



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

Date: July 24, 2007
To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Paul Ostrow, Ways & Means/Budget Committee

Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up 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 the following grants:

Metropolitan Tax Base Revitalization Account (TBRA) Grants
(There is no local match required for these grants.)

<u>Project</u>	<u>Grant Award</u>
Coloplast	\$54,500
Delisi Building	\$47,500
Longfellow Station	\$295,200
Seward Co-op	\$102,600
Total Metropolitan Council TBRA:	\$499,800

MN Department of Employment and Economic Development (DEED) Grants
(The local match for these projects will come from developer's funds and/or from other grant funds, not from the City.)

<u>Project</u>	<u>Grant Award</u>
1361 Tyler Street NE (former Crown Iron/Electric Machinery)	\$698,850
Coloplast	\$890,000
Longfellow Station	\$265,000
Total DEED:	\$1,853,850

Hennepin County Environmental Response Fund (ERF) Grants
(There is no local match required for these grants.)

Project	Recipient	Grant Award
1361 Tyler Street NE (former Crown Iron/Electric Machinery)	City of Minneapolis on behalf of East 7 th Street POS, LLC	\$35,100
Franklin Steele Commons (Franklin-Portland Gateway Phase IV)	Central Community Housing Trust	\$15,000
Midwest Machinery Building	City of Minneapolis	\$68,750
Riverside Market	Seward Redesign for Riverside Ventures LLC	\$169,338
Spirit on Lake Co-op	Powderhorn Residents Group (PRG), Inc.	\$37,150
Van White Blvd/Bassett Creek Valley Enhancement	City of Minneapolis	\$400,000
Total Hennepin County ERF:		\$725,338

2. a) Amend the 2007 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8933) by \$1,828,550 (\$733,950 1361 Tyler Street NE; \$944,500 Coloplast; \$47,500 Delisi Building; and \$102,600 Riverside Market and b) Amend the General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8952) by \$1,028,950 (\$560,200 Longfellow Station; \$68,750 Midwest Machinery; and \$400,000 Van White Memorial Boulevard/Bassett Creek Enhancement).

3. Increase the 2007 Revenue Budget for the Community Planning & Economic Development agency Fund 600-Other Grants-State and Local (0600-890-8490-3215-04) by \$1,853,850, Fund 600-Other Grants-State and Local (0600-890-8490-3215-13) by \$499,800 and Fund 600-Other Grants-State and Local (0600-890-8490-3220-02) by \$503,850.

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

Previous Directives: On April 27, 2007, the City Council authorized staff to submit applications for remediation grant funds for these projects to the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program, the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF).

1361 Tyler Street NE (former Crown Iron/Electric Machinery): October 11, 2006 – authorized submission of applications for DEED, Met Council TBRA and Hennepin County ERF brownfield grants; January 12, 2007 – rezoning approved. February 2007 - accepted and appropriated \$690,000 Met Council TBRA grant and \$86,034 Hennepin County ERF grant.

Delisi Building: October 1, 1999 – authorized the acquisition of the property from Hennepin County via tax forfeiture. June 29, 2007 – authorized negotiation of redevelopment agreement and land sale at the 2119 West Broadway Avenue Project Site.

Longfellow Station: December 23, 2005 – approved a resolution authorizing submission of applications to the Metropolitan Council for Hiawatha Corridor Land Assembly Fund proposals. March 31, 2006 - approved acceptance and appropriation of Metropolitan Council Hiawatha Light Rail Land Assembly Fund Grants of \$3,500,000 for projects along the Hiawatha Light Rail line, including the Longfellow Station Project. June 2006 – authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account (LCDA) funding. October 11, 2006 – authorized submission of an application for a Hennepin County ERF brownfield grant. February 2007 - accepted and appropriated \$934,523 Metropolitan Council Livable Communities Demonstration Account LCDA grant and \$90,000 Hennepin County ERF grant.

Midwest Machinery: None.

Riverside Market (Seward Co-op Grocery Expansion): None.

Spirit on Lake Cooperative: December 2005 – approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing Program; November 2006 – approved Project Analysis Authorization.

Van White Memorial Boulevard: March 24, 2000 - approved the Near Northside and Bassett Creek Valley Master Plans. July 28, 2000 - approved the central corridor alignment for the North-South Boulevard. May 18, 2001 - approved the financing strategy for the North-South Boulevard. December 28, 2001 - approved an appropriation increase of \$10 million in federal funding for the North-South Boulevard. April 16, 2004 - authorized the execution of a Cost Participation Agreement with Hennepin County and issuance of a Request for Proposals for a design and engineering consultant for Van White Memorial Boulevard. July 23, 2004 - authorized staff to negotiate and enter into an agreement with TKDA. April 1, 2005 – approved preliminary concept of bridge, recommended roadway/bridge layout and profile; execution of agreement with Hennepin County Regional Rail Authority prescribing terms and conditions of land exchange. August 3, 2005 - approved receipt of Hennepin County ERF grant for the Van White Road and Bridge project.

Prepared by:	Paula Mazzacano, Financial Analyst 612 673-5129	
	Kevin Carroll, Senior Project Coordinator 612 673-5181	
Approved by:	Charles T. Lutz, Deputy CPED Director	_____
	Jack Kryst, Director Development Finance	_____
Presenter in Committee:	Kevin Carroll	

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:

1361 Tyler Street NE (former Crown Iron/Electric Machinery): This project received a letter of support from the Northeast Park Neighborhood Association dated March 7, 2007.

Coloplast Campus Redevelopment: The minutes of a December 11, 2006 meeting of the Residential/Commercial Task Force of the Northside Residents Redevelopment Council indicate that "...RCTF members expressed strong support for the development as a needed investment on the Northside with major positive implications."

Delisi Building: This project, which is located in the Willard-Hay neighborhood, was directly or indirectly referred to in the August 2006 "*Plan for Transit-Oriented Development*" for the Penn-West Broadway Avenue area. Participants in the process that resulted in the *Plan* included the Northside Residents Redevelopment Council, the Jordan Area Community Council, the West Broadway Business Association, the West Broadway Area Coalition, and the Penn-West Broadway Community Advisory Committee.

Longfellow Station: This project received a letter of support dated June 19, 2006 from the Longfellow Community Council.

Midwest Machinery: This project received a letter of support dated March 27, 2007 from the Whittier Alliance.

Riverside Market a/k/a Seward Co-op Grocery Expansion: This project received a letter of support dated March 23, 2007 from the Seward Neighborhood Group.

Spirit on Lake Cooperative: This project received a letter of support dated July 13, 2005 from the Powderhorn Park Neighborhood Association and a letter of support dated February 10, 2007 from the Midtown Phillips Neighborhood Association, Inc.

Van White Memorial Boulevard (Glenwood Ave. to I-394): This project was directly or indirectly referred to in the Bassett Creek Valley Master Plan and the Near Northside Master Plan, each of which was supported by the Harrison Neighborhood Association and the Bryn Mawr Neighborhood Association.

City Goals: Connected Communities; A Premier Destination; and Enriched Environment. Cleanup of contaminated land supports sustainability goals and some projects include green elements.

Sustainability Targets: Remediation of these nine (9) sites will help the City meet its goal of remediating 100 brownfield sites by 2014.

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

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

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

Living Wage/Business Subsidy Agreement	Yes_____	No <u> X </u>
Job Linkage	Yes_____	No <u> X </u>

Supporting Information

On May 1, 2007, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED)

Contamination Clean Up 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 1361 Tyler Street NE (former Crown Iron/Electric Machinery), Coloplast, Delisi Building, Franklin Steele Commons (Franklin-Portland Gateway Phase IV), Longfellow Station, Midwest Machinery, Riverside Market, Seward Co-op, Spirit on Lake Co-op, and Van White Boulevard/Bassett Creek Enhancement.

Total grant funds awarded to projects located in the City of Minneapolis, which will leverage the cleanup of 46.74 contaminated acres, are \$3,078,988:

Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program – of the \$4,769,418 awarded statewide, Minneapolis projects received \$1,853,850, or almost 38.9% of available grant funds.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$3,330,000 awarded metro-wide, Minneapolis projects received \$499,800, or 15% of available grant funds.

Hennepin County Environmental Response Fund (ERF) - of the \$1,533,351 awarded county-wide, Minneapolis projects received \$725,338, or 47.3% of available grant funds. (In the future, projects located in Minneapolis may receive an allocation from the County-wide Groundwork Minneapolis Brownfields Program.)

A description of each of the projects awarded grant funds is provided below. The Hennepin County ERF grants for Franklin Steele Commons, Riverside Market and Spirit on Lake Co-op will be made directly to the developers, not to the City of Minneapolis. The awards to the City of Minneapolis are listed first; the awards to developers are listed second.

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

1361 Tyler Street NE (former Crown Iron/Electric Machinery) (Ward 1) - \$733,950

1227 to 1361 Tyler Street NE and 1308 ½ Fillmore Street NE

DEED award	\$698,850
Hennepin County ERF award	\$35,100

The project involves the removal of large quantities of asbestos containing materials (pipe fittings, boiler wrap, etc), the design and installation of a soil venting system, and the removal of contaminated soil for the installation of a stormwater management system on the east side of the site (grading, piping, retention pond and paving) to accommodate a 10-year storm event. The removal of ACM and the installation of the soil venting system will protect the health and safety of current tenants, as well as facilitate the marketing and safe occupancy for additional tenants. The stormwater management system will bring the site up to current municipal stormwater codes and at the same time will prohibit access to the current unpaved portion of the site where soils are impacted with semi-volatile organic compounds and heavy metals. The project will result in a net increase of 230 jobs and 32 new affordable live/work units. This is the second ERF grant awarded the project.

Coloplast (Ward 5) - \$944,500

1525, 1601, 1615 West River Road

DEED award	\$890,000
Met Council TBRA award	\$54,500

Grant funds will be used for environmental investigation and soil remediation. The planned project includes demolition of an existing building and partial demolition of a second building. A multi-story office building, a shipping/receiving building and green space will be constructed to be used in conjunction with two existing structures that will remain on the property. Coloplast estimates that the project will result in a net increase of 45 jobs.

Delisi Building (Ward 5) - \$47,500

2119 West Broadway Avenue

Met Council TBRA award	\$47,500
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Grant funds will be used to abate asbestos in this 2-story building. The project will result in the rehabilitation of 13,400 square feet of commercial space and accommodate an estimated 15 jobs.

Longfellow Station (Ward 12) - \$560,200

3815 Hiawatha Avenue

DEED award	\$265,000
Met Council TBRA award	\$295,200

Grant funds will be used to abate lead-based paint and asbestos, and for soil remediation. The first phase of this transit-oriented development will create 100 ownership housing units, of which 10 to 15 will be affordable, and 100 affordable rental units, neighborhood retail and parking. An estimated 83 jobs are anticipated by the developer.

Midwest Machinery Building (Ward 6) - \$68,750

2848 Pleasant Avenue South

Hennepin County ERF award	\$68,750
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The Cornerstone Group originally purchased the property in 2005. Plans for the reuse of the site range from conversion to a storage facility to residential use. ERF Funds were awarded to perform additional assessment, soil cleanup and vapor mitigation activities.

Riverside Market (Ward 2) - \$102,600 (also see Developer Awards)

2801, 2823 East Franklin Avenue

Met Council TBRA award	\$102,600
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Grant funds will be used to abate lead-based paint and asbestos, remove an underground storage tank, and for soil remediation and soil vapor mitigation. Seward Co-op Grocery & Deli will relocate to this site to expand its operations. The existing structure will be rehabilitated, and an additional 9,000 square feet will be newly constructed, resulting in a facility of 25,000 square feet. Jobs on site are estimated to be 94.

Van White Memorial Boulevard/Bassett Creek Enhancement (Ward 5) - \$400,000

Glenwood Avenue to I-394

Hennepin County ERF award \$400,000

Hennepin County previously awarded ERF funds to the Van White Memorial Boulevard Project. There are two components of this grant award. An additional \$300,000 will be used for soil cleanup as road construction progresses. The County is also providing \$100,000 for soil assessment work along the course of Bassett Creek between Cedar Lake Road and Fremont Avenue. The assessment work will assist the Bassett Creek Valley Enhancement Study in its determination of the cost to restore Bassett Creek to its original course.

DEVELOPER AS GRANT RECIPIENT:

Franklin Steele Commons (Franklin-Portland Phase 4) (Ward 6) - \$15,000

Northwest corner of Franklin Avenue & Portland Avenue intersection

Recipient: Central Community Housing Trust

Hennepin County ERF award \$15,000

Central Community Housing Trust (CCHT) was awarded funds to evaluate soil on the former gas station parcel on the site of the proposed Franklin Avenue Gateway Phase IV project. CCHT, in partnership with Hope Community, plans to construct on the site two multi-family housing buildings containing 86 affordable and market-rate rental units and 7 affordable for-sale housing units. Hennepin County previously awarded ERF funds to the project for environmental assessment.

Riverside Market aka Seward Co-op (Ward 2) - \$169,338 (see also City awards)

2801-2823 East Franklin Avenue

Recipient: Seward Redesign for Riverside Ventures LLC

Hennepin County ERF award \$169,338

Grant funds will be used for contaminated soil disposal and vapor mitigation (the TBRA funds can be used to pay for additional items). Seward Co-op Grocery & Deli will relocate to this site to expand its operations. The existing structure will be rehabilitated, and an additional 9,000 square feet will be newly constructed, resulting in a facility of 25,000 square feet. Jobs on site are estimated to be 94. Hennepin County previously awarded ERF funds to the Riverside Market Project for environmental assessment.

Spirit on Lake Co-op (Ward 9) - \$37,150

1238 East Lake Street

Recipient: Powderhorn Residents group (PRG), Inc.

Hennepin County ERF award \$37,150

Grant funds will be used to help pay for additional environmental investigation, RAP preparation, MPCA fees and a pre-demolition survey. The project will reclaim and increase density on an underutilized and blighted sight, creating a mixed-use 41-unit limited equity cooperative, with 9 units serving households at 50% AMI, 7 units serving households at 60% AMI, and 15 units priced at 115% AMI. The limited-equity model will assure long-term affordability of the units. The project will create 2.5 jobs.

Spring 2007 Minneapolis Brownfield Grant Applicants - Requests and Awards

Rank	Project Address (Acreage)	Project Name (Phase)	DEED		Met Council TBRA		Hennepin County ERF		TOTALS	
			Requested O - Original A - Amended	Awarded	Requested O - Original A - Amended	Awarded	Requested O - Original A - Amended	Awarded	Total Grants Requested	Total Grants Awarded
1	2414 Park Ave South (2.24 acres)	Park Avenue Apartments			\$135,000	\$0			\$135,000	\$0
2	4th Ave N & Girard Terrace (10.74 acres)	Heritage Park (III & IV)	\$50,000	\$0	\$50,000	\$0	\$100,000	\$0	\$200,000	\$0
3	Glenwood Avenue to I-394 (27.4 acres)	Van White Memorial Blvd					\$400,000	\$400,000	\$400,000	\$400,000
4	1238 East Lake Street (.0821 acres)	Spirit on Lake Cooperative					\$37,150	\$37,150	\$37,150	\$37,150
5	1227-1361 Tyler Street NE (5.6 acres)	former Crown Iron/Electric Machinery	\$698,850	\$698,850			\$35,100	\$35,100	\$733,950	\$733,950
6	2711 East Franklin Avenue (.14 acres)	Hopf & Hopf Building			\$45,000-O \$40,000-A	\$0			\$45,000-O \$40,000-A	\$0
6	2850 20th Avenue S (1.7 acres)	Midtown Eco Energy			\$350,000	\$0	\$350,000	\$0	\$700,000	\$0
7	3815 Hiawatha Avenue (3.6 acres)	Longfellow Station	\$267,000	\$265,000	\$42,720-O \$401,406-A	\$295,200			\$309,720-O \$688,406-A	\$560,200
8	2801 & 2823 East Franklin (1.1 acres)	Riverside Market aka Seward Coop			\$89,125	\$102,600	\$192,639	\$169,338	\$281,764	\$271,938
9	1525,1601,1615 West River Rd N (5.41 acres)	Coloplast	\$304,875-O \$898,125-A	\$890,000	\$48,789-O \$54,540-A	\$54,540			\$353,664-O \$952,665-A	\$944,500
10	2119 West Broadway (.17 acres)	Delisi Building			\$47,500	\$47,500			\$47,500	\$47,500
11	2848 Pleasant Avenue S (1.38 acres)	former Midwest Machinery			\$206,250	\$0	\$68,750	\$68,750	\$275,000	\$68,750
n/a	1900-1928 Portland Avenue (2 acres)	Franklin-Steele Commons (Franklin- Portland Gateway Ph IV)					\$15,000	\$15,000	\$15,000	\$15,000
TOTAL GRANTS REQUESTED - Original			\$1,320,725		\$1,014,364		\$, 198,639		\$3,533,748	
TOTAL GRANTS REQUESTED and AWARDED - Amended			\$1,913,975 \$1,853,850		\$1,373,821 \$499,840		\$1,198,639 \$725,338		\$4,506,435 \$3,078,988	
TOTAL ACRES TO BE CLEANED									46.74	

Amending the 2007 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 600-Other Grants- State and Local (0600-890-8933) by \$1,828,550.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8952) by \$1,028,950.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8490-3215-04) by \$1,853,850.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8490-3215-13) by \$499,800.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 600-Other Grants- State and Local (0600-890-8490-3220-02) by \$503,850.