

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

Date: February 28, 2006

To: Council Member Lisa Goodman, Community Development Committee

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.)

Project	<b>Grant Award</b>	
718 Washington Avenue North	\$	275,000
Humboldt Industrial Park	\$	207,000
Greenway Terrace (supplemental)	\$	13,500
Midtown Exchange (supplemental)	\$	243,000
Washington Court Apartments	\$	200,000
38 <sup>th</sup> & Nicollet	\$	221,400
Total Metropolitan Council TBRA:	\$1,159,900	

# MN Department of Employment and Economic Development Grants

(The local matches for these projects will come from developer's funds and/or from other grant funds, not from the City).

Project	Gra	ant Award
718 Washington Avenue North	\$	11,287
Humboldt Industrial Park	\$	243,000
Washington Court Apartments	\$	84,350
Total MN DEED	\$	338,637

# Hennepin County Environmental Response Fund (ERF) Grants

(There is no local match required for these grants.)

Project	<b>Grant Request</b>	
718 Washington Avenue North	\$	45,261
Humboldt Industrial Park	\$	200,000
Washington Court Apartments	\$	200,000
38 <sup>th</sup> & Nicollet	\$	210,040
Total Hennepin County ERF	\$	655,301

- 2. a) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 Other Grants State and Local (0600-890-8933) by \$981,548 (\$331,548 718 Washington Avenue North; \$650,000 Humboldt Industrial Park); b) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 Other Grants State and Local (0600-890-8952) by \$1,172,290 (\$13,500 Greenway Terrace supplemental; \$243,000 Midtown Exchange supplemental; \$484,350 Washington Court Apartments; \$431,440 38<sup>th</sup> & Nicollet).
- 3. Increase the 2006 Revenue Budget for the Community Planning & Economic Development Agency Fund 600 Other Grants State and Local (0600-890-8490) by \$2,153,838.
- 4. Authorize appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

#### **Previous Directives:**

- 1. On October 21, 2005, the City Council authorized submission of environmental investigation and remediation grant applications to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account Grant Program for 718 Washington Avenue North, 2626 Lake St. W., 38<sup>th</sup> & Nicollet, Greenway Terrace, Humboldt Industrial Park, Washington Court Apartments and Midtown Exchange; to the Minnesota Department of Employment and Economic Development Contamination Cleanup Grant Program for environmental remediation at 718 Washington Avenue North, Humboldt Industrial Park, and Washington Court Apartments; and to the Hennepin County Environmental Response Fund for 718 Washington Avenue North, 2626 Lake St. W., 38<sup>th</sup> & Nicollet, Franklin-Portland Gateway Phases III (Wellstone) and IV (Site C), Humboldt Industrial Park, NRRC 1401 Plymouth Ave. N. (Humboldt Pocket Park), American Indian Center and Washington Court Apartments.
- 2. On April 29, 2005, the City Council authorized submission of environmental remediation grant applications for Greenway Terrace and Humboldt Industrial Park. On July 1, 2005, the City Council authorized staff to continue analysis of the Humboldt Industrial Park proposal; negotiate terms and conditions of a redevelopment contract with RER; and prepare a redevelopment plan and tax increment financing plan for the proposed Humboldt Industrial Park. On January 28, 2005 the City Council approved Affordable Housing Trust and Non-Profit Development Assistance Funds for Franklin-Portland Gateway Phase III (Wellstone) and on September 2, 2005 the City Council approved further project analysis for the Wellstone.

On August 12, 2003, the City Council accepted a Hennepin County Environmental Response Fund grant award of \$30,000 for Washington Court Apartments to be used for additional environmental investigation. There have been numerous prior approvals on the Midtown Exchange project.

There are no other identified previous directives for 718 Washington Avenue North, 2626 West Lake Street, 38th and Nicollet, or Franklin-Portland Gateway Phase IV (Site C).

Prepared by:	Paula Mazzacano, Fi John Harrington, Se	nancial Analyst nior Project Coordinator	Phone: (612) 673-5129 Phone: (612) 673-5018
Approved by:	Chuck Lutz, Deputy Jack Kryst, Director	Director CPED Development Finance	
		Approval  Not Applicab ance/purchasing/permanent-review	
Presenter in Comn	nittee: Paula Mazzao	cano, Financial Analyst	
Financial Impact (	Check those that a	pply)	
☐ No financial impact	(If checked, go directly	to Background/Supporting Int	formation).
X Action requires an a	opropriation increase to	the $\square$ Capital Budget or X Op	perating Budget.
X Action provides incre	eased revenue for appro	priation increase.	
☐ Action requires use	of contingency or reser	ves.	
☐ Business Plan: X Ac	ction is within the plan.	☐ Action requires a change	to plan.
•	• •	the awarded grants require ed by the developer or othe	
Request provided to Coordinator.	o department's finance (	contact when provided to the (	Committee

# Community Impact (use any categories that apply)

Neighborhood Notification: Wards: 2, 3, 4, 5, 6, 8, 10

The North Loop Neighborhood Association was notified of the 718 Washington Avenue North project on June 15, 2005. The Kingfield neighborhood organization was informed of the 38<sup>th</sup> & Nicollet project on August 26, 2004. Ventura Village was notified about the Franklin-Portland Gateway Phases III and IV projects on September 9, 2005. The East Phillips neighborhood organization was notified regarding Greenway Terrace on June 11, 2004. The Shingle Creek Neighborhood Association was notified about Humboldt Industrial Park on December 14, 2004. The Holland neighborhood organization was notified of the Washington Court Apartments project on April 15, 2005. Numerous neighborhood organizations were previously notified regarding the Midtown Exchange project.

**City Goals:** The proposed projects are consistent with and contribute to attainment of the City goal to "Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis."

**Comprehensive Plan:** The projects generally comply with 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:

#### **Background/Supporting Information**

On November 1, 2005, 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 718 Washington Avenue North, 2626 Lake St. W., 38<sup>th</sup> & Nicollet, Greenway Terrace, Humboldt Industrial Park, Washington Court Apartments, Midtown Exchange, Franklin-Portland Gateway Phases III (Wellstone) and IV (Site C), Humboldt Industrial Park, NRRC - 1401 Plymouth Ave. N. (Humboldt Pocket Park), and American Indian Center. The City also provided a letter in support of the Bystrom Brothers Property evaluation proposed by Seward Redesign. Of these projects, all but 2626 Lake St. W were awarded grant funds.

Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program – of the \$5.5 million awarded statewide, Minneapolis projects received \$338,637, or 6.2% of available grant funds.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$3,645,000 awarded metro-wide, Minneapolis projects received \$1,159,900, or 31.8% of available funds.

Hennepin County Environmental Response Fund (ERF) - of the \$1,762,134 awarded county-wide, Minneapolis projects received \$838,942, or 47.6% of available funds.

A description of each of the projects awarded grant funds is provided below. The Hennepin County ERF grants for American Indian Center, Bystrom Brothers Property, Franklin-Portland Gateway Phases III & IV and Humboldt Pocket Park 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 developers are listed second.

#### **CITY OF MINNEAPOLIS AS GRANT RECIPIENT:**

718 Washington Avenue North (Washington Business Center) (Ward 5) - \$331,548

714-718 Washington Avenue North

DEED remediation grant award \$ 11,287

Metro Council TBRA award \$275,000

Hennepin County ERF award \$45,261

The developer, Master Development Group, plans to renovate a 126,000 SF industrial building built in 1919-1920 into a mixed-use building consisting of 24 live-work apartments, 30,000 SF of light industrial-commercial space, and 18,000 SF of support services for the neighborhood. There will be 27 stalls of underground parking.

#### Greenway Terrace (Ward 6) - \$13,500

2850 Cedar Avenue South

Metro Council TBRA supplemental award \$13,500

The project is located on a 16,000 square foot piece of property that is zoned high density residential (R6). The developer is constructing a 26 unit condominium complex consisting of studio, 1 bedroom, 1 bedroom + den and 2 bedroom units with approximately 700-1200 square feet per unit with additional patio/balcony square footage. The building will also contain underground heated parking and storage lockers for all residents of the complex. On the first floor of this project is a shared community room. Prices of this project range from \$135,000- \$225,900. Greenway Terrace is located directly on the Greenway Trail and 3-4 blocks from the Lake Street/ Midtown light rail station. The project previously (spring 2005 funding round), received \$255,130 in grants, \$161,430 from the Metro Council and \$32,740 from Hennepin County. Soil remediation costs exceeded budget estimates and the developer sought a supplemental grant.

## Humboldt Industrial Park (Ward 4) - \$650,000

2501, 2601 49<sup>th</sup> Avenue North

DEED remediation grant award \$243,000

Metro Council TBRA award \$207,000

Hennepin County ERF award \$200,000

The Humboldt Industrial Park is a new industrial park consisting of a new multi tenant office warehouse building totaling 127,000 square feet located at 49th Avenue and Osseo Road in the Shingle Creek neighborhood in Minneapolis. The 127,000 square foot, 24 foot clear, multi-tenant industrial building will be constructed of precast concrete panels, glass, adhered membrane roof, concrete floors, steel columns, beams, joists and deck.

#### Midtown Exchange (Ward 8) - \$243,000

Chicago and Lake Streets

Metro Council TBRA award \$243,000

The Midtown Exchange has received two prior remediation grants from the Metro Council (SG-98-70 for \$307,803 and SG-004-090 for \$750,000). The developer (Ryan Companies) has experienced an estimated \$800,000 plus in unbudgeted remediation costs associated with the scope of work of the two Metro Council grants. Ryan sought supplemental grant funds to provide reimbursement of approximately 50% of the unbudgeted costs.

#### Washington Court Apartments (Ward 3) - \$484,350

2101 Washington St. NE.

DEED remediation grant award \$ 84,350

Metro Council TBRA award \$200,000

Hennepin County ERF award \$200,000

The developer, MWF Properties, LLC proposes construction of 38 units of rental housing within one building on the vacant site at 2101 Washington Street NE in the Minneapolis' Holland neighborhood. The building will contain a mixture of one, two and three bedroom units which will

be affordable to individuals and households at 30%, 50% and 100% of the area median income. The project will incorporate the neighborhood's desire for ample green space with features such as underground parking, garden plots, rainwater gardens, and a children's playground.

## 38th & Nicollet (Ward 10) - \$431,440

3800 Nicollet Avenue South

Metro Council TBRA award \$221,400

Hennepin County ERF award \$210,040

The City sponsored these grant requests on behalf of the developer. The developer, the Lander group, plans to redevelop a ½ acre site on the Southwest corner of 38th St and Nicollet that is currently occupied by 2 vacant buildings. One of these buildings is a 1950's era, 2-story brick building that will be demolished and replaced with a 5 story building with structured parking. The second building at the corner of 38th and Nicollet is a 2-story 1920's brick building; this building will be rehabilitated and converted to ground level retail with second floor loft-style condominiums. Overall the project will include 6,000 square feet of retail and 40 for-sale condominium units. 8 units have been designated as long-term affordable units to households earning 50% or less than the area's median income. The site was formerly a gas station and dry cleaner, which caused significant soil contamination. In addition, the existing structures contain environmental contaminants.

#### **DEVELOPER AS GRANT RECIPIENT:**

#### American Indian Center (Ward 6) - \$31,941

1530 Franklin Avenue East

Hennepin County ERF award \$31,941

The Minneapolis American Indian Center plans to remove lead-contaminated soil from a public greenspace area on its campus.

# Bystrom Brothers Property (Ward 2) - \$49,000

2200 Snelling Avenue

Hennepin County ERF award \$49,000

The site of the former Bystrom Brothers machine shop is located one block from the Franklin Avenue LRT station. The developer, Seward Redesign, plans to demolish nine buildings and construct a mixture of owner-occupied and rental housing units. The project may include commercial or institutional uses as well. Hennepin County ERF funds will be used to conduct a Phase II ESA and prepare a remedial action plan.

# Franklin-Portland Gateway Phase III (Wellstone) and Phase IV (Site C) (Ward 6) - \$47,200

Northeast and Northwest corners of Franklin Avenue and Portland Avenue

Hennepin County ERF award \$47,200

Hennepin County combined these awards for ease of administration. Wellstone and Site C are a development partnership of non-profit developers Hope Community, Inc. and Central Community

Housing Trust (CCHT). 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 the third phase of the Franklin-Portland Gateway development and located at the NE corner of the Franklin/Portland intersection. Apartments include 59 units, nearly one-half affordable to families earning 60% or below of the area median income. At street level, commercial/retail will locate in 6,100 SF of space. Wellstone features many green/sustainable features including re-use of an urban greyfield site and next to public transportation and close to downtown amenities, solar domestic hot water system, heat recovery unit and carbon monoxide sensor and control in underground parking garage and Energy Star appliances.

Site C is an urban infill site next to public transportation and close to downtown amenities. The project is the fourth phase of the 4-corner Franklin-Portland Gateway development. Site C is located at the NW corner of the Franklin/Portland intersection. Apartments include 100 units, one-half affordable to families earning 60% or below of the area median income. At street level, commercial/retail will locate in 16,100 SF slated to be a 24-hour day care center. Similar to Wellstone project, Site C will incorporate green sustainable features which may include a green roof, Energy Star appliances, water conserving appliances and fixtures and increased public lighting efficiency.

#### Plymouth Pocket Park (Ward 5) - \$55,500

1401 Plymouth Ave N.

Hennepin County ERF award \$55,500

The developer, NRRC, plans to turn a .14 acre site, which has been vacant since 1987, into prairie, butterfly and evergreen gardens and a children's play area. The Tree Trust will own and maintain the park. Hennepin County ERF funds will be used to excavate petroleum-contaminated soil and for replacement of clean soil.

## **RECAP:**

The table below shows the total amount of grant funding awarded to Minneapolis projects during the Fall 2005 funding round, by program. The total awarded to projects located in Minneapolis is \$4,537,479, a portion of which will be awarded directly to developers. Please note that the table includes not only environmental remediation grants, but Metropolitan Council Livable Communities Demonstration Account (LCDA) and Local Housing Incentives Account (LHIA) grants as well.

FALL 2005 ST	ATE & LC	CAL GR	ANT FUI	NDING A	AWARDS	6
GRANTOR	M	ET COUNCIL		STATE	HENN CTY	
PROGRAM	LCDA	TBRA	LHIA	DEED	ERF	TOTAL
CITY OF MINNEAPOLIS / CPED A	WARDS:					
714-718 Washington	WINDS.					
(Washington Business Center)		\$275,000		\$11,287	\$45,261	\$331,548
Heritage Park	\$1,000,000					\$1,000,000
Humboldt Industrial Park		\$207,000		\$243,000	\$200,000	\$650,000
Greenway Terrace supplemental		\$13,500				\$13,500
Midtown Exchange supplemental		\$243,000				\$243,000
Village in Phillips		, , , , , , , , , , , , , , , , , , , ,	\$150,000			\$150,000
Washington Court Apartments		\$200,000		\$84,350	\$200,000	\$484,350
Subtotal Minneapolis/CPED	\$1,000,000	\$938,500	\$150,000	\$338,637	\$445,261	\$2,872,398
DEVELOPER AWARDS:		¢221_400			¢210.040	¢421.440
38th & Nicollet "38" (Lander) American Indian Center (MAIC)		\$221,400			\$210,040 \$31,941	\$431,440 \$31,941
Bystrom Bros. (Seward Redesign)					\$49,000	\$49,000
Franklin-Portland Gateway Phases III & IV (Hope/CCHT)					\$47,200	\$47,200
Humboldt Pocket Park (NRRC)					\$55,500	\$55,500
Midtown Exchange Greenway Condos (PPL)	\$600,000				+00/000	\$600,000
Ripley Gardens (CCHT)	\$450,000					\$450,000
Subtotal Developers	\$1,050,000	\$221,400	\$0	\$0	\$393,681	\$1,665,081
GRAND TOTAL	\$2,050,000	\$1,159,900	\$150,000	\$338,637	\$838,942	\$4,537,479

# Amending the 2006 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 \$981,548
- 2) increasing the appropriation for Community Planning & Economic Development Agency Fund 600 Other Grants State and Local (0600-890-8952) by \$1,172,290
- 3) increasing the revenue source for the Community Planning and Economic Development Agency in the Other Grants State & Local Fund (0600-890-8490) by \$2,153,838.