



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

Date: November 8, 2011
To: Lisa Goodman, Chair, Community Development Committee
Referral to: Betsy Hodges, Chair, Ways and Means/Budget Committee
Subject: Minneapolis Public Housing Authority Environmental Remediation Grant Applications, Fall 2011 Grant Round

Recommendation:

1. Authorize application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for environmental remediation funding for the Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project; and,
2. Authorize application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program for environmental remediation funding for the Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project; and
3. Approve the attached resolutions authorizing appropriate City staff to submit the aforesaid applications to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program and the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program.

Previous Directives: On January 28, 2011, the City Council accepted a \$177,000 LCDA grant from the Metropolitan Council for the MPHA 4th Avenue Street Improvements project. On June 18, 2010, the City Council adopted Ordinance 2010-Or-061 which rezoned the property at 901 4th Ave. N. [the site of the Heritage Park Senior Living Housing project] to the OR2 District as contemplated by the May 10, 2010 City Planning Commission approval of the development plans described in PL-242, BZZ-4766, and BZZ-4767. The MPHA's Heritage Park Senior Living Housing project was referred to in a City staff report that was considered by the City Council's Community Development Committee on February 11, 2011. The project in question was included in the report (for information purposes only) in connection with brownfield cleanup grants that were awarded to the project by the Metropolitan Council (\$390,900) and Hennepin County (\$167,550) in the fall 2010 brownfield grant round. No formal action by the City Council was required in

connection with said grants, because in each instance the MPHA had applied directly to the grantor (rather than through the City of Minneapolis) and the grant funds were therefore awarded to the MPHA rather than to the City of Minneapolis.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Catherine A. Polasky, Director of Economic Policy & Development _____
Presenter in Committee: Kevin Carroll, Prin. Project Coordinator, Bus. Dev., 612-673-5181

Financial Impact

X **Other financial impact:** There is no direct financial impact at this time. However, the DEED grant request will require a commitment of local match funds, to be provided by the developer or other non-City funding sources. The City of Minneapolis is sponsoring these grant requests, acting in some cases as a pass-through and conduit for environmental investigations and cleanup. Sponsoring these grant applications does not commit (or imply a commitment of) City funds as the required match.

Community Impact

Neighborhood Notification: Unknown.

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: Brownfield Sites

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.

Living Wage/Business Subsidy Agreement: Yes _____ No X

Job Linkage: Yes _____ No X

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.

Background/Supporting Information

This staff report addresses certain brownfield grant-related questions that arose for the first time on November 2, 2011 regarding the MPHA's Heritage Park Senior Living Redevelopment project. The project in question involves the construction of two new buildings on a 2.3 acre site located at 901 4th Avenue North in Minneapolis. The Thomas F. Feeney Manor will create 48 one bedroom units of affordable senior housing, primarily for seniors with various forms of dementia. The Heritage Park Senior Services Center will be a 69,603 square foot facility that will house a medical center, adult day services, Courage Center's physical therapy pool, a YMCA for seniors, and advocacy/support services and nutrition programs for seniors. The soil at the redevelopment site is significantly impacted by various forms of contamination, necessitating extensive and expensive environmental remediation.

City staff recommendations regarding proposed applications for the fall 2011 brownfield grant round were considered by the Community Development Committee on October 25, 2011 and by the Ways and Means/Budget Committee on October 31, 2011. Final action on the City Council resolutions required by the three brownfield grantors in question is scheduled to be taken at the Council's meeting on November 4, 2011. The resolutions in question, and the related City staff report, include references to Minneapolis projects that provided City staff with brownfield grant pre-applications by the City's September 15, 2011 submission deadline. The City's pre-application process and deadline were publicized well in advance of September 15, 2011.

Projects that were approved by the Community Development Committee on October 25, 2011 were required to provide City staff with final copies of their brownfield grant applications on October 26, 2011. City staff conducted a final review of the applications and then delivered them to the three brownfield grantors (DEED, the Metropolitan Council and Hennepin County) by their joint November 1, 2011 application deadline.

On November 2, 2011, a DEED staff member inquired about a brownfield grant application (seeking \$310,875) that had been delivered directly to DEED by the MPHA for its Heritage Park Senior Living Housing project in Minneapolis, rather than having been included with the City's other grant submissions. The MPHA also submitted brownfield grant applications directly to the Metropolitan Council (a \$26,943 TBRA request) and to Hennepin County (a \$26,943 ERF grant request). MPHA staff apparently assumed that the MPHA was an eligible applicant to all three brownfield grant programs. Hennepin County and the Metropolitan Council have subsequently confirmed that the MPHA is an eligible applicant, although the Met Council requires some additional work, as documented below. Whether DEED's program requirements will allow a direct application from the MPHA remains unclear.

Hennepin County staff will not require (although they clearly would have preferred) a "new" City Council resolution in this instance. (The MPHA's Hennepin County brownfield grant application was accompanied by a copy of a July 2, 2010 City Council resolution regarding the ranking of certain projects, including the Heritage

Park Senior Living Housing project, for purposes of the Metropolitan Council's LCDA grant program.)

Although Metropolitan Council TBRA staff have indicated that they consider the MPHA an eligible applicant, they have also indicated that they will require the MPHA to promptly provide them with either (a) a resolution of support from the MPHA's Board of Director's or (b) a "new" City Council resolution of support. MPHA staff indicated on November 2, 2011 that they are prepared to seek a resolution from the MPHA's Board, but that they will not be able to obtain one until November 16, 2011 at the earliest.

In summary, we are now requesting that the City Council adopt resolutions in support of the brownfield grant applications that the MPHA has already submitted to DEED and to the Metropolitan Council, to allow the City of Minneapolis to serve as the "official" applicant for DEED funding in the event that DEED concludes that the MPHA is not an eligible applicant, and to be able to provide DEED and/or the Metropolitan Council with City Council resolutions of support in the event that either grantor determines that a resolution from the MPHA's Board of Directors is unavailable, unacceptable or untimely.

Authorizing application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for the Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project.

Whereas, the City of Minneapolis intends to act as the legal sponsor for the following project that was more completely described in a contamination cleanup application that was submitted to the Minnesota Department of Employment and Economic Development (DEED) on or by November 1, 2011: Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project; and

Whereas, the City has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

Whereas, the sources and amounts of the local match identified in the applications are committed to the identified projects; and

Whereas, the City has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of the application in question, the City may enter into an agreement with DEED for the above-referenced project and will comply with all applicable laws and regulations stated in said agreement;

Now, Therefore, Be It Resolved By The City Council of the City of Minneapolis:

That the City Council authorizes the Director of the Department of Planning and Economic Development or other appropriate City staff to apply to the Department of Employment and Economic Development for Contamination Cleanup and/or Investigation Grant Program funding for the above-referenced project and to execute such agreements as are necessary to implement any grant that may be awarded.

Authorizing application to the Metropolitan Council Tax Base Revitalization Account [TBRA] for the Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project.

Whereas, the City of Minneapolis (the "City") was and is a participant in the Livable Communities Act's Housing Incentives Program as determined by the Metropolitan Council, and is therefore eligible to make application for funds under the Tax Base Revitalization Account; and

Whereas, the City has identified the following investigation project within the City that preliminarily appears to meet the Tax Base Revitalization Account's purposes and criteria: Minneapolis Public Housing Authority's Heritage Park Senior Living Redevelopment project; and,

Whereas, the City intends to act as the legal sponsor for the above-referenced project, which was more completely described in a Tax Base Revitalization Account grant application that was submitted to the Metropolitan Council on November 1, 2011; and

Whereas, the City has the institutional, managerial and financial capability to ensure adequate project and grant administration; and

Whereas, the City certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreement(s); and

Whereas, the City finds that the contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding; and

Whereas, the City represents that it has undertaken reasonable and good faith efforts to procure funding for the activities for which Livable Communities Act Tax Base Revitalization Account funding is sought but was not able to find or secure from other sources funding that is necessary for cleanup completion;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council authorizes the Director of the Department of Community Planning and Economic Development or other appropriate City staff to apply on behalf of the City of Minneapolis to the Metropolitan Council for Tax Base Revitalization Account funding for the above-referenced project. The City acknowledges that for each grant awarded to the City, the City will be the grantee and will act as legal sponsor, and will administer and be responsible for grant funds expended for the project referred to in the applicable grant application.