



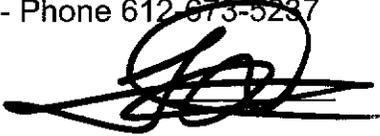
**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

**Date:** April 20, 2004

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

**Prepared by:** Theresa Cunningham, Project Coordinator - Phone 612-673-5237

**Presenter in Committee:** Theresa Cunningham, Project Coordinator - Phone 612-673-5237

**Approved by:** Lee Pao Xiong, Director, Housing 

**Subject:** Accept & Appropriate Minnesota Department of Employment and Economic Development Contamination Cleanup Grant #CCGP-0300-0020-Z-FY04 for the Karamu West Project on Plymouth for \$262,500

**RECOMMENDATION:**

1. Accept the Minnesota Department of Employment and Economic Development Contamination Cleanup Grant #CCGP-0300-0020-Z-FY04 for the Karamu West Project on Plymouth for \$262,500.
2. Amend the 2004 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund SMNO – CPED State Grants & Loans (SMN-890-8952) appropriation by \$262,500.
3. Increase the 2004 Revenue Budget for the Community Planning & Economic Development Agency in Fund SMNO – CPED State Grants & Loans (SMN-890-8490) by \$262,500.
4. Authorize appropriate City officers to execute grant and subrecipient agreements.

**Previous Directives:** On October 24, 2003, the City Council authorized submission of the subject grant applications to the Minnesota Department of Employment and Economic Development.

**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:** 5

**Neighborhood Notification:** Northside Residents Redevelopment Council (NRRC) has held several community meetings and sought neighborhood review and support for the Karamu West on Plymouth project from the Residential and Commercial Taskforce on March 10, 2003.

**City Goals:** This development is consistent with Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city, Strategy 2: Increase the development of affordable housing in neighborhoods with stronger markets, and Goal 3: Support strong and diverse neighborhoods where people choose to live.

**Comprehensive Plan:** Complies with land reclamation and providing healthy environment elements of the Minneapolis Plan.

**Zoning Code:** The proposed development will comply.

**Living Wage/Job Linkage:** Environmental assistance is exempt from Living Wage/Business Subsidy.

**Background/Supporting Information**

The Community Planning & Economic Development Department is pleased to report that the Karamu West On Plymouth Contamination Cleanup Application submitted in the fall of 2003 grant round to the Minnesota Department of Employment and Economic Development has been approved for funding. A total of \$262,500 in pollution remediation grant funds was awarded to assist with the total cost to cleanup the site estimated at \$350,000.

The Minnesota Contamination Cleanup Grant Program was established in 1993 to clean up contaminated sites and convert contaminated property into a marketable asset. The Department of Employment and Economic Development is the administering state agency. Applications were due November 1, 2003 and a local match equal to 25% of the remediation project costs is required, of which 12% of the cleanup costs must come from non-tax increment local funds. NRRC has committed to providing the entire local match estimated at \$87,500 which was provided through a grant from the Office of Community Services of the Department of Health and Human Services.

**Development Description**

Karamu West on Plymouth redevelopment area includes land currently owned by CPED and located on the southwest corner of Penn and Plymouth Avenue North at 2201 and

2215 Plymouth Avenue North and 1245 Penn Avenue North in the Willard Hay neighborhood of North Minneapolis. The site includes approximately 35,294 square feet in land area plus a proposed to be partially vacated alleyway bisecting the site.

On April 4, 2003, CPED received an offer to purchase the site from NRRC for the estimated reuse value of \$176,000 (2002 Value). NRRC proposes to construction a four story mixed use development that would include approximately 9,000 square feet of commercial/retail space on the main level and three stories above and at least half of the first level including up to 47 condominium units and up to 5 for sale walk-up lofts. NRRC estimates that these units will feature 1, 2, and 3 bedroom units (some with dens), underground secure resident parking for 50+ cars, surface parking for 8 cars on site, and adjacent street parking for up to 8 cars. NRRC estimates sales prices will range from \$120,000 to \$215,000.

Also being considered in this report cycle is a companion report requesting approval and extending exclusive development rights to NRRC to undertake development of the Karamu West on Plymouth Project for up to 13 months or until June 30, 2005 which is the term expiration of the DEED Cleanup Grant.