



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

Date: July 14, 2005

To: Council Member Lisa Goodman, Community Development Cmte
Council Member Barbara Johnson, Ways and Means/Budget Cmte

Prepared by: John Harrington, Sr. Project Coordinator, Phone 612-673-5018

Presenter in Committee: John Harrington, Sr. Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Accept & Appropriate Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grants

RECOMMENDATION:

1. Accept the following grants:

Eat Street Flats and Market	\$ 288,706	SG005-050
Hiawatha Business Center	\$ 168,200	SG005-051
2037 Riverside Ave/Jimmie John's	\$ 8,904	SG005-052
Park Avenue Lofts	\$ 419,000	SG005-055
Greenway Terrace	\$ 161,430	SG005-057

2. Amend the 2005 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund SMN0 – CPED State Grants & Loans (SMN0-890-8933) appropriation by \$1,046,240

3. Increase the 2005 Revenue Budget for the Community Planning & Economic Development Agency in Fund SMN0 – CPED State Grants & Loans (SMN0-890-8490) by \$1,046,240

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

Previous Directives: On April 29, 2005, the City Council authorized submission of the subject grant applications to the Metropolitan Council.

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):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 2, 6

Neighborhood Notification: The Cedar Riverside neighborhood organization was notified of **20th & Riverside** (Jimmie John's) project on November 1, 2004. The East Phillips Improvement Coalition was informed of the **Greenway Terrace** project on June 11, 2004. The Whittier neighborhood organization was notified regarding the **Eat Street Flats and Market** (Franklin Flats) project in summer 2004. The East Phillips Improvement Coalition was notified about the **Hiawatha Business Center** in autumn of 2003 and 2004. The Downtown Minneapolis Neighborhood Association was notified of the **Park Avenue Lofts East** project in November 2003.

City Goals: The proposed projects are consistent with and contribute to attainment of the City goal to "Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis."

Comprehensive Plan: The projects generally comply with land reclamation and providing a healthy environment elements of the Minneapolis Plan.

Zoning Code: The projects either are in compliance or will comply.

Living Wage/Job Linkage: Environmental assistance is exempt from Living Wage/Business Subsidy and generally exempt from job linkage although there may be case by case exceptions.

Background/Supporting Information

The Community Planning & Economic Development Department is pleased to report that these five projects submitted in the spring 2005 grant round to the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) have been approved for funding. The awards total \$1,046,240 for pollution remediation.

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the TBRA Program. This

program makes grants to clean-up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications to this program are due in spring and fall of each year. Local match is not required. The City of Minneapolis geographic area is restricted to receiving no more than \$1,300,000.

Projects

20th & Riverside (Jimmie John's) Ward 2

2037 Riverside Ave.

Metro Council TBRA award \$ 8,904 SG005-052

The tenant is extensively remodeling the building being to accommodate a deli-type sandwich shop. TBRA funds will be used for the abatement of asbestos containing materials and lead based paint.

Greenway Terrace Ward 6

2850 Cedar Avenue S.

Metro Council TBRA award \$ 161,430 SG005-057

The developer, Heggem & Associates (H&A), has secured a 16,000 square foot piece of property that is zoned high density residential (R6). H&A is planning to build a 26 unit condominium complex consisting of studio, 1 bedroom, 1 bedroom + den and 2 bedroom units with approximately 700-1200 square feet per unit with additional patio/balcony square footage. This building will also contain underground heated parking and storage lockers for all residents of the complex. On the first floor of this project is a shared community room. Prices of this project range from \$135,000-\$225,900. Greenway Terrace is located directly on the Greenway Trail and 3-4 blocks from the Lake Street/ Midtown light rail depot. TBRA funds will be used to remediate soil contamination.

Eat Street Flats and Market (Franklin Flats) Ward 6

2000 First Avenue S.

Metro Council TBRA award \$ 288,706 SG005-050

The proposed development consists of a four story building with one level of underground parking. The proposed building will have a footprint of approximately 25,000 square feet. The first floor will be commercial space to be anchored by a 15,000 square foot CVS Pharmacy, and include two additional retailers. The anticipated project employment as part of the retail component is anticipated to be 13 FTEs in the CVS store and 10 FTEs in the retail. The residential component will create 2 FTEs. A total of 23 FTEs will be created by the project. The three upper floors will house 54 for-sale condominium units. The remainder of the site will be used for surface parking for the commercial space. TBRA funds will be used to remediate contaminated soil and abate asbestos.

Hiawatha Business Center Ward 6

Hiawatha Av & 28th Street E.

Metro Council TBRA award \$ 168,200 SG005-051

The property has long been a blighted, undeveloped and underutilized brownfield site at a high profile location along the Hiawatha corridor that is currently on the State Superfund List due to extensive soil and groundwater contamination from arsenic and

lead. The U.S. EPA recently identified the Property as the probable source of arsenic impacts in the adjacent East Phillips residential neighborhood, and is currently listing the Property and neighborhood on the Federal Superfund List. Although the East Phillips neighborhood and the City of Minneapolis have pushed hard for at least a decade to get someone to clean up and re-develop the property, attempts to do so have been generally unsuccessful due to the contamination and Superfund liability issues. The identified Responsible Parties (RPs) for the contamination are currently conducting cleanup actions at the Property under the direction of the Minnesota Department of Agriculture. The RP-funded cleanup actions will be (were) completed in June 2005. Following completion, Ryan Companies US, Inc. (Ryan) intends to construct the Hiawatha Business Center, a for-lease light industrial development. In the course of developing that project Ryan will be required to conduct additional response actions that are above and beyond the scope of the RP-funded cleanup. During the past three years Ryan has invested significant resources in negotiating a purchase agreement for the site and in designing and obtaining support for the project from representatives of the East Phillips Improvement Coalition, Hi-Lake Business Association, Council Members Zimmermann and Schiff, and the City Planning Commission. Final cleanup and redevelopment of the site will satisfy the long-deferred wishes of the neighborhood and the City to see the site converted from a dangerous eyesore to a safe and positive source of job creation and tax revenue for the City and general area. Contaminants of concern include arsenic, lead and petroleum related.

Park Avenue Lofts East Ward 2

201 Park Avenue

Metro Council TBRA award \$ 419,000 SG005-055

Park Avenue Lofts East will be a similar, but not identical building to Park Avenue Lofts West across the street. It will contain 28 for-sale condo flat units. TBRA funds will be used for soil remediation.