



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

Date: November 9, 2004

To: Council Member Lisa Goodman, Community Development Cmte
Council Member Barbara Johnson, Ways & Means/Budget Cmte

Prepared by: Kevin Dockry, Project Coordinator III, Phone 612-673-5263

Presented by: Kevin Dockry, Project Coordinator III

Approved by: Elizabeth J. Ryan, Interim Director, Housing _____

Subject: Appropriation increase Funds CBF and SDA for environmental testing on the Sawmill Run project

RECOMMENDATION: 1) Amend the 2004 Revenue Budget for the Community Planning & Economic Development agency Fund CBF – North Loop (CBF0-890-8490) by \$35,000; 2) Amend the 2004 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund CBF – North Loop (CBF0-890-8952) by \$35,000; 3) Amend the 2004 Revenue Budget for the Community Planning & Economic Development agency Fund SDA – Development Account (SDA0-890-8490) by \$35,000; and 4) Amend the 2004 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund SDA – Development Account (SDA0-890-8952) by \$35,000.

Previous Directives: On April 13, 1990 the MCDA Commissioners approved the Sawmill Run Development Proposal and authorized the sale of land to Sawmill Run Development Corporation. On September 6, 1990 the MCDA Commissioners authorized the construction of \$1,200,000 in project improvements. On July 8, 1991 the MCDA Commissioners authorized an amendment to the Redevelopment Contract with Sawmill Run Development Corporation indemnifying the redeveloper and purchasers from remediation costs, and directing that net land proceeds from the development be held in the North Loop Project Fund (BF) to fund the cost of remediation.

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 appropriation increase to Funds CBF and SDA
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- 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

Neighborhood Notification: Not applicable. Meeting to discuss environmental testing with the homeowners association was held October 11, 2004.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable meets current needs and promotes future growth.

Comprehensive Plan: 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.

Zoning Code: Complies.

Living Wage/Job Linkage: Not applicable.

Background/Supporting Information

On June 11, 1990, Sawmill Run Development Corporation and MCDA entered into a Contract for Private Redevelopment for the Sawmill Run property (now "The Landings"). During the course of construction of the public improvements, environmental contaminants were encountered and, upon subsequent testing, it was determined that remediation actions undertaken by previous owners had not eliminated environmental contamination from the property. The MCDA undertook voluntary remediation action under the supervision of the Minnesota Pollution Control Agency (MPCA) to remediate known environmental contaminants. Further, the MCDA indemnified the developer and townhouse purchasers for any future required remediation action.

In September 2003, the City of Minneapolis Department of Community Planning and Economic Development (CPED) requested site closure from the Minnesota Pollution Control Agency (MPCA) for the site. As part of this site closure process, the MPCA has requested some additional monitoring and testing. Specifically, the MPCA would like testing wells on the boulevard monitored quarterly for the next 12 to 18 months, plus additional spot testing in the basements of select units. CPED staff have met and discussed this testing with the homeowner's association.

CPED will contract with Pinnacle Engineering for the testing work. An appropriation increase of \$35,000 in Fund SDA (Development Account) is required to pay for this work. Funds for the testing will come from Sawmill land sale proceeds (a soil correction escrow account consisting of land sale proceeds has been maintained since the early portion of the project). Escrow funds, to be initially deposited in the North Loop Tax Increment Fund (Fund CBF), will be transferred to Fund SDA to cover this contractual obligation.