



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

Date: April 17, 2012
To: Lisa Goodman, Chair, Community Development Committee
Referral to: Betsy Hodges, Chair, Ways and Means/Budget Committee
Subject: Environmental Remediation Grant Applications (Spring 2012)

Recommendation:

1. Authorize application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for environmental remediation and/or investigation funding for the following projects: 1101 University Ave. SE, 1515 Central Ave. NE, Artspace Jackson Flats, Brunfield Place, Digigraphics, Dwell at Calhoun Greenway, Fountain Residential, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, and The GAV; and,
2. Authorize application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program for environmental remediation and/or investigation funding for the following projects: 1101 University Ave. SE, 1515 Central Ave. NE, Artspace Jackson Flats, Brunfield Place, Digigraphics, Dunwoody Apartments, Dwell at Calhoun Greenway, Fountain Residential, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, Spirit on Lake, The GAV, and West Broadway Curve; and
3. Authorize application to the Hennepin County Environmental Response Fund [ERF] for environmental remediation and/or investigation funding for the following projects: 1101 University Ave. SE, 1515 Central Ave. NE, Brunfield Place, Cameron Building, Digigraphics, Dwell at Calhoun Greenway, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, and West Broadway Curve; and
4. Approve the attached resolutions authorizing appropriate City staff to submit the aforesaid applications to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program, the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program, and the Hennepin County Environmental Response Fund [ERF].
5. Approve the separate resolution (attached) requested by Hennepin County regarding the approval of the use of Twin Cities Community Land Bank Brownfield Gap Financing funds for assessment and cleanup projects located in the City of Minneapolis.

Previous Directives:

1101 University Ave. SE: None.

1515 Central Ave. NE: None.

Artspace Jackson Flats (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE): On October 26, 2010, the City Council approved a preliminary reservation of 2011 Federal Low Income Housing Tax Credits of \$50,000 for the Artspace Jackson Flats development. On May 27, 2011, the City Council approved: 1) the sale of 907 and 907-1/2 – 18 ½ Avenue Northeast to Artspace Jackson Flats Limited Partnership or an affiliated entity for \$3.00 per square foot; and 2) authorized City staff to enter into the appropriate agreements. On October 25, 2011, the City Council authorized the submission of an application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) grant program for environmental remediation funding for the Artspace Jackson Flats development. On October 25, 2011, the City Council approved a preliminary reservation of 2012 Federal Low Income Housing Tax Credits of \$281,608 for the Artspace Jackson Flats development. On January 31, 2012, the City Council approved a 2011 Affordable Housing Trust Fund allocation of up to \$275,000 to Artspace Jackson Flats project or an affiliated entity. On January 31, 2012, the City Council approved the transfer of \$280,608 Year 2012 tax credits from Franklin Portland-South Quarter IV to Artspace Jackson Flats and preliminarily reserved Year 2012 Federal Low Income Housing Tax Credits totaling \$30,158 to the Artspace Jackson Flats project. On Feb. 28, 2012, the City authorized staff to accept and appropriate a Metropolitan Tax Base Revitalization Account (TBRA) grant of \$28,000 for this project.

Brunsfeld Place (915 N. Washington Ave.): None.

Cameron Building (756 4th Street N.): On August 5, 2011, the City Council authorized the submission of a brownfield investigation grant application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] program on behalf of this project. On September 23, 2011, the City Council accepted a TBRA investigation grant in the amount of \$15,200 that was awarded to the project. This project will require the rezoning of a portion of the project site; that rezoning was approved by the Planning Commission on October 3, 2011 and by the City Council on November 4, 2011.

Digigraphics (2639 Minnehaha Ave. S.): On November 7, 2008 the City Council authorized the submittal of remediation grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On February 10, 2009 the City Council accepted grant funds from DEED, the Metropolitan Council and Hennepin County for this project [the funds in question were later relinquished to the grantors because the initial expansion project was postponed.]

Dunwoody Apartments (110 18th St. E.): In 2008, the City Council authorized acceptance of environmental remediation funds for the project -- \$161,600 in Met Council TBRA funds and \$494,400 in Hennepin County ERF funds. On May 13, 2011 the City Council granted Project Analysis Authorization (PAA) regarding the TIF application for Dunwoody Apartments. On June 17, 2011 the City Council awarded \$875,000 in Affordable Housing Trust Funds (AHTF) to the project. On February 10, 2012, the City Council approved the Dunwoody Apartments Tax Increment Finance Plan, authorized the issuance of one Limited Revenue Pay-As-You-Go Tax Increment Financing Note to Gateway Commons, LLC or its affiliates, in total principal amounts not to exceed \$1,258,200, and approved the proposed redevelopment contract business terms.

Dwell at Calhoun Greenway (3129 Ewing Ave. S. and 3140 Chowen Ave. S.): None.

Fountain Residential (2635 4th St. SE): None.

Penn & Broadway (2220 W. Broadway Ave.): On February 24, 2012, the City Council granted exclusive development rights to Lupe Development for two City-owned parcels that are part of the redevelopment project, and approved the submission of a Met Council TOD grant application for the project seeking redevelopment [LCDA] and cleanup [TBRA] funds.

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. On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On the same date, the City Council approved the ranking and submission of an application to the Minnesota Statewide Historical and Cultural Grants program (a/k/a "Legacy Grants Program") in the amount of \$320,000 for a "Pillsbury A Mill Tunnel System Condition Study." On March 8, 2012 the City Council accepted environmental clean-up funds from Hennepin County ERF and DEED that had been awarded to the project.

Prospect Park Station a/k/a Boeser site (2901 4th St. SE): On February 24, 2012 the City Council authorized an application to the Metropolitan Council for LCDA-TOD funds in the amount of \$2,000,000 and TBRA-TOD funds in the amount of \$720,306.

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 Funds (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 March 8, 2012, the City Council gave

preliminary approval to the issuance of bonds for this project, authorized continued analysis of the project to determine if tax increment financing is appropriate and justifiable, and accepted and appropriated a grant of \$235,600 from Hennepin County's Environmental Response Fund for this project.

Superior Plating (315 1st Ave. NE; 101-125 4th St. NE; 108-120 5th St. NE): None.

The GAV (1307 Glenwood Ave.): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED and the Metropolitan Council on behalf of this project. On March 8, 2012 the City Council accepted an investigation grant from DEED in the amount of \$41,250 that had been awarded to the project.

Washington-Huron a/k/a Arby's site (1016-1032 Washington Ave. SE, 2408 University Ave. SE, 1025 Delaware St. SE): None.

West Broadway Curve (1926-2022 West Broadway Ave.): On December 13, 2011, the City Council approved the submission of an application for DEED Redevelopment Grant Program funding for the West Broadway Curve development. On February 10, 2012, the City Council approved funding of up to \$750,000 from the Affordable Housing Trust Fund and \$30,000 from the Non-Profit Development Assistance Fund for West Broadway Curve. On February 28, 2012, the City Council adopted a resolution providing preliminary approval for the issuance of \$5.8 million of tax exempt multifamily housing revenue bonds for the West Broadway Curve development.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181

Approved by: Charles T. Lutz, Deputy Director, CPED _____

Catherine A. Polasky, Director of Economic Policy & Development _____

Presenter in Committee: Kevin Carroll, Prin. Project Coordinator, Bus. Dev., 612-673-5181

Financial Impact

Action is within the business plan.

Other financial impact: There is no direct financial impact. However, some of the grant requests have been identified as requiring a commitment of local match funds, to be provided in most cases by the developer or other non-City funding sources. The City of Minneapolis is sponsoring these grant requests, acting in some cases as a pass-through and conduit for environmental investigations and cleanup. Sponsoring these grant applications does not commit (or imply a commitment of) City funds as the required match. Partial compensation for City staff time required to review and process grant applications, and to administer any pass-through grants that are awarded, will be obtained through application fees and grant administration fees that were approved by the City Council on April 16, 2010.

Community Impact

Neighborhood Notification:

1101 University Ave. SE: The developer has reported meetings with the Marcy-Holmes Land Use Committee on December 13, 2011, February 14, 2012 and March 13, 2012.

1515 Central Ave. NE: The developer has reported that the Northeast Park Neighborhood has been notified regarding this proposed project and that it is scheduled to be discussed at that group's upcoming meeting on April 10, 2012.

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), the Northeast Minneapolis Chamber of Commerce (July 12, 2011) and the Northeast Community Development Corporation (June 11, 2011).

Brunsfeld Place (915 N. Washington Ave.): None.

Cameron Building (756 4th Street N.): The North Loop Neighborhood Association has issued a letter of support dated August 1, 2011.

Digigraphics (2639 Minnehaha Ave. S.): The Seward Neighborhood Group has issued a letter of support dated March 28, 2012.

Dunwoody Apartments (110 18th St. E.): The developer has provided minutes from a January 4, 2011 meeting of the Neighborhood Development Committee of the Stevens Square Community Organization; those minutes indicate that "SSCO has submitted a letter of support for the project to continue and supportive of their CUP."

Dwell at Calhoun Greenway (3129 Ewing Ave. S. and 3140 Chowen Ave. S.): The developer met with the West Calhoun Neighborhood Council on January 10, 2012 and February 21, 2012. The West Calhoun Neighborhood Council issued a letter on March 5, 2012 that listed six "positives of the project" and seven "concerns and suggested solutions," mostly related to parking, shadowing on the Greenway and building mass.

Fountain Residential (2635 4th St. SE): None.

Penn & Broadway (2220 W. Broadway Ave.): The Jordan Area Community Council issued a letter on March 14, 2012 indicating (among other things) that it was "excited about the possibility" of this project and that it is "pleased to consider the concepts behind a project of this type." The West Broadway Coalition issued a letter on February 22, 2012 that indicated (among other things) that "the WBC Board of Directors supports the proposal...for a high quality mixed use development at the West Broadway and Penn commercial node."

Pillsbury Lofts (301 Main Street SE): The Marcy-Holmes Neighborhood Association has issued a letter dated February 22, 2012 that indicates (among other things) that the "[MHNA] remains committed to near term development of the historic Pillsbury A Mill as artists lofts, affordable housing, with public support from various tax incentive vehicles. We encourage your...support for timely action through the City of Minneapolis approval process."

Prospect Park Station a/k/a Boeser site (2901 4th St. SE): The Prospect Park East River Road Improvement Association [PPERRIA] has issued a letter dated October 18, 2011 that indicates (among other things) that PPERRIA "strongly

support[s] the intention of the Cornerstone Group to acquire the Boeser property" and is "ready to work with this developer and the City to effect the required zoning changes."

Spirit on Lake (2930 13th Ave. S., 1238 E. Lake St.): The Powderhorn Park Neighborhood Association has prepared a letter of support dated September 2, 2010. On March 30, 2012, City staff provided the Midtown Phillips Neighborhood Association and the Powderhorn Park Neighborhood Association with an invitation to review and comment on the proposed Spirit on Lake Redevelopment, the Spirit on Lake Tax Increment Financing (TIF) Plan and the related Modification No. 22 to the Model City Urban Renewal Plan (collectively, the "Plans").

Superior Plating (315 1st Ave. NE; 101-125 4th St. NE; 108-120 5th St. NE): The Nicollet Island East Bank Neighborhood Association [NIEBNA] recently formed a "Superior Plating Task Group" that includes representatives from NIEBNA and several nearby neighborhood groups (STAWNO, SAENA, MHNA, NEBA). The group met on March 14, 2012 to hear a presentation by City Center Realty Partners and its consultants. The minutes of that meeting include a summary that indicates (among other things) that "any design similar [to] the preliminary design concepts presented at the meeting is very unlikely to meet neighborhood requirements," but that "discussions are on-going."

The GAV (1307 Glenwood Ave.): The developer reports that she is in the process of scheduling a meeting with the Harrison Neighborhood Association.

Washington-Huron a/k/a Arby's site (1016-1032 Washington Ave. SE, 2408 University Ave. SE, 1025 Delaware St. SE): The developer reports that it met with the Prospect Park East River Road Improvement Association on February 20 and March 19, 2012.

West Broadway Curve (1926-2022 West Broadway Ave.): Letters of support have been provided by the Jordan Area Community Council (undated), the Northside Achievement Zone (February 24, 2012), the West Broadway Coalition (February 22, 2012) and the Northside Home Fund (February 15, 2012).

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: Brownfield Sites

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.

Living Wage/Business Subsidy Agreement: Yes____ No X

Job Linkage: Yes____ No X

Other: 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.

Background/Supporting Information

The fifteen projects and the thirty-five related grant applications that are being recommended for submission to DEED, the Metropolitan Council and Hennepin County in the spring brownfield grant round are as follows:

Projects RECOMMENDED For Submission to the Grantors				
Project Name	GRANTORS			Total Grant Requests*
	DEED	Met Council TBRA	Henn. County ERF	
1101 University Ave. SE	75,725	182,800	100,000	358,525
1515 Central Ave. NE	188,070	188,070	100,000	476,140
Artspace Jackson Flats	322,500	55,900		378,400
Brunsfeld Place	254,550	44,122	44,122	342,794
Cameron Building			188,509	188,509
Digigraphics	352,800	30,576	30,576	413,952
Dunwoody Apartments		478,880		478,880
Dwell at Calhoun Greenway	760,265	760,265	369,732	1,890,262
Fountain Residential	24,000	24,000		48,000
Penn & Broadway	347,925	265,000	60,307	673,232
Pillsbury Lofts	236,754	398,307	187,439	822,500
Prospect Park Station a/k/a Boeser site	542,456	54,409	43,396	640,261
Spirit on Lake		328,500		328,500
The GAV	347,625	60,255		407,880
West Broadway Curve		380,410	190,200	570,610
TOTALS:	3,452,670	3,251,494	1,314,281	8,018,445

*Amounts shown are based on pre-applications submitted to the City by March 8, 2012. The final amounts shown on grant applications submitted to the grantors by their respective application deadlines may differ, due to project cost updates prepared after March 8, 2012.

The two projects and the four related grant applications that are not being recommended for submission to DEED, the Metropolitan Council and Hennepin County in the spring brownfield grant round are as follows:

Projects NOT RECOMMENDED For Submission to the Grantors				
Project Name	GRANTORS			Total Grant Requests*
	DEED	Met Council TBRA	Henn. County ERF	
Superior Plating	2,389,590			2,389,590
Washington-Huron a/k/a Arby's site	618,000	150,000	150,000	918,000
TOTALS:	3,007,590	150,000	150,000	3,307,590

The Minnesota Contamination Cleanup and Investigation Grant Program was established in 1993 to clean up contaminated sites and convert contaminated property into a marketable asset. The Department of Employment and Economic Development [DEED] is the administering state agency. Applications for the spring grant round are due by May 1, 2012. A local match equal to twenty-five percent of the project costs is required, of which twelve percent must come from non-tax increment local funds (typically provided by the developer). The amount that is potentially available to fund brownfield investigation and cleanup grants in the spring 2012 round is about \$4 million, which includes up to \$250,000 for investigation grants. The legislature has designated that at least 35% of available funds be spent on remediating sites in Greater Minnesota unless sufficient applications are not received.

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the Tax Base Revitalization Program. This program makes grants to clean up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications for the spring round of this program are due by May 1, 2012. No local match is required. The amount that is potentially available to fund brownfield cleanup grants in the spring 2012 round is projected to be \$2.0 to \$2.5 million, which includes up to \$125,000 for investigation grants. The TBRA program reserves at least one-quarter of the funding available in each grant cycle for projects outside of the two core cities of Minneapolis and St. Paul, and restricts any one municipality from receiving more than half of the funding in any given round.

Hennepin County has been collecting mortgage registry and deed taxes for deposit into an Environmental Response Fund (ERF) and has awarded grants from that fund since the fall of 2001. The ERF is used for the assessment and cleanup of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications for the spring round of this program are due by May 1, 2012. Historically, Hennepin County has usually awarded a total amount in the \$1.0 - \$1.5 million range per grant round (for cleanup and investigation grants). Typically, about 50% of the available grant funds are awarded to projects within the City of Minneapolis, and the remainder is awarded to projects within suburban communities.

Projects assisted by these grants have, from their inception through the last (fall 2011) grant round, triggered more than an estimated \$1.5 billion in additional private investment in the City of Minneapolis.

New Funding Requests for Spring 2012

	Grant Applications	Grant Funding Requested
DEED	11	\$3,452,670
Metropolitan Council	14	3,251,494
Hennepin County	10	1,314,281
TOTAL:	35	\$8,018,445

For the spring 2012 grant round, details regarding the City's pre-application process and related program requirements were provided to CPED project coordinators and potential applicants in early February. Relevant information was posted on the City's website and distributed via email to the 650+ parties on CPED's Development Notices Distribution List. Staff processing of the submitted pre-applications included review by members of the affected geographic Sector teams and consideration of factors such as readiness to proceed with cleanup, removal of blighting influences, commitment of City funds, affordable housing, compliance with zoning requirements and comprehensive plan designations, and job creation.

Thirty-nine pre-applications were received, thirty-five of which are being recommended for submission to the grantors. Four pre-applications received for two projects (Superior Plating and Washington-Huron a/k/a/ Arby's site) are not being recommended for submission to the grantors in question, because the projects upon which the pre-applications are based do not satisfy the minimum "project readiness" expectations of the City or the grantors. Accordingly, the submission of brownfield grant applications for those two projects is considered premature at this time. Further details are provided below.

Interactions with the three grantors during the last eleven semi-annual grant rounds have clarified and reinforced the fact that their internal processes for reviewing, scoring and ranking applications give no weight to any city's prioritization of the applications that it submits to the grantors. The analyses conducted by the grantors' staff, and the decisions that they make in awarding grants, are based on statutory criteria and adopted guidelines that do not include the (relative) preferences of municipal applicants. Accordingly, and in keeping with the practice that has been followed by the City in recent years, the recommendation of City staff is that the City Council not rank or prioritize the applications that it authorizes staff to submit to the grantors on or by their joint May 1 application deadline.

Details of Recommended Projects:

[This section of the report presents projects, in alphabetical order, that City staff consider ready for submission to the brownfield grantors. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question.]

1101 University Ave. SE

Projected DEED Request: \$75,725

Projected Metropolitan Council TBRA Request: \$182,800

Projected Hennepin County ERF Request: \$100,000

Doran Development intends to demolish the University Lutheran Chapel on this 0.99 acre site and construct a five-story market rate apartment building with 94 units (252 bedrooms) of student housing and two levels of underground parking. This project is currently in the midst of the development review process. The developer has submitted an application but it is only partially complete. Generally speaking, the proposed student housing project is consistent with the Comprehensive Plan and Marcy-Holmes Master Plan. However, issues regarding the compatibility of its height and massing with adjacent residential development are not yet fully resolved. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

1515 Central Ave. NE

Projected DEED Request: \$188,070

Projected Metropolitan Council TBRA Request: \$188,070

Projected Hennepin County ERF Request: \$100,000

This 9.14 acre site includes several commercial/industrial buildings, some vacant and some occupied. Hillcrest intends to demolish one or two smaller buildings, expand one existing (occupied) building by 5,000-10,000 square feet and remodel/convert the other major building on the site into new commercial/office space. City staff granted approval for the demolition of one of the smaller buildings on the site (at 1515 ½ Central) on March 22, 2012. Generally speaking, reuse of this site for commercial/office development would be consistent with the Comprehensive Plan and Central Avenue Small Area Plan. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

Artspace Jackson Flats (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE)

Projected DEED Request: \$322,500

Projected Metropolitan Council TBRA Request: \$55,900

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, 35 underground parking spaces and 2500 square feet of gallery/commercial space. This project was approved by the Planning Commission on November 14, 2011. The proposed use 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 Community Development Corporation. The City has been involved in this project via a land sale of some of the parcels assembled for the project, and has assisted with applications for funding (LCDA, tax credits, etc). Grant funds, if awarded, will be used primarily for soil remediation.

Brunsfeld Place (915 N. Washington Ave.)

Projected DEED Request: \$254,550

Projected Metropolitan Council TBRA Request: \$44,122

Projected Hennepin County ERF Request: \$44,122

The developer, Brunsfeld Project Management, intends to demolish an existing commercial building on this 0.57 acre site and construct a five-story market rate apartment building with 50 units and underground parking. The project is currently conceptual but the proposed residential use is consistent with the North Loop Small Area Plan. The proposed use is permitted under the existing B4N zoning but the project has not yet been through a formal development review and approval process. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

Cameron Building (756 4th Street)

Projected Hennepin County ERF Request: \$188,509 [Direct application to Hennepin County]

This project involves the proposed redevelopment of an existing 1909 four-story building on a .689-acre site in the North Loop neighborhood. A conversion of the building to 44 market rate apartments is envisioned by the developer, Schafer Richardson. The proposed residential use and historic rehabilitation are consistent with the *North Loop Small Area Plan*. The proposed use is permitted under the existing B4S-1 zoning. This project would help further the City's transit-oriented development and preservation policies. It has received all necessary planning approvals. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

Digigraphics (2639 Minnehaha Ave. S.)

Projected DEED Request: \$352,800

Projected Metropolitan Council TBRA Request: \$30,576

Projected Hennepin County ERF Request: \$30,576

Digigraphics intends to construct a 21,260 square foot addition to its existing building on the company's 2.8 acre business site. The project site is in an Industrial Employment District, where Comprehensive Plan policies support the retention and expansion of job-generating businesses such as Digigraphics. The proposed addition will require a site plan review application, which has yet to be submitted. Grant funds, if awarded, will be used for soil remediation.

Dunwoody Apartments (110 18th St. E.)

Projected Metropolitan Council TBRA Request: \$478,880

Gateway Commons LLC intends to remodel/redevelop the existing 1.7 acre Abbott Hospital site by converting it to 123 apartments (25 affordable) with 64 surface parking spaces and 40 underground spaces. This project would help further the City's transit-oriented development and preservation policies. It has received all necessary planning approvals. Grant funds, if awarded, will be used for the abatement of asbestos and lead-based paint.

Dwell at Calhoun Greenway (3129 Ewing Ave. S. and 3140 Chowen Ave. S.)

Projected DEED Request: \$760,265

Projected Metropolitan Council TBRA Request: \$760,265

Projected Hennepin County ERF Request: \$369,732

Bigos Calhoun Greenway LLC intends to construct a five-story market rate apartment building with 163 units and underground parking (for the new building and for an adjacent apartment building owned by the same company) on this currently vacant 2.71 acre site (which will include tax-forfeited property that the developer has proposed to obtain from Hennepin County, with the City of Minneapolis serving as the conduit). Land use applications have not yet been submitted (at a minimum, a site plan review application would be required), but high density housing in this location is in keeping with the City's future land use plans (the Midtown Greenway Land Use and Development Plan covers this area) and would be consistent with the existing zoning. Grant funds, if awarded, will be used for soil remediation.

Fountain Residential (2635 4th St. SE)

Projected DEED Request: \$24,000

Projected Metropolitan Council TBRA Request: \$24,000

Fountain Residential Partners intends to demolish an existing building on this 1.64 acre site and construct 160,315 square feet of housing with 215 units, one level of underground parking and 4000 square feet of common space. This is a market rate student housing proposal. The developer has been in discussions with City planning staff on the conceptual design and layout for the site. Generally speaking, high density housing is consistent with both the Comprehensive Plan and the University & 29th Development Objectives. One key policy concern is the need to dedicate right-of-way for the extension of 27th Avenue SE through the site. At present, the developer seems willing to work within this constraint, and the City's acceptance of any awarded brownfield grant funds will be contingent upon the developer's acceptance of this requirement. Grant funds, if awarded, will be used to conduct an environmental site investigation to determine the nature and extent of any contamination that may be present.

Penn & Broadway (2220 W. Broadway Ave.)

Projected DEED Request: \$347,925

Projected Metropolitan Council TBRA Request: \$265,000

Projected Hennepin County ERF Request: \$60,307

Rose Development LLC (with assistance from Lupe Development) intends to construct a four-story building with 75 units of affordable rental housing and 16,000 square feet of ground floor commercial space. This project is part of a neighborhood commercial node that the West Broadway Alive plan designates as appropriate for "Transit Scale" apartment buildings with first floor commercial. This proposed land use is in conformance with the Comprehensive Plan. At a minimum, this project would require a site plan review application, which has not yet been submitted. Grant funds, if awarded, will be used for soil remediation.

Pillsbury Lofts (301 Main Street SE)

Projected DEED Request: \$236,754

Projected Metropolitan Council TBRA Request: \$398,307

Projected Hennepin County ERF Request: \$187,439

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 255 affordable 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, but it did receive approvals at the Heritage Preservation Commission on March 20, 2012. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

Prospect Park Station a/k/a Boeser site (2901 4th St. SE)

Projected DEED Request: \$542,456

Projected Metropolitan Council TBRA Request: \$54,409

Projected Hennepin County ERF Request: \$43,396

Cornerstone Group intends to demolish an existing commercial/industrial building on this 2.52 acre site and construct 250 units of mixed-income rental housing (20% affordable). This project is in preliminary stages of discussion with staff, with only a very conceptual sense of its size and massing. This site is located right at the Prospect Park LRT station. Though it is currently industrial, it is guided for high density mixed use development through both the Comprehensive Plan and the University Ave & 29th Development Objectives, the adopted plan for the area. The developer has been closely working with both the neighborhood and CPED staff to plan and identify resources for a development that will be compatible with the shared vision for the area and set the stage for future development. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

Spirit on Lake (2930 13th Ave. S., 1238 E. Lake St.)

Projected Metropolitan Council TBRA Request: \$328,500

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 project site is on a designated Commercial Corridor (Lake Street), where Comprehensive Plan policies support the type of mixed-use development being proposed. The zoning is C2, which allows the proposed project with routine land use applications. Land use applications for Spirit on Lake were approved at the March 26, 2012 meeting of the Planning Commission. Grant funds, if awarded, will be used for soil remediation and the installation of a soil vapor mitigation system.

The GAV (1307 Glenwood Ave.)

Projected DEED Request: \$347,625

Projected Metropolitan Council TBRA Request: \$60,255

Lili Hall d/b/a The GAV LLC intends to demolish a former gas station on this .3-acre site and construct 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. 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. A two-story office building would be in conformance with the Comprehensive Plan policies for a Commercial Corridor. At a minimum, this project would require a site plan review application, which has not yet been submitted. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

West Broadway Curve (1926-2022 West Broadway Ave.)

Projected Metropolitan Council TBRA Request: \$380,410

Projected Hennepin County ERF Request: \$190,200

CommonBond Communities intends to construct a three-story apartment building on this 1.8 acre site that will include 53 units of mixed-income workforce housing. This project is on a part of West Broadway that the West Broadway Alive plan designates as appropriate for "Urban Scale" apartment buildings of three to five stories. This proposed land use would be in conformance with the Comprehensive Plan. At a minimum, this project would require a site plan review application, which has not yet been submitted. Grant funds, if awarded, will be used for soil remediation.

Details of Projects Not Recommended for Submission:

[This section of the report presents projects, in alphabetical order, that City staff do not consider ready for submission to the brownfield grantors. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question.]

Superior Plating (315 1st Ave. NE; 101-125 4th St. NE; 108-120 5th St. NE)

Projected DEED Request: \$2,389,590

City Center Realty Partners [CCRP] intends to demolish the buildings that comprise the [former] Superior Plating industrial facility on this 5.44 acre site and construct 600 units of rental housing. This is a high value site in a key area, with tremendous redevelopment potential. High density residential (as proposed) or mixed use would be appropriate and consistent with the Comprehensive Plan (there is no adopted small area plan). This is a Superfund site and the current owner is in the midst of a Chapter 11 bankruptcy proceeding. CCRP does not currently have site control and will not be able to obtain it prior

to the May 1 grant application deadline. Prospective owners (including CCRP) will not know the results of the Bankruptcy Court auction of the property until April 30, 2012 at the earliest, and the Court is not scheduled to approve the results of the auction until May 2, 2012 at the earliest. (The auction has already been rescheduled twice and could potentially be continued for an additional 30 days.) The winning bidder would still have to schedule and conduct a closing on the property. A "Superior Plating Task Force" consisting of representatives from five affected neighborhood groups was recently formed but has met only once (on March 14, 2012), at which time several potential (and very preliminary) redevelopment concepts were discussed, all of which were deemed "very unlikely to meet neighborhood requirements," according to the minutes of that meeting. It should be noted that the building itself has some historic significance, so the HPC may have a role in evaluating the potential demolition – although the extensive contamination will certainly be a factor. Grant funds were being sought for soil remediation, treatment of groundwater and the installation of a vapor barrier, and the abatement of asbestos and lead-based paint.

Washington-Huron a/k/a Arby's site (1016-1032 Washington Ave. SE, 2408 University Ave. SE, 1025 Delaware St. SE)

Projected DEED Request: \$618,000

Projected Metropolitan Council TBRA Request: \$150,000

Projected Hennepin County ERF Request: \$150,000

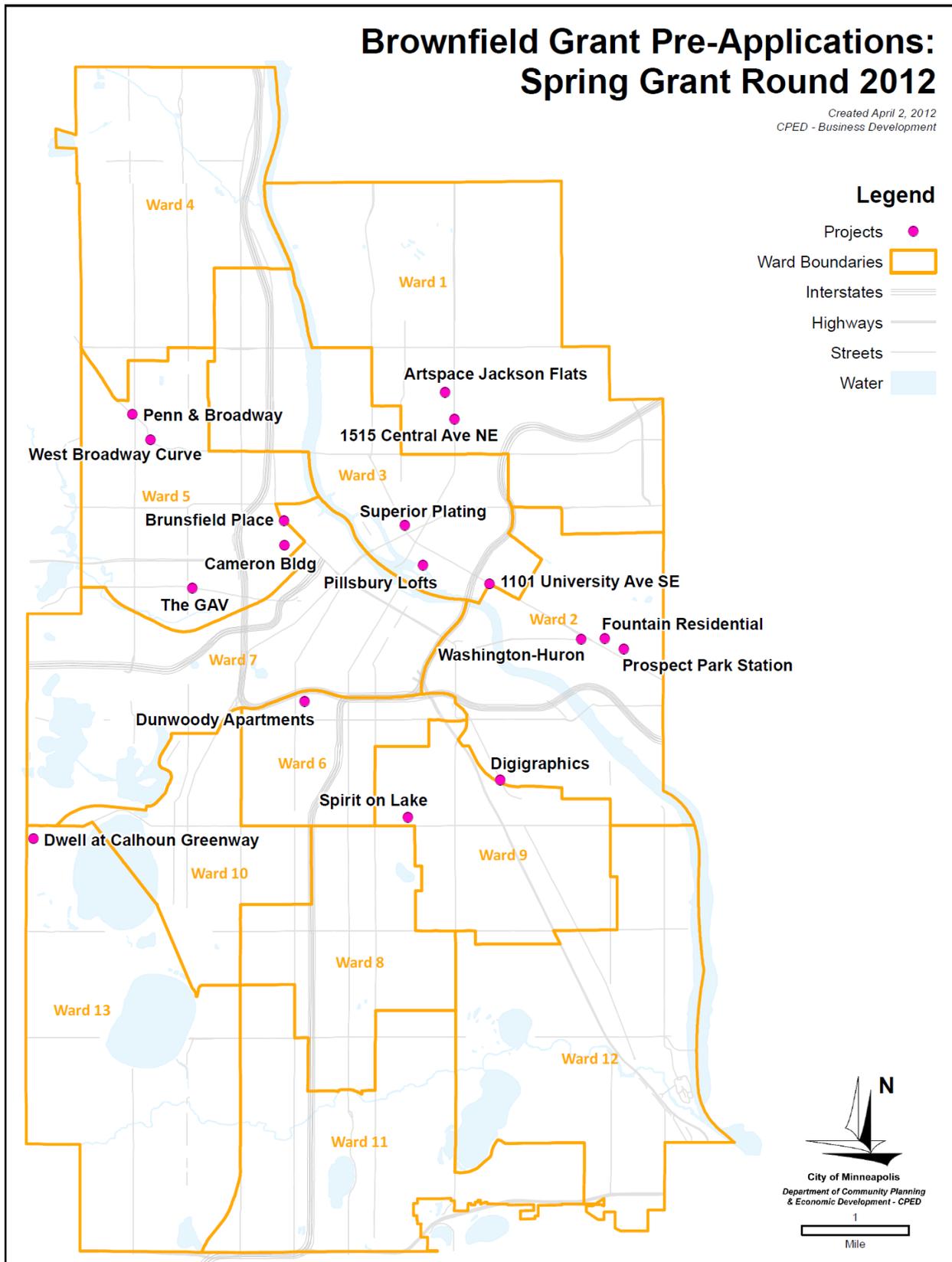
[Note: After several interactions with City staff regarding project readiness issues, the developer indicated on April 3 that it was withdrawing its three pre-applications for the spring round. The developer now intends to seek brownfield funding in the fall 2012 round, by which time site control will likely be secured and design specifics will be further refined.] CPM Development LLC intends to demolish three buildings (including Arby's) on parcels comprising a total of 1.91 acres and construct 385,000 square feet of market rate housing (250 units, 700+ bedrooms), 36,000 square feet of ground floor commercial space and 340 stalls of surface and underground parking. This is a high density market rate mixed use student housing project. The developer has been in discussions with City planning staff on the conceptual design and layout for the site. This project is in preliminary stages of discussion, with only a very conceptual sense of its size and massing. Generally speaking, high density housing with retail, as proposed, is consistent with both the Comprehensive Plan and other plans for the area. This site is located at a key intersection across from the Stadium Village station, and as such is an important and prominent development location. Grant funds were being sought for soil remediation, the installation of a vapor barrier, and the abatement of asbestos and lead-based paint.

Proposed Project Locations:

The map that appears on the following page identifies the location of each of the projects that submitted pre-applications to the City for the spring 2012 brownfield grant round.

Brownfield Grant Pre-Applications: Spring Grant Round 2012

Created April 2, 2012
CPED - Business Development



Requested Resolution Regarding Twin Cities Community Land Bank [TCCLB] Brownfield Gap Program

In the fall 2010 brownfield grant round (which had a November 1, 2010 application deadline), the Twin Cities Community Land Bank [TCCLB] sought and was awarded a \$100,000 Hennepin County Environmental Response Fund [ERF] grant to create a TCCLB-administered Brownfield Gap Program [BGP]. The ERF grant in question was approved by the Hennepin County Board on January 4, 2011 and the ERF contract between Hennepin County and TCCLB was executed on March 9, 2011.

The aforementioned Brownfield Gap Program was created to provide nonprofit organizations and governmental entities in Hennepin County with a relatively fast and easy way to secure funding for small (typically under \$15,000) investigation or cleanup projects that might arise in the gaps between the semi-annual "regular" brownfield grant rounds (which have May 1 and November 1 application deadlines). Prospective recipients of BGP funding must submit an application to TCCLB, which is then reviewed by Hennepin County ERF staff. No funds are awarded without County approval. This new TCCLB program is very similar to a prior program that was funded by Hennepin County ERF grants and operated by a nonprofit organization known as Groundwork Minneapolis.

The November 1, 2010 TCCLB grant application referred to above was not included in the Minneapolis City Council ERF resolution that was approved in connection with the fall 2010 grant round, in part because the planned TCCLB Brownfield Grant Program (unlike the earlier Groundwork Minneapolis program) was intended to be a County-wide program. However, as the program got underway in 2011, Hennepin County staff initially took the position that every proposed use of the TCCLB-BGP funds would require a separate resolution of approval from the city council of the jurisdiction within which the project was located. At least two such Minneapolis City Council resolutions have been sought and obtained to date -- one for conducting soil tests at potential community garden sites (adopted on May 13, 2011) and one for investigating environmental conditions at various Northside properties acquired under the Neighborhood Stabilization Program in the tornado impact zone (adopted December 9, 2011).

Over time it has become apparent to TCCLB, Hennepin County and the City that the initial "one resolution per project" approach is cumbersome, time-consuming, inefficient and contrary to the TCCLB's goal of conducting a flexible "rapid-response" program, especially where Minneapolis projects are concerned. History has shown that it takes a minimum of 6-8 weeks to get a proposed resolution discussed, drafted, reviewed and approved by City staff, two Council committees and the City Council itself. Accordingly, County staff have drafted the attached "blanket" resolution, which they indicate will satisfy their need for municipal approval of all pending and future requests for TCCLB-BGP funding, and which they have requested that the Minneapolis City Council review and approve.

(The proposed TCCLB/ERF resolution referred to above follows the three "regular" brownfield grantor resolutions that appear next in this report.)

Authorizing application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for various projects.

BE IT RESOLVED by the City Council of The City of Minneapolis:

That the City of Minneapolis has approved the Contamination Cleanup grant applications to be submitted to the Department of Employment and Economic Development (DEED) on May 1, 2012 by the City of Minneapolis for the following sites: 1101 University Ave. SE, 1515 Central Ave. NE, Artspace Jackson Flats, Brunsfield Place, Digigraphics, Dwell at Calhoun Greenway, Fountain Residential, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, and The GAV.

BE IT FURTHER RESOLVED that the City of Minneapolis act as the legal sponsor for the projects contained in the Contamination Cleanup Grant Program applications to be submitted on May 1, 2012 and that the Director of the Department of Community Planning and Economic Development (or his designee) is hereby authorized to apply to the Department of Employment and Economic Development for funding of the aforementioned projects on behalf of the City.

BE IT FURTHER RESOLVED that the City of Minneapolis has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the projects identified.

BE IT FURTHER RESOLVED that the City of Minneapolis has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its applications by the state and acceptance by the City Council, the City of Minneapolis may enter into agreements with the State of Minnesota for the above-referenced project(s), and that the City of Minneapolis certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

BE IT FINALLY RESOLVED that upon approval of its applications by the state and acceptance by the City Council, the Finance Officer or his designee will be authorized to execute such agreements as are necessary to implement the projects on behalf of the applicant.

Authorizing application to the Metropolitan Council Tax Base Revitalization Account [TBRA] for various projects.

Whereas, the City of Minneapolis (the "City") is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2012 as determined by the Metropolitan Council, and is therefore eligible to make application for funds under the Tax Base Revitalization Account; and

Whereas, the City has identified the following investigation and/or clean-up projects within the City that meet the Tax Base Revitalization Account's purposes and criteria: 1101 University Ave. SE, 1515 Central Ave. NE, Artspace Jackson Flats, Brunnsfield Place, Digigraphics, Dunwoody Apartments, Dwell at Calhoun Greenway, Fountain Residential, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, Spirit on Lake, The GAV, and West Broadway Curve; and,

Whereas, the City has the institutional, managerial and financial capability to ensure adequate project and grant administration; and

Whereas, the City certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements; and

Whereas, the City finds that the contamination investigation and/or cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding; and

Whereas, the City represents that it has undertaken reasonable and good faith efforts to procure funding for the activities for which Livable Communities Act Tax Base Revitalization Account funding is sought but was not able to find or secure from other sources funding that is necessary for investigation and/or cleanup completion and states that this representation is based on the following reasons and supporting facts: City staff members provide information about all potential sources of brownfield grant funding and actively encourage project proponents to seek funding from as many prospective funding sources as possible.

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council authorizes the Director of the Department of Community Planning and Economic Development or other appropriate City staff to apply on behalf of the City of Minneapolis to the Metropolitan Council for Tax Base Revitalization Account funding for one or more of the above-referenced projects. The City acknowledges that for each grant awarded to and accepted by the City, the City will be the grantee and will act as legal sponsor, and will administer and be responsible for grant funds expended for the project referred to in the applicable grant application.

Authorizing application to the Hennepin County Environmental Response Fund for various projects.

Whereas, the City of Minneapolis intends to act as the legal sponsor for one or more of the following investigation or cleanup projects: 1101 University Ave. SE, 1515 Central Ave. NE, Brunsfield Place, Cameron Building, Digigraphics, Dwell at Calhoun Greenway, Penn & Broadway, Pillsbury Lofts, Prospect Park Station a/k/a Boeser site, and West Broadway Curve;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council approves the aforementioned investigation and/or cleanup projects (although said approval does not confer other benefits or waive zoning, land use, building code or other applicable requirements), for which Environmental Response Fund grant applications are being submitted to the Hennepin County Department of Environmental Services on May 1, 2012 by the City of Minneapolis.

Approving TCCLB/ERF Projects

BE IT RESOLVED by the City Council of The City of Minneapolis:

That the City of Minneapolis approves the assessment and cleanup projects to be funded by the Twin Cities Community Land Bank Brownfield Gap Financing Program, for which an Environmental Response Fund grant was awarded by the Hennepin County Board of Commissioners on January 25, 2011.