



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

**Date:** April 3, 2007

**To:** Council Member Lisa Goodman, Chair, Community Development Committee

**Subject: North Washington Industrial Park  
1300 North Second St. Project**

**Recommendation:** Authorize extension of closing deadline for redevelopment contract between City of Minneapolis and Landmark Minnesota (d/b/a as Master Development Group) for property located at 1300 2<sup>nd</sup> Street North, 1316 2<sup>nd</sup> Street North and 109 14<sup>th</sup> Avenue North, said closing deadline to be extended to:

- a. July 1, 2007 if Master and the City determine (through additional environmental testing to be conducted at Master's expense during April of 2007) that no further environmental remediation will be required for the redevelopment of the site; or
- b. December 28, 2007 if Master and the City determine that additional remediation will be required before the site can be redeveloped.

**Previous Directives:** CPED acquired 1300 2nd Street North on May 16, 1994, 1316 2nd Street North on October 9, 2001, and 109 14th Avenue North on March 23, 2004. CPED issued a Request for Proposals for Redevelopment of these parcels on May 1, 2005. On April 14, 2006, the City Council approved the sale of 1300 2nd Street North, 1316 2nd Street North, and 109 14th Avenue North to Landmark Minnesota, LLC, an affiliate of Master Civil & Construction Engineering, Inc. d/b/a Master Development Group [hereinafter "Master"], for the fair re-use value of \$365,365 (or \$5 per sq. ft.) and authorized appropriate staff to execute a redevelopment contract and land sale documents consistent with the Term Sheet accompanying the Land Sale report. On October 6, 2006, the City Council authorized appropriate City staff to execute a redevelopment contract consistent with a revised term sheet. On November 7, 2006, the City Council authorized an extension of the closing date to April 1, 2007.

Prepared by: Kevin Carroll, Senior Project Coordinator, 612-673-5181

Approved by: Chuck Lutz, Deputy CPED Director

Mike Christenson, Director of Economic Policy & Development

Presenters in Committee: Kevin Carroll

### **Financial Impact**

- No financial impact
- Action is within the Business Plan

## Community Impact

- Neighborhood Notification

The Northside Residents Redevelopment Council (NRRC) was originally notified of this proposal on January 20, 2006. NRRC reviewed the original proposal and recommended it be approved. NRRC reviewed the revised proposal at its meeting on September 18, 2006. At that meeting NRRC approved the proposed site plan but requested that the building design (elevation) be revised and submitted to NRRC for review. In addition, this project is located in the North Washington Industrial Park. The North Washington Industrial Park Jobs Committee (Jobs Park Committee) worked with Master in reviewing the proposal and recommended that the land sale and the originally proposed development be approved. The Jobs Park Committee reviewed the revised proposal and design details at its meeting of September 12, 2006, and after some design modifications, the Committee passed a motion at its November 2 meeting that recommended the approval of the extension of the closing date from November 30, 2006 to April 1, 2007.

At its meeting on March 20, 2007, the Jobs Park Committee considered Master's request for an extension of the closing date from April 1, 2007 to December 28, 2007. After considerable discussion, the Committee voted to recommend to the City Council that Master be granted an extension to July 1, 2007.

- City Goals

- A Premier Destination
- Enriched Environment (the developer is pursuing LEED Certification)

- Sustainability Targets

- Brownfield Sites (the City's goal has been, and will continue to be, to return this former Superfund site to a clean, productive use.)

- Comprehensive Plan

The Planning Commission reviewed the land sale for consistency with the Comprehensive Plan on March 27, 2006 and approved the staff report finding that: "The sale of this property for light industrial development as proposed is consistent with the Minneapolis Plan."

- Zoning Code

Community Planning staff reviewed the proposed land sale and found that the land use proposed is subject to the standards of the I2 Medium Industrial District and MR Mississippi River Critical Area Overlay. Rezoning or other land use standards would depend on the specific uses proposed.

- Living Wage/Business Subsidy Agreement      Yes\_\_\_\_ No X
- Job Linkage      Yes X      No\_\_\_\_

## Supporting Information

On October 6, 2006, the City Council approved an amended term sheet and authorized City staff to execute a redevelopment contract and land sale with Landmark Minnesota, LLC an affiliate of Master Civil & Construction Engineering, Inc. d/b/a Master Development Group ("Master") based on that amended term sheet. The term sheet lists November 30, 2006 as the closing date for the redevelopment contract.

During the time that the amended term sheet was being negotiated, Master was contacted by representatives of Coloplast about opportunities to relocate Minneapolis Washer from its location at 1501 West River Road (adjacent to Coloplast) to the subject site (1300 North Second Street). Relocation of Minneapolis Washer would allow Coloplast to expand onto 1501 West River Road and undertake a significant part of the growth they propose for their corporate headquarters in Minneapolis.

As a result of those discussions, Master asked for a modification to the approved term sheet that would set April 1, 2007 as the closing date for the redevelopment contract. Master indicated its belief that extending the closing date would allow Master to develop the subject site to meet the needs of Minneapolis Washer.

Master has now requested an extension of the closing date to December 28, 2007. The attached letter from Master explains the reasons for the request. The attached letter from Minneapolis Washer indicates that company's support for the extension request. Coloplast representatives have indicated that Coloplast is not opposed to the extension request.

Representatives of Master have assured City staff that if the requested extension is granted, Master will immediately proceed with additional environmental testing at its own expense. (Master has provided City staff with a written cost projection from Peer Engineering dated March 5, 2007 in the amount of \$27,479.45.) Master has also indicated that, to date, it has incurred costs of approximately \$35,000 in connection with this project, for expenses such as architectural and engineering services, legal fees, a site survey, and zoning application fees.

At the Jobs Park Committee meeting on March 20, 2007, it was generally acknowledged that any perceived lack of progress on the part of Master during the last few months was primarily attributable to Master's willingness to explore development alternatives that could have directly or indirectly facilitated Coloplast's expansion plans. Most of the Committee members also agreed that an extension would better enable Minneapolis Washer (a company that is currently located on property adjacent to Coloplast) to make a final decision regarding whether it wants Master to construct a new facility (for Minneapolis Washer) on the 1300 North Second Street site. However, it was also generally agreed that the nine month extension requested by Master will be needed only if it is determined that additional environmental remediation will be required (in which case Master would seek brownfield funding in the Fall 2007 grant round, which has a November 1 application deadline).

As noted above, the Jobs Park Committee ultimately voted in favor of recommending the approval of an extension to July 1, 2007. Those voting in favor of the motion indicated that the 90-day extension in question would, among other things, provide the City and Master with additional time to (a) more fully explore potential environmental issues that Master and its consultants have raised and (b) clarify whether the site in question will be developed in the way that Master had originally proposed or as a new business location for Minneapolis Washer.

Master has clearly devoted a significant amount of time to a good faith effort to develop the 1300 N. Second Street site in a manner consistent with Coloplast's desire to expand its operations. The recommendation of City staff is that City Council approve a 90-day extension of the closing date (to July 1, 2007), with the express understanding that City staff would have the discretion to grant one final extension to December 28, 2007, but only if an additional environmental investigation to be conducted in April of 2007 confirms that further environmental remediation will be required before the redevelopment of the site may proceed. In that event, City staff would assist Master's efforts to secure funding for said remediation in the Fall 2007 brownfield grant round.

Attachments: Letter from Master Development dated March 2, 2007, with attached (proposed) development schedule; letter from Minneapolis Washer dated March 6, 2006; area map.

# Coloplast Area Ownership Map

