

# MEMORANDUM



## Request for City Council Committee Action

Date: March 21, 2003

To: Council Member Goodman, Community Development Committee  
Council Member Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by: Darrell Washington, Phone 612-673-5019;  
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Approved by Lee Sheehy, MCDA Executive Director  
Chuck Lutz, MCDA Deputy Executive Director \_\_\_\_\_

Subject: Accept & Appropriate from the Hennepin County Environmental Response Fund (ERF) a \$200,000 grant on behalf of Heritage Park and a \$15,000 grant for assessment and clean-up activities at the proposed Roosevelt Library site.

### Previous Directives:

#### Heritage Park

On July 30, 1999, the City Council approved the Near North Community Redevelopment Plan. On March 24, 2000, the City Council approved the Near Northside Master Plan. On May 12, 2000, the City Council and MCDA Board approved a Master Development Agreement with McCormack Baron. On August 25, 2000, the City Council approved a Stage 1 Finance plan for the park, open space and infrastructure improvements to be constructed in Phase 1. On June 8, 2001 the City Council and MCDA Board approved the major business terms of the Phase 1 Development Agreement (Rental Components) and authorized City officials to enter into a Joint Powers Agreement with the MCDA and MPHA. On June 22, 2001, the City Council and MCDA Board approved the Hollman Transition TIF Plan, Modification No. 13 to the Grant Urban Renewal Plan, and Modification No. 84 to the Common Development Tax Increment Finance Plan. On October 25, 2002, the City Council approved submission of a grant request for the Heritage Park project (Near Northside Redevelopment Project) to the Hennepin County Environmental Response grant program.

#### Roosevelt Library

On October 25, 2002, the MCDA Board authorized an application to the Hennepin County Environmental Response Fund for the Roosevelt Library's proposed site. On February 14, 2003, the Board authorized the MCDA to enter into a Memorandum of Understanding with the Minneapolis Library Board regarding pre-development activities and costs for the development of a mixed-use proposal.

**Neighborhood Group Notification:** The affected groups have been notified.

**Ward:** 5<sup>th</sup> (Heritage Park), 9<sup>th</sup> (Roosevelt Library)

**Consistency with *Building a City That Works*:** The Heritage Park and the proposed Roosevelt Library project are consistent with Goal 2: Ensure that an array of housing choices exists to meet the needs of our current residents, attract new residents to the city, and preserve and expand the number of affordable housing units.

**Comprehensive Plan Compliance:** Complies

**Zoning Code Compliance:** All anticipated development is consistent with the current zoning classification.

**Impact on MCDA Budget:** (Check those that apply)

- No financial impact
- Action requires an appropriation increase to the MCDA Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

*Receipt of Hennepin County ERF grants requires no local match.*

**Living Wage / Business Subsidy:** Compliance will be required.

**Job Linkage:** Compliance will be required.

**Affirmative Action Compliance:** Compliance will be required.

**Recommendation:**

**City Council**

Heritage Park

1. Accept a \$200,000 Hennepin County Environmental Response grant for pollution investigation and remediation activities for Heritage Park.
2. Increase the 2003 MCDA Appropriation Resolution in Fund SMN by \$150,000.
3. Increase MCDA Revenue Budget in Fund SMN (3220-03 County Grants) by \$200,000.
4. Forward this report to the MCDA Board of Commissioners for its review and approval.

Roosevelt Library Site

1. Accept a \$15,000 Hennepin County Environmental Response grant for pollution investigation and remediation activities at the proposed Roosevelt Library site.
2. Increase the 2003 MCDA Appropriation Resolution in Fund SMN by \$15,000.
3. Increase MCDA Revenue Budget in Fund SMN (3220-03 County Grants) by \$15,000.
4. Forward this report to the MCDA Board of Commissioners for its review and approval.

**MCDA Board of Commissioners**

1. Execute grant agreement and subrecipient agreements

## **Background/Supporting Information**

The MCDA has received a Hennepin County Environmental Response Fund grant in the amount of \$200,000 for environmental assessment activities for Heritage Park and \$15,000 for assessment/clean-up activities at the proposed Roosevelt Library site. This report is requesting authorization for acceptance and appropriation of the grant as well as authorization to execute grant and subrecipient agreements as required to implement the project. Local match is not required for this grant.

### Heritage Park Project Background

The Heritage Park Redevelopment Project will result in 900 new housing units replacing the former Sumner, Olson, Glenwood, and Lyndale family public housing developments. The redevelopment is generally bounded by I-94 on east, Glenwood Ave. on the south, Girard Ave. N on the west, and 7<sup>th</sup> Street N. on the north.

The Heritage Park Redevelopment Project will be implemented in four phases, with the first two phases located on the north side of Olson Memorial Highway and the third and fourth phases on the south side of Olson. Construction of eight of the approximately 45 rental buildings located in Phase 1 is currently underway. Completion of the infrastructure and site preparation work is complete for Phase 1 and 2 is anticipated for Fall 2003. Phases 1 and 2 will include 345 rental units and approximately 160 for-sale units. Phases 3 and 5 will include 95 rental units and approximately 200 for-sale units.. McCormack Baron & Associates of St. Louis is the master developer for the rental project and is partnered with the local firm of Legacy Management and Development Corporation. McCormack Baron & Associates will construct, own and manage the rental units.

Upon completion, Heritage Park will include new parks, new infrastructure, facilities for community and service organizations, and the parkway boulevard that will connect this north Minneapolis community with south Minneapolis.

### Roosevelt Library

The Library Board has identified the corner of 23rd Avenue South and 38th Street as a potential site for a new library facility that will replace the present Roosevelt Library located at 4026 28th Avenue South. The Library Board has approached MCDA to request certain project assistance in the development of a mixed-use proposal that would contain up to 30 housing units, a possible small retail establishment, in addition to and as a part of the proposed 12,000 square foot library.

The Library Board is progressing forward with a mixed-use development. The MCDA and Library Boards have both agreed to enter into a Memorandum of Understanding that outlines roles, responsibilities and cost to each entity to accomplish certain pre-development activities on the proposed site.

As part of providing pre-development assistance to the Library, MCDA applied for an Environmental Response Fund grant for use at the proposed site.

The proposed ERF agreement by and between Hennepin County and the MCDA states the conditions and uses of a \$15,000 ERF grant. The use of the grant proceeds will be to develop environmental assessments and a RAP preparation for the project.

This ERF Grant will reduce pre-development costs for both the MCDA and the Library Board. As stated in the MOU, MCDA and the Library were anticipating about \$16,155 in predevelopment costs of which \$10,000 was allocated for environmental/geotechnical review expenses. The purpose of this grant coincides with those costs bringing immediate value to the mixed-use development as this is a source of funding which does not requires payback.