

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

Date: October 28, 2008
To: Lisa Goodman, Chair, Community Development Committee
Referral to: Paul Ostrow, Chair, Ways and Means/Budget Committee
Subject: Environmental Remediation Grant Applications, Fall 2008

Recommendation:

1. Approve the attached resolution in support of the University of Minnesota's application to the Hennepin County Environmental Response Fund [ERF] for the Como Student Community Cooperative.
2. Approve the attached amended resolution authorizing application to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account [TBRA] Grant Program for environmental remediation and/or investigation funding for the following projects:
200 1st St. N., 1200 W. Broadway, 2900 Lyndale Ave. S, CVS Pharmacy, Digigraphics, Soo Line Building, and Standard Heating & Air Conditioning

Previous Directives:

None.

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

Financial Impact: None.

Community Impact:

Neighborhood Notification: None.

City Goals:

A Premier Destination
Enriched Environment

Sustainability Targets: Brownfield Sites

Comprehensive Plan:

The proposed project complies with the "land reclamation" and "providing a healthy environment" elements of the Minneapolis Plan.

Zoning Code:

The proposed project is consistent with the zoning code.

Living Wage/Business Subsidy Agreement: Yes____ No_X__

Job Linkage: Yes____ No_X__

Other: Environmental remediation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act.

Background/Supporting Information

1. University of Minnesota – ERF Application -- Como Student Community Cooperative.

Hennepin County has been collecting mortgage registry and deed tax 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 clean up of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications for the fall round of this program are due on or by November 3, 2008. The amount that is potentially available to fund brownfield grants in the fall 2008 round is \$1.5 million. Typically, about 50% of the available grant funds are awarded to the City of Minneapolis, and the remainder is awarded to suburban communities and other entities.

The City was contacted by a representative of the University of Minnesota's Department of Environmental Health and Safety [kg1] after the October 14 request to the City Council to approve brownfield grant funding applications was finalized, regarding soil contamination that had been discovered in late September at a University-owned property known as the Como Student Community Cooperative, located at 1024 27th Avenue SE. The property in question includes several apartment buildings that provide housing for married students. The contamination was discovered while soil was being removed from around the foundations of the buildings during a landscaping and basement waterproofing project.

Tests conducted during the soil removal process indicated the presence of elevated concentrations of lead, cadmium, arsenic and carcinogenic polycyclic aromatic hydrocarbons, which present potential health risks. The

University intends to apply directly to Hennepin County's ERF program for funding to assist with additional environmental testing, in an effort to finalize a remediation plan. The ERF program requires that any "direct applicant" provide evidence that the City of Minneapolis is aware of and is in support of any anticipated application to the ERF program^[kg2]. The University currently intends to apply for approximately \$45,000 in ERF funding. At its meeting on October 14, the Community Development Committee approved the submission of 13 other applications to the ERF fund in the total amount of \$765,057.

2. Soo Line Building – Met Council TBRA Application

In the fall 2007 brownfield grant round, the City Council endorsed and supported a grant application that was submitted to the Metropolitan Council's Tax Base Revitalization Account [TBRA] program on behalf of the Soo Line Building at 501 Marquette Avenue. The application sought funding assistance primarily for asbestos remediation in connection with the renovation of several floors of the building and the conversion of those floors from office space to hotel space. The TBRA program awarded the Soo Line Building project a grant in the amount of \$614,500 for the project, and the remediation work in question is now complete, or nearly so.

It was recently decided that it would be prudent to conduct about \$200,000 worth of asbestos remediation on additional floors of the building that are not being converted to hotel space (i.e., floors that are being renovated but that will remain as office space). The cost of the remediation of these additional floors was not included in the original 2007 TBRA grant application. City staff members believe that a supplemental TBRA grant application for this expansion of the original Soo Line Building project would be favorably received by Met Council staff. This would also be an opportune time to seek additional funding from the TBRA program for another City project, inasmuch as the six TBRA applications (in the total amount of \$480,565) that were approved by the Community Development Committee at its meeting on October 14, 2008 are seeking less than 25% of the maximum amount (\$1.95 million) that could theoretically be awarded to City projects by the Met Council in the current grant round.

The resolution that was approved by the Community Development Committee on 10/14/08 did not include a reference to the Soo Line Building. The Met Council has indicated that it will accept a TBRA application for the Soo Line Building by the 11/3/08 grant submission deadline if the Community Development Committee approves an amended resolution (which includes a reference to the Soo Line Building) on 10/28/08 and if the full Council adopts that resolution on 11/7/08.

Approving University of Minnesota's application to the Hennepin County Environmental Response Fund for Como Student Community Cooperative

Whereas, the University of Minnesota has indicated that it desires to apply directly to the Hennepin County Environmental Response Fund [ERF] on or by November 3, 2008 for funding to assist with the investigation of soil contamination at the Como Student Community Cooperative at 1024 27th Avenue S.E. in the City of Minneapolis; and

Whereas, the ERF program's procedures require a City Council resolution in support of any project within the City of Minneapolis that intends to seek such funding; and

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

That the City Council hereby expresses its support for the ERF investigation funding that the University of Minnesota intends to request from Hennepin County for the Como Student Community Cooperative at 1024 27th Avenue S.E.

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

Whereas, the City of Minneapolis (the "City") was and is a participant in the Livable Communities Act's Housing Incentives Program 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 clean-up projects within the City that preliminarily appear to meet the Tax Base Revitalization Account's purposes and criteria: 200 1st St. N., 1200 W. Broadway, 2900 Lyndale Ave. S, CVS Pharmacy, Digigraphics, Soo Line Building and Standard Heating & Air Conditioning; and,

Whereas, the City intends to act as the legal sponsor for the above-referenced projects, which will be more completely described in Tax Base Revitalization Account grant applications to be submitted to the Metropolitan Council on or by November 3, 2008, subject to final staff verification of each such application's compliance with the TBRA grant program's purposes and criteria ; and

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

Whereas, upon approval of one or more of its applications, the City may enter into agreements with the Metropolitan Council for one or more of the above-reference projects and certifies that it will comply with all applicable laws and regulations stated in such contract grant agreements; and

Whereas, the City finds that the required contamination 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 cleanup completion and states that this representation is based on the following reasons and supporting facts: the City does not have funds budgeted specifically for the environmental remediation of privately owned properties and is therefore contemporaneously seeking assistance for the projects in question from the Metropolitan Council and from other brownfield grantors;

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 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 and to execute such agreements as are necessary to implement the projects.