the submission of Environmental Response Fund (ERF) grant applications to the Hennepin County Department of Environmental Services for various brownfield investigation and/or remediation projects; and

Whereas, Hennepin County has decided to award ERF grants to the City for various projects located in the City of Minneapolis; and

Whereas, Hennepin County may not expend grant funds unless the governing body of the city in which the site is located approves the project;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City of Minneapolis approves the following ERF investigation and/or remediation projects:

Project	Recipient	Grant Award
430 Oak Grove	City of Minneapolis	\$80,000
700 Central	City of Minneapolis	140,620
1100 2 nd Street S.	City of Minneapolis	12,480
MPHA Heritage Park Senior Living Redevelopment	Minneapolis Public Housing Authority	26,943
Pillsbury Lofts	City of Minneapolis	385,362
Seward Commons, Phase II (Snelling Apartments)	City of Minneapolis	135,000
Spirit on Lake	City of Minneapolis	235,600
Total Hennepin County ERF:		\$1,016,005

Be It Further Resolved that approval does not confer other benefits or waive zoning, land use, building code or other applicable requirements.