

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

Date: February 16, 2010

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

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

Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF)

Recommendation:

1. Accept the following grants:

MN Department of Employment and Economic Development (DEED) Grants

(The local match for these projects will come from developer's funds and/or from other grant funds.)

Project	Grant Award
129 Plymouth Avenue North	\$121,395
2600 Minnehaha Avenue South	\$303,566
Linden Hills	\$31,353
Total DEED:	\$456,314

Metropolitan Tax Base Revitalization Account (TBRA) Grants

(There is no local match required for these grants.)

Project	Grant Award
Lyndale Green	\$170,000
Total Metropolitan Council TBRA:	\$170,000

Hennepin County Environmental Response Fund (ERF) Grants
(There is no local match required for these grants.)

Project	Recipient	Grant Award
129 Plymouth Avenue North	City of Minneapolis	\$24,292
800 Third Street North	800 Third, LLC	\$316,812
2600 Minnehaha Avenue South	City of Minneapolis	\$55,500
Como Student Comm. Co-op	University of Minnesota	\$429,063
Whittier Cooperative	City of Minneapolis	\$100,000
Total Hennepin County ERF:		\$925,667

2. a) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$504,753 (\$145,687 for 129 Plymouth Avenue North and \$359,066 for 2600 Minnehaha Avenue South), and b) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$301,353 (\$31,353 for Linden Hills, \$170,000 for Lyndale Green and \$100,000 for Whittier Cooperative).
3. Increase the 2010 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$456,314; Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$170,000; and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$179,792.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On October 30, 2009, the City Council authorized staff to submit a number of applications for remediation grant funds to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF). Additional project-specific Council actions are as follows:

129 Plymouth Avenue North: On August 28, 2009, the City Council granted final approval of the planning, zoning and land use applications required for the project in question.

2600 Minnehaha Avenue South: On February 18, 1988, the City Council approved the acquisition of this site for \$143,854. On February 20, 2009, the City Council accepted and approved a \$31,000 investigation grant that had been sought from and awarded by the Hennepin County ERF program.

Linden Hills (4242-4264 Upton Ave. S.): None.

Lyndale Green (610 28th Street W.): On April 18, 2008, the Council authorized the submission of a Hennepin County Transit Oriented Development (TOD) application and authorized submission of a Hennepin County ERF grant application. On June 6, 2008, the Council authorized submission for Livable Communities Demonstration Account (LCDA) funding by the Metropolitan Council. On August 8, 2008, the Council authorized acceptance of Hennepin County ERF grant funds. On September 26, 2008, the Council authorized staff to execute a Cooperative Agreement with Hennepin County related to a TOD grant awarded to the project. On October 24, 2008, the Council adopted a resolution approving the Lyndale Green

Redevelopment Plan. On December 12, 2008, the Council authorized an Affordable Housing Trust Fund loan to the project in the amount up to \$975,000. On February 6, 2009, the Council authorized acceptance of the LCDA grant in the amount of \$850,000. On March 6, 2009, the Council granted Project Analysis Authorization in response to a TIF application for the project. On October 2, 2009, the Council gave preliminary approval for an allocation of up to \$7.5 million in Housing Revenue Bonds to the project.

Whittier Cooperative (2609 Blaisdell Ave. S.): None.

Note: The remaining two projects referred to herein, 800 Third Street North and Como Student Community Cooperative, were not included in the aforementioned City Council action that was taken on October 30, 2009, because each project had been the subject of at least one prior City Council action that satisfied the submission requirements of Hennepin County's ERF grant program.

Prepared by: Kevin Carroll, Principal Project Coordinator Paula Mazzacano, Development Grants Coordinator
Approved by: Charles T. Lutz, Deputy Director, CPED _____ Catherine Polasky, Director of Economic Development _____

Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5181

Financial Impact

Action requires an appropriation increase to the Capital Budget _____ or
Operating Budget

Action provides increased revenue for appropriation increase

Action is within the Business Plan

Community Impact

Neighborhood Notification:

129 Plymouth Avenue North: This project was presented to the North Loop Neighborhood Association [NLNA] on three occasions between March and June of 2009, and the NLNA issued a letter of support on June 25, 2009. The North Washington Industrial Park (Jobs Park) Committee indicated its support for the project at a meeting on March 17, 2009.

800 Third Street North: The project's concept plan was presented to the North Loop Neighborhood's Land Use and Planning Committee on September 17, 2008.

2600 Minnehaha Avenue South: Community notification was provided when the City issued a Request for Proposals in 2004 regarding the potential redevelopment of the site. The Seward Neighborhood Group [SNG] was provided with written notification regarding the proposed redevelopment of this property and the anticipated submission of brownfield grant applications to DEED and Hennepin County.

Como Student Community Co-op (1024 27th Ave. SE): None.

Linden Hills (4242-4264 Upton Ave. S.): The developer has indicated that general discussions have taken place with the Linden Hills Neighborhood Council and the Linden Hills Business Association regarding the possible redevelopment of this site, but that a specific redevelopment plan has not yet been proposed because the project is in its early planning stages.

Lyndale Green (610 28th Street W.): The Whittier Alliance has supported the developer's proposal to date, both for funding requests and for land use applications.

Whittier Cooperative (2609 Blaisdell Ave. S.): CommonBond's proposal regarding Affordable Housing Trust Funds [AHTF] assistance was discussed at meetings of the Issues Committee of the Whittier Alliance on August 10, 2009, and September 14, 2009.

City Goals: Connected Communities; a Premier Destination; and an Enriched Environment. Cleanup of contaminated land supports sustainability goals and some projects include “green” design and construction elements.

Sustainability Targets: Seven Minneapolis sites were awarded funds in this grant round. Five of those seven sites were awarded funds in prior grant rounds, so the two new sites that received grants bring the total number of City projects securing brownfield grants (2004-2009) to 97. The City’s goal of remediating 100 brownfield sites by 2014 will therefore likely be achieved in the next (spring 2010) grant round.

Comprehensive Plan: The proposed projects generally comply with the “land reclamation” and “providing a healthy environment” elements of the Minneapolis Plan.

Zoning Code: The proposed projects either are in compliance or will comply.

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

Living Wage/Business Subsidy Agreement: Yes ____ No
Job Linkage: Yes ____ No

Supporting Information

On November 2, 2009, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF) for a number of projects, including 129 Plymouth, 2600 Minnehaha, Linden Hills, Lyndale Green, and Whittier Cooperative. Developer applications were submitted directly to Hennepin County for 800 Third Street North and Como Student Community Co-op..

Total grant funds awarded to projects located in the City of Minneapolis during the fall 2009 remediation grant funding round were \$1,551,981, which is 46.4% of the amount requested.

Minnesota Department of Employment and Economic Development (DEED)

Contamination Cleanup and Investigation Grant Program – of the \$1,672,233 awarded statewide, Minneapolis projects received \$456,314, or 27.3% of the grant funds awarded.

Three of the four Minneapolis projects that submitted applications received grants. The funds awarded to Minneapolis projects represent 66.5% of the total amount requested by the four projects.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program

– of the \$191,500 awarded metro-wide, Minneapolis projects received \$170,000, or 88.8% of the grant funds awarded.

One of the five Minneapolis projects that submitted applications received a grant. The funds awarded to that Minneapolis project represent 14.4% of the total amount requested by the five projects.

Hennepin County Environmental Response Fund (ERF) - of the \$1,948,367 awarded county-wide, Minneapolis projects received \$925,667, or 47.5% of the grant funds awarded.

Five of the ten Minneapolis projects that submitted applications received grants. The funds awarded to those projects represent 62.9% of the total amount requested.

Geographic Distribution of Grant Awards

DEED, the Metropolitan Council and Hennepin County awarded a total of 24 brownfield grants during the fall 2009 grant round. Projects receiving grants were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS RECEIVED
Minneapolis	9
St. Paul	4
Carver County, Duluth, Excelsior, Grand Rapids, Hermantown, Mayer, Park Rapids, St. Cloud, St. Louis Park, Virginia, Wayzata,	1 each

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

The City sponsored and submitted grant applications on behalf of these five projects, and in each case the related grant agreement will be between the grantor and the City. The City will enter into subrecipient agreements with the developers or related entities to enable them to obtain reimbursement for any eligible remediation costs incurred.

129 Plymouth Avenue North (Ward 5) - \$145,687

Lead Developer – Lupe Development (or affiliated entity)

DEED Contamination Cleanup award \$121,395

Hennepin County ERF award \$24,292

This is a .76-acre property that is currently owned by MnDOT. The City intends to acquire the property and convey it to Lupe Development for the construction of a commercial or light industrial building of approximately 8500 square feet. Remediation funds will be used to conduct additional site cleanup required prior to development.

2600 Minnehaha Avenue South (Ward 9) - \$359,066

Lead Developer – City of Minneapolis (initially)

DEED Contamination Cleanup award \$303,566

Hennepin County ERF award \$55,500

800 Third Street North (Ward 7) - \$316,812

Developer awarded grant funds – Schafer Richardson dba 800 Third, LLC

Hennepin County ERF award \$316,812

The developer intends to remediate two adjacent parcels comprising 3.48 acres and develop one parcel for 225 market-rate housing units (with first floor commercial space) and the other for publicly-accessible green space. Remediation funds will be used to clean up contaminated soil.

Como Student Community Co-op (Ward 2) - \$429,063

1024 27th Ave. SE

Developer awarded grant funds – University of Minnesota

Hennepin County ERF award \$429,063

The 6-acre project site consists of three existing student housing buildings and adjacent green space. Contaminated fill material was discovered during recent waterproofing work on the buildings and during rain garden construction. Grant funds will be used to clean up contaminated soil.

FALL 2009 CONTAMINATION CLEANUP GRANT ROUND

MINNEAPOLIS APPLICANTS - Requests & Awards

(o) = original request in pre-application; (a) = amended request in final application

PROJECT	APPLICANT	# of Acres	DEED		Met Council TBRA		Hennepin County ERF		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
129 Plymouth Ave. N.	City of Minneapolis	.76	117,000(o) 140,145(a)	121,395			20,280(o) 24,292(a)	24,292	137,280(o) 164,437(a)	145,687
800 Third St. N.	Schafer Richardson	3.48					463,031	316,812	463,031	316,812
1720 Madison St. NE	City of Minneapolis				30,000	0			30,000	0
2600 Minnehaha Ave S.	City of Minneapolis	1.53	311,039(o) 333,000(a)	303,566			103,680(o) 55,500(a)	55,500	414,719(o) 388,500(a)	359,066
Como Student Community Co-op	U of M	6.0					429,063	429,063	429,063	429,063
East Mills Apts	Bluff Street Dev .LLC						33,314	0	33,314	0
Florence Court Apts	City of Minneapolis		191,700	0	250,000(o) 524,925(a)	0	106,220(o) 166,613(a)		547,920(o) 883,238(a)	0
Howe School	City of Minneapolis						31,200(o) 40,746(a)		31,200(o) 40,746(a)	0
Linden Hills	City of Minneapolis	.87	21,584	31,353			21,584	0	43,168	31,353
Lyndale Green	City of Minneapolis	1.27			170,000	170,000			170,000	170,000
Northrop School	City of Minneapolis						34,700(o) 38,384(a)		34,700(o) 38,384(a)	0
Walker Apartments	Twelfth & Hennepin Dev. LLC				258,563	0			258,563	0
Whittier Cooperative	City of Minneapolis	2.34			200,000	0	200,000	100,000	400,000	100,000
TOTAL (acreage total is for <i>awarded</i> grants only)		16.25	641,323(o) 686,429(a)	456,314	908,563(o) 1,183,488(a)	170,000	1,443,072(o) ¹ 1,472,527(a)	925,667	2,992,958(o) ² 3,342,444(a)	1,551,981
Percent of Requested Funds Awarded:				66.5%		14.4%		62.9%		46.4%

¹ This figure is \$829,094 greater than the corresponding total that appeared in the staff report for the 10/20/09 meeting of the Community Development Committee. The difference is due to the addition of amounts related to the *developer-submitted* ERF applications for 800 Third Street North and Como Student Community Co-op. Those applications amounts were not known until the 11/2/09 application deadline.

² This figure is \$829,094 greater than the corresponding total that appeared in the staff report for the 10/20/09 meeting of the Community Development Committee (see #1 above).

Amending the 2010 General Appropriation Resolution.

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$504,753.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$301,353.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$456,314.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$170,000.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$179,792.