



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

**Date:** July 10, 2012

**To:** Lisa Goodman, Chair of Community Development Committee

**Referral to:** Betsy Hodges, Chair of Ways and Means/Budget

**Subject:** Exclusive Development Rights—Praxis Foods

**Recommendation:** Grant exclusive development rights to Praxis Foods through Dec 31, 2013 for the Penn/Plymouth properties at 1256 Penn Ave N & 1235-1243 Oliver Ave N.

**Previous Directives:** none

### Department Information

Prepared by:	Beth Grosen, Sr. Proj. Coordinator
Approved by:	_____ Charles T. Lutz
Presenters in Committee: Beth Grosen	_____ Catherine A. Polasky

### Financial Impact

- City owned land will be sold for market value
- Action is within the Business Plan

### Community Impact

- Neighborhood Notification- The Northside Residents Redevelopment Council's Residential Commercial Task Force discussed the RFP and proposals in November and April. A large public meeting was held May 29, 2012. NRRC Letter of support is attached.
- City Goals Jobs and Economic Vitality—this project involves the launch of a major business and strengthening commercial corridors
- Comprehensive Plan- The Penn/Plymouth intersection is a Neighborhood Commercial Node. A retail commercial use such as a grocery store is an appropriate use in a Neighborhood Commercial Node.
- Zoning Code- The site is zoned C2. A grocery store is a permitted use in the C2 District. A new building will require site plan review. Additional zoning applications may be necessary depending on the actual proposal.

## Supporting Information

The City of Minneapolis has owned the vacant lots at the southeast and southwest corners of Penn and Plymouth for many years. The southeast site is 1.31 acres and is zoned C2, Neighborhood Corridor Commercial District and consists of four parcels. This site was a gas station from 1923-1969. The MCDA acquired 1246 Penn in 1976 and a McDonald's franchiser constructed a restaurant there until Nov 1992 when it was sold back to MCDA; the site was cleared again in 1994. The three other single-family residential parcels were acquired in 1968 through eminent domain. The southwest site is .81 acre and is zoned OR2 high density Office Residence District and is comprised of three parcels. These formerly commercial parcels were all acquired by MCDA via eminent domain at different times between 1979 and the mid-1990s.

Following interest expressed by private and public groups, the City of Minneapolis issued an RFP for these Penn and Plymouth sites in November 2011.

Redevelopment goals listed in the RFP included:

- Reactivate vacant parcels with viable commercial or mixed-use development
- Contribute to commercial activity at the Penn-Plymouth Commercial Node
- Two to four story development is preferred, but not required.
- Accommodate transit
- Interim uses will be considered if they complement and support critical public needs of adjacent institutions and commercial uses.

The RFP was posted on the City's website and notice of the invitation for redevelopment proposals was distributed to the city's listserve of over 600 developers. A public information meeting was held at the Urban League on Nov 3, 2011. Signs were placed on the lots generating several telephone inquiries. There was some media coverage of the RFP, including in Finance & Commerce.

Three proposals were received by the due date of Jan 11, 2012. Hennepin County proposed an interim use of parking for NorthPoint on the southwest site to serve staff and patients. This project is the subject of another council communication/proposed action at this meeting. Master Properties LLC proposed a 42,000 SF (3 story) speculative medical office building on the southeast site. Master rescinded their proposal on May 2, 2012.

The focus of this Council action is the proposal by Glenn Ford on behalf of Praxis Foods Inc. Praxis Foods proposed a full service 23,000-30,000 SF grocery store on the southeast site. The proposal includes a focus on providing fresh produce, meat and fish, a delicatessen and a seating area for fully prepared meals made in the store. Super Valu will be the wholesale provider for Praxis. Praxis has expressed great interest in selling locally grown food.

Praxis is interested in employing skilled and unskilled Minneapolis residents, including employment opportunities for young people as an entry level workplace.

The grocery store is projected to employ 150 including some management positions in marketing, personnel, and finance. Praxis intends to launch a series of grocery stores in other urban locations including Chicago and Kansas City. The Minneapolis site will be the first, and development is estimated to cost \$6.5 million.

An alternate multi-use concept including one or two additional floors to be leased for office or senior housing is still under study. The amount and type of parking (potentially structured and underground) is also still under development. While Praxis's objective for the site is to maximize density and activity to the extent feasible, the grocery would be developed in all scenarios. Praxis will select a developer in the next few months.

The key business points include:

Praxis will build a grocery store of 23-30,000 sq. ft.

The City will work collaboratively with Praxis and its project team to secure environmental cleanup grant funding.

An appraisal has been completed. The land is valued at \$4-6 per sq. ft. clean.

City will not market the property for sale and will actively work with Praxis to refine their proposal.

Praxis by October 31, 2012 will communicate details to the city regarding the definitive scope of development on the site.

Praxis will submit by December 31, 2012 preliminary plans for initial review by Minneapolis Development Review and Public Works staff (PDR).

Praxis will secure all entitlement approvals and secure financing. Praxis is seeking New Market Tax Credit by Dec 31, 2013 and an investor through the EB5 certification program.

Provided that Praxis meets the above milestones and that the final development proposal is affirmed and the sale of the city property for redevelopment is approved by the City Council through a subsequent action, Praxis will enter into a redevelopment contract and comply with all applicable City requirements including preparation of affirmative action plans, competitive bidding, Apprenticeship Training Policy, the Small and Underutilized Business Enterprise Program, the Business Subsidy Act/Living Wage Ordinance, Job Linkage, and Prevailing Wage Policies.