

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

Date: August 11, 2010

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:

1. Accept environmental remediation grants totaling \$1,400,183 from DEED, \$784,000 from Metropolitan Council, and \$747,564 from Hennepin County.
2. a) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$1,623,975 and b) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$792,440.
3. Increase the 2010 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,400,183; Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$784,000; and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$232,232.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On April 30, 2010, 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). On May 28, 2010, the City Council adopted a resolution approving an application that the Minneapolis Park and Recreation Board had submitted to Hennepin County's Environmental Response Fund (ERF) on May 3, 2010 in connection with the East Phillips Community Center project. Additional project-specific Council actions are as follows:

4th Street Flats (1209 4th St. SE): None.

3100 Excelsior Boulevard: None.

Broadway Green Apartments (2022 W. Broadway Ave. N): None.

J. Jerome Boxleitner Place (165 Glenwood Ave. N.): On January 23, 2009, the City Council authorized the sale of 165 Glenwood Avenue to Community Housing Development Corporation

(CHDC) or an affiliate for \$835,000. On July 17, 2009, the City Council adopted a Resolution approving Hennepin County HRA and AHIF financial assistance for various projects including the J. Jerome Boxleitner Project. On October 30, 2009, the City Council authorized CPED staff to execute a Memorandum of Understanding to transfer an existing emergency shelter facility at Secure Waiting Space located at 1000 Currie Avenue to the new J. Jerome Boxleitner Project. On January 29, 2010, the City Council authorized CPED staff to execute an Amendment to the Redevelopment Contract between the City of Minneapolis and the CHDC regarding the J. Jerome Boxleitner Project.

Linden Hills (4242-4264 Upton Ave. S.): The submission of an application for a brownfield investigation grant was approved by the City Council in October of 2009. The acceptance of that grant was approved by the City Council in February of 2010.

New French Bakery (600 Kasota Ave. SE): None.

New Millennium Charter School (212 James Ave. N): None.

North Loop Gateway (217-229 W. Broadway Ave.): On July 2, 2010, City Council recommended that the appeal of the Planning Commission's decision to deny the a.) variance request to allow a single story building in the I1 and West Broadway Pedestrian Oriented Overlay District, b.) variance to allow a building with a FAR of .456 in lieu of the 1.0 required in the I1 and West Broadway Pedestrian Oriented Overlay District, and c.) the site plan review for a new multi-tenant commercial building be denied.

SEMI (West Pond) (670 25th Ave. SE): On July 13, 2001, the City Council approved the SEMI Revised Master Plan and Alternate Urban Area-wide Review (AUAR). On January 13, 2006, the City Council authorized entering into a Mississippi Watershed Management Organization (MWMO) Fund Agreement for \$2,000,000 and amended the 2006 general appropriation resolution accordingly. On February 6, 2009, the City Council authorized City staff to pursue the acquisition of portions of properties to be used for the 25th Avenue portion of the SEMI/University Research Park infrastructure. On March 27, 2009, the City Council authorized City staff to pursue the acquisition of properties to be used for Granary Road and adjacent pond portions of the SEMI/University Research Park infrastructure.

Trinity First Terrace (1115 E. 19th St.): None.

Prepared by: Kevin Carroll, Principal Project Coordinator Andrea Petersen, Project Coordinator Paula Mazzacano, Development Grants 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:

4th Street Flats (1209 4th St. SE): The developer has asked to be placed on the agenda for the Marcy Holmes land use committee, but a date for its presentation has not yet been finalized.

3100 Excelsior Boulevard: None.

Broadway Green Apartments (2022 W. Broadway Ave. N): None.

J. Jerome Boxleitner Place (165 Glenwood Ave. N.): The North Loop Neighborhood Association reviewed the proposed land sale of 165 Glenwood to Community Housing Development Corporation or an affiliate for \$835,000 prior to the January 13, 2009 Community Development Committee City Council meeting and recommended it be approved.

Linden Hills (4242-4264 Upton Ave. S.): The developer has attended six meetings of the Linden Hills Neighborhood Council and has also met with the Linden Hills Business Association regarding the possible redevelopment of this site.

New French Bakery (600 Kasota Ave. SE): None.

New Millennium Charter School (212 James Ave. N): The developer made an initial presentation to the Harrison Neighborhood Association on March 11, 2010.

North Loop Gateway (217-229 W. Broadway Ave.): A communication explaining the proposed project was distributed to the Northside Residents Redevelopment Council on March 22, 2010.

SEMI (West Pond) (670 25th Ave. SE): The Southeast Economic Development (SEED) committee, comprised of neighborhood, business and institutional representatives, strongly supports City efforts to develop the proposed road and stormwater infrastructure.

Trinity First Terrace (1115 E. 19th St.): The developer met with the Ventura Village Neighborhood Association in November of 2009 and February of 2010.

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: Eleven Minneapolis sites were awarded funds in this grant round. One of those eleven sites was awarded funds in a prior grant round, so the ten new sites that received grants bring the total number of City projects securing brownfield grants (2004-2010) to 107. The City’s goal of remediating 100 brownfield sites by 2014 has therefore 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 expenditure of grant 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 3, 2010 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 4th Street Flats, 3100 Excelsior Boulevard, Broadway Green Apartments, Linden Hills, New French Bakery, New Millennium Charter School, North Loop Gateway, and SEMI (West Pond). Developer applications were also submitted directly to Hennepin County for 4th Street Flats, 3100 Excelsior Boulevard, East Phillips Park, J. Jerome Boxleitner Place, North Loop Gateway and Trinity First Terrace.

Total grant funds awarded to projects located in the City of Minneapolis during the spring 2010 remediation grant funding round were \$2,931,747, which is 78.1% of the amount requested.

Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program – of the \$3,776,599 awarded statewide, Minneapolis projects received \$1,400,183, or 37.1% of the grant funds awarded.

All three of the Minneapolis projects that submitted applications received a grant. The funds awarded to those projects represent 89.1% of the total amount requested by the three projects.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$1,318,200 awarded metro-wide, Minneapolis projects received \$784,000, or 59.5% of the grant funds awarded.

All five of the Minneapolis projects that submitted applications received a grant. The funds awarded to those projects represent 142.9% of the total amount requested by the five projects. (In two instances the Metropolitan Council awarded more than the applicant had requested, in order to help cover shortfalls resulting from the denial of applications that had been submitted to another brownfield grantor.)

Hennepin County Environmental Response Fund (ERF) - of the \$957,564 awarded county-wide, Minneapolis projects received \$747,564, or 78.1% of the grant funds awarded.

Eight of the eleven Minneapolis projects that submitted applications received grants. The funds awarded to those projects represent 45.8% of the total amount requested (every project that unsuccessfully applied to Hennepin County was awarded a grant by at least one of the other two grantors).

Geographic Distribution of Grant Awards

DEED, the Metropolitan Council and Hennepin County awarded a total of 31 brownfield grants during the spring 2010 grant round. Projects receiving grants were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS RECEIVED
Minneapolis	16
St. Paul	6
Brooklyn Center, Duluth, Grand Rapids, Hibbing, Hopkins, Hennepin County, Moorhead, Roseville, S. St. Paul	1 each

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

The City sponsored and submitted grant applications on behalf of the following 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 remediation costs incurred.

4th Street Flats (Ward 3) - \$347,500

1209 4th Street SE

Lead Developer – Doran Companies (or affiliated entity)

Met Council TBRA award \$347,500

This 0.80 acre property is the site of the former Heart of the Earth school. The developer, Doran Companies, intends to raze the school and construct a 5-story, 100-unit apartment building with two levels of underground parking. Grant funds will be used for asbestos abatement, lead paint abatement and soil remediation.

3100 Excelsior Boulevard (Ward 13) - \$350,000

Lead Developer – 3100 Excelsior Boulevard LLC (or affiliated entity)

Met Council TBRA award \$350,000

This 0.46 acre property is the site of a former flower shop and greenhouse. The developer, 3100 Excelsior Boulevard LLC, intends to demolish an existing wood structure on the site and expand a vacant 2400 square foot masonry building to 3900 square feet, for potential office and/or commercial uses. Grant funds will be used primarily for asbestos abatement, lead paint abatement and soil remediation.

Broadway Green Apartments (Ward 5) - \$50,000

2022 W. Broadway Avenue

Lead Developers – City of Minneapolis & Legacy Management and Development

Hennepin County ERF award \$50,000

This 0.33 acre property is currently a vacant lot. The developer, Legacy Management and Development, intends to construct a 51-unit apartment building (including 10 units considered affordable at 50% AMI). Grant funds will be used primarily for an environmental site assessment and the preparation of a Response Action Plan.

Linden Hills (Ward 13) - \$394,940

4242-4264 Upton Ave. S.

Lead Developer – Linden Hills Redevelopment LLC (or affiliated entity)

DEED Contamination Investigation award \$323,133

Met Council TBRA award \$35,900

Hennepin County ERF award \$35,907

The developer, Linden Hills Redevelopment LLC, intends to demolish an existing Famous Dave's restaurant and a two-story office building on this 0.87-acre site and then construct a new five-story building that would include one floor of ground floor commercial space, one floor of office space and three floors of residential units (either 74 rental units or 36 condos). Grant funds will be used primarily for soil remediation.

New French Bakery (Ward 2) - \$864,150

600 Kasota Avenue SE

Lead Developer – Bridal Veil Bakery LLC (or affiliated entity)

DEED Contamination Investigation award \$727,050

Met Council TBRA award \$137,100

This 5.3 acre property will be redeveloped by Bridal Veil Bakery LLC d/b/a New French Bakery to expand its current commercial operations. Freezer space and new loading docks will be added to the existing building. The bakery intends to initially lease the building and then purchase it prior to commencement of the expansion. Grant funds will be used primarily for soil remediation.

New Millennium Charter School (Ward 5) - \$99,975

212 James Avenue N.

Lead Developer – Land Ho LLC (or affiliated entity)

Met Council TBRA award \$50,000

Hennepin County ERF award \$49,975

This 5.1 acre property is the former site of Leef, a commercial launderer. The developer, Land Ho LLC, intends to remodel the existing 88,000 square foot commercial building and convert it into a Hmong school. Currently, the primary impediment to progress is uncertainty regarding environmental conditions. Investigation grant funds were therefore sought to conduct an environmental site assessment and prepare a Response Action Plan.

North Loop Gateway (Ward 5) - \$213,500

217 & 229 W. Broadway Ave. N.

Lead Developer – Land Ho LLC (or affiliated entity)

Met Council TBRA award \$213,500

This 0.58 acre property is the site of BJ's Liquor Lounge. The developer, Land Ho LLC, intends to develop the site and add more than 12,500 square feet of new commercial space. Grant funds will be used for asbestos abatement, lead paint abatement and soil remediation.

SEMI -- West Pond (Ward 3) - \$96,350

1209 4th Street SE

Lead Developer – City of Minneapolis

Hennepin County ERF award \$96,350

This 2.9 acre parcel will be the site of a new stormwater pond that is needed to handle surface water runoff from the area of the planned intersection of Granary Road and 25th Avenue SE within the Southeast Minneapolis Industrial redevelopment area. This project will help implement a portion of the SEMI Master Plan. Grant funds will be used primarily for soil remediation.

DEVELOPER AS GRANT RECIPIENT:

The City did not sponsor or submit grant applications on behalf of the following projects; 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. 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.

3100 Excelsior Boulevard (Ward 13) - \$79,004

Developer awarded grant funds – 3100 Excelsior Boulevard LLC

Hennepin County ERF award \$79,004

This 0.46 acre property is the site of a former flower shop and greenhouse. The developer, 3100 Excelsior Boulevard LLC, intends to demolish an existing wood structure on the site and expand a vacant 2400 square foot masonry building to 3900 square feet, for potential office and/or commercial uses. Grant funds will be used primarily for asbestos abatement, lead paint abatement and soil remediation.

East Phillips Park (Ward 9) - \$271,328

2300 Cedar Avenue S.

Developer awarded grant funds – Minneapolis Park & Recreation Board

Hennepin County ERF award \$271,328

East Phillips Park was acquired from the Minneapolis Community Development Agency (MCDA) in 1977. Development of the park began in 1978 with construction of playing fields, playgrounds and a wading pool, as well as general landscaping. A shelter was built in the park in 1979, and tennis courts and additional paths were constructed in 1981. In 2007, the state legislature approved funds for a new community center in the park. Once excavation for the community center began, asbestos-containing rubble and debris were discovered. Grant funds will be used for asbestos remediation.

J. Jerome Boxleitner Place (Ward 5) - \$145,000

165 Glenwood Avenue N.

Developer awarded grant funds – Community Housing Development Corporation

Hennepin County ERF award \$145,000

This 1.15 acre property is the site of a planned 7-story building with 251 overnight shelter beds and 85 permanent housing units. The developer is Community Housing Development Corporation, which has partnered with Catholic Charities for this project. Remediation funds will be used primarily for soil remediation.

Trinity First Terrace (Ward 6) - \$20,000

1115 E. 19th Street

Developer awarded grant funds – Lutheran Social Services

Hennepin County ERF award \$20,000

This 1.43-acre site is currently a parking lot with frontage on Franklin Avenue. The developer, Lutheran Social Services, intends to construct a new 5-story building with 53 rental units and 45 stalls of underground parking. The progress of the project will be contingent upon determining the nature and extent of any site contamination. Investigation grant funds were therefore sought to conduct an environmental site assessment.

**SPRING 2010 CONTAMINATION CLEANUP GRANT ROUND
MINNEAPOLIS APPLICANTS - REQUESTS AND AWARDS**

PROJECT	APPLICANT	# OF ACRE	DEED		Met Council TBRA		Hennepin County ERF		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
4 th Street Flats	City Minneapolis (TBRA); Doran Companies (ERF)	0.8			218,634	347,500	273,300		491,934	347,500
3100 Excelsior Boulevard	City Minneapolis (DEED); 3100 Excelsior Boulevard LLC (ERF)	0.46	366,219	350,000			79,004	79,004	445,223	429,004
Broadway Green Apartments	City Minneapolis	0.33					50,000	50,000	50,000	50,000
East Phillips Park	Minneapolis Park & Rec Brd	6.62					271,328	271,328	271,328	271,328
J. Jerome Boxleitner Place	Community Housing Dev Corporation	1.15					145,000	145,000	145,000	145,000
Linden Hills	City Minneapolis	0.87	414,306	323,133	35,907	35,900	35,907	35,907	486,120	394,940
New French Bakery	City Minneapolis	5.3	791,250	727,050	137,150	137,100	94,950		1,023,350	864,150
New Millennium Charter School	City Minneapolis	5.1			50,000	50,000	133,300	49,975	183,300	99,975
North Loop Gateway	City Minneapolis (TBRA); Land Ho LLC (ERF)	0.58			106,800	213,500	190,950		297,750	213,500
SEMI (West Pond)	City Minneapolis	2.9					339,000	96,350	339,000	96,350
Trinity First Terrace	Lutheran Social Services	1.43					20,000	20,000	20,000	20,000
Total		25.54	1,571,775	1,400,183	548,491	784,000	1,632,739	747,564	3,753,005	2,931,747
Percentage of Requested Funds Awarded:				89.1%		142.9% ¹		45.8%		78.1%

¹ This figure exceeds 100% because in two instances the grantor awarded more than was requested, in order to help cover shortfalls resulting from the denial of applications submitted to another grantor.

Amending the 2010 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 \$1,623,975
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$792,440.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,400,183.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$784,000.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$232,232.