



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: August 23, 2004

To: Council Member Scott Benson, Intergovernmental Relations Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Kim W. Havey, Director, Minneapolis Empowerment Zone - Phone 612-673-5016

Presenter in Committee: Kim W. Havey, Director, Minneapolis Empowerment Zone

Approved by Lee Sheehy, CPED Director _____
Chuck Lutz, Deputy CPED Director _____
Mike Christenson, Director, Strategic Partnerships _____

Subject: Reallocation of FY 2000 State Bond Funding, increasing the allocation to the Heritage Park project by \$2,900,000 and decreasing the allocation to the SEMI project by \$2,900,000. Of the total award of \$5.8 million, all state bond funds would be used in Heritage Park.

RECOMMENDATION:

- (1) Decrease the appropriation to Public Works (Fund 4100 937 9372) by \$2.9 million for the South East Minneapolis Industrial Area (SEMI) infrastructure; and
- (2) Increase the appropriation by \$2.9 million to Public Works (Fund 4100-970-9719) for the Heritage Park infrastructure; and
- (3) Authorize the proper City of Minneapolis officers to amend the State of MN grant agreements for Heritage Park and SEMI to reflect the reallocation of the FY 2000 State bonding proceeds.

Previous Directives: Acceptance and appropriation of the \$2.9 million to SEMI occurred through council action on May 3, 2002. Acceptance and appropriation of \$2.9 million to Heritage Park occurred through council action on October 27, 2000.

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.

(If checked, go directly to Background/Supporting Information)

Action requires an increase to the Heritage Park capital budget and a decrease to SEMI's capital budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for Heritage Park and a decrease to SEMI

___ Action requires use of contingency or reserves
___ Other financial impact (Explain):
___ Request provided to the Budget Office when provided to the Committee
Coordinator

Community Impact

Ward: 5 and 2

Neighborhood Notification: NA – the reallocation of funding will not affect the goals and plans listed in this section

City Goals: NA

Comprehensive Plan: NA

Zoning Code: NA

Living Wage/Job Linkage: NA

Other:

Background/Supporting Information

The 2000 State Legislature allocated \$5.8 million (\$2.9 million each) in bond proceeds for the Heritage Park and SEMI projects. The City Council though action on May 3, 2002 allocated and accepted \$2,900,000 in bond proceeds for public infrastructure improvements in the South East Minneapolis Industrial (SEMI) Area. Those funds were to support design and construction of infrastructure in and around the West Granary Pond area of SEMI. The additional funding of \$2.9 million was allocated to Heritage Park also for infrastructure improvements.

Both the contracts began on November 1, 2000 and end on December 31, 2004. Based on a unified EZ and CPED staff recommendation, the Empowerment Zone executive committee on August 12, 2004 passed a motion to forward a recommendation to the City Council to reallocate the remaining \$2.9 million to the Heritage Park Project from the SEMI project. This would mean the entire \$5.8 million in FY 2000 State bond funding would be allocated to Heritage Park. Heritage Park would then need less funding from CLIC and the EZ would be able to close out the State bonding contracts by the end of the year.