

Report for City Council Committee from the Department of Community Planning & Economic Development – Planning Division

Date: March 23, 2010

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

Referral to: Council Member Gary Schiff, Chair, Zoning and Planning Committee

Subject: CPED Applications for Minnesota Historical and Cultural Funds (aka Legacy Grant Funds).

Recommendation: Authorize application to the Minnesota Historical and Cultural Funds (aka Legacy) Grant Program for the following projects: Grain Belt Office Building, Warehouse District Heritage Street Plan, Pillsbury A-Mill Roof Stabilization, Pillsbury A-Mill Window Survey, and First Church of Christ, Scientist

Previous Directives: None related to this grant funding source. Numerous previous directives related to the Grain Belt Office Building and the Pillsbury A-Mill.

Prepared or Submitted by: Jack Byers, Planning Manager, 612-673-2634

Approved by: Barbara Sporlein, Planning Director, 612-673-2616
Charles T. Lutz, CPED Deputy Director _____

Presenters in Committee: Jack Byers, Manager, CPED-Preservation and Design Section
Kristin Guild, Manager, CPED-Business Development Section
Wes Butler, Manager, CPED-Multi-Family Housing Section

Financial Impact (Check those that apply)

No financial impact (If checked, go directly to Background/Supporting Information).
 Business Plan: Action is within the plan. Action requires a change to plan.

Community Impact (use any categories that apply)

Ward: 3, 7, and 9

Neighborhood Notification: None required.

City Goals: In accordance.

Comprehensive Plan: In accordance.

Preservation Ordinance: No impact

Zoning Code: Not Applicable.

Living Wage/Job Linkage: Not applicable.

Other: Not applicable.

Background:

In the November 2008 general election, Minnesota voters approved a referendum known as the “Clean Water, Land and Legacy Amendment.” The referendum approval paved the way for an amendment to the Minnesota Constitution to increase the state’s sales tax rate by three-eighths of one percent and to dedicate the revenues from that increase for natural resource and cultural heritage purposes by creating four funds:

- Outdoor Heritage Fund
- Parks and Trail Fund
- Clean Water Fund
- Arts and Cultural Heritage Fund

Creation of the Statewide Historical and Cultural Grants Program

A portion of the Arts and Cultural Heritage Fund was appropriated to the Minnesota Historical Society (MHS) for history-related projects around the state. Based on MHS publications about the fund, one portion of the fund is the Statewide Historical and Cultural Grants program (aka “Legacy Grants Program”) which is seeded by a pool of \$6.75 million to be awarded in the 2010-11 biennium for “projects of enduring value for the cause of history and historic preservation.” MHS shaped the new program during the summer of 2009 by conducting meetings and workshops across the state. Several CPED staff participated in these workshops as a way to learn more about the opportunities afforded and to provide feedback to our MHS and SHPO colleagues about what sort of Minneapolis projects might benefit from these resources.

MHS created a variety of grant categories assembled into two general areas:

- The History Projects category is geared towards museums and local history organizations
- The Historic Preservation Projects category is geared towards care and maintenance of historic properties, preservation planning, and preservation-related research activities.

In 2009 as MHS was working out the details of the program, CPED-Planning’s Preservation and Design Team convened a meeting with our colleagues in Business Development and Multi-Family Housing to begin creating a cross-division strategy to apply for and use Legacy Funds to advance the City’s interests in locally-designated properties and projects. The managers for each section (Jack Byers, Kristin Guild, and Wes Butler) agreed to a strategy that focused on securing financial resources to stabilize key properties that are owned by the City (either by CPED or the Public Works Department). We also agreed that the successful rehabilitation of the East Bank Mills project is so critical to the economic success of the central riverfront that it was in the City’s best interest to find whatever means possible to partner with the property owner, Shafer Richardson to help position that very complex and far-reaching project for attracting other outside investments.

Ultimately MHS also created three levels for grant applications and subsequent awards:

- Fast Track Grants – Available on a monthly basis for projects under \$7,000
- Medium Grants – Available on an annual basis for projects under \$50,000
- Large Grants – Available on an annual basis for projects over \$50,000

Finally, MHS created the Historic Review Awards Committee (HRAC) to review grant applications submitted from around the state. HRAC is composed of 10-15 historians and preservationists from around the state to review applications, take recommendations from MHS staff, make funding recommendations to the MHS Board of Directors, and provide input to the Legislature about how Legacy money is being allocated and used. CPED applied to have a position on HRAC but we were not selected at this time.

Round 1: Applications and Awards to CPED:

Because MHS was required by the Legislature to expend a certain portion of funds in 2009, the first round of applications and funding moved very quickly. CPED submitted the following four applications in December 2009:

- (1) East Bank Mills Energy Center – Scoping for historic conditions study for tunnels and mill races (Fast Track Grant): \$7,000 was requested. \$7,000 was awarded.*
- (2) Pillsbury A-Mill Roof Stabilization and Window Survey (Large Grant): \$107,000 was requested. No funds were awarded.
- (3) Pioneers and Soldiers Cemetery Fence Restoration: (Large Grant): \$115,000 was requested. No funds were awarded.
- (4) Grain Belt Office Building: Stabilization and drainage repair: (Large Grant): \$500,000 was requested. \$50,000 was awarded.*

* Please note: These applications did not meet the dollar threshold requiring Council authorization (\$250,000). It is our intention to submit requests to Council for future rounds of this grant program. Ann Calvert, Project Coordinator for the East Bank Mills Energy Center brought a request to accept grant money in Item 1 to the City Council in the first cycle of March 2010. Judy Cedar, Project Coordinator for the Grain Belt Office Building will be bringing a request to accept the grant money in Item 4 to the City Council once a grant agreement is sent by MHS.

Round 2: Projects, Priorities, and Strategy:

Round 2 Applications are due to MHS in April 2010. CPED will continue to pursue a strategy that focuses on securing financial resources to stabilize key properties that are owned by the City (either by CPED or the Public Works Department) and to continue to partner with Schaffer Richardson on the East Bank Mills Project.

The Minnesota Legislature mandates to each funding organization that awards are spread as evenly as possible across the state. Similarly, MHS suggested – and later retracted – a strict requirement that no one organization can have more than two projects with allocated funding at any one time. Given that Minneapolis is the largest city in the state and that there are many non-profits and units of government, we stand at a major disadvantage when compared to smaller cities and towns. We understand from MHS that the two projects per organization rule will not be strictly adhered to, but that previous funding and use of funds will be considered when reviewing subsequent requests by each organization.

That being the case, for Round 2, CPED is refining our strategy in three ways as an attempt to have broader success:

- Limit the number of applications submitted by CPED to those that are directly related to development projects.
- Prioritize projects at the time applications are submitted so that the awards review committee understands the most critical needs for Legacy funds.
- Where possible, have a non-profit partner submit the application under their name for a project of mutual benefit.
- In order to demonstrate the City's commitment to the project, the likely allocation of staff time that will be spent on the project will be noted as an in-kind match. The intent is to more successfully leverage the estimated dollar value of staff time that will be spent on a given project anyway.

Also, because award-funding cycles are now regularized, CPED will be instituting timelines for developing and submitting applications that meet with standardized procedures for review by appointed and elected officials:

- Review and discuss projects with the Heritage Preservation Commission (HPC) in order to prioritize projects so that the awards review committee understands the most critical needs for Legacy funds.
- Likewise, and in keeping with standard practice, CPED will be bringing to City Council a request to seek grant funds for each annual cycle. (When grant funds are received, CPED will also submit a recommendation to the City Council seeking approval to accept funds.

At this time, CPED-Planning and CPED-Economic Development are proposing to submit the following applications to MHS for Round 2 Funding with the prioritization scheme that follows:

#1: Grain Belt Office Building:

Legacy Funds requested: \$290,000

City Match: \$209,500 (source to be determined) and \$36,000 in-kind services (staff hours)

Brief Summary of Project: Located at 1215 Marshall Street NE in Minneapolis, the Grain Belt Office building is an integral part of the Minneapolis Brewing Company Historic District that has benefited from nearly \$20 Million of City investment. This is the sole remaining structure in need of rehabilitation and reactivation. Ten years of vacancy plus a lack of proper drainage have resulted in a significant decline in the building's structural integrity. Over time, heavy rains, spring thaws, grade differentials, and flooding have resulted in water standing in the building's basement as well as damage to the building's interior. Correction of the water issues (a cost of \$667,000) has begun, thanks in part to a pending \$50,000 Legacy Grant award from Round 1.

Project Coordinator: Judy Cedar, CPED-Economic Development, Business Development Section
Preservation Planner: John Smoley, CPED-Planning, Preservation and Design Section

#2: Warehouse District Heritage Street Plan:

Legacy Funds requested: \$100,000

City Match: \$25,000 (CPED-Planning) and \$26,000 in-kind services (CPED staff hours)

Brief Summary of Project: The grant will be used to hire professional services to conduct a Warehouse District Heritage Street Plan for guidance on adaptive reuse of the district's historic industrial streets. Goals of this effort include more direction for preservation, the pedestrian environment, and improved sustainability. The street plan will be implementing recommendations

in a recently-adopted small area plan and local historic district designation study. The City currently makes decisions on street repair and development approvals on a reactionary basis, potentially compromising the district's historic character. The plan will provide clear and coordinated direction on how to improve the district's infrastructure for the next generation.

Project Manager: Beth Elliot, CPED-Planning, Community Planning Section
Preservation Planner: Brian Schaffer, CPED-Planning, Preservation and Design Section
Public Works staff: To be determined in March 2010

#3: Pillsbury A-Mill Roof Stabilization

Legacy Funds requested: \$42,000
City Match: In-kind services (staff hours) amount to be determined.
Private Match: \$33,000 Schaffer Richardson

Brief Summary of Project: This application seeks funding for Roof Repairs for the Pillsbury A Mill building and one of its accessory buildings, Warehouse II. The Pillsbury A Mill is a registered National Historic Landmark and the accessory buildings are considered contributing resources to the St. Anthony Falls Historic District, which is also listed on the National Register of Historic Places. The Roof Repairs are significant for the long term preservation of the site. The sponsored entity owns the Pillsbury A Mill Complex and is working in partnership with the City of Minneapolis on the preservation and planning for the site.

Project Coordinator: Ann Calvert, CPED-Economic Development, Business Development Section
Project Coordinator: Matt Goldstein, CPED-Housing, Multi-Family Housing Section
Preservation Planner: Brian Schaffer, CPED-Planning, Preservation and Design Section
External Partner: Maureen Michalski, Schaffer Richardson

#4: Pillsbury A-Mill Window Survey

Legacy Funds requested: \$42,000
City Match: In-kind services (staff hours) amount to be determined.
Private Match: \$33,000 Schaffer Richardson

Brief Summary of Project: This application seeks funding for a Window Survey and Analysis for the Pillsbury A Mill complex, including its accessory buildings. The Pillsbury A Mill is a registered National Historic Landmark and the accessory buildings are considered contributing resources to the St. Anthony Falls Historic District, which is also listed on the National Register of Historic Places. The Window Survey is one of the next steps in the larger redevelopment and long term preservation of the site. The sponsored entity owns the Pillsbury A Mill Complex and is working in partnership with the City of Minneapolis on the preservation and planning for the site.

Project Coordinator: Ann Calvert, CPED-Economic Development, Business Development Section
Project Coordinator: Matt Goldstein, CPED-Housing, Multi-Family Housing Section
Preservation Planner: Brian Schaffer, CPED-Planning, Preservation and Design Section
External Partner: Maureen Michalski, Schaffer Richardson

#5: First Church of Christ, Scientist:

Funds requested: To be determined

City Match: To be determined, but it will represent in-kind services (staff hours)

Brief Summary of Project: As the name suggests, the locally-designated First Church of Christ Scientist was the first Christian Scientist church building constructed in Minnesota. The church's original congregation placed great emphasis on the structure's architecture and how it was integrated into the surrounding neighborhood: a residential area of the Elliot Park neighborhood. Architect S.J. Bowler chose a small-scale design of the Doric order and made good use of a small budget by adopting the scale of its residential neighbors, mainly Victorian homes which have now been replaced by multi-family units. Last December, the property came up on the Hennepin County Forfeiture list and the City Council decided to take a closer look at possible rehabilitation possibilities. Currently, CPED's Preservation and Design Section and the Business Development Section are working with CPED Housing, Elliot Park Neighborhood Inc. and the Ward office to plot a strategy for assessing further possibilities for the site and to assess what scale and sort of rehabilitation will be necessary.

Preservation Planner: Brian Schaffer, CPED-Planning, Preservation and Design Section

One additional Round 2 application will be submitted. An application for Pioneers and Soldiers Cemetery will be submitted by Friends of the Cemetery, the non-profit organization involved with this city-owned property. CPED staff was closely involved in the preparation of the Round 2 application (which is largely based on the Round 1 Application), but we hope that the chance of securing those funds is better for a small non-profit.

Pioneers and Soldiers Cemetery:

Legacy Funds requested: \$150,000

City Match: \$150,000 (CLIC) and in-kind services (staff hours) amount to be determined

Private Match: \$48,000 Adopt-a-Picket Fundraiser by Friends of the Cemetery

Brief Summary of Project: Pioneers and Soldiers Cemetery (formerly Layman's Cemetery), established in 1853, is the only cemetery in Minnesota listed as an individual landmark on the National Register of Historic Places. In 1928, an ornate steel fence was built along Lake Street and Cedar Avenue as part of a redesign to pay tribute to the pioneers and soldiers buried in the cemetery. Today the fence is in a state of disrepair. The goal of the fence restoration project is to restore the historic 1928 fence to a level that will last indefinitely. In addition to the commemorative value, the fence is the public face of the cemetery to the 35,000 people that pass the cemetery daily, and the best line of protection against vandalism.

Project Manager: Paul Miller, Public Works, Property Services

Preservation Planner: Aaron Hanauer, CPED-Planning, Preservation and Design Section

External Partner: Sue Hunter-Weir, Friends of the Cemetery

CPED-Planning and CPED-Economic Development welcome input and feedback from the City Council in your upcoming committee meetings, particularly on the projects, priorities, and strategies for successfully pursuing Minnesota Historical and Cultural Funds to stabilize and rehabilitate locally designated properties.

Authorizing application to the Minnesota Historical and Cultural Grants Program for various projects.

Whereas, the City of Minneapolis intends to act as the legal sponsor for one or more of the following projects that will be more completely described in applications to be submitted to the Minnesota Historical Society on or by April 12, 2010, subject to final staff assessment of competitiveness and priority based on pre-application assessments by City staff and discussions with the grantor: Grain Belt Office Building, Warehouse District Heritage Street Plan, Pillsbury A-Mill Roof Stabilization, Pillsbury A-Mill Window Survey, and First Church of Christ, Scientist; 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 one or more of its applications, the City may enter into agreements with the Minnesota Historical Society for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:
That the City Council authorizes the Director of the Department of Planning and Economic Development or other appropriate staff to apply to the Minnesota Historical and Cultural Grants Program for funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement the projects.