

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

**Date:** January 19, 2010

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

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

**Subject:** DEED Redevelopment Grant Application  
(February 1, 2010 Application Deadline)

## Recommendation:

Approve the attached resolution authorizing staff to submit an application to the Minnesota Department of Employment and Economic Development [DEED] Redevelopment Grant Program for the Upper Harbor Terminal Stormwater Management Project.

## Previous Directives:

**Upper Harbor Terminal [UHT] Stormwater Management Project:** Congress authorized funding for the Upper Harbor Terminal project in 1945, and the project was completed in 1963. A number of City Council actions related to the UHT have been taken during the last seven decades. Recent actions have included authorization by the City Council (on July 23, 2004) of an Operating Agreement with River Services, Inc. [RSI] to manage and operate the City's Upper Harbor River Terminal from 2005 through 2014. Each year since then, the City Council has approved the UHT operating budget as required by the Operating Agreement.

Prepared by: Kevin Carroll, Principal Project Coordinator

Approved by: Charles T. Lutz, Deputy CPED Director

Catherine A. Polasky, Director of Economic Development

Presenter in Committee: Kevin Carroll, 612-673-5181

## Financial Impact

X Other financial impact: There is no direct financial impact at this time.

However, any DEED redevelopment grant that is ultimately approved by DEED will have a 50% "local match" requirement. For public sector projects, typical sources

for the City's match requirement are tax increment financing, bonds, assessments, contributions by interested/affected private sector partners, and grant proceeds from sources other than DEED.

## **Community Impact**

**Neighborhood Notification:** N/A

### **City Goals:**

The projects identified herein will assist the City in achieving one or more of the following goals:

- Connected Communities (Strategic Direction: "Integrated, Multimodal Transportation Choices Border-to-Border")
- Enriched Environment (Strategic Direction: "Upper Mississippi Planned and Proceeding")

### **Sustainability Targets:**

The project identified herein is expected to contribute to one or more of the following targets identified in or by the City's Sustainability Initiative: Combined Sewer Overflow, Permeable Surfaces, and Water Quality.

### **Comprehensive Plan:**

The project identified herein is consistent with Policies 4.1.2 and 4.11.1 of the Minneapolis Plan for Sustainable Growth (adopted 10/2/09), which provide that Minneapolis will "seek out and implement long-term redevelopment projects that catalyze revitalization and private sector investment" and "enhance and maintain transportation, wastewater, green space, and other physical infrastructure to serve the needs of businesses where appropriate."

### **Zoning Code:**

The proposed project is either in compliance or will comply.

**Living Wage/Business Subsidy Agreement:** Yes\_\_\_ No X (see below)

**Job Linkage:** Yes\_\_\_ No X (see below)

**Other:** Any business that occupies a redeveloped site may be asked to voluntarily 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.

## **Background/Supporting Information**

DEED's Redevelopment Grant Program was created in 1998 to assist development authorities with costs for redeveloping blighted industrial, residential, or commercial sites where the need to recycle the land for a more productive use exists. Grants can pay for land acquisition, demolition, infrastructure improvements, soil stabilization when infill is required, ponding or other environmental infrastructure, and adaptive reuse of buildings, including remedial activities at sites where a subsequent redevelopment will occur. Grants pay up to 50 percent of

redevelopment costs for a qualifying site. There is a 50 percent local match required from the eligible applicant.

The sole source of the grants to be awarded in the upcoming round (February 1, 2010 application deadline) will be bond funds. Bond funds can be used only for eligible costs on publicly owned land where the end use has a public purpose and the related (new) infrastructure will be publicly owned.

Priority, as per state statute, is given to projects with one or more of the following characteristics:

1. There is a need for redevelopment in conjunction with contamination remediation.
2. The redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increment will contribute to the project .
3. There is redevelopment potential within the municipality.
4. There is proximity to public transit if located in the Minneapolis/St. Paul metropolitan area.
5. The project is multi-jurisdictional in nature and takes into account transportation, environmental impact(s) and the need for affordable housing.

From 1998 to 2001, the DEED Redevelopment Grant Program provided assistance to both metro and Greater Minnesota communities. In 2001, the Legislature modified the Program by creating a statutory preference or priority for Greater Minnesota projects. The City of Minneapolis was therefore not awarded any Redevelopment Grant Program funds between 2001 and 2006 (inclusive).

The 2007 legislature modified the Redevelopment Grant Program by making it a statewide program once again. Grant funds may now be split between Greater Minnesota and the seven-county metropolitan area. At least 50% of the grant money must be awarded to sites located outside of the metro area, unless insufficient eligible applications are received for qualifying Greater Minnesota projects, in which case more than 50% of the available funds can potentially be awarded to metro-area projects.

The anticipated City of Minneapolis grant application referred to herein (the Upper Harbor Terminal Stormwater Management Project) is expected to seek \$374,500 in Redevelopment Grant Program funds. DEED staff members have indicated that there will be approximately \$1.7 million available in this round, with a minimum of about \$850,000 available for metro-area projects. Most or all of the funding that is currently available has come from previously-awarded DEED grants funds that have been returned to DEED by projects that have been unable to proceed as originally planned. No new funding for the Redevelopment Grant Program was provided during the 2009 legislative session.

For the last four grant rounds (8/1/07, 2/1/07, 8/1/08 and 2/1/09 application deadlines) of this DEED grant program, City staff reviewed and compared the applications in the context of four criteria believed to be of critical importance to the

City: creation of new public infrastructure, proximity to light rail transit, creation of affordable housing, and job creation. The Upper Harbor Terminal Stormwater Management Project satisfies the “new public infrastructure” criterion. Accordingly, and in light of the fact that only one City project was suggested for the funding that is available in the current round, the staff recommendation in this instance is that the City submit to DEED the proposed grant application for the Upper Harbor Terminal Stormwater Management Project.

### **Details of Proposed Project**

Projected DEED Request for UHT Stormwater Management Project: \$374,500

The Upper Harbor Terminal [UHT] site is located on the west bank of the Mississippi River, just north of the Lowry Avenue bridge. The site, which includes nine separate parcels comprising approximately 50 acres in total, has historically been used primarily for industrial purposes including the storage of salt, sand, wood, coal and other materials. The City of Minneapolis has owned and operated the UHT as a commercial navigation-oriented intermodal bulk commodity freight facility since the early 1960's. Since 1991, the City has contracted with River Services, Inc. [RSI] for the day-to-day operation of the UHT.

The UHT site currently includes a few storm sewer lines that convey runoff directly to the river, but the majority of the site drains overland to the river. No on-site stormwater storage or treatment is currently provided.

DEED funds, if awarded, would be used to develop and install infrastructure that would effectively treat stormwater under the existing configuration and be compatible with expected redevelopment of the site. This investment in stormwater management infrastructure will reduce the demand on the City's stormwater system, improve the quality of the receiving waters (i.e., the Mississippi River) and reduce the holding costs for the site associated with the City stormwater utility fee. The local match would potentially consist of funding provided by contributions from River Services, Inc., the Mississippi Watershed Management Organization, the Board of Water and Soil Resources, the Minnesota Department of Natural Resources, and/or the MnDOT Port Assistance Program.

**2010R-**  
**RESOLUTION of the CITY OF MINNEAPOLIS**

Authorizing Application to the Minnesota Department of Employment and Economic Development [DEED] Redevelopment Grant Program for the Upper Harbor Terminal Stormwater Management Project

Whereas, the City of Minneapolis intends to act as the legal sponsor for the following project that will be more completely described in the Redevelopment Grant application to be submitted to the Minnesota Department of Employment and Economic Development (DEED) on or by February 1, 2010: Upper Harbor Terminal Stormwater Management Project; and

Whereas, the City has the legal authority to apply for financial assistance, and the institutional, managerial and financial capacity to ensure adequate project administration; and

Whereas, the sources and amounts of the local match identified in the application are (or are expected to be) committed to the identified project; and

Whereas, the City has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of its application, the City may enter into an agreement with the State of Minnesota for the above-referenced project and will comply with all applicable laws and regulations as stated in said agreement;

Now, Therefore Be It Resolved by The City Council of The City of Minneapolis:

That the City Council authorizes the Director or Deputy of the Department of Community Planning and Economic Development to apply to the Minnesota Department of Economic Development for Redevelopment Program grant funding for the above-referenced project, and that the City's Finance Officer, Contracts Administrator or Purchasing Agent and/or other duly authorized City staff are hereby authorized to execute any agreement that may be necessary to implement the project.