

Minneapolis Community Development Agency

Request for City Council Committee Action

Date: June 24, 2003

TO: Council Member Lisa Goodman, Community Development
Council Member Barbara Johnson, Way & Means /Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by: Jack Kryst, 612-673-5130

Approved by: Lee Sheehy, MCDA Executive Director
Chuck Lutz, Deputy Executive Director _____

SUBJECT: 2003 Revised Preliminary Planning Fund Allocations

Previous Directives: As part of the 2003 budget process, the City Council approved a 2003 Fund CPP (Preliminary Planning Fund) appropriation request of \$2,105,414.

On January 21, 2003, at the request of staff, the Board of Commissioners postponed action on a recommended allocation of the appropriated funds until staff returned with a revised recommendation. The Board also provided direction that allowed staff to make necessary 2003 PPF expenditures consistent with the initial recommendations.

Neighborhood Group Notification: N/A

Consistency with *Building a City That Works*: Proposed activities are consistent.

Comprehensive Plan Compliance: N/A

Zoning Code Compliance: N/A

Impact on MCDA Budget: Proposed allocations are within the proposed 2003 Fund CPP (Preliminary Planning Fund) appropriation.

Development Objectives: N/A

Job Linkage: N/A

Crown Roller Mill,
105 Fifth Ave. S., Suite 200
Minneapolis, MN 55401-2534
Telephone: (612) 673-5095
TTY: (612) 673-5154
Fax: (612) 673-5100
www.mcda.org

Affirmative Action Compliance: N/A

Recommendation:

1) Amend the 2003 MCDA Appropriation Resolution to reduce the appropriation in Fund CPP (Preliminary Planning) by \$ 1,111,914.

2) Refer this report to the MCDA Board of Commissioners to allocate \$993,500 of 2003 Preliminary Planning Funds as follows:

Hiawatha Lake	\$175,000
Hiawatha LRT	150,000
MILES Program	140,000
SEMI MILES	140,000
Guthrie Theatre	100,000
PPF Unallocated	75,000
Hollywood Theatre	70,000
46th Street LRT	34,000
Franklin Avenue LRT	31,000
Penn-West Broadway	30,000
Ritz Theatre	20,000
Hennepin Avenue Planning	20,000
38th Street LRT	8,500

The MCDA Board of Commissioners established the Preliminary Planning Fund (PPF) in 1982 to fund necessary initial planning and feasibility studies of proposed projects prior to the adoption of a redevelopment planning or project budget. The PPF is not an independent funding source but an funding device that allows the MCDA to isolate early project planning costs and to capture reimbursement of these costs in projects that go forward. The requested allocations are not project budgets but staff estimates of the pre-project costs likely to occur in a given year. PPF allocations lapse at year-end and must be annually renewed. PPF expenditures are intended for professional services such as market studies, legal and financial analysis, preliminary site plans, pollution testing for soil analysis and for staff time.

The MCDA Board must approve allocations that exceed \$20,000. The MCDA Executive Director may approve allocations of \$20,000 or less.

PPF expenditures are annually recovered each year from either TI or Development Account revenues depending on the nature of the PPF project expenditure. TIF application fees also provide a third source of revenue estimated in 2003 to be approximately \$100,000. 2003 TIF repayments are estimated at \$763,500. The balance of the 2003 PPF allocation (\$130,000) will need to be recovered from Development Account repayments although the availability of these funds may be impacted by the final decisions on NRP funding amounts and sources.

This revised report requests an allocation of \$993,500 for 13 projects and includes \$75,000 for new or increased activities during the remainder of 2003. The January 21 report requested an allocation total of \$2,105,414. This amount is not supportable with estimated revenues and the request was adjusted in several ways:

- a) some projects are recommended at lower funding levels;
- b) some projects are no longer recommended for PPF funding and are recommended to be:
 - 1) funded from other MCDA programs or;
 - 2) funded by non-MCDA resources or;
 - 3) not funded.

One project, 46th Street LRT is recommended for increased funding (\$23,714 to \$34,000) because of contractual costs identified since the first report. A complete list of the projects, revised recommendations and funding history from 1997 is shown in Attachment A.

Projects recommended for reduced funding:

Project	From	To
Hiawatha Lake	240,014	175,000
Hiawatha LRT	206,117	150,000
MILES PPF	189,014	140,000
SEMI	146,002	140,000
Guthrie	107,732	100,000
Hollywood Theater	100,235	70,000
Franklin LRT	67,202	31,000
Penn – West Broadway	40,000	30,000
Ritz Theater	48,683	20,000
Hennepin Ave Planning	25,473	20,000

Projects recommended for funding from other MCDA resources:

Project	From	To	Funding Source
Village in Phillips	206,250	61,000	SHP* or CDBG as appropriate
Grain Belt Housing	82,460	33,000	SHP
Lowell School Site	78,600	50,000	SHP
Parcel A	49,598	50,000	SHP
Franklin Portland	3,611	3,600	SHP
Marshall Street Housing	1,365	1,400	SHP

*Fund SHP (Housing Programs). Projects that subsequently use TIF financing may recapture their preliminary expenditures from the allowable administrative portion of TIF revenues.

Project recommended for funding by non-MCDA resources:

Project	From	To	Possible Funding Source
Opus Westin	87,095	87,000	GMCVA
Nicollet Hotel Housing	53,210	35,000	Minneapolis Public Works
Lowry Corridor	80,002	60,000	Hennepin County

Projects not recommended for funding:

<u>Project</u>	<u>Amount:</u>
SAGA	31,420
Planetarium	25,000
Lyn-Lake	24,021
29 th Street Corridor	17,751
Ballpark	11,618

Brief project descriptions with the original and revised PPF funding amounts are as follows:

Hiawatha Lake - \$240,014 to \$175,000

We are requesting funds for staff time to work with neighborhoods, businesses, property owners and others on implementation of development objectives for the area and work with developers and neighborhoods to implement development proposals for mixed-use, mixed-income, transit-oriented development.

Village In Phillips-- \$206,250 to \$0 **(\$61,000 from SHP/CDBG)**

We are requesting funds for pre-development activities in the development of the Village In Phillips housing project.

Hiawatha LRT -- \$206,117 to \$150,000

We are requesting funds for staff time to plan and implement Hiawatha LRT.

MILES -- \$189,014 to \$140,000

We are requesting funds for staff time for the MILES and Brownfield Review Committees and to complete reuse plans for potential industrial redevelopment sites.

PPF Unallocated -- \$150,669 to \$75,000

We are requesting that a portion of the funds remain unallocated for allocation to new or expanded PPF projects throughout the 2003.

SEMI MILES -- \$146,002 to \$140,000

We are requesting funds for staff time to identify opportunities for redevelopment, to implement the SEMI infrastructure plan and to monitor completion of the Bedford Townhomes project.

Guthrie Theatre -- \$107,732 to \$100,000

We are requesting funds for staff time to monitor theatre and public parking construction, work with Public Works to prepare for construction of other public improvements, work with City to select developer(s) for "liner" parcel and prepare for disposition of parcel by City, and administration of soil escrow for Guthrie excavation.

Hollywood Theatre -- \$100,305 to \$70,000

We are requesting funds for staff time to implement redevelopment of the theatre.

Opus Westin (Convention Hotel) – \$87,095 to \$0 (Seek partnership funding)

We are requesting funds for staff time to develop a major Downtown convention hotel.

Grain Belt Housing -- \$82,460 to \$0 (\$33,000 from SHP)

We are requesting funds for staff time to work with the Sheridan Development Company on the development of the 400-unit Grain Belt housing project.

Lowry Corridor -- \$80,002 to \$0 (Seek partnership funding)

We are requesting funds for staff time to create a redevelopment project area for the western portion of the approved Lowry Avenue Corridor Plan.

Lowell School Site -- \$78,600 to \$0 (\$50,000 from SHP)

We are requesting funds for staff time to select developer, prepare the site for development, and monitor construction of 9-30 housing units.

Franklin Avenue LRT -- \$67,202 to \$31,000

We are requesting funds for staff time to monitor and coordinate transit-oriented development at Franklin and Hiawatha.

Nicollet Hotel Housing -- \$53,210 to \$0 (Seek partnership funding)

We are requesting funds for staff time to select a developer for the development of housing on the Nicollet Hotel block, negotiate a redevelopment contract and create a tax increment district to support the project.

Parcel A -- \$49,598 to \$0 (\$50,000 from SHP)

We are requesting funds for staff time to work on the development of two rental housing projects with 20% affordable units, ground floor commercial, and underground parking.

Ritz Theatre -- \$48,683 to \$20,000

We are requesting funds for staff time to negotiate and implement the redevelopment contract and administer construction of the project.

Penn-West Broadway -- \$40,000 to \$30,000

We are requesting funds for staff time to negotiate a redevelopment contract for rehabilitation of the Delisi property.

St. Andrews Golf Academy (SAGA) -- \$31,420 to \$0

We are requesting funds for staff time to administer air rights lease with the State of Minnesota and corresponding sublease with private developer/owner – St. Andrews Golf Academy.

Hennepin Avenue Planning -- \$25,473 to \$20,000

We are requesting funds for staff time to coordinate planning and design initiatives within the Greater Hennepin Avenue Development District. This would include responding to requests for potential development site information, pre-development market studies and environmental surveys, and coordinate specific development project activity with comprehensive development district plans, such as LRT, parking programs and skyway system.

Planetarium -- \$25,000 to \$0

We are requesting funds for staff time to coordinate planning and development of a new Planetarium.

Lyn-Lake Housing-- \$24,021 to \$0

We are requesting funds for staff time to continue negotiations with Village Green on a redevelopment contract and related agreements for the Lyn-Lake housing project.

46th Street LRT -- \$23,714 to \$34,000

We are requesting funds for staff time to establish a redevelopment plan and TIF district at the site and to coordinate land sales and redevelopment agreements.

29th Street Corridor -- \$17,751 to \$0

We are requesting funds for staff time to work with the Midtown Greenway Coalition on planning projects and other activities within the 29th Street Midtown Greenway.

Ballpark -- \$11,618 to \$0

We are requesting funds for staff time to work on planning and development issues for a new ballpark.

38th Street LRT -- \$8,488 to \$8500

We are requesting funds for staff time to complete station area/corridor planning and to establish a redevelopment plan.

Franklin Portland Gateway -- \$3,611 to \$0 (\$3,600 from SHP)

We are requesting funds for staff time and pre-development activities to develop housing at the intersection of Franklin and Portland Avenues.

Marshall Street Housing -- \$1,365 to \$0 (\$1,400 from SHP)

We are requesting funds for staff time to continue development of the Marshall Street housing project.

This report was prepared by Jack Kryst 612-673-5130.

Attachment A

Revisions and Project Funding History

Project	Proposed 1/21/03	Revised PPF Request	Other MCDA Sources	Non MCDA Sources*	Total 2003 All Sources	Prior Years Expended	Since
Hiawatha Lake	240,014	175,000			175,000	262,903	2000
Hiawatha LRT	206,117	150,000			150,000	559,648	1999
MILES Program**	189,014	140,000			140,000	835,960	1997
SEMI MILES	146,002	140,000			140,000	1,284,480	1997
Guthrie Theatre	107,732	100,000			100,000	376,815	1999
PPF Unallocated	150,669	75,000			75,000	-	-
Hollywood Theatre	100,305	70,000			70,000	89,040	1998
46th Street LRT	23,714	34,000			34,000	0	2003
Franklin Avenue LRT	67,202	31,000			31,000	31,249	2001
Penn-West Broadway	40,000	30,000			30,000	32,433	2001
Ritz Theatre	48,683	20,000			20,000	107,897	1997
Hennepin Avenue Planning	25,473	20,000			20,000	23,894	1998
38th Street LRT	8,488	8,500			8,500	0	2003
Village In Phillips	206,250	0	61,000		61,000	18,078	2002
Opus Westin	87,095	0		87,000	87,000	33,763	2001
Grain Belt Housing	82,460	0	25,000		25,000	123,681	2000
Lowell School Site	78,600	0	50,000		50,000	27,250	2000
Nicollet Hotel Housing	53,210	0		35,000	35,000	62,532	1999
Parcel A	49,598	0	50,000		50,000	46,429	2001
SAGA	31,420	0			0	57,976	1999
Planetarium	25,000	0			0	0	2003
Lyn-Lake	24,021	0			0	25,745	2000
29th Street Corridor	17,751	0			0	303,985	1997
Ballpark	11,618	0			0	31,504	2001
Franklin Portland Gateway	3,611	0	3,600		3,600	927	2002
Marshall Street Housing	1,365	0	1,400		1,400	4,540	2001
Lowry Corridor	80,002			60,000	60,000	58,852	2002
	2,105,414	993,500	191,000	182,000	1,366,500	4,399,583	

*Not currently funded.

** Includes Shoreham (\$19,698) and MN DOT (\$4,455)