



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

**Date:** October 25, 2011  
**To:** Honorable Lisa Goodman, Chair Community Development Committee  
**Referral to:** Honorable Betsy Hodges, Chair Ways & Means/Budget Committee  
**Subject:** Appropriation of City match source for 2600 Minnehaha Avenue pollution remediation

**Recommendation:** Amend the 2011 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01SDA – Development Account (01SDA-8900320) appropriation by \$50,000 from the available fund balance.

**Previous Directives:** On February 18, 1988, the City Council approved the acquisition of 2600 Minnehaha Avenue for \$143,854. On February 20, 2009, the City Council accepted a pollution investigation grant from the Hennepin County Environmental Response Fund (ERF). On October 30, 2009, the City Council authorized staff to submit applications for environmental remediation grant funds to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program and the Hennepin County ERF for 2600 Minnehaha Avenue. On February 26, 2010, the City Council accepted the Hennepin County and DEED grants for well sealing and pollution remediation at 2600 Minnehaha Avenue. On October 7, 2011 the City Council approved an addendum to the purchase order for the Well Sealing contract at 2600 Minnehaha Avenue.

Prepared by: Mark Garner, Senior Project Coordinator, 612-673-5037
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Catherine A. Polasky, Director of Economic Policy & Development _____
Presenter in Committee: Mark Garner, Senior Project Coordinator, Bus. Dev., 612-673-5037

**Financial Impact** (Check those that apply)

Action requires an appropriation increase to the Operating Budget  
 Business Plan:  Action is within the plan.  Action requires a change to plan.

**Community Impact**

**Neighborhood Notification:** The Seward Neighborhood Group was notified of the intent to market the property for industrial development as early as 2004 when an RFP was issued. In October, 2009, the Seward Neighborhood Group received written notification of the City intent to secure pollution remediation grants and proceed with site clean-up, either with or without a development partner.

**City Goals:** Jobs & Economic Vitality: Proactive business development in key growth areas.

**Sustainability Targets:** Brownfield sites.

**Comprehensive Plan:** The proposed project complies with the “land reclamation” and “providing healthy environment” elements of the Minneapolis Plan.

**Zoning Code:** Future proposals for industrial redevelopment consistent with City development objectives for 2600 Minnehaha Avenue will comply with existing zoning.

**Background/Supporting Information:**

CPED staff recommends the appropriation of \$50,000 in available unrestricted funds (Fund 01SDA – Development Account) to provide the match required by the Minnesota Department of Employment and Economic Development (DEED) for the previously awarded \$303,566 Contamination Cleanup and Investigation Grant for the City-owned industrial redevelopment property at 2600 Minnehaha Avenue. CPED will utilize available funding combined with \$358,566 in grants from DEED and Hennepin County to proceed with completion of the “shovel ready” clean-up of the property, which should be completed by Fall 2012.

2600 Minnehaha Avenue is the last remaining development parcel in the 41-acre Seward Place Industrial Business Park, which is located on the former Soo Railroad Yards that were acquired by the City in 1988. The 1.51-acre property is vacant land marketed for industrial redevelopment. Established goals of the redevelopment project include high industrial employment, building coverage of approximately 40%, and high quality development which adds economic vitality and is compatible with surrounding uses and business park character.

Between 2005 and 2009, the City pursued environmental investigation of the property, located an un-sealed 900-foot well on the property, and prepared remediation plans for the site. In early 2010, DEED and Hennepin County awarded the City pollution remediation grants for an intended expansion of the New French Bakery on the site. When New French Bakery decided not to proceed with expansion plans at this location, the City and grant partners elected to proceed with “shovel ready clean-up plans.” The Minnesota Department of Health mandated closure of the well, which was a significant public health threat. The well abandonment work was recently completed.

The City is continuing to market the property for industrial redevelopment. Completing a shovel ready clean-up will remove a significant barrier to redevelopment of the site and reduce the amount of time required to construct a new industrial building by between 9- and 15-months.

The total budget for the completed well sealing and prospective pollution remediation is estimated at \$590,000, including contingency. \$303,566 will be provided by the previously awarded DEED grant and \$55,500 by the Hennepin County ERF grant. The remaining costs to the City to complete the shovel ready clean-up are approximately \$230,000.

The \$303,566 DEED Contamination Cleanup and Investigation Grant requires a match from unrestricted City funds. This match (approximately \$50,000) would have originally been provided from the property’s land sale proceeds, which is no longer expected to be available until after the pollution remediation has been completed. The remainder of the City costs will be paid with Common Project tax increment revenues that have previously been approved and appropriated for this site.

CC: Council Member Gordon, Ward 2