



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

Date: August 9, 2011

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

Referral to: Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF)

**Recommendation:**

Accept the following grants:

**MN Department of Employment and Economic Development (DEED) Grants**  
(The local match for these projects will come from developer's funds and/or from other grant funds.)

<u>Project</u>	<u>Recipient</u>	<u>Grant Award</u>
Ford Centre	City of Minneapolis	\$253,125
Marshall Street Boat Basin	City of Minneapolis	33,000
Mill & Main, Phase I	City of Minneapolis	416,850
Mississippi Watershed Management District	City of Minneapolis	370,929
MoZaic	City of Minneapolis	295,183
Oak Street Flats	City of Minneapolis	151,457
Precision Associates Building	City of Minneapolis	88,017
University Gateway, Phase I	City of Minneapolis	457,950
<b>Total DEED:</b>		<b>\$2,066,511</b>

**Metropolitan Tax Base Revitalization Account (TBRA) Grants**

(There is no local match required for these grants.)

<b>Project</b>	<b>Recipient</b>	<b>Grant Award</b>
Lehmann Center	City of Minneapolis	\$306,000
Mill & Main, Phase I	City of Minneapolis	217,700
Oak Street Flats	City of Minneapolis	34,500
Precision Associates Building	City of Minneapolis	612,500
University Gateway, Phase I	City of Minneapolis	79,300
<b>Total Metropolitan Council TBRA:</b>		<b>\$1,250,000</b>

**Hennepin County Environmental Response Fund (ERF) Grants**

(There is no local match required for these grants.)

<b>Project</b>	<b>Recipient</b>	<b>Grant Award</b>
Lehmann Center	City of Minneapolis	\$449,447
Mill & Main, Phase I	City of Minneapolis	36,127
Mississippi Water Management Association	Mississippi Water Management Association	64,295
Oak Street Flats	City of Minneapolis	23,777
PPL Foreclosure Direction Program	Project for Pride in Living	150,000
Precision Associates Building	City of Minneapolis	302,878
<b>Total Hennepin County ERF:</b>		<b>\$1,026,524</b>

- a) Amend the 2011 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$1,489,487, and b) Amend the 2011 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$2,639,253 .
- Increase the 2010 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$2,066,511; Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,250,000; and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$812,229.

4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

**Previous Directives:** On April 29, 2011, the City Council authorized staff to submit a number of applications for remediation grant funds to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF). Additional project-specific Council actions are as follows:

**Ford Centre** (420 N. 5<sup>th</sup> Street): None

**Lehmann Center [former]** (1006 W. Lake Street): None.

**Marshall Street Boat Basin** (1720 Marshall St. NE): None.

**Mill & Main** (413-419-425 Main Street SE): None.

**Mississippi Watershed Management Organization [MWMO] Building** (2522 Marshall Street NE): None.

**MoZaic** (1320 Lagoon Avenue; 2900-2908 Fremont Ave. S.): On April 16, 2010, the City Council approved the submittal of a MoZaic TOD application, and also approved a multijurisdictional funding resolution for the project and the execution of a cooperation agreement with Hennepin County for the project. On October 28, 2010, the City Council adopted a resolution giving preliminary and final approval to the issuance of up to \$11,000,000 in Tax-exempt Revenue Bonds (designated as City of Minneapolis Recovery Zone Facility Bonds) for MoZaic Partners, LLC, to finance the acquisition & construction of a parking ramp of approximately 435 spaces.

**Oak Street Flats** (309-313 Oak Street SE): None.

**Precision Associates Building** (740 Washington Ave. N.): None.

**University Gateway** (928 University Avenue SE): None.

Note: The remaining project referred to elsewhere herein (PPL Foreclosure Redirection Program) was not included in the aforementioned City Council action that was taken on April 29, 2011, because that project had been the subject of at least one prior City Council action that satisfied the submission requirements of Hennepin County's ERF grant program.

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

Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or Operating Budget

Action provides increased revenue for appropriation increase

Action is within the Business Plan

### Community Impact

Neighborhood Notification (for any grant applications that were submitted directly by the City):

**Ford Centre** (420 N. 5<sup>th</sup> Street): The North Loop Neighborhood Association sent a letter of support regarding this project to City staff on October 29, 2010.

**Lehmann Center [former]** (1006 W. Lake Street): The Lowry Hill East Neighborhood Association sent a letter of support regarding this project to City staff on March 25, 2011.

**Marshall Street Boat Basin** (1720 Marshall St. NE): The Above the Falls Citizens Advisory Committee distributed a letter of support for this project on February 8, 2011.

**Mill & Main** (413-419-425 Main Street SE): This project was reviewed and discussed by the Marcy-Holmes Neighborhood Group on April 12, 2011.

**Mississippi Watershed Management Organization [MWMO] Building** (2522 Marshall Street NE): Letters of support for this project were prepared by the Above the Falls Citizens Advisory Committee and the Friends of the Mississippi River on August 10, 2010.

**MoZaic** (1320 Lagoon Avenue; 2900-2908 Fremont Ave. S.): The Lowry Hill East Neighborhood Association sent a letter of support regarding this project to City staff on November 15, 2010.

**Oak Street Flats** (309-313 Oak Street SE): The developer of this project made a presentation to the Prospect Park Land Use Committee in January of this year, and returned for further discussions during April.

**Precision Associates Building** (740 Washington Ave. N.): The North Loop Neighborhood Association sent a letter of support regarding this project to City staff on March 23, 2011.

**University Gateway** (928 University Avenue SE): This project was reviewed and discussed by the Marcy-Holmes Neighborhood Group on April 12, 2011.

**City Goals:** Jobs and Economic Vitality; Livable Communities, Healthy Lives; Eco-Focused. Cleanup of contaminated land supports sustainability goals and some projects include “green” design and construction elements.

**Sustainability Targets:** Nine Minneapolis sites were awarded funds in this grant round, which brings the total number of City projects securing brownfield grants (2004-2011) to 123. The City’s goal of remediating 100 brownfield sites by 2014 has been achieved and exceeded.

**Comprehensive Plan:** The proposed projects generally comply with the “land reclamation” and “providing a healthy environment” elements of the Minneapolis Plan for Sustainable Growth.

**Zoning Code:** The proposed projects either are in compliance or will comply prior to the expenditure of funds.

**Other:** Environmental remediation assistance is generally exempt from the City’s Living Wage Ordinance and the State’s Business Subsidy Act. However, any business that occupies a remediated site may be asked to sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

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

## Supporting Information

On May 2, 2011 the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF) for a number of projects, including those identified herein.

Total grant funds in the amount of \$4,343,035 were awarded to projects located in the City of Minneapolis during the spring 2011 brownfield grant funding round. This amount sets a new record for brownfield funds awarded to the City in a single grant round, eclipsing the \$4,134,535 that was awarded in the spring 2009 round. The amount awarded in the spring 2011 round is 88% of the total amount requested for projects located in the City.

**Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program** – of the \$5,648,291 awarded statewide, Minneapolis projects received \$2,066,511, or 37% of the grant funds awarded.

Seven of the eight Minneapolis projects that submitted applications received a grant. The funds awarded to those seven projects represent 117% of the total amount requested by the eight projects (this figure exceeds 100% because in two instances DEED awarded more than the amount requested, to compensate for lower amounts awarded by other grantors).

**Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program** – of the \$2,500,000 awarded metro-wide, Minneapolis projects received \$1,250,000, or 50% of the grant funds awarded.

Five of the seven Minneapolis projects that submitted applications received a grant. The funds awarded to those five projects represent 74% of the total amount requested by the seven projects.

**Hennepin County Environmental Response Fund (ERF)** - of the \$1,926,474 awarded county-wide, Minneapolis projects received \$1,026,524, or 53% of the grant funds awarded.

Six of the eight Minneapolis projects that submitted applications received a grant. The funds awarded to those six projects represent 70% of the total amount requested by the eight projects.

### **Geographic Distribution of Grant Awards**

DEED, the Metropolitan Council and Hennepin County awarded a total of 42 brownfield grants during the spring 2011 grant round. Projects receiving grants were located in the following jurisdictions:

<b>JURISDICTION</b>	<b>NUMBER OF GRANTS RECEIVED</b>
Minneapolis	20
St. Paul	6
St. Louis Park	3
Duluth, Minnetonka, White Bear Township	2 each
Albany, Calumet, Hastings, Hopkins, Richfield, Robbinsdale, Wayzata	1 each

### **CITY OF MINNEAPOLIS AS GRANT RECIPIENT:**

The City sponsored and submitted grant applications on behalf of these nine projects, and in each case the related grant agreement will be between the grantor and the City. The City will enter into subrecipient agreements with the developers or related entities to enable them to obtain reimbursement for any eligible investigation and/or remediation costs incurred.

**Ford Centre (Ward 7) - \$253,125**

420 N. 5<sup>th</sup> Street

Lead Developer – Ford United LLC (or affiliated entity)

DEED Contamination Cleanup award                      \$253,125

A full renovation of this existing building (located on a 1.2–acre site directly across from the Target Field light rail station) is currently underway by its developer, Ford United LLC. The renovation will result in 260,000 square feet of new office space, with four new passenger elevators, the complete replacement of all exterior window glass, new mechanical and electrical systems, etc. The awarded grant funds will be used primarily for soil remediation near (and possibly underneath) portions of the building.

**Lehmann Center (Ward 10) - \$755,447**

1006 W. Lake Street

Lead Developer – Dominion (or affiliated entity)

Met Council TBRA award                                      \$306,000

Hennepin County ERF award                                \$449,447

The developer of this 2.36-acre site, Dominion (operating through a related entity, Minneapolis Leased Housing Associates III, L.P.) intends to convert the vacant historical building in question into 125 affordable rental units. The awarded grant funds will be used for the abatement of asbestos and lead-based paint.

**Marshall Street Boat Basin (Ward 3) - \$33,000**

1720 Marshall Street NE

Lead Developer – Rockway Development LLC (or affiliated entity)

DEED Investigation award                                    \$33,000

This 1.74 acre riverfront parcel is the site of an existing, partially vacant light industrial building. The developer, Rockway Development LLC, intends to renovate the building to create 10,000 square feet of new retail space, 4,000 square feet of new office space, a 4,000 square foot event center and 9,000 square feet of restaurant space, with the possible future addition of a dock or marina. The awarded investigation grant funds will be used to help assess potential problems with soil contamination, asbestos, and lead based paint.

**Mill & Main, Phase I (Ward 3) - \$670,677**

413-419-425 Main Street SE

Lead Developer – Doran Companies (or affiliated entity)

Met Council TBRA award                                    \$306,000

Hennepin County ERF award                                \$449,447

This 1.5-acre site is the first site to be sold off by the bank after obtaining possession of it from a former developer in the wake of foreclosure on the Pillsbury A Mill project properties. The current developer, Doran Companies, is proposing the demolition of two existing structures (the Annex Building and the former Manildra Milling Building) and the construction of the first phase of a 375 unit market-rate apartment project. The awarded grant funds will be used for soil remediation and for the abatement of asbestos and lead-based paint.

**Mississippi Watershed Management Organization (Ward 1) - \$370,929**

2522 Marshall Street NE  
Lead Developer – MWMO

DEED Contamination award \$370,929

This 1.26-acre site is the planned location of a new office and educational facility for the MWMO. The MWMO intends to construct two buildings (connected by a bridge) with a total of 11,300 square feet. The awarded grant funds will be used for soil remediation. The project also was awarded a grant directly from Hennepin County.

**MoZaic (Ward 10) - \$295,183**

1320 Lagoon Avenue, 2900-2908 Fremont Avenue S.  
Lead Developer – Ackerberg Group (or affiliated entity)

DEED Contamination award \$295,183

A mixed-use redevelopment project on this 2.5 acre Uptown site is currently underway. The end product will be 65,000 square feet of new office space, 13,000 square feet of new restaurant space, some new surface and ramp parking, and a public plaza. The awarded grant funds will be used to address soil contamination.

**Oak Street Flats (Ward 2) - \$209,734**

309, 313 Oak Street SE  
Lead Developer – Doran Companies (or affiliated entity)

DEED Contamination award \$151,457  
Met Council TBRA award \$34,500  
Hennepin County ERF award \$23,777

Doran Companies is the developer of this 0.33-acre site. The proposed project involves the demolition of two existing buildings and the construction of a new 6-story building with 1<sup>st</sup> floor retail and 50 market rate apartments on the remaining floors. This project is essentially half of a larger student housing project that was proposed by another developer and approved by the City. That project was later downsized, and Doran ended up with this 0.33-acre subpart of the original project area; there will now probably be two smaller student housing projects rather than one larger one. The awarded grant funds will be used for soil remediation and for the abatement of asbestos and lead-based paint.

**Precision Associates Building (Ward 7) - \$1,003,395**

740 Washington Avenue N.  
Lead Developer – Greco (or affiliated entity)

DEED Contamination award \$88,017  
Met Council TBRA award \$612,500  
Hennepin County ERF award \$302,878

Greco is the developer of this 0.93-acre property, which is the site of a six-story building constructed in 1923. (Precision Associates, Inc. is relocating from this North Loop site, where it has done business for 56 years, to a North Minneapolis light manufacturing site at 3800 Washington Avenue N.) Greco intends to renovate the building by creating 20,000 square feet of retail/office/restaurant space and 129 market-rate apartments. The awarded grant funds will be used for soil remediation and for the abatement of asbestos and lead-based paint.

**University Gateway, Phase I (Ward 3) - \$537,250**

928 University Avenue SE

Lead Developer – Boosalis Family Partnership (or affiliated entity)

DEED Contamination award \$457,950

Met Council TBRA award \$79,300

The Boosalis Family Partnership is the owner/developer of this 1.39-acre site. A two-phase redevelopment is envisioned. Phase I will be a mixed-use retail center with a grocery store and 5000 square feet of second floor office/medical. Phase II will be a 45-unit residential building. The awarded grant funds will be used for soil remediation.

**DEVELOPER AS GRANT RECIPIENT:**

The City did not submit the following two grant applications; the developers applied directly to Hennepin County for grant funds. Hennepin County allows developers to directly apply for ERF grants if there is sufficient evidence of prior or current City support for the project and/or if the developer is identified in the ERF guidelines as an authorized “direct” applicant. In these cases, the grant agreements will be between the grantor and the developer, rather than between the grantor and the City. Therefore, no subrecipient agreements will be required, and the City will not appropriate the grant funds. The developers will obtain reimbursement for eligible remediation costs directly from Hennepin County, rather than from or through the City. These projects are presented for informational purposes.

**Mississippi Watershed Management Organization (Ward 1) - \$64,295**

2522 Marshall Street NE

Project Applicant – MWMO

Hennepin County ERF award \$64,295

This 1.26-acre site is the planned location of a new office and educational facility for the MWMO. The MWMO intends to construct two buildings (connected by a bridge) with a total of 11,300 square feet. The awarded grant funds will be used for soil remediation. (The MWMO applied through the City of Minneapolis for the DEED grant that it was awarded, but it applied directly to Hennepin County for the ERF grant that it received.)

**PPL Foreclosure Redirection Program (Various Wards) - \$150,000**

Various addresses

Project Applicant – Project for Pride in Living

Hennepin County ERF award \$150,000

This ongoing program will provide 20 affordable housing units at five different foreclosed multi-unit residential buildings in north Minneapolis. The awarded grant funds will be used to conduct environmental site assessments and/or cleanups at candidate sites.

**Spring 2011 CONTAMINATION CLEANUP GRANT ROUND**

**MINNEAPOLIS APPLICANTS - Requests & Awards**

**(o) = original request in pre-application; (a) = amended request in final application**

PROJECT	APPLICANT	# of Acres	DEED		Met Council TBRA		Hennepin County ERF		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
14 <sup>th</sup> Avenue Cul-de-sac	City of Minneapolis	NA	15,500	0					15,500	0
AppleWood Pointe	City of Minneapolis	NA			214,700 (o) 187,636 (a)	0			214,700 (o) 187,636 (a)	0
Cameron Building	City of Minneapolis	NA					20,300	0	20,300	0
Ford Centre	City of Minneapolis	1.20	285,686 (o) 330,000 (a)	253,125					285,686 (o) 330,000 (a)	253,125
Lehmann Center (Buzza Bldg.)	City of Minneapolis	2.36			449,447 (o) 449,437 (a)	306,000	449,446 (o) 449,347 (a)	449,447	898,893 (o) 898,884 (a)	755,447
Marshall Street Boat Basin	City of Minneapolis	1.74	16,500	33,000	24,750	0			41,250	33,000
Mill & Main, Phase I	City of Minneapolis	1.50	852,405 (o) 416,850 (a)	416,850	223,235 (o) 185,487 (a)	217,700	73,875 (o) 36,127 (a)	36,127	1,149,515 (o) 638,464 (a)	670,677
Mississippi Watershed Mgmt. Organization	City of Mpls [DEED] MWMO [Henn. Co.]	1.26	127,058 (o) 140,000 (a)	370,929			268,993 (o) 274,184 (a)	64,295	396,051 (o) 414,184 (a)	435,224
MoZaic	City of Minneapolis	2.50	243,750 (o) 359,762 (a)	295,183					243,750 (o) 359,762 (a)	295,183
Oak Street Flats	City of Minneapolis	0.33	177,750 (o) 151,457 (a)	151,457	65,000 (o) 34,506 (a)	34,500	30,810 (o) 23,777 (a)	23,777	273,560 (o) 209,740 (a)	209,734
PPL Foreclosure Redirection Program	City of Minneapolis	TBD					150,000	150,000	150,000	150,000
Precision Associates Building	City of Minneapolis	0.93	98,861 (o) 142,173 (a)	88,017	647,386 (o) 612,583 (a)	612,500	313,990 (o) 302,878 (a)	302,878	1,060,237 (o) 1,057,634 (a)	1,003,395
University Gateway, Phase I	City of Minneapolis	1.39	200,000	457,950	200,000	79,300	210,600	0	610,600	537,250
<b>TOTAL</b> (acreage total is for <i>awarded</i> grants only)		<b>13.21</b>	2,017,510 (o) 1,772,242 (a)	<b>2,066,511</b>	1,824,518 (o) 1,694,309 (a)	<b>1,250,000</b>	1,518,014 (o) 1,467,313 (a)	<b>1,026,524</b>	5,360,042 (o) 4,933,864 (a)	<b>4,343,035</b>
<b>Percent of Requested Funds Awarded:</b>				<b>117%<sup>1</sup></b>		<b>74%</b>		<b>70%</b>		<b>88%</b>

<sup>1</sup> Exceeds 100% because in two instances DEED awarded more than the amount requested, to compensate for lower amounts awarded by other grantors

## **Amending the 2011 General Appropriation Resolution.**

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$1,489,487.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$2,639,253.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$2,066,511.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,250,000.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$812,229.