



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

**Date:** January 29, 2013

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

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

**Subject:** 2013 Preliminary Planning Fund (PPF) Allocations

**Recommendation:** Approve 2013 Preliminary Planning Fund Allocations as noted in Attachment A.

**Previous Directives:** As part of the annual budget process the City Council approves a Fund 01CPP (Preliminary Planning) appropriation. Project allocations are subsequently identified and approved.

### Department Information:

Prepared by: Karuna Mahajan, Sr. Financial Analyst (612.673.5227)	
Approved by: Charles T. Lutz, Deputy Director, CPED	_____
Jeff Streder, Director, Development Finance	_____
Presenters in Committee: Jeff Streder, Director, Development Finance	

### Financial Impact (Check those that apply)

- No financial impact: The Preliminary Planning Fund (01CPP) have been appropriated in the 2013 Budget
- This is within the CPED business plan.

### Background/Supporting Information

The Preliminary Planning Fund (PPF) was established to account for the early costs of planning and assessing the feasibility of development activities for which there is no other pre-development source of funds. The PPF is not an independent funding source. It is an accounting mechanism to identify these early project planning costs for potential reimbursement from subsequent project revenues. The requested allocations are not final project budgets but staff estimates of the pre-project costs likely to occur in a given year. They are also not to be considered as commitments to future project funding. PPF expenditures are limited to professional services such as market studies, legal and financial analysis, preliminary site plans, pollution testing for soil analysis, and for staff time. They are not used for capital expenditures. PPF allocations and appropriations lapse at year-end.

The total 2013 appropriation is \$2,475,459. This report requests the Council to approve \$2,089,959 for 32 projects as shown on Attachment A. \$385,500 is unallocated and intended for any additional 2013 activity. Attachment B contains the individual project narratives along with information on how the costs are expected to be recovered. City Council approval must be obtained for future allocations that exceed \$50,000. The CPED Director may approve allocations of \$50,000 or less.

To the extent possible, PPF expenditures are recovered from projects that originally used PPF. These repayments are from such sources as tax increment, developer application fees, project analysis fees, land sale revenues, or otherwise uncommitted project revenues.

Attachment A also shows the 2012 allocations and expenditures.

## **Attachment A**

<b>2013 Preliminary Planning Fund (01CPP) Allocations</b>					
Project Code	Project Description	Project Expd History (2004-2012 ytd*)	2012 Allocations	2012 Expenditures*	2013 Allocation Request
<b>Per Council Approval</b>					
MCPP181	Peavey Plaza	351,476	130,000	162,937	254,304
MCPP191	Brownfield Grant Admin	176,200	109,066	106,563	154,188
MCPP058	Lowry Avenue Corridor	163,571	55,242	8,880	133,143
MCPP147	West Broadway Curve	236,917	51,121	26,312	123,773
MCPP139	Hawthorne Block	8,400	98,866		106,495
MCPP114	Basset Creek	390,556	54,459	40,594	104,308
MCPP163	Snelling Avenue Yards	105,837	100,181	23,785	93,027
MCPP162	Bystrom Brothers Property/Franklin Station	157,082	56,910	9,491	83,941
MCPP161	Capri Block	218,374	123,316	49,496	80,427
MCPP221	2800 Johnson Street NE	8,551	10,755	8,551	80,257
MCPP160	East Bank Mills - Pillsbury A Mill Redevel	14,487	60,333	381	67,902
MCPP227	AEON Refinance				61,937
MCPP196	Grain Belt Marshall Street Site	63,534	77,498	13,772	60,900
MCPP225	Grant Street Commons				60,900
MCPP226	North Haven II				60,900
MCPP211	Calhoun Place Rehab-HIA		58,007		58,007
MCPP178	Riverview Townhomes	34,877	34,094	1,617	52,893
MCPP170	Currie Park Mixed Use Development	7,745	81,977	257	52,878
MCPP217	Cedar Riverside Commercial Properties		46,755		49,879
MCPP222	44th & Humboldt Sr. Hsg. Site		45,741		45,741
MCPP044	Penn-Plymouth	169,610	24,154	69,947	44,817
MCPP218	Seward Community Bike Walk Center	23,433	12,116	23,433	43,500
MCPP228	Artspace Jackson Flats				43,500
MCPP214	2600 Minnehaha	13,152	31,304	13,152	31,799
MCPP229	Boeser Site				27,161
MCPP141	1001 West Broadway	79,591			21,922
MCPP223	Northrup School Site Disposition		31,040		21,000
MCPP224	807 Broadway School Site Disposition		31,040		21,000
MCPP165	927 West Broadway	13,030	39,328		18,705
MCPP216	Grain Belt Office Building		28,420		16,737
MCPP215	2644 Minnehaha	3,930	3,930		8,521
MCPP186	Parcel E - Liner Parcel	124,568	4,087		5,497
	<b>Subtotal</b>		<b>1,399,739</b>	<b>559,165</b>	<b>2,089,959</b>
<b>2012 allocations not requesting additional funding in 2013</b>					
MCPP010	Hollywood Theatre	333,216	8,940	1,406	
MCPP014	Hiawatha LRT	664,596		1,775	
MCPP110	UHT Redevelopment	45,136	30,000		
MCPP123	Spirit of the Lake Senior Coop	10,873	33,342	1,320	
MCPP151	1100 Second South St.	52,192	10,241	18,042	
MCPP167	Jerome Boxleitner Place	117,989	71,487	19,821	
MCPP173	Bii Di Gain Dash Anwebi	72,334	68,309	57,068	
MCPP177	Riverview Apartments	136,763	65,828	31,389	
MCPP179	Old Third Ave Townhomes	53,438	46,861	14,148	
MCPP185	Cocran Triangle	384	36,146		
MCPP192	MetCouncil Hiawatha Excess Property Sale	23,737	15,198	19,982	
MCPP194	Franklin Steele	69,120	44,120		
MCPP201	Dunwoody Flats	906		906	
MCPP202	Little Jax Redevelopment	1,153	25,032	34	
MCPP203	Whitter Clinic Development Parcel	13,266	8,940	1,966	
MCPP204	Penn Ave Redevelopment Proj/Plan	84,745		2,061	
MCPP205	Cedar Lake Land - Pass Through	16,431	10,000	10,803	
MCPP208	Hub at 1300-1400 W Broadway	9,914		1,202	
MCPP209	129 Plymouth MndOT land pass thru	24,380	57,016	17,906	
MCPP212	The Wellington Rehab-HIA	20,889	20,889		
MCPP213	Touchstone PPL	1,628	43,650	1,628	
MCPP219	Pillsbury Historic Redevelopment		3,000		
MCPP220	2034 West Broadway	1,237	26,168	1,237	
	<b>Subtotal</b>		<b>625,165</b>	<b>202,694</b>	<b>0</b>
MCPPUN	PPF Unallocated		374,798		385,500
<b>TOTAL</b>			<b>2,399,701</b>	<b>761,859</b>	<b>2,475,459</b>
* 2012 ytd expenditures as of 10/31/2012					

## Attachment B

### Recommended Preliminary Planning Fund projects requesting funding in 2013

1. **Penn – Plymouth** (Project Coordinator – Beth Grosen)

**2013 Request: \$44,817**

2012 Allocation: \$24,154

Funds are requested for staff time to pursue the sale for redevelopment of two City-owned parcels at the Penn-Plymouth intersection. A developer was awarded exclusive development rights to the property in 2012.

Funds to be recovered from land sale proceeds.

2. **Lowry Avenue Corridor** (Project Coordinator – Tiffany Glasper)

**2013 Request: \$133,143**

2012 Allocation: \$55,242

Funds are requested for staff time, property surveys, environmental site assessments, etc. for continued work with Hennepin County, Project for Pride in Living and others to facilitate redevelopment along West Lowry Avenue at the identified focus areas. Redevelopment activities are intended to complement the Lowry Avenue roadway reconstruction and other redevelopment activities. Department will apply for various grants to supplement this project.

Recovery of funds will be achieved through the sale of the land.

3. **Bassett Creek** (Project Coordinator – Beth Grosen)

**2013 Request: \$104,308**

2012 Allocation: \$54,460

Funds are requested for staff time to implement redevelopment strategy for underutilized City property near downtown. Staff will assist in development of grant applications for environmental clean-up and infrastructure, and manage related projects.

Funds to be recovered from land sale proceeds and possible future TIF. Department has successfully pursued grants to support this work and will continue to do so.

4. **Hawthorne Block** (Project Coordinator – Tiffany Glasper)

**2013 Request: \$106,495**

2012 Allocation: \$98,866

Funds are requested for redevelopment of underutilized and blighted properties for mixed income, higher-density housing development. Hawthorne Block 009 is located on the East side of Lyndale Avenue, bounded by 23<sup>rd</sup> and 24<sup>th</sup> Avenues North and these funds will provide for site assemblage, redevelopment site planning and soils testing.

5. **1001 West Broadway** (Project Coordinator – Beth Grosen)

**2013 Request: \$21,922**

2012 Allocation: \$0

Funds are requested for staff to stabilize and market for sale 1001 West Broadway. Property management capital costs will be covered through Common Project funds (CAZ).

Recovery of funds will be achieved through the sale of the land.

6. **West Broadway Curve** *(Project Coordinator – Tiffany Glasper)*

**2013 Request: \$123,773**

2012 Allocation: \$51,122

Funds are requested for staff time to continue acquisition and site assemblage activities to facilitate redevelopment of the West Broadway Curve consistent with the West Broadway Alive Small Area Plan. Activities also include site planning and preparation, and soils testing.

Recovery of funds will be achieved through the sale of the land.

7. **East Bank Mill** *(Project Coordinator – Wes Butler)*

**2013 Request: \$67,902**

2012 Allocation: \$60,333

Funds are requested for staff engaged in assembling funds to close the development gap, get Council approval of TIF application Bond application/tax credits, AHTF request, Legacy funds and others, successful financial closing on first phase.

Funds will be recovered through land sale proceeds.

8. **Capri Block** *(Project Coordinator –Kristin Guild & Tiffany Glasper)*

**2013 Request: \$80,427**

2012 Allocation: \$123,315

Funds are requested for staff time to complete site assemblage, manage demolitions, oversee property management and to market for sale for redevelopment a property on the SE corner of West Broadway Avenue and Penn Avenue.

Funds to be recovered through land sale proceeds and/or revenues from short term property leases.

9. **Bystrom Brothers Property / Franklin Station** *(Project Coordinator –Amy Geisler)*

**2013 Request: \$83,941**

2012 Allocation: \$56,910

The Bystrom Brothers site is adjacent to the Franklin Avenue LRT station, and is being redeveloped from industrial to transit-oriented development. Site acquisition occurred in 2009, and was done jointly by the City and Seward Redesign. Funds are requested for staff time to assist the development of this multi-phase project, review the development proposals as they come forward, finalize the sale of the City-owned Phase II site to CommonBond, and manage a number of grants associated with the project. TIF may be requested for the site in the future, and would provide a source for recovery of PPF investments.

Funds may also be recovered through land sale proceeds and any TIF created for this redevelopment.

10. **Snelling Ave Yards** *(Project Coordinator – Amy Geisler)*

**2013 Request: \$93,027**

2012 Allocation: \$100,180

Funds are request for the staff time to help develop the Snelling Yards as a multifamily site, consisting of 3 – 5 story construction with approximately 180 housing units. CPED staff will lead the RFP process to select a developer for the site, seek City Council approval to negotiate a purchase agreement, and facilitate the land sale. The net sales proceeds will then be forwarded to Public Works which are committed to additional infrastructure investment in the station area to support TOD.

11. **927 West Broadway** (Project Coordinator – Beth Grosen)

**2013 Request: \$18,705**

2012 Allocation: \$39,328

Funds are requested for Business Development staff time associated with 927 West Broadway to oversee property management and market the property for sale for redevelopment. Property management capital costs will be covered through Common Project funds (CAZ).

Funds may be recovered through land sale proceeds.

12. **Curry Park Lofts** (Project Coordinator – Matt Goldstein)

**2013 Request: \$52,878**

2012 Allocation: \$81,977

Funds are requested for staff time to work on closing the development gap. The 2013 activities include financial closing on possible City and pass-through funding, administering outside funding (DEED, ERF, TBRA, LCDA, HLAf, etc.), support City development plan review process. If the development gap is not closed, 2013 activities will focus on repossessing the Met Council HLAf money and working with the Met Council to reprogram that funding to another Minneapolis project.

13. **Riverview Townhomes** (Project Coordinator – Theresa Cunningham)

**2013 Request: \$52,893**

2012 Allocation: \$34,094

Funds are requested for staff time to work with development team to finalize development proposal, process any requests for public financial assistance, and attend any neighborhood, public planning, hearings and/or coordination meetings, as appropriate. Negotiate the purchase of real property as required. Work with development team to present proposal to other public and private audiences to solicit and secure funding as needed.

Recovery of funds will be achieved through the sale of the land.

14. **Peavey Plaza** (Project Coordinator – Ann Calvert)

**2013 Request: \$254,304**

2012 Allocation: \$130,000

Funds are requested for staff time and consultant contracts to manage state bond funding, secure private contributions and manage the contract with the designers for plaza in conjunction with renovation and expansion of Orchestra Hall.

Funds to be recovered through the State bond grant to the project and private fundraising.

15. **Parcel E – Liner Parcel** (Project Coordinator – Carrie Flack)

**2013 Request: \$5,497**

2012 Allocation: \$4,087

Funds are requested for staff time to oversee property management and interim uses. The Department does not expect to market the property for redevelopment in 2013.

Funds to be recovered through land sale proceeds. A portion of the site was sold in 2010 to the American Academy of Neurology to construct their new headquarters building in the Mill District.

16. **Brownfield Grant Administration** (*Project Coordinator – Kevin Carroll*)

**2013 Request: \$154,188**

2012 Allocation: \$109,066

Funds are requested to manage the application process for numerous brownfield and development grant programs. Direct staff time budgeted is 1,500 hours (approx \$87,000) with City overhead added to accrue to a total of \$152,000. Revenues from grant application and administration fees adopted in 2010 will defray these staff costs. Fee revenues are expected at approximately \$180,000. Fee revenues are deposited into the Preliminary Project Fund.

17. **Grain Belt Marshall Street Site** (*Project Coordinator – Jerry LePage*)

**2013 Request: \$60,900**

2012 Allocation: \$77,498

The Grain Belt-Marshall Street site consists of the Grain Belt Office Building (1215 Marshall Street), and the Housing Parcel (1219 Marshall), which will include the development of approximately 150 housing units and some neighborhood commercial. Funds are requested for staff time to coordinate the sale of the Housing Parcel negotiate and execute the redevelopment, land sale and any financial agreement with the developer selected through the RFP process; and coordinate the start of the construction of the housing project.

Recovery of funds will be achieved through the sale of the land.

18. **Calhoun Place Rehab - HIA** (*Project Coordinator – Matt Goldstein*)

**2013 Request: \$58,007**

2012 Allocation: \$58,007

Calhoun Place Rehab –HIA is a condo renovation of common area elements including the exterior façade, windows and doors financed by taxable, general obligation housing improvement area bonds. The PPF funds that were previously allocated in 2012 were not used due to a delay in the project financing. Now that PAA has been granted, staff is pursuing final approval of this project financing early in 2013.

This expenditure is proposed to be reimbursed by a bond sale.

19. **2600 Minnehaha** (*Project Coordinator – Mark Garner*)

**2013 Request: \$31,799**

2012 Allocation: \$31,304

Funds are requested for Business Development staff time to market this City-owned property for redevelopment. The staff will negotiate sale terms and redevelopment contract. Property management costs are budgeted in the Common Project (CAZ).

Funds are expected to be recovered from the sale of the property.

20. **2644 Minnehaha** (*Project Coordinator – Rebecca Parrell*)

**2013 Request: \$8,521**

2012 Allocation: \$3,930

Funds are requested to fund staff time to negotiate the sale of this sliver parcel. Property management costs are budgeted in the Common Project.

Funds are expected to be recovered from the sale of the property.

21. **Grain Belt Office Building** (*Project Coordinator – Kevin Carroll*)

**2013 Request: \$16,737**

2012 Allocation: \$28,420

Funds are requested for Business Development staff to complete the sale of the Grain Belt Office Building approved by Council in 2012. Property management costs are budgeted in the Common Project.

Funds are expected to be recovered from the sale of the property.

22. **Cedar Riverside** - (*Project Coordinator – Erik Hansen*)

**2013 Request: \$49,879**

2012 Allocation: \$46,755

Funds are requested for Business Development staff to manage several City-owned commercial properties in the Cedar Riverside neighborhood – including 427 Cedar and parking lots located East of Cedar Avenue between Riverside and 6<sup>th</sup> Street and behind the Red Sea. Property management costs are budgeted in the Common Project.

The funds are expected to be recovered through the sale proceeds when these properties are sold.

23. **Seward Community Bike Walk Center** - (*Project Coordinator – Mark Garner*)

**2013 Request: \$43,500**

2012 Allocation: \$12,116

CPED is serving as the fiscal agent for a multi-year federal grant to the Seward Neighborhood Group to develop and operate the SPOKES Bike Walk Center in the Seward neighborhood. The PPF would cover staff time overseeing the grant draws, to be recaptured through a 3% administration fee charged for City services.

24. **2800 Johnson** (*Project Coordinator – Tiffany Glasper*)

**2013 Request: \$80,257**

2012 Allocation: \$10,755

The staff is coordinating environmental assessment on four properties on Johnson Street NE – 2800, 2820 and the Hollywood Theater (2815) and the adjacent lot (2819) that City is pursuing acquisition. Funds are requested to pay for the investigation of 2800 Johnson site as it is not eligible for the EPA investigation grant because of its prior use as a gas station.

The funds are expected to be recovered from the land sale proceeds.

25. **44<sup>th</sup> & Humboldt Senior Housing** (*Project Coordinator – Theresa Cunningham*)

**2013 Request: \$45,740**

2012 Allocation: \$45,740

Funds are requested for staff to investigate the possibility of overseeing the purchase and disposition of Hennepin County excess land at 4414 Humboldt Ave. N. into a senior's multi-family housing development. Staff will work to acquire the site, prepare development objectives for the site, solicit development proposals for the site, review applications for public assistance, and attend any neighborhood, public or private meetings, as appropriate. Work with the selected development team to present the proposal to any other public and/or private audience to solicit and secure support and/or financial assistance.

26. **Northrup School Site Disposition** *(Project Coordinator – Jerry LePage)*

**2013 Request: \$21,000**

2012 Allocation: \$31,040

Funds are requested for staff to oversee the disposition of excess property located at 1611 46<sup>th</sup> St East commonly known as Northrup school site under a consultant agreement with Minneapolis Public School (MPS).

The funds will be recovered through the reimbursement payments by Minneapolis Public Schools based upon invoices provided by the City.

27. **807 Broadway School Site Disposition** *(Project Coordinator – Mark Garner)*

**2013 Request: \$21,000**

2012 Allocation: \$31,040

Funds are requested for staff to oversee the disposition of excess property located at 807 West Broadway St NE and 1100,1110,1112 Quincy Street NE, commonly known as John B. Davis Educational Service Center under a consultant agreement with Minneapolis Public Schools (MPS).

The funds will be recovered through the reimbursement payments by Minneapolis Public Schools based upon invoices provided by the City.

28. **Grant Street Commons** *(Project Coordinator – Theresa Cunningham)*

**2013 Request: \$60,900**

2012 Allocation: \$0

Funds are requested for staff time to work with the development team to upgrade the existing elevator system, stabilize the structural integrity of the building, waterproof deck coating in garage area and minor rehab of additional handicap accessible unit.

Staff will execute the necessary trust fund loan documents and work with the developer on the repayment of a 1984 UDAG Interest Rate Reduction Loan to the development.

29. **North Haven II** *(Project Coordinator – Theresa Cunningham)*

**2013 Request: \$60,900**

2012 Allocation: \$0

Funds are requested for staff time to negotiate and draft loan documents to provide affordable housing trust funds to assist with the renovation of this 5-unit apartment building. Staff will execute the necessary loan documents and monitor the implementation of the improvements. CPED staff will also be responsible to sign-off on all funding draws

30. **AEON Refinance** *(Project Coordinator – Amy Geisler)*

**2013 Request: \$61,937**

2012 Allocation: \$0

Funds are requested for staff time related to Aeon's efforts to refinance and/or restructure debt on their Elliott Park apartment portfolio.

31. **Artspace Jackson Flats** *(Project Coordinator – Theresa Cunningham)*

**2013 Request: \$43,500**

2012 Allocation: \$0

Funds are requested for staff time to monitor the construction and remediation improvements to the development and the ultimate release of environmental grant and federal trust funds at completion of the proposed development. CPED staff will also be responsible to sign-off on the release of environmental funds as the work is completed and reimbursement requested by the developer and general contractor.

32. **Boeser Site** *(Project Coordinator – Amy Geisler)*

**2013 Request: \$27,161**

2012 Allocation: \$0

Funds are requested for staff to oversee the redevelopment of the Boeser site near the 29<sup>th</sup> Ave LRT station that includes development of 150-200 housing units. The City has received a \$2.7 million grant from the Met Council to assist in the acquisition and remediation of the site. The construction is expected to begin in 2015.

The developer is evaluating whether TIF is feasible for the project.

33. **Unallocated PPF Funds**

**2013 Request: \$385,500**

2012 Allocation: \$522,541

These funds are set aside to fund any additional preliminary fund projects if requested during the year.