



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

Date: January 30, 2007
To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Paul Ostrow, Ways & Means/Budget Committee

Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up 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:

Metropolitan Tax Base Revitalization Account (TBRA) Grants
(There is no local match required for these grants.)

<u>Project</u>	<u>Grant Award</u>
714-718 Washington (supplemental)	\$47,600
1209 Tyler Street NE	\$211,500
1361 Tyler Street NE	\$690,000
Aloft	\$44,400
Pacific Block	\$415,000
Total Metropolitan Council TBRA:	\$1,408,500

MN Department of Employment and Economic Development (DEED) Grants
(The local match for this project will come from developer's funds and/or from other grant funds, not from the City.)

<u>Project</u>	<u>Grant Award</u>
Pacific Block	\$782,035
Total DEED:	\$782,035

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

Project	Recipient	Grant Award
1361 Tyler Street NE	City on behalf of Hillcrest Development	\$86,034
Archdale Apartments	Central Community Housing Trust	\$50,000
Franklin-Portland III/IV	City on behalf of Hope Community	\$162,000
Heritage Park 3 & 4	Minneapolis Public Housing Authority	\$400,000
Longfellow Station	Longfellow Station I, LLC	\$90,000
Pacific Block	City on behalf of Pacific Flats LLC	\$271,907
Plymouth Avenue Townhomes	Olson Development Consulting, LLC	\$150,000
Total Hennepin County ERF:		\$1,209,941

2. a) Amend the 2007 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8933) by \$2,548,476 (\$47,600 714-718 Washington; \$211,500 1209 Tyler Street NE; \$776,034 1361 Tyler Street NE; \$44,400 Aloft; \$1,468,942 Pacific Block/Pacific Flats and b) Amend the General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8952) by \$162,000 (Franklin-Portland Gateway III & IV).

3. Increase the 2007 Revenue Budget for the Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8490-3215) by \$2,710,476.

4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On July 27, 2004, the Community Development Committee approved the sale of 616 and 620 East Franklin Avenue to Central Community Housing Trust (CCHT) for the **Franklin Portland Gateway Phase III** Project. On January 28, 2005, the City Council approved \$900,000 from the Affordable Housing Trust Fund (AHTF) for the Franklin-Portland Gateway Phase III-The Wellstone and on October 30, 2005, the City Council approved \$275,000 of Affordable Housing Trust Funds for the Franklin-Portland Gateway Phase III Project-The Wellstone. For the **Aloft** project on May 27, 2005, the City Council authorized CPED to execute a purchase agreement with HCRRA and to grant Sherman Associates Exclusive Development Rights to the property for up to 12 months; on July 22, 2005, the City Council approved the pass-through land sale of 900 Washington Ave S and 901 Second Street S above 790 feet to Sherman Associates or an affiliated entity and authorized City staff/officials to execute a redevelopment contract; and on and on October 21, 2005, approved the pass-through sale of the mined-underground space below 790 feet at 900 Washington and 901 Second Street South and approved the land sale of the mined

underground space below 911 Second Street South (911½ Second Street South) to Sherman Associates or an affiliated entity. For **Longfellow Station** on December 23, 2005, the City Council authorized submission of an application for Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Funding and on March 31, 2006, accepted and appropriated \$230,000 Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Fund grant and on June 30, 2006, authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account (LCDA) funding. On December 22, 2006, the City Council reallocated \$750,000 of Hiawatha Corridor Land Assembly CMAQ Funding from Snelling Avenue Extension to Longfellow Station. For the **Pacific Block**, on September 1, 2006, the City Council decided following review of an Environmental Assessment Worksheet not to order an Environmental Impact Statement. For **718 Washington**, on October 21, 2005, the City Council approved applications for Metropolitan Council, DEED and Hennepin County brownfield remediation grants. There are no identified previous directives for the **1361 Tyler Street** project or **1209 Tyler Street NE**.

Prepared by:	Kevin Carroll, Senior Project Coordinator 612 673-5181	
	Paula Mazzacano, Financial Analyst 612 673-5129	
Approved by:	Charles T. Lutz, Deputy CPED Director	_____
	Mike Christenson, Director Economic Policy & Development	_____
	Jack Kryst, Director Development Finance	_____
Presenter in Committee: Kevin Carroll		

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:** The North Loop Neighborhood Association endorsed the **718 Washington Avenue North** project on July 27, 2005; the proposed developer of **1209 Tyler Street NE** has met with the president of the Northeast Park neighborhood; the Downtown Minneapolis Neighborhood Association (DMNA) was notified of the **Aloft** project on February 27, 2006; the proposed developer of the **1361 Tyler Street NE** site has met with the president of the Northeast Park neighborhood; Ventura Village was notified about the **Franklin-Portland Gateway Phases III and IV** projects on September 9, 2005; the Longfellow Community Council was notified of the **Longfellow Station** project on June 19, 2006; the North Loop neighborhood approved the **Pacific Block** project on May 31, 2006.
- **City Goals:** Enriched Environment. Cleanup of contaminated land supports sustainability goals and some projects include green elements.
- **Sustainability Targets:** Remediation of these ten (10) sites will help the City meet its goal of remediating 100 brownfield sites by 2014.
- **Comprehensive Plan:** The 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 assistance is exempt from Living Wage/Business Subsidy and generally exempt from job linkage although there may be case by case exceptions.

Living Wage/Business Subsidy Agreement	Yes _____	No <input checked="" type="checkbox"/>
Job Linkage	Yes _____	No <input checked="" type="checkbox"/>

Supporting Information

On November 1, 2006, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up 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 714-718 Washington, 1209 Tyler Street NE, 1361 Tyler Street NE, Aloft, Franklin-Portland Gateway III & IV, Longfellow Station and Pacific Block. In December 2006, the City also passed a resolution in support of the grant applications submitted outside of CPED's grant review/ranking process for Archdale Apartments, Heritage Park Phases 3 & 4 (MPHA) and Plymouth Avenue Townhomes projects. All of these projects were awarded at least a portion of the grant funds requested. No application was submitted for 825 Glenwood Avenue.

Total grant funds awarded to projects located in the City of Minneapolis are \$3,400,476:

Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program – of the \$4,691,511 awarded statewide, Minneapolis projects received \$782,035, or 16.7% of available grant funds.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$2,910,000 awarded metro-wide, Minneapolis projects received \$1,408,500, or 48.4% of available grant funds.

Hennepin County Environmental Response Fund (ERF) - of the \$1,255,071 awarded county-wide, Minneapolis projects received \$1,209,941, or 96.4% of available grant funds.

A description of each of the projects awarded grant funds is provided below. The Hennepin County ERF grant for Heritage Park Phases 3 & 4 will be made to the Minneapolis Public Housing Authority (MPHA), and the grants for Archdale Apartment, Longfellow Station and Plymouth Avenue Townhomes will be made directly to the developers, not to the City of Minneapolis. The awards to the City of Minneapolis are listed first; the awards to MPHA and developers are listed second.

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

714-718 Washington (Ward 7) - \$47,600 (supplemental award)

714-718 Washington

Metro Council TBRA award	\$47,600
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This award for asbestos and soil remediation supplements \$275,000 awarded Fall 2005. The 126,000 square foot building at 718 Washington is in the process of full-fledged renovation into 31 commercial condominiums for small to mid-size businesses and 24 live/work residential units. The building will house creative businesses, artist studios, professional offices and residents. The residential lofts are priced from \$185,000, and the commercial condos begin at \$140,000. The project will result in a net increase of 120 jobs.

1209 Tyler Street NE (Ward 1) - \$211,500

1209 Tyler Street NE

Metro Council TBRA award	\$211,500
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The project involves the removal of asbestos containing materials (ACM) in flooring materials, pipe fittings, boiler wrap, transite, etc., and the abatement of lead-based paint. The removal of ACM and the abatement of lead-based paint in applicable areas will protect the health and safety of the current tenants and allow for the marketing and safe occupancy for future tenants. Soil and groundwater concerns will be addressed by the responsible party. The project will result in a net increase of 85 jobs.

1361 Tyler Street NE (Ward 1) - \$776,034

1227 to 1361 Tyler Street NE and 1308 ½ Fillmore Street NE

Hennepin County ERF award	\$86,034
Metro Council TBRA award	\$690,000

The project involves the removal of large quantities of asbestos containing materials (pipe fittings, boiler wrap, etc), the design and installation of a soil venting system, and the removal of contaminated soil for the installation of a stormwater management system on the east side of the site (grading, piping, retention pond and paving) to accommodate a 10-year storm event. The removal of ACM and the installation of the soil venting system will protect the health and safety of current tenants, as well as facilitate the marketing and safe occupancy for additional tenants. The stormwater management system will bring the site up to current municipal stormwater codes and at the same time will prohibit access to the current unpaved portion of the site where soils are impacted with semi-volatile organic compounds and heavy metals. The project will result in a net increase of 250 jobs.

Aloft (Ward 7) - \$44,400

900 Washington Avenue South

Metro Council TBRA award	\$44,400
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Funds were awarded to deal with soil contamination over a limited area of the total project site. As part of the redevelopment of Parcel F, Sherman Associates intends to redevelop approximately half the block as a new 155-room Aloft Hotel, with 4,000 square feet of neighborhood retail space along Washington Avenue. The hotel will front Washington Avenue between 9th and 10th Avenues South on vacant land that is currently used as a surface parking lot. Parking for the hotel will be accommodated through a reimbursement agreement with the City of Minneapolis at the adjacent Riverfront Ramp as well as in private underground parking garage located along 2nd Street. There will also be 13 off-street parking spaces for the retail tenants. The project will result in a net increase of 45 jobs.

Franklin-Portland Gateway Phases III & IV – (Ward 6) - \$162,000

1931 Portland Ave S., 612, 616, 620 East Franklin Ave. (Phase III)

1900, 1906, 1908, 1928, Portland Ave S. 500, 510 East Franklin Ave., 1925, 1923, 1921, 1919 5th Ave. S. 515 East 19th St. (Phase IV)

Hennepin County ERF award	\$162,000
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Gateway Phase III (Wellstone) is the re-use of an urban greyfield site – presently an abandoned gas station – next to public transportation and close to downtown amenities. Wellstone is a development partnership of non-profit developers Hope Community, Inc. and Central Community Housing Trust. The housing component includes 49 units, 75% affordable to families earning 60% or below of the area median income. At street level, a family-style restaurant and community space will locate in 7,112 square feet. Wellstone has been awarded nearly \$150,000 to incorporate green/sustainable features including solar domestic hot water system, water conserving appliances, efficient public heating and lighting, heat recovery system in underground parking garage and Energy Star appliances. Gateway Phase IV (Franklin Steele Commons) is an urban infill site next to public transportation and close to downtown amenities. Development is a partnership of non-profit developers Hope Community, Inc. and Central Community Housing Trust. Apartments include 87 units, one-half affordable to families earning 60% or below of the area median income. At street level, commercial/retail will locate in 3,300 square feet. Franklin Steele Commons will also incorporate green sustainable features which may include a green roof, Energy Star appliances, water conserving appliances and fixtures and increased public lighting efficiency. The project will result in a net increase of 32 jobs.

Pacific Block(Ward 7) – \$1,468,942

223, 219, 212 2nd St. N; 217 3rd Ave. N.; 218, 214, 214 1/2, 206, 200 Washington Ave. N; 216 2nd Ave. N.

DEED Contamination Cleanup award	\$782,035
Hennepin County ERF award	\$271,907
Metro Council TBRA award	\$415,000

The Pacific is a mixed-use redevelopment of the entire block bounded by Washington Avenue N., 3rd Avenue N., 2nd Street N., and 2nd Avenue N. in the heart of Minneapolis' North Loop neighborhood. Pacific Flats, LLC intends to redevelop the Pacific to provide a mix of commercial, hotel, office, and residential spaces. The Pacific will provide expanded housing opportunities, supply service retail space to support the growing density of the North Loop neighborhood, and create pedestrian-oriented streetscapes and other public amenities. The project, as proposed, will range between 600,000 and 750,000 square feet including 300 to 450 condominium units, a 150-room boutique hotel, and 60,000 to 100,000 square feet devoted to neighborhood retail and destination office tenants. A large quantity of contaminated soil will be excavated in order to construct underground parking ramps, and the grant funds were awarded for this component of the project. The proposed project will result in a net increase of 325 jobs.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY AS GRANT RECIPIENT:

Heritage Park Phases 3 & 4 (Ward 5) - \$400,000

800-900 4th Avenue N, 901 4th Avenue N, 404 Aldrich Avenue N, 408 Girard Terrace

Hennepin County ERF award	\$400,000
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The project site consists of vacant lots totaling 10.74 acres. Funds have been awarded to assess the extent of possible contamination from petroleum and buried ash and other debris and begin cleanup. Hennepin County notes that additional cleanup funds may be requested in subsequent grant rounds.

DEVELOPER AS GRANT RECIPIENT:

Archdale Apartments (Ward 7) - \$50,000

1600 1st Avenue South

Recipient: Central Community Housing Trust

Hennepin County ERF award \$50,000

Central Community Housing Trust was awarded funds for lead paint abatement during the renovation of a 30-unit apartment building serving the housing and other needs of homeless youth (26 units) and homeless youth with children (4 units) with incomes at or below 30% AMI.

Longfellow Station (Ward 12) - \$90,000

3815 Hiawatha Avenue

Recipient: Longfellow Station I, LLC

Hennepin County ERF award \$90,000

Longfellow Station I, LLC was awarded funds for soil and coal slag cleanup and related groundwater management activities needed to implement Phase I of the Longfellow Station Project, a four block mixed-use transit oriented development located adjacent to the 38th Street Station of the Hiawatha LRT Line. Phase 1a of the project will include up to 294 units of new ownership and rental housing (20% affordable), up to 47,000 square feet of neighborhood retail uses, up to 486 structured parking spaces and other innovative infrastructure improvements. The project will result in a net increase of 150 jobs.

Plymouth Avenue Townhomes (Ward 5) - \$150,000

1800-1822 Plymouth Avenue North

Recipient: Olson Development Consulting, LLC

Hennepin County ERF award \$150,000

Olson Development Consulting, LLC was awarded funds to excavate contaminated soil and install a vapor barrier on a .75 acre site on which will be constructed 18 slab-on-grade townhomes, of which four will be affordable (less than \$201,000).

Amending the 2007 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 600-Other Grants- State and Local (0600-890-8933) by \$2,548,476.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8952) by \$162,000.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8490-3215) by \$2,710,476.