



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

Date: March 2, 2004

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

Prepared by: Ann Calvert, Senior Project Coordinator, Phone 612-673-5023
Presenter in Committee: Chuck Lutz, Deputy CPED Director

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Appropriation Increase – Guthrie Theater Site Remediation

RECOMMENDATION: Amend the 2004 General Appropriation Resolution by increasing the Community Planning and Economic Development agency Special Revenue Funds (CAZ0-890-8952) by \$20,000.

Previous Directives: On February 2, 2001, the City Council and MCDA Board authorized execution of a letter of intent between the City, MCDA and Guthrie Theater and approved a package of pre-implementation activities. On March 23, 2001, the City Council and MCDA Board approved various actions related to an archaeological study of the Guthrie site. On May 18, 2001, the City Council and MCDA Board authorized the execution of a redevelopment agreement with the Guthrie Theater Foundation and established goals under the Business Subsidy Act. On December 28, 2001, the MCDA Board authorized the acceptance of an easement from the Minneapolis Park and Recreation Board to facilitate the theater project. On May 3, 2002, the City Council designated the area in which the Guthrie project is located as a “targeted neighborhood” in which Port Authority bonding powers may be used. On November 22, 2002, the City Council and MCDA Board authorized execution of an amended redevelopment agreement and various other related actions, including prioritizing the Guthrie’s request for state grant funding. On July 25, 2003, the City Council gave preliminary approval to issue 501(c)(3) bonds for the project. On September 26, 2003, the MCDA Board authorized acceptance of a \$25,000,000 State grant for the Guthrie project, along with execution of related documents and appropriations. On November 21, 2003, the City Council approved the sale of bonds to finance the parking facility.

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 the Capital Budget
- 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: Not applicable.

Ward: 2

Neighborhood Notification: Not applicable.

City Goals: Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Comprehensive Plan: Not applicable.

Zoning Code: Not applicable.

Living Wage/Job Linkage: Not applicable.

Other:

Background/Supporting Information

The Redevelopment Contract between the City of Minneapolis, Minneapolis Community Development Agency (MCDA) and Guthrie Theater Foundation includes a provision that the MCDA (as seller of the main theater site) will be responsible for costs related to environmental and geo-technical remediation. Based upon testing results and initial estimates, \$200,000 was set aside from the land proceeds as the initial escrow to cover these expenses.

The Guthrie has now completed the initial excavation and foundation work on the site. A layer of contaminated material was found that had not been clearly indicated by any of the previous testing. As a result, the environmental and geotechnical remediation costs will be higher than expected.

An additional appropriation of \$20,000 will be sufficient to cover costs associated with the initial site excavation and foundation work that exceed the initial \$200,000 escrow. Additional expenses will be incurred in 2005 when the remainder of the site is graded in preparation for construction of the exterior hardscaping and landscaping areas. These expenses will be estimated and included in the proposed 2005 budget.