

Minneapolis Community Development Agency

Request for City Council Action

Date: May 20, 2003

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

Prepared by Jack Kryst, Phone 612-673-5130

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Development Funding Cycle – June 2003

Previous Directives: On October 25, 2002, the City Council approved a process for implementing development funding cycles, to be effective March 2003.

Companion Reports: For details on specific proposals, see the following companion reports and requested actions:

\$40,000 Commercial Corridor Loan for Snyder's Drugstore

City Council Recommendation:

1. Allocate Commercial Corridor funds of \$40,000 for a low interest loan to American Indian Neighborhood Development Corporation (AINDC).
2. Amend the 2003 MCDA Appropriation Resolution to increase the appropriation in fund SCD (Community Development 595) by \$40,000 from available fund balance.

Forward this report to the MCDA Board of Commissioners for its review and approval.

MCDA Board Recommendation:

The Executive Director recommends that the Board of Commissioners authorize appropriate staff to execute the necessary documents to provide American Indian Neighborhood Development Corporation a Commercial Corridor loan of \$40,000 for a period of ten (10) years at four percent (4%) interest.

MILES Appropriation for Ongoing Work in Seward South Industrial Park

City Council Recommendation: The Executive Director recommends that the City Council amend the 2003 MCDA Appropriation Resolution to increase the appropriation in Fund SCD (Community Development 595) by \$110,000 from existing fund balance.

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Project Analysis Authorization and Developer Selection for Hiawatha and Lake
Redevelopment Area Sites LS3 and LS4

MCDA Board Recommendation: The Executive Director recommends that the Board of Commissioners select Cedar Lake Development Partners' proposal and authorize staff to continue analysis of Phase I of the redevelopment proposal and authorize the Executive Director or other appropriate staff to prepare and execute a Preliminary Agreement to Negotiate.

RECOMMENDATION:

The Executive Director recommends that the City Council receive and file this report and consider the recommendations contained in the three companion reports.

Background/Supporting Information

On October 25, 2002, the City Council approved a process for implementing development funding cycles. Requests for the following types of public financial assistance are subject to development funding cycles:

- tax abatement approvals
- Leveraged Investment Fund approvals
- other gap funding approvals
- Commercial Corridor Fund approvals
- Neighborhood Economic Development Fund (NEDF) approvals
- Community Commercial Economic Development Fund (CEDF) approvals
- Minneapolis Industrial Land and Employment Strategy (MILES) approvals
- developer selection following a Request for Proposals (RFP) process

Actions subject to development funding cycles are to be presented for City Council and/or MCDA Board consideration during the first Council meeting cycles of March, June, September and December.

June 2003 Development Funding Cycle

Three reports requesting City Council and MCDA Board action are included in the June 2003 development funding cycle. One report requests Commercial Corridor funds, one requests MILES funds, and one requests developer selection following an RFP process. The requests are:

- 1) an appropriation of \$40,000 in Commercial Corridor funds for a loan to the American Indian Neighborhood Development Corporation (AINDC) for the initial build-out of space in the Ancient Trader's Market/Franklin Circles Shopping Center to be occupied by Snyder's Drug Store;
- 2) an appropriation of \$110,000 in Minneapolis Industrial Land and Employment Strategy (MILES) funds for on-going engineering and site work in the Seward South

Industrial Park, including removal of contaminated soil, storm sewer construction and monitoring costs; and

- 3) selection of a development proposal from Cedar Lake Development Partners for Hiawatha and Lake Redevelopment Area sites LS3 and LS4 for further analysis and refinement, and authorization to prepare and execute a Preliminary Agreement to Negotiate.

Detailed information on these requests is provided in the separate reports to the City Council and MCDA Board.

Funding Sources

Commercial Corridor Fund

Commercial Corridor funding supports commercial and mixed-use projects within commercial and community corridors identified in *The Minneapolis Plan*. The amount currently available for Commercial Corridor funding, resulting from prior Council allocation, is \$817,000. If the AINDC request for \$40,000 is approved, the remaining amount allocated for Commercial Corridor funding will be \$777,000. Anticipated additional 2003 requests for Commercial Corridor funding include a cleanup grant match in the amount of \$10,000 for 1620 Central Avenue Northeast, an undetermined amount for the Ritz Theater, and \$500,000 to be awarded through the combined Empowerment Zone/MCDA Commercial Corridors RFP to be issued in May. (The RFP will also include \$500,000 in CEDF funds and \$1,250,000 in Empowerment Zone funds, for a total of \$2,250,000.)

MILES

Minneapolis Industrial Land and Employment Strategy (MILES) funding is used to create jobs, expand tax base and redevelop vacant and underused light industrial sites. The amount currently available for MILES funding, resulting from prior Council allocation, is \$1,000,000. If the request for \$110,000 for Seward South Industrial Park site work is approved, the remaining amount allocated for MILES will be \$890,000. It is anticipated that there will be a request for approximately \$490,000 in MILES funding for site assembly in North Washington Industrial Park later in 2003.

Comparison of Proposals

The current requests for Commercial Corridors and MILES funding are compared to other recent requests for the same funding sources on the following page. No comparison is provided for the selection of a developer for the sites within the Hiawatha and Lake Redevelopment Area, since the proposal was the only one received in response to the RFP. The proposal may be part of a future development funding cycle if funds subject to funding cycles are requested.

Comparison of Proposals for Use of Commercial Corridor Funds
 (columns describing current proposals are shaded)

	AINDC/Snyder's Drug Store	Do All Building	Seward So. Ind. Park Site Work	Seward So. Ind. Park Envir. Remediation
Location				
Ward	6	2	9	9
Neighborhood	Ventura Village	Seward	Seward	Seward
Address	1221 East Franklin Avenue	2327 East Franklin Avenue	E. 26 th St. & Minnehaha Ave. S.	2700 Minnehaha Avenue South
Type of Project	Commercial Rehab/ Tenant Improvements	Commercial Rehabilitation	On-going engineering and site work to support light industrial development	Removal of asbestos-containing material
Date Approved	(Current Request)	December 28, 2001	(Current Request)	September 13, 2002
Project Description				
Size (sq. ft.) – Industrial	----	----	----	----
Size (sq. ft.)-Office/Comml	----	14,000 square feet	----	----
Size (sq. ft.) – Retail	10,400 square feet	----	----	----
Jobs Created/Retained	25 created/10 retained	(not available)	----	----
Total Living Wage Jobs	35	(not available)	----	----
Total Housing Units	----	----	----	----
0-1 Bedroom	----	----	----	----
2 Bedroom	----	----	----	----
3+ Bedroom	----	----	----	----
Total Affordable Units	----	----	----	----
Percent Affordable Units	----	----	----	----
Parking Stalls - Surface	116	51	----	----
Parking Stalls - Structured	----	----	----	----
EMV Upon Completion	(not available)	\$737,000	----	----
Projected Annual Taxes	\$15,380	\$16,136	----	----
Financing				
Total Development Costs	\$200,000	\$1,597,245	----	----
Private Costs	\$160,000	\$1,477,245	----	----
Public Costs	\$40,000	\$120,000	\$110,000	\$425,000
Percent Public	20%	8%	100%	100%
Sources of Public Assistance	\$40,000 Comml Corridors	\$80,000 Comml Corr \$40,000 2% Loan	\$110,000 MILES	\$425,000 MILES
Tax Exempt Financing	None	None	None	None
Recapture Provisions	Loan repayment	Loan repayment	None	None
Other Information				
City Priorities	Economic Development	Economic Development	Economic Development	Economic Development
Neighborhood Support	Yes	Yes	----	----