

Minneapolis Community Development Agency

Request for City Council Action

Date: August 26, 2002

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

Prepared by Richard G. Victor, Senior Project Coordinator - Phone 612-673-5026

Approved by Chuck Lutz, MCDA Interim Executive Director _____

**Subject: Acceptance of State Grant and necessary appropriations
Washburn Crosby / Parcel "D"**

Previous Directives: Acquisition of Washburn Crosby Complex approved in 1988. A number of security maintenance and stabilization activities approved after the fire in 1991. Acquisition of Milwaukee Depot property approved June 26, 1992. Additional stabilization activities approved in 1996-98. Concept approved on December 15, 1997. Emergency wall stabilization approved on September 28, 1999. Concept and exclusive development rights granted to Brighton on February 4, 2000. Land sale and development approvals granted on February 2, 2001. Revised financial plan approved on April 27, 2001. Revised Development Plan approved on June 22, 2001. Sale to Brighton Development Corporation for western half of Parcel D approved on July 27, 2001. Bond sale resolutions and appropriations approved on October 21, 2001.

Ward: 2nd Ward

Neighborhood Group Notification: N/A

Consistency with *Building a City That Works*: Goal 4: Preserve and enhance the historic structures, urban institutions, environments and amenities that define Minneapolis. Strategy 2: Complete redevelopment of publicly owned sites in Central Riverfront.

RECOMMENDATION:

City Council Recommendation: The Interim Executive Director recommends that the City Council:

- 1. Accept the state grant of \$2,600,000 for ramp construction assistance.**
- 2. Amend the 2002 MCDA Appropriation Resolution to increase the appropriation in Fund SMN (State Grants) by \$2,600,000.**

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3. Increase the MCDA revenue budget in Fund SMN (3215 –State grants) by \$2,600,000.

Background/Supporting Information:

The MCDA executed a redevelopment contract with the Minnesota Historical Society on July 23, 2001 for the construction of the Mill City Museum and the office space above. The MHS subsequently assigned the office development responsibilities to a limited partnership with Brighton Development Corporation (BDC) as the general partner. The original development plan had contemplated a public parking ramp located on Parcel D that would serve the museum and office parking needs. However, once the Minnesota Legislature passed its tax reform package, there was insufficient tax increment to support the ramp. We agreed to lease parking spaces on Parcel D sufficient to meet the museum and office needs with the caveat that we would seek State funds to help support the cost of the ramp originally contemplated. If the ramp is not constructed the parking will remain on the surface of the eastern block of Parcel D and no additional housing development will take place.

During the 2002 session, the Minnesota Legislature passed legislation granting the MCDA \$2.6M to support the construction of a public parking ramp on Parcel D (copy attached). The legislation was very unique and required the Revenue Department to issue a check for the full amount on July 2, 2002. The MCDA has received and deposited the check and now needs to appropriate the funds for use in developing the final plans with the City Public Works Department.

The ramp will be located, as originally planned, on the eastern block of Parcel D bounded by Washington Avenue and 2nd St. S. between proposed Park and Chicago Avenues. The ramp will be designed to accommodate housing development that will surround and hide it from view in accordance with the Historic Mills District Plan. A preliminary site plan is attached for your information. The timing for the opening of the ramp is critical to the success of the museum, which opens in May, 2003. Our goal is to complete the ramp construction as close to that date as possible.

The ramp construction will be completed prior the housing construction commencing. We are working with BDC to coordinate the design, financing and timing elements for the proposed construction adjacent to the ramp. The City Council has approved the design concept previously and designated BDC as the developer, but no other actions have been authorized. BDC is currently working to secure funding for the adjacent housing development. Current planning includes the construction of a 38-unit luxury condominium that is the mirror image of the Park Avenue West condominium currently approved and an 84-unit rental apartment building. The rental apartment is proposed to include 17 units with project-based section 8 assistance, 33 units affordable at the 50% of Area Median Income and 34 units affordable at 60% of Area Median Income.

We will present the City Council and the Board with more definitive physical and finance plans for the ramp, once the preliminary schematic design and budget is completed. We will also return to the City Council and Board with land sale, finance and other actions related to the liner housing development.