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

Date: June 16, 2009

To: Lisa Goodman, Chair, Community Development Committee

Referral to: Paul Ostrow, Chair, Ways and Means/Budget Committee

Subject: Accept and Appropriate Redevelopment Grants Awarded by the

Minnesota Department of Employment and Economic Development (DEED) for the 14th Avenue N. Cul-de-sac Project and East Bank Mills

Recommendation:

- 1) Accept Redevelopment Program Grants awarded by the Minnesota Department of Employment and Economic Development (DEED) for the 14th Avenue Cul-de-sac Project (\$170,000) and East Bank Mills (\$151,938).
- 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 \$170,000 (14th Avenue Cul-de-sac Project) 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 \$151,938 (Fast Bank Mills)

(01600-8900220) by \$151,938 (East Bank Mills).

- 3) Increase the 2009 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$321,938.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related documents and agreements for these grants.

Previous Directives:

14th Avenue N. (Standard Heating/Re-Alliance Redevelopment Area): February 29, 2008 - City Council approved the sale of three City-owned parcels (adjacent to or near 14th Avenue N.) to Standard Plymouth LLC. April 18, 2008 - City Council approved the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County for the Standard Heating project. July 25, 2008 - City Council approved an extension of the closing date for the Standard Heating project and approved the use of MILES funds for infrastructure and pollution remediation.

East Bank Mills: September 22, 2006 - City Council approved rezoning of East Bank Mills site from I1 to C3A district and approved the removal of ILOD district on a portion of the site. February 24, 2006 - City Council granted the developer's appeal of the HPC's determinations regarding the height and design of the [new] tower buildings proposed for the east end of the site. October 24, 2008 - City Council approved

resolution in support of fall 2008 brownfield grant application to Hennepin County Environmental Response Fund.

Tresenter in Committee	e. Neviii Gaitoli, 012-073-3101	
Presenter in Committee	e: Kevin Carroll, 612-673-5181	
Catherin	ne A. Polasky, Director, Economic Policy & Dev.	
Approved by: Charles	T. Lutz, Deputy Director, CPED	
Paula M	lazzacano, Development Grants Coordinator	
	arroll, Principal Project Coordinator	

Financial Impact

<u>X</u>	_ Action requires an appropriation increase to the Capital Budget	01
Opera	ating Budget X	
X	_ Action provides increased revenue for appropriation increase	
<u>X</u>	_ Action is within the Business Plan	

There is no direct financial impact at this time. However, DEED redevelopment grants require a commitment of local match funds, to be provided by the developer. In the case of the 14th Avenue Cul-de-sac Project, assessments for infrastructure development and previously-approved MILES funds will be the local match. The City of Minneapolis has sponsored the grant requests in question and will act as a pass-through and conduit for their expenditure.

Community Impact

Neighborhood Notification:

14th Avenue N. (Standard Heating/Re-Alliance Redevelopment Area): Standard Heating made presentations to the Northside Residents Redevelopment Council (NRRC) on February 11, 2008 and the NWIP Jobs Park Committee on February 19, 2008, both of which subsequently issued letters expressing support for the proposal.

East Bank Mills: The bulk of neighborhood meetings regarding this project occurred in 2005. The Nicollet Island East Bank Neighborhood Association issued a letter of support dated December 31, 2005. The Marcy-Holmes Neighborhood Association issued letters of support dated November 15, 2005 and January 18, 2006.

City Goals: The projects identified herein will assist the City in achieving one or more of the following goals:

A Safe Place to Call Home (relevant strategic directions: Lifecycle Housing; "Get Fit" and Make Healthy Choices).

Connected Communities (relevant strategic directions: Integrated, Multimodal Transportation Choices).

A Premier Destination (relevant strategic goals: Retain and Grow Businesses; Jobs). **Sustainability Targets:** These redevelopment projects will help the City realize sustainability targets related to Combined Sewer Overflow, Permeable Surfaces and Water Quality.

Comprehensive Plan: The projects identified herein are consistent with one or more of the following policies identified in The Minneapolis Plan:

- 2.3 Minneapolis will continue to provide high quality physical infrastructure to serve the needs of businesses.
- 4.9 Minneapolis will grow by increasing its supply of housing.
- 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.
- 4.11 Minneapolis will improve the availability of housing options for its residents.
- 8.4 Minneapolis will continue to build and maintain road infrastructure in order to assure resident and motorist safety and mobility within the city.

Zoning Code: The proposed projects either are in compliance or will comply.

Living Wage/Business Subsidy Agreement:	Yes	No_X	(see below)
Job Linkage:	Yes	No X	(see below)

Although Job Linkage Agreements will not be mandatory in this instance, any business that occupies a redeveloped or remediated site may be asked to voluntarily 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.

Supporting Information: On February 1, 2009, the City submitted applications to DEED's Redevelopment Grant Program for five projects totaling \$1,413,678. On March 24, 2009 the City was informed that two of these projects, the 14th Avenue Culde-sac Project and East Bank Mills, were awarded a total of \$321,938 in Redevelopment Grant funds. The table below summarizes the outcome of the February 1, 2009 grant round for City projects:

Project	Amount Requested	Amount Awarded
14 th Avenue Cul-de-sac Project	\$200,000	\$170,000
Alliance Addition	120,000	0
Bassett Creek Valley (Linden Yards West)	691,740	0
Bystrom Brothers/E.22 nd Street	250,000	0
East Bank Mills	151,938	151,938
TOTAL	\$1,413,678	\$321,938

Redevelopment Grants require a 50% local match. State bond funds, which were awarded to the two City projects in question, can be spent only to implement projects on publicly-owned land, where the end use has a long-term public purpose.

14th Avenue Cul-de-sac Project

DEED Award: \$170,000

Source of 50% Local Match: Previously-approved MILES funds and assessments to adjoining property owners.

The portion of 14th Avenue N. located east of 2nd Street N. is a dead-end public right-of-way located between the site of the new Standard Heating and Air Conditioning corporate headquarters (the construction of which is currently underway) and property owned and used by Re-Alliance LLC for its metal recycling operations. The west half of the right-of-way is in very poor condition, and the remainder is unpaved. The roadway needs to be improved and completed by constructing a cul-de-sac at its east end in order to properly serve the newly-relocated Standard Heating operation and to facilitate the possible redevelopment of the Re-Alliance site.

DEED funds will be used to pay for the reconstruction/improvement of the City right-of-way in question.

East Bank Mills

DEED Award: \$151,938

Source of 50% Local Match: Funds to be provided by the developer or other non-DEED funding sources.

The East Bank Mills project site is a blighted former industrial area in a prominent location along the Minneapolis riverfront. The site currently includes surface parking areas and a number of vacant buildings associated with the former Pillsbury A Mill operation, including a machine shop and some concrete grain elevators. The developer, Schafer Richardson, intends to redevelop the site by creating 1,000 new housing units and 100,000 square feet of new and redeveloped commercial space.

DEED funds will be used to connect a portion of the project site to City sewer and water infrastructure. Such utilities exist on or near the site but will have to be upsized, improved or extended in certain locations to accommodate modern uses and demands.

2009R-

RESOLUTION of the CITY OF MINNEAPOLIS

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 \$170,000.
- 2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$151,938.
- Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$321,938.