



Request for City Council Committee Action
From the Department of Intergovernmental Relations
Office of Grants and Special Projects

Date: August 17, 2004

To: Lisa Goodman, Chair, Community Development Committee

Referral to: Ways and Means Committee

Subject: Grant Contract Termination: Metropolitan Council Livable Communities Demonstration Account (LCDA) Grant Agreement Closeout of a Phillips Park Initiative Phase II grant awarded in 2002

Recommendation:

1. Authorize appropriate City officials to execute the agreement with the Metropolitan Council to terminate the following grant contract:

Grant Name	Grant Type	Grant Number	Original Expiration	Original Grant Amount
Phillips Park Initiative II	LCDA	SG-02-164	12/31/04	\$250,000

2. Authorize appropriate City officials to terminate any legal agreements and memorandums of understanding that may be connected to the specified terms and respective funding requirements of this grant contract.
3. Reduce the appropriation in (SMNO-890-1232) by \$250,000 and reduce the revenue budget for (SMNO-890-8031-3215) by \$250,000 from projected fund balance.

Previous Directives

Council Action 2003R-072 passed March 21, 2003 to accept 2002 LCDA grant funds from the Metropolitan Council.

Prepared: Peter J. O'Toole, Planner II, Grants and Special Projects, (612) 673-5456

Approved by: John Moir, City Coordinator _____

Presenters in Committee: Peter J. O'Toole, Grants & Special Projects; Cynthia Lee, CPED

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): Grant Funded Contract Terminated with a reduction to the forecasted grant fund balance and no other financial impact

Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

Background:

The City was awarded a Metropolitan Council grant for \$250,000 from the Metropolitan Council the Phillips Park Initiative Phase II project. The original application submitted by the developer included three phases for a total funding request of \$500,000. The Metropolitan Council was able to fund only half (site assembly costs) of the requested amount, and project managers were unable to use grant award in this time-frame. The developer and CPED staff, requested from the Metropolitan Council an alternative, for funding gap financing for rental units rather than site acquisition for ownership units. The Metropolitan Council found this request "not consistent" with the original award. With mutual agreement between City staff and the Metropolitan Council, pending City of Minneapolis Council approval, it is determined that the grant funds will not be used for the purposes for which they were awarded and that they will be turned back for allocation in future LCA funding cycles.