

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

Date: December 8, 2009

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

**Subject: Burying Power Poles along 2<sup>nd</sup> Street South**

## **Recommendation:**

1. Authorize staff to execute an agreement by and between the City of Minneapolis and Xcel Energy to bury power poles along 2<sup>nd</sup> Street South in conjunction with those for the Mill District City Apartments project;
2. Amend the 2009 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01CPV – Park Avenue East (01CPV-8900320-801509) appropriation by \$250,000 from the available fund balance;
3. Authorize staff to enter into any additional agreements or execute additional documents associated with this project.

## **Previous Directives:**

- On September 18, 2009, City Council authorized the execution of an Amendment to the Amended and Restated Redevelopment Contract by and between the City of Minneapolis and Holtzman Interests #28 LLC to restructure the financing on the project.
- April 4, 2008 City Council a) consented to the assignment and assumption of the Redevelopment Contract between the City of Minneapolis and Brighton Nine/Portland LLC to Village Green Companies for the redevelopment of the Washington Live/Work site and Portland Condos site; b) Authorized the execution of an Amended and Restated Redevelopment Contract between the City of Minneapolis and Village Green Companies include language related to a financial incentive to ensure compliance with construction commencement and closing timelines.
- November 17, 2006 City Council authorized staff to execute a Second Amendment to the Amended and Restated Redevelopment Contract between the City and Brighton Nine/Portland LLC for portions of Parcel D West that would allow for the Washington Live/Work project to consist of commercial and office uses and would allow for an extension of the closing date of the Portland Condos project subject to the payment of extension fees.
- August 18, 2006, City Council authorized CPED staff to award a pollution remediation contract to the lowest responsible bidder for pollution remediation on the Portland Condos site not to exceed \$460,000 and to execute the necessary agreements; funding was provided in 2003 by the Metropolitan Council's TBRA program.

- June 16, 2006, City Council approved the execution of an amendment to the Amended and Restated Redevelopment Contract for portions of Parcel D West; amended the 2006 General Appropriation Resolution by increasing Fund CWM by \$125,000 for shoring costs associated with the soil remediation to be reimbursed by Brighton upon closing; and increased the 2006 Revenue Budget for Fund CWM by \$272,492 (\$125,000 for shoring costs to be reimbursed and \$147,492 for a holding fee to extend the property closing to June 1, 2007).
- March 31, 2006, City Council accepted and appropriated a SAFHB planning fund allocation in the amount of \$25,000.00 to allow for an archaeological survey on Parcel D West, The Portland site, located at the corner of Portland Avenue and 2<sup>nd</sup> Street South.
- July 7, 2005, City Council approved an Amended and Restated Redevelopment Contract for Parcel D West to allow development of the property.
- January 17, 2003, City Council accepted and appropriated a TBRA grant from Metropolitan Council in the amount of \$460,000.00 for soil remediation on the ultimate Portland Condos site.
- July 7, 2001, City Council approved a land sale of the Washburn Crosby Mill and Parcel D West to the Minnesota Historical Society and Brighton Development Corporation.
- June 29, 1992, the MCDA acquired Parcel D as a part of the Milwaukee Depot acquisition.

Prepared by: Carrie Flack, Sr. Project Coordinator, 673-5010

Approved by: Charles T. Lutz, Deputy Director CPED \_\_\_\_\_

Catherine A. Polasky, Director of Economic Policy & Development \_\_\_\_\_

Presenters in Committee: Carrie Flack, Sr. Project Coordinator

### **Financial Impact**

- Action is within the Business Plan
- Action requires an appropriation increase to the Capital Budget or Operating Budget  
Dept Name: CPED Business Development  
Fund Name: Park Avenue East  
Project Name & Number (if capital budget): 01CPV-8900320-801509  
Amount: \$250,000.00

### **Community Impact**

- Neighborhood Notification – This project is consistent and was presented as part of the Mill District City Apartments project which was presented to the Downtown Minneapolis Neighborhood Association on April 8, 2008 and to the Industry Square Project Committee on May 14, 2008. All comments received on the project were positive.
- City Goals – Connected Communities – great spaces and places, thriving neighborhoods; Enriched Environment – greenspace, arts, sustainability; A Premier Destination – visitors, investment and vitality.
- Comprehensive Plan – Burying these power poles is consistent with the Mill District City Apartments project which is also consistent with a number of goals in the Comprehensive Plan as well as the Historic Mills District Master Plan and Update.
- Zoning Code – Not applicable

### **Supporting Information**

The Mill District City Apartments project consists of a 4-5 story building that will not exceed 56 ft. in height with approximately 175 market rate rental housing units, approximately 3,500 sf of commercial space with approximately 175 below grade parking spaces. This building will front onto 2<sup>nd</sup> Street South, Portland Avenue South and Washington Avenue South and will also face the interior courtyard to be constructed in the middle of the block. This project is currently under construction and is proposed to be completed in spring 2011.

As part of this construction project, both City staff and Village Green Companies are proposing to bury the power poles that remain on 2<sup>nd</sup> Street South between Chicago Avenue South and Portland Avenue South. The City owns the Mill Quarter Ramp as well as the 205 Park surface parking lot on the block known as Parcel D East which consists of three power poles. Village Green and the Park Avenue West Lofts Association own the property along 2<sup>nd</sup> Street South on Parcel D West that consists of five power poles.

Both the City and Village Green have received estimates from Xcel Energy for this work. The primary cost of City's portion of this project is approximately \$200,000.00. In addition to the primary cost of the project, City staff is also requesting to appropriate an additional \$50,000.00 to cover costs that are excluded from this estimate. Xcel Energy has stated that this cost and estimate of work is based on the assumption that both blocks will be buried at the same time. Therefore, Village Green must agree to move forward with the work on their block as well. Please see attached letter from Xcel.

Staff believes that some of the costs associated with this work will be realized when the development of the 205 Park surface parking lot is developed as the value of the property will be positively impacted by the burying of these power lines. Staff recommends approval as outlined in the recommendation.