



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

Date: January 20, 2015

To: Lisa Goodman, Chair of Community Development and Regulatory Service Committee

Subject: Extension of Exclusive Development Rights—Praxis Foods

Recommendation: Grant a three month extension to the exclusive development rights to Praxis Foods through April 30, 2015 for the Penn/Plymouth properties at 1256 Penn Ave N & 1235-1243 Oliver Ave N.

Previous Directives: November 29, 2013 grant a one year extension to the exclusive development rights through Dec 31, 2014 for the Penn Plymouth properties at 1256 Penn Ave N & 1235-1243 Oliver Ave N; July 20, 2013 grant exclusive development rights to Praxis Foods through Dec 31, 2013.

Department Information

Prepared by: Beth Grosen, Sr. Project Coordinator

Approved by: D. Craig Taylor, Executive Director of CPED _____

Presenters in Committee: D. Craig Taylor, Executive Director of CPED

Financial Impact N/A

Community Impact

- Neighborhood Notification- The Northside Residents Redevelopment Council supports the extension. NRRC Letter of support is attached.
- City Goals- Jobs and Economic Vitality—this project involves the launch of a major business providing quality jobs and needed healthy food products in North Minneapolis.
- 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 specific proposal.

Supporting Information

Late in 2011, an RFP was issued for City-owned property at the intersection of Penn and Plymouth Avenues. Hennepin County proposed to enter into a ground lease to construct an interim parking lot on the southwest corner, primarily to be used by the North Point medical facility. Glenn Ford of Praxis Foods proposed to construct a full service 30,000 SF grocery store on the southeast corner. The City Council in July 2012 authorized the ground lease with Hennepin County and granted exclusive development rights to Praxis Foods until Dec 31, 2013. In November 2013 the City Council granted a twelve month extension until Dec 31, 2014 to allow Praxis more time to complete their development plans and finalize financing.

After considerable discussion with Glenn Ford in recent weeks, staff recommends a further three-month extension to secure financing for the grocery store through a private debenture with AIG. Ford plans to have a financing agreement in place by late March and hire architects to finalize the building plans this spring. Plans have been delayed as Ford tried to secure EB-5 foreign investment funding. This program is used to encourage foreign investment in designated economically-distressed areas throughout the US where the program grants immigrant investors a green card in exchange for making at least a \$500,000 qualified investment in a designated regional center and creating at least 10 US jobs. Pursuing EB-5 funding has proved too time-consuming for this project, and Mr. Ford is securing corporate bonding of \$28 million to fund the grocery store, as well as a large aquaponics facility in MN. Final underwriting for the debenture should be completed within the next two months.

Project Description

- The grocery store, including a second-story mezzanine and underground parking, will be built on the 1.3 acre site. The total development cost for the grocery store project is estimated at \$7.2 million.
- The store will provide fresh produce, meat and fish, a delicatessen and a seating area for fully prepared meals made in the store in North Minneapolis, which has been identified as a "food desert" lacking healthy food shopping options. Furthermore, Praxis has expressed great interest in selling locally grown food.
- The attractive urban store will be sited up to the sidewalk on both the Penn and Plymouth sides, with a pedestrian-friendly design including many windows.
- Praxis Foods will employ 120, including over 75 full time workers in a variety of positions including marketing and management. Praxis is interested in employing skilled and unskilled Minneapolis residents, including providing employment opportunities for young people as an entry level workplace.
- Glenn Ford is an experienced business person with a vision to launch a series of urban grocery stores in other locations including Chicago and Kansas City. This would be the first store.

CPED staff are actively working with Mr. Ford to finalize this project. We have secured \$230,530 in grants for brownfield remediation and will propose to pursue additional development grants to support this development. This project is an ideal candidate for the City's Grow North business recruitment incentive program and a potential candidate for tax abatement, both subject to applications by the development team, staff review and Council action.

The key business points moving forward include:

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

City will not market the property for sale during this period and will actively work with Praxis.

Praxis will submit by **Feb 20, 2015** preliminary conceptual plans for initial review by Minneapolis Development Review and Public Works staff (PDR). These plans will include a (1) site plan including parking layout, (2) building design including a floor plan and basic building elevations.

Praxis will submit applications for the \$200,000 Grow North forgivable loan and tax abatement incentives by **March 20, 2015**.

Praxis will secure financing approval from AIG by **March 31, 2015** for the project.

Praxis will submit by **April 28, 2015** architectural plans showing substantial progress toward submittal of applications by May 20 for entitlement approval for Planning Commission action in July 2015.

Before closing on the land sale and brownfield cleanup, Praxis will secure all entitlement approvals and financing.

Provided that Praxis meets the above milestones, 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.