

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

Date: August 4, 2009

To: Lisa Goodman, Chair, Community Development Committee
Referral to: Paul Ostrow, 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 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	Recipient	Grant Award
129 Plymouth Avenue	City of Minneapolis	\$27,969
811-817 4 th Street SE	City of Minneapolis	\$114,502
Bystrom/PPL (Phase I)	City of Minneapolis	\$150,500
Hennepin Healthcare System (Family Medical Center)	Hennepin County	\$444,498
Huron Flats	City of Minneapolis	\$850,725
Parcel A	City of Minneapolis	\$34,508
Total DEED:		\$1,622,702

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

Project	Recipient	Grant Award
811-817 4 th Street SE	City of Minneapolis	\$19,837
Bystrom/PPL (Phase I)	City of Minneapolis	\$270,000
Como Student Community Coop	University of Minnesota	\$712,437
Gateway Lofts	Alliance Housing, Inc.	\$341,520
Groundwork Assessment Program	Groundwork Minneapolis	\$100,000
Hennepin Healthcare System (Family Medical Center)	Hennepin County	\$76,854
Huron Flats	City of Minneapolis	\$147,455
Ken's Metal Finishing	Hennepin County	\$599,330
Lyndale Green/Salem Church	City of Minneapolis	\$30,000
Near North Community Housing	PPL	\$150,000
Walker Apartments	City of Minneapolis	\$64,400
Total Hennepin County ERF:		\$2,511,833

2. a) Amend the 2009 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$62,477 (\$27,969 for 129 Plymouth Avenue N and \$34,508 for Parcel A) and b) Amend the 2009 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$1,647,419 (\$134,339 for 811-817 4th Street SE, \$420,500 for Bystrom/PPL Phase I, \$998,180 for Huron Flats, \$30,000 for Lyndale Green/Salem Church, and \$64,400 for Walker Apartments).
3. Increase the 2009 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,178,204, and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$531,692.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On April 14, 2009, the City Council authorized staff to submit applications for remediation grant funds for these projects to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program and the Hennepin County Environmental Response Fund (ERF):

129 Plymouth: None.

811- 817 4th Street S.E.: The City Council approved the submission of an application for a Hennepin County ERF investigation grant during the spring 2008 grant round.

Bystrom/PPL (Phase I) (2310 Snelling Avenue – Franklin LRT Station Area):

July 1, 2005 – City Council approved submission of federal transportation funding applications for planned work including the realignment/improvement of the Cedar/Franklin/Minnehaha intersection(s). December 23, 2005 -- City Council approved application by Seward Redesign to the Metropolitan Council Hiawatha Corridor Land Assembly Fund for the Franklin Station Project. March 31, 2006 - City Council approved acceptance and appropriation of Metropolitan Council Hiawatha Light Rail Land Assembly Fund Grants of \$3,500,000 for projects along the Hiawatha Light Rail line. April 14, 2006 -- City Council approved application by Seward Redesign to the Hennepin County Transit-Oriented Development Program for the Franklin Station Project. September 1, 2006 -- City Council approved Modification No. 109 to the Common Plan as well as the expansion of the Franklin LRT Station Redevelopment Project to include additional properties, including the Bystrom Brothers property. October 10, 2008 -- City Council authorized a City application to the Metropolitan Council's Land Acquisition for Affordable New Development (LAAND) Program for the Franklin Station Project. December 12, 2008 – City Council approved acceptance of \$500,000 funding award from the Metropolitan Council LAAND (Land Acquisition for Affordable New Development) Program for the Franklin Station Project, approved appropriation increases, authorized the execution of loan, subrecipient and/or disbursement and related agreements for the LAAND award, and set aside \$600,000 from the Minneapolis Hiawatha LRT Corridor Transit Oriented Development Program for property acquisition.

Como Student Community Cooperative (1024 27th Avenue S.E.): The City Council approved the submission of a Hennepin County ERF application in the fall 2008 brownfield grant round.

Gateway Lofts (2610, 2619, 2623 W. Broadway; 2700 Upton Avenue N.): This project was allocated \$997,000 from the Affordable Housing Trust Fund on December 12, 2008.

Groundwork Assessment Program: (various locations): The City Council approved the submission of a Hennepin County ERF grant application related to this program in the fall 2008 brownfield grant round.

Hennepin Healthcare System, Inc. (Family Medical Center) (28th Street & Nicollet Avenue): The City Council approved a Memorandum of Understanding between the City and Hennepin Healthcare System, Inc. on December 12, 2008.

Huron Flats (2428 Delaware Street S.E.): The City Council approved the submission of a Hennepin County ERF application in the fall 2008 brownfield grant round.

[Former] Ken's Metal Finishing (2323-2333 Emerson Avenue N.): On March 17, 2008, the City (through the Minnesota Pollution Control Agency) requested that the U.S. EPA respond to releases and threatened releases of plating shop chemicals and wastes at this site. The City Council approved the submission of a Hennepin County ERF application in the fall 2008 brownfield grant round.

Lyndale Green/Salem Church (610 28th Street W.): The City Council supported an application to the Hennepin County Transit Oriented Development grant program in February 2008 and approved the submission of applications for a Hennepin County ERF investigation grant during the spring 2008 grant round and for a Metropolitan Council LCDA grant in the August 2008 grant round. The project has received PAA for requested tax increment financing and received both Affordable Housing Trust funds and AHIF funds

Near North Community Housing Project: (10 parcels on Logan, Morgan and Oliver Avenue N.): None.

Parcel A: (2nd Street N. between 3rd Avenue S. and 5th Avenue S.): On March 6, 2009, the City Council granted exclusive development rights for this property to Eagle Iron Partners.

Walker Apartments (1121 & 1127 Hennepin Avenue): The City Council approved the submission of a Hennepin County ERF application in the fall 2008 brownfield grant round. The City Council approved a loan of up to \$1,440,000 for this project from the 2008 Affordable Housing Trust Fund on March 29, 2009.

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: This project was presented to the North Loop Neighborhood Association in March of this year, and to the North Washington Industrial Park (Jobs Park Committee) on March 17, 2009.

811- 817 4th Street S.E.: A presentation to the Marcy-Holmes Neighborhood Association's land use committee is believed to have occurred on or about April 9, 2008.

Bystrom/PPL (Phase I) (2310 Snelling Avenue – Franklin LRT Station Area): The Seward Neighborhood Group and the Ventura Village Neighborhood Group both submitted letters requesting that the City adopt the Franklin Avenue redevelopment plan in 2005, and have indicated their ongoing support from time to time. The Seward Neighborhood Group's Community Development Committee [CDC] has been involved in the Bystrom vision and has had a number of conversations with PPL/Touchstone about the proposed Phase I. There is no formal/final plan for the CDC to vote on Phase I, but a CDC representative has indicated that preliminary conversations have been favorable.

Como Student Community Cooperative (1024 27th Avenue S.E.): Residents at the Como Student Community Cooperative receive a memo prepared by the Department of Environmental Health and Safety prior to all fieldwork, along with a summary of each report submitted to the MPCA and a digital link to the complete report. Update presentations are also provided at the Coop board meetings.

Gateway Lofts (2610, 2619, 2623 W. Broadway; 2700 Upton Avenue N.): Letters of support have been written by NRRC and the Jordan neighborhood.

Groundwork Assessment Program: (various locations): Much of the work that will be done under this program will be in connection with current or planned community garden sites. Hennepin County staff members have indicated that the impetus for conducting environmental contamination investigations at such sites has come primarily from community and neighborhood groups.

Hennepin Healthcare System, Inc. (Family Medical Center) (28th Street & Nicollet Avenue): This project has been discussed with the Whittier Community Alliance, the Whittier Business Alliance and the Lyndale Neighborhood Association, each of which has issued a letter in support of the project.

Huron Flats (2428 Delaware Street S.E.): None.

[Former] Ken's Metal Finishing (2323-2333 Emerson Avenue N.): The EPA provided a community notification in May of 2008, which consisted of a fact sheet that was mailed to residents within a two block radius of the site, to the local library and nearby schools, and to various community officials.

Lyndale Green/Salem Church (610 28th Street W.): The neighborhood group has reviewed the project a number of times and voted to support application to the Affordable Housing Trust Fund.

Near North Community Housing Project: (10 parcels on Logan, Morgan and Oliver Avenue N.): The Northside Residents Redevelopment Council issued a letter in support of this project on February 15, 2008.

Parcel A: (2nd Street N. between 3rd Avenue S. and 5th Avenue S.): The developer's proposal for the site was presented to and reviewed by the Industry Square Project Committee, which took no formal position on it (or on any of the development proposals that were submitted by others).

Walker Apartments (1121 & 1127 Hennepin Avenue): On June 10, 2008, the Downtown Minneapolis Neighborhood Association [DMNA] reviewed the preliminary concept plan for this project and passed a motion in support of it. The DMNA also issued a letter on October 9, 2008 in support of the developer's application to the Affordable Housing Trust Fund.

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: Remediation of the seven (7) sites that were the subject of City-submitted grant applications will help the City meet its goal of remediating 100 brownfield sites by 2014. DEED and Hennepin County also awarded funds directly to six (6) developer-applicants for projects located in Minneapolis. The seventeen new grant awards to these thirteen (13) sites bring the total number of City projects securing brownfield grants for remediation (2004-2009) to 95. Grants awarded in the spring 2009 funding round will help clean 16.39 acres. The City continues to make steady progress towards meeting this particular sustainability target.

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 X
Job Linkage: Yes ___ No X

Supporting Information

On May 4, 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 and the Hennepin County Environmental Response Fund (ERF) for a number of projects (see attached summary). The Metropolitan Council, which was (at that time) seeking legislative approval to use previously-allocated TBRA funds for other purposes, did not participate in the spring 2009 brownfield grant round.

Total grant funds awarded to projects located in the City of Minneapolis during the spring 2009 remediation grant funding round were \$4,134,535, which was 65.9% of the total amount requested.

Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program – of the \$5,178,526 awarded statewide, Minneapolis projects received \$1,622,702, or 31.3% of the grant funds awarded.

Six (6) of the eight (8) Minneapolis projects that submitted applications received grants. The \$1,622,702 awarded to those six (6) Minneapolis projects represents 69.3% of the total amount of \$2,340,834 requested by the eight (8) projects.

Hennepin County Environmental Response Fund (ERF) - of the \$4,024,540 awarded county-wide, Minneapolis projects received \$2,511,833, or 62.4% of the grant funds awarded.

Eleven (11) of the twenty (20) Minneapolis projects that submitted applications received grants. The \$2,511,833 awarded to those eleven (11) Minneapolis projects represents 63.9% of the total amount of \$3,928,903 requested by the twenty (20) projects.

New record set: Despite the absence of one of the City’s three primary brownfield grantors, a new City of Minneapolis record was set for brownfield funds awarded in a single grant round. The grand total of \$4,134,535 awarded to Minneapolis projects in the spring grant round broke the City’s prior “single round” record by \$553,793, and is the largest total awarded to City of Minneapolis projects in 29 semi-annual grant rounds going back to the spring of 1995 (when the first of these remediation grant programs began).

Geographic Distribution of Grant Awards

DEED and Hennepin County awarded a total of 29 brownfield grants (DEED, 15; Hennepin County, 14) during the spring 2009 grant round. Projects receiving grants were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS AWARDED
Minneapolis	17
Brooklyn Park	2
St. Paul	2
Mountain Iron	2
Bemidji, Columbia Heights, Excelsior, Moorhead, Robbinsdale, Sherburne County	1 each

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

The City sponsored and submitted grant applications on behalf of these seven 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 N. (Ward 7) - \$27,969

Lead Developer – Lupe Development Partners (or affiliated entity)

The developer has proposed a 9,500 square foot retail and/or light industrial building on a currently vacant lot. Remediation funds will be used for an environmental assessment, RAP development and MPCA VIC review fees.

811-817 4th Street SE (Ward 3) - \$134,339

Lead Developer – Savant Properties LLC (or affiliated entity)

The developer intends to demolish two existing buildings and construct a mixed-use building with retail space and 24 market-rate apartments. Remediation funds will be used for abatement of asbestos and lead-based paint, demolition, soil cleanup and vapor mitigation.

Bystrom/PPL – Phase I (Ward 2) - \$420,500

2304-2310 Snelling Avenue

Lead Developer – Seward Commons LLC, PPL and Touchstone Mental Health Services

The developer intends to build 40 affordable one-bedroom supportive housing units with office and dining space. Remediation funds will be used for the disposal of contaminated soils.

Huron Flats (Ward 2) - \$998,180

2428 Delaware St. SE

Lead Developer – Republic Ventures LLC (or affiliated entity)

The developer intends to construct an 8-story, 100-unit building for student housing, with 1st floor commercial space. Remediation funds will be used for soil and groundwater cleanup and vapor mitigation.

Lyndale Green/Salem Church (Ward 6) - \$30,000

610 28th Street W.

Lead Developer – Brighton Development (or affiliated entity)

The developer intends to renovate an existing church building and construct an adjacent 66-unit apartment building with 1st floor commercial space. Remediation funds will be used for soil cleanup/disposal and vapor mitigation.

Parcel A (Ward 7) - \$34,508

300 & 428 2nd Street S.

Lead Developer – Eagle Iron Partners (or affiliated entity)

The developer intends to construct a mixed-use development with 16,000 square feet of retail space and 326 apartments (approximately 50% for senior housing). Remediation funds will be used for an environmental assessment, RAP development and MPCA VIC review fees.

Walker Apartments (Ward 7) - \$64,400

1121 & 1127 Hennepin Avenue

Lead Developer – 12th & Hennepin Development LLC (or affiliated entity)

The developer intends to construct an apartment building with 85 mixed-income units, about half of which will be affordable, and four of which will be supportive housing units. Remediation funds will be used for abatement of asbestos and lead-based paint, demolition, soil cleanup and vapor mitigation.

DEVELOPER AS GRANT RECIPIENT:

The City did not sponsor or submit grant applications on behalf of these six projects; the developers applied directly to Hennepin County for grant funds. Hennepin County allows developers to directly apply for ERF grants if there is sufficient evidence of prior or current City support for the project. In these cases, the grant agreements will be between the grantor and the developer, rather than between the grantor and the City. Therefore, no subrecipient agreements will be required, and the City will not appropriate the grant funds. The developers

will obtain reimbursement for eligible remediation costs directly from Hennepin County, rather than from or through the City. The following details regarding these “direct submission” applications are provided for informational purposes:

Como Student Cooperative (Ward 2) - \$712,437

1024 27th Ave. SE

Owner awarded grant funds – University of Minnesota

The 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 excavate and dispose of the contaminated fill.

Gateway Lofts (Ward 5) - \$341,520

2601-2603 West Broadway

Developer awarded grant funds – Alliance Housing

The developer intends to demolish an existing gas station and construct 46 units of affordable and market-rate housing. Remediation funds will be used for pre-demolition abatement, demolition, soil cleanup and vapor mitigation.

Groundwork Assessment Program (Various Wards) - \$100,000

Various Locations

Organization awarded grant funds – Groundwork Minneapolis

Groundwork Minneapolis provides technical and financial assistance to nonprofit and community groups for the investigation and cleanup of contaminated sites, especially potential or existing community gardens. Remediation funds will be used to continue and expand upon this organization’s prior assessment/remediation initiatives.

Hennepin Healthcare Systems [HHS] – Family Medical Center (Ward 6) - \$521,352

1-11 28th Street W., 2815 Blaisdell Avenue S.

Entity awarded grant funds – Hennepin County

The property owner (HHS) intends to construct a two-story medical clinic with underground parking, to replace an existing facility of Lake Street. Remediation funds will be used to excavate and dispose of contaminated fill.

Ken’s Metal Finishing (Ward 3) - \$599,330

2323-2333 Emerson Ave. N.

Owner awarded grant funds – Hennepin County

This is a tax-forfeited property that was acquired by Hennepin County in June of 2008. Its future use is presently undetermined. Hennepin County intends to demolish an unsafe building on the site. Remediation funds will be used for pre-demolition abatement, demolition and soil cleanup.

Near North Community Housing Project (Ward 5) - \$150,000

10 parcels on Logan, Morgan and Oliver Avenues

Developer awarded grant funds – Project for Pride in Living [PPL]

PPL intends to rehabilitate ten existing residential buildings and thereby preserve 62 units of affordable housing. Remediation funds will be used for environmental assessments, asbestos and lead-based paint surveys, and abatement.

SPRING 2009 CONTAMINATION CLEANUP GRANT ROUND – MINNEAPOLIS APPLICANTS – REQUESTS & AWARDS

(o) = original request in pre-application, per 4/14/09 report to CDC ; (a) = amended request in final application on 5/4/09

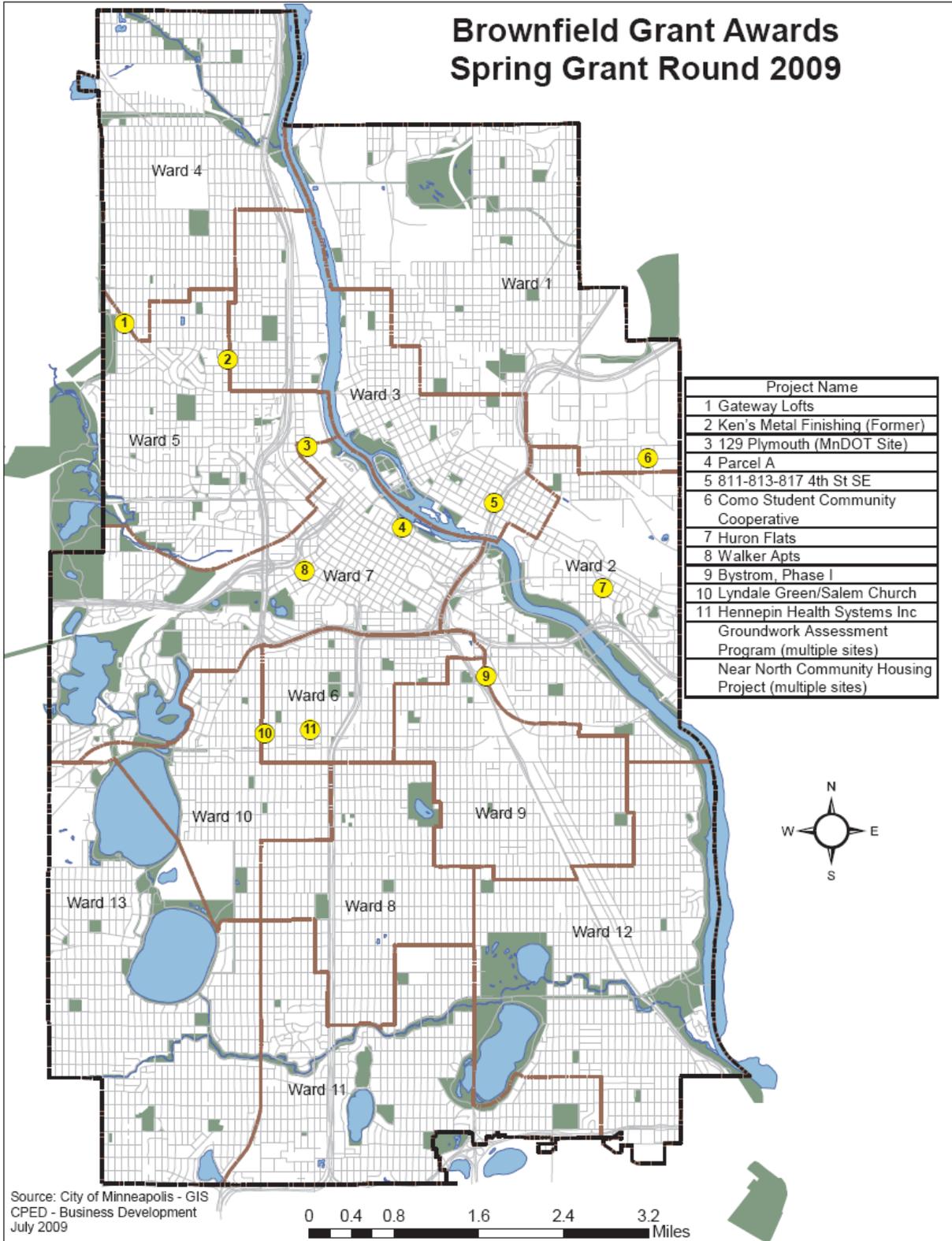
PROJECT ¹	APPLICANT	# of Acres	DEED		Hennepin Co. ERF		Met Council TBRA		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
129 Plymouth	City of Minneapolis	0.76	26,813 (o) 30,008 (a)	27,969	4,648 (o) 5,201 (a)	0			31,461 (o) 35,209 (a)	27,969
811-817 4th Street SE	City of Minneapolis	0.28	297,240	114,502	51,523 (o) 51,522 (a)	19,837			348,763 (o) 348,762 (a)	134,339
Bystrom/PPL Phase I	City of Minneapolis	0.56	126,000 (o) 150,500 (a) ²	150,500	270,000	270,000			396,000 (o) 420,500 (a)	420,500
Como Student Community Cooperative	University of MN	6			300,000 (o) 1,406,904 (a)	712,437			300,000 (o) 1,406,904 (a)	712,437
East Bank Apartments ³	Flour Sack Flats LLC				33,314	0			33,314	0
Florence Court Apartments	City of Minneapolis		184,200 (o) 191,700 (a)		122,800 (o) 106,220 (a)	0			307,000 (o) 297,920 (a)	0
Gateway Lofts	Alliance Hsg, Inc.	0.74			327,845 (o) 341,520 (a)	341,520			327,845 (o) 341,520 (a)	341,520
Groundwork Assessment Program	Groundwork Mpls	NA			100,000	100,000			100,000	100,000
Hennepin Healthcare System (Family Medical Clinic)	Hennepin County	3.05	512,883 (o) 520,983 (a)	444,498	88,900 (o) 86,775 (a)	76,854			601,783 (o) 607,758 (a)	521,352
Huron Flats	City of Minneapolis	0.49	655,275 (o) 933,225 (a)	850,725	131,587 (o) 311,075 (a)	147,455			786,862 (o) 1,244,300 (a)	998,180
Ken's Metal Finishing	Hennepin County	0.34			100,000 (o) 599,330 (a)	599,330			100,000 (o) 599,330 (a)	599,330
Lyndale Green/Salem Church	City of Minneapolis	1.27			30,000	30,000			30,000	30,000
Merit Printing	BCR/Hunt Associates				35,000 (o) 45,500 (a)	0			35,000 (o) 45,500 (a)	0
Near North Community Housing	PPL	NA			150,000	150,000			150,000	150,000
Parcel A	City of Minneapolis	2.51	31,875 (o) 36,008 (a)	34,508	5,525 (o) 6,241 (a)	0			37,400 (o) 42,249 (a)	34,508
PPL Foreclosure Redirection Prog.	PPL	NA			150,000	0			150,000	0
Re-Alliance	City of Minneapolis				53,000	0			53,000	0
Stone Arch Apartments II	City of Minneapolis				42,000 (o) 48,115 (a)	0			42,000 (o) 48,115 (a)	0
Walker Apartments	City of Minneapolis	0.39	181,420 (o) 181,170 (a)		96,596 (o) 104,686 (a)	64,400			278,016 (o) 285,856 (a)	64,400
West Broadway Curve	City of Minneapolis				29,500	0			29,500	0
TOTAL (acreage total is for <i>awarded</i> grants only):		16.39	\$2,015,706 (o) \$2,340,834 (a)	\$1,622,702	\$2,122,238 (o) \$3,928,903 (a)	\$2,511,833	\$0	\$0	\$4,137,944 (o) \$6,269,737 (a)	\$4,134,535
Percent of requested funds awarded:				69.3%		63.9%				65.9%

¹ List does not include the CVS Pharmacy project (not approved for submission) or the B.F. Nelson Park project (emergency ERF application), both of which were referred to in the 4/14/09 staff report.

² The amount of the request was increased after the application was submitted to the grantor.

³ This application was submitted directly to the grantor by the applicant and was not referred to in the staff report for the 4/14/09 CDC meeting or in the related City Council resolution.

Brownfield Grant Awards Spring Grant Round 2009



Amending the 2009 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 \$62,477.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$1,647,419
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,178,204.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$531,692.