

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

**Date:** May 18, 2010  
**To:** Lisa Goodman, Chair, Community Development Committee  
**Referral to:** Betsy Hodges, Chair, Ways and Means/Budget Committee  
**Subject:** East Phillips Park Community Center (MPRB Project) --  
Environmental Remediation Grant Application -- Spring 2010  
Grant Round

## Recommendation:

Adopt the attached resolution approving the application that the Minneapolis Park and Recreation Board [MPRB] submitted to Hennepin County's Environmental Response Fund [ERF] on May 3, 2010 in connection with the East Phillips Community Center project.

**Previous Directives:** None.

Prepared by: Kevin Carroll, Principal Project Coordinator	
Approved by: Charles T. Lutz, Deputy Director, CPED	_____
Catherine A. Polasky, Director of Economic Development	_____
Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5181	

## Financial Impact

X Other financial impact: No financial impact is currently anticipated.

## Community Impact

Neighborhood Notification: It is the understanding of CPED staff that affected neighborhood groups are not only aware of the project in question, but have been actively involved in the planning, administration and financing of the project. For example, the East Phillips Improvement Coalition and the Midtown Phillips Neighborhood Association have apparently committed funds in the combined amount of \$185,000 to the project.

City Goals: Livable Communities; Healthy Lives; Eco-Focused

Sustainability Targets: Brownfield Sites

Comprehensive Plan: The proposed project generally complies with the “land reclamation” and “providing a healthy environment” elements of the Minneapolis Plan.

Zoning Code: The proposed project is either in compliance or will comply.

Living Wage/Business Subsidy Agreement: Yes\_\_\_\_ No X

Job Linkage: Yes\_\_\_\_ No X

Other: Environmental remediation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act.

## **Background/Supporting Information**

Three local governmental entities administer their own brownfield grant programs: the State of Minnesota (through its Department of Employment and Economic Development), the Metropolitan Council, and Hennepin County. These three grantors jointly conduct two grant rounds per year. Grant applications are typically due on or around May 1 (spring round) and **November** 1 (fall round) of each year.

At its meeting on the morning of April 30, 2010, the City Council adopted three resolutions (one each for DEED, the Met Council and Hennepin County) approving a number of planned applications to the spring round of the three grant programs in question on behalf of various projects located within the City of Minneapolis. The application deadline for the DEED and Hennepin County grant programs was Monday, May 3, 2010. The Met Council applications will be due on Monday, May 17, 2010.

On the afternoon of April 30, 2010, a CPED staff member was contacted for the first time by a neighborhood representative who made inquiries regarding whether or how a Minneapolis Park and Recreation Board [MPRB] project involving the construction of a community center in East Phillips Park could seek grant funds in the spring brownfield round. (See the “Details of Proposed Project” section below for more information regarding the contamination issues in question.) The neighborhood representative was told that all of the City’s internal deadlines for the spring brownfield grant round had already passed (including a March 16 pre-application deadline, consideration of the pre-applications at the April 20 Community Development Committee meeting, and final approval of the applications at the City Council’s meeting on April 30).

CPED staff suggested that the neighborhood representative and/or the MPRB contact Hennepin County staff to inquire about “emergency funding” that is sometimes available through the County’s Environmental Response Fund [ERF] outside of the local grantors’ “regular” semi-annual grant rounds. CPED staff also indicated that the ERF program will sometimes accept grant applications **directly**

from project proponents (rather than **only from the City**, as DEED and the Met Council require).

MPRB staff subsequently discussed this matter with Hennepin County ERF staff on Friday, April 30 and then prepared an ERF grant application over the weekend and submitted it directly to Hennepin County by its Monday (May 3) deadline. Hennepin County seems to have “conditionally accepted” it as a regular spring round application (rather than as an “emergency application”) despite two major deficits that would ordinarily render an ERF application invalid or ineligible. One such factor is the absence of a RAP [Response Action Plan] approved by the MPCA. Hennepin County has apparently given the MPRB a May 28, 2010 deadline for satisfying this requirement.

The other pivotal issue is the absence of an approved City Council resolution that refers to the East Phillips Park project. Hennepin County ERF program guidelines require that every brownfield grant application be accompanied by a resolution of support adopted by the governing body of the municipality within which the development project is located. The resolution that was adopted by the City Council on April 30 did not mention the East Phillips Park project, because no pre-application had been submitted and CPED staff members were not even aware that environmental problems had arisen in connection with the project. Hennepin County has given (or intends to give) the MPRB a May 28, 2010 deadline for the adoption of the required City Council resolution.

### **Details of Proposed Project:**

East Phillips Park was acquired from the Minneapolis Community Development Agency (MCDA) in 1977. The land became available after the MCDA decided not to develop the site for housing. Development of the park began in 1978 with construction of playing fields, playgrounds and a wading pool, as well as general landscaping. A shelter was built in the park in 1979. Additional improvements continued into 1981 with the construction of tennis courts and additional paths. In 2007, the state legislature approved funds for a new community center in the park. Once preliminary planning for the new community center began, the Minneapolis Park and Recreation Board did a geotechnical study with soil testing of the site. However, other types of investigations that are common in development scenarios, such as Phase I and Phase II Environmental Site Assessments, were apparently not conducted.

The East Phillips site was known to have previously been a housing area prior to becoming parkland. Once excavation began for the community center, soils containing rubble and debris, as well as ash and old footings at location of previous homes were found. The rubble and debris containing materials were stockpiled primarily in one small pile, while soils found to be suitable for reuse were stockpiled separately. After the soils containing debris had been stockpiled, the excavation contractor discovered debris that looked as though it might contain asbestos.

Samples were collected and sent to a lab for testing. The presence of asbestos-containing materials [ACM] was confirmed by tests conducted in November of 2009. Braun Intertec was consulted and retained by the MPRB to conduct additional testing and to interact with the MPCA and MDH to ensure that the ACM was handled and disposed of in a manner consistent with their requirements.

Total projected remediation costs (as of May 4, 2010) are at least \$350,000. Of that amount, almost \$108,000 has already been incurred and is therefore not eligible for reimbursement under the ERF program guidelines (which cover only expenses incurred after a grant has been awarded and a grant agreement has been executed). The ERF application that the MPRB submitted to Hennepin County on May 3, 2010 requested a grant in the amount of \$271,238. The MPRB's ERF grant application indicated that "the budgeted project environmental cleanup funding and the total project contingency funding has been exhausted." The MPRB has indicated that the prompt resolution of this environmental issue is extremely critical and time-sensitive, given the fact that the \$3.5 million in state funding that was obtained in 2007 has an associated December 31, 2010 project completion deadline.

**Approving the Minneapolis Park and Recreation Board's Application to the Hennepin County Environmental Response Fund for the East Phillips Park Community Center Project**

Whereas, the Minneapolis Park and Recreation Board applied directly to the Hennepin County Environmental Response Fund [ERF] on May 3, 2010 for funding to assist with the cleanup of soil contamination at the site of the planned East Phillips Park Community Center at 2307 17<sup>th</sup> Avenue S. in the City of Minneapolis; and

Whereas, the ERF program's procedures require a City Council resolution in support of any project within the City of Minneapolis that intends to seek such funding;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council hereby expresses its support for the ERF cleanup funding that the Minneapolis Park and Recreation Board has sought from the Hennepin County Environmental Response Fund [ERF] for the planned East Phillips Park Community Center at 2307 17<sup>th</sup> Avenue S. in the City of Minneapolis.