



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

Date: April 15, 2014
To: Councilmember Lisa Goodman, Chair, Community Development and Regulatory Services Committee
Referral to: Councilmember John Quincy, Chair, Ways and Means Committee
Subject: Applications for Environmental Grant Funding in the Spring 2014 Brownfield Grant Round and the 2014 Round of the Metropolitan Council's Transit Oriented Development [TBRA-TOD] Grant Round

Recommendation:

1. Authorize application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for environmental investigation and/or remediation funding for the following projects: 3118 W. Lake St./Tryg's Restaurant, DC Group Expansion, East Side Station (former Superior Plating), Miller Bag Building, and MoZaic, Phase II; and,
2. Authorize application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program for environmental investigation and/or remediation funding for the following projects: 800 W. Broadway (DEED Workforce Center), East Side Station (former Superior Plating), (former) Leef Services, Miller Bag Building, and MoZaic, Phase II; and
3. Authorize application to the Hennepin County Environmental Response Fund [ERF] for environmental investigation and/or remediation funding for the following projects: 3118 W. Lake St./Tryg's Restaurant, East Side Station (former Superior Plating), (former) Leef Services, Miller Bag Building, MoZaic, Phase II and Universal Plating; and
4. Authorize application to the Metropolitan Council's Transit Oriented Development [TBRA-TOD] Grant Program for environmental investigation and/or remediation work required for the following projects: Downtown East and Plymouth Building; and
5. 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, the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program, the Hennepin County Environmental Response Fund [ERF], and the Metropolitan Council's Transit Oriented Development [TBRA-TOD] Grant Program.

Previous Directives:

800 W. Broadway (DEED Workforce Center) (800 W. Broadway, 2109 Aldrich Ave.): None.

3118 W. Lake St./Tryg's Restaurant (3118 W. Lake St.): None.

DC Group Expansion (1977 West River Rd.): On December 6, 2013, the City Council authorized staff to continue analysis of the DC Group Expansion to determine if tax increment financing (TIF) assistance is appropriate and justifiable. On March 7, 2014, the City Council approved a resolution for the State Department of Employment and Economic Development (DEED) Job Creation Fund (JCF) supporting the application for the DC Group Expansion in the amount of \$514,000.

Downtown East (425 Portland Ave. and multiple other parcels covering four blocks): On July 19, 2013, the City Council received and filed a City staff report on the general conceptual framework for the Ryan Companies' development proposal and authorized staff to negotiate term sheets and/or agreements. On November 1, 2013, the City Council authorized the submission of brownfield grant applications to DEED and Hennepin County on behalf of this project. On December 13, 2013, the City Council approved the term sheet with Ryan and the Minnesota Sports Facilities Authority, adopted resolutions establishing the development district and authorizing the issuance of bonds, adopted an ordinance related to the issuance of bonds, and authorized City officials to execute necessary agreements. On February 21, 2014, the City Council accepted a DEED grant (\$787,107) that had been awarded to this project.

East Side Station (former Superior Plating) (315 First Ave. NE; 108, 116 and 120 5th St. NE; 101, 115 and 119 4th St. NE): None.

Leef Services (former) (164 Cedar Lake Road N.; 190, 194, 196, 198, 205, 212, 213, 217 James Ave. N.; 191, 195, 199, 208, 210, 216, 222, 226 Irving Ave. N.): None.

Miller Bag Building (861 E. Hennepin Ave.): On November 1, 2013, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On February 21, 2014, the City Council accepted a Met Council TBRA grant (\$125,000) and a Hennepin County ERF brownfield grant (\$55,071) that had been awarded to this project.

MoZaic, Phase II (1320/1350 Lagoon Ave., 2900 Fremont Ave. S.): On January 23, 2014, the City Council authorized the submission of a DEED Redevelopment Grant Program application on behalf of this project. On March 28, 2014, the City Council accepted a \$750,000 Met Council LCDA Development grant on behalf of this project.

Plymouth Building (12 S. 6th Street): On April 26, 2013, the City Council authorized the submission of a Hennepin County ERF brownfield grant application and a Met Council TBRA-TOD grant application on behalf of this project. On November 1, 2013, the City Council authorized the submission of a Met Council TBRA grant application and a Hennepin County ERF brownfield grant application on behalf of this project. On February 21, 2014, the City Council accepted a Met Council TBRA grant (\$500,000) and a Hennepin County ERF brownfield grant (\$25,000) that had been awarded to this project.

Universal Plating (1900, 1912 and 1922 Monroe St. NE; 661 19th Ave. NE): None.

Washburn Center for Children (1104-1118-1128 Glenwood Ave. and 275 Dupont Ave. N.): On November 2, 2012, the City Council authorized the submission of

brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On March 8, 2013, the City Council accepted a DEED grant (\$130,416) and a Hennepin County ERF brownfield grant (\$150,260) that had been awarded to this project.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181
Approved by: Charles T. Lutz, Interim Director, CPED _____
Catherine A. Polasky, Director of Economic Policy & Development _____
Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5168

Financial Impact

Action is within the business plan.

Other financial impact: There is no direct financial impact. However, some of the grant requests have been identified as requiring a commitment of local match funds, to be provided in most cases 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. Partial compensation for City staff time required to review and process grant applications, and to administer any pass-through grants that are awarded, will be obtained through application fees and grant administration fees that were approved by the City Council on April 16, 2010.

Community Impact

Neighborhood Notification:

800 W. Broadway (DEED Workforce Center) (800 W. Broadway, 2109 Aldrich Ave.): The West Broadway Business and Area Coalition and the Hawthorne Neighborhood Council have issued letters of support dated May 30, 2013 and June 14, 2013, respectively.

3118 W. Lake St./Tryg's Restaurant (3118 W. Lake St.): The developer made a presentation to the Cedar-Isles-Dean Neighborhood Association (CINDA) on February 12, 2014, and subsequently submitted a revised proposal to address neighborhood concerns. That proposal is scheduled to be considered by CIDNA's land use committee on April 7, 2014 and then possibly by CIDNA's Board on April 9, 2014.

DC Group Expansion (1977 West River Rd.): .): The West Broadway Business and Area Coalition and the Hawthorne Neighborhood Council have issued letters of support dated November 14, 2013 and October 13, 2013, respectively.

Downtown East (425 Portland Ave. and multiple other parcels covering five blocks): The Elliot Park neighborhood and the East Downtown Council have both issued letters (dated July 8, 2013 and June 28, 2013, respectively) that are generally supportive of this project's overall development concept. Ryan provided an update on the project to a joint Elliott Park/East Downtown Council/Downtown Minneapolis Neighborhood Association meeting on January 16, 2014.

East Side Station (former Superior Plating) (315 First Ave. NE; 108, 116 and 120 5th St. NE; 101, 115 and 119 4th St. NE): The developer and its architects met with the Superior Plating Task Group (which includes members of the Nicollet Island East Bank Neighborhood Association and other interested neighborhood groups) on February 27, 2014 and March 25, 2014.

Leef Services (former) (164 Cedar Lake Road N.; 190, 194, 196, 198, 205, 212, 213, 217 James Ave. N.; 191, 195, 199, 208, 210, 216, 222, 226 Irving Ave. N.): The developer made presentations to the Harrison Economic Development Committee (HERC) and the Basset Creek Valley Redevelopment Oversight Committee (BCV ROC) on January 21, 2014.

Miller Bag Building (861 E. Hennepin Ave.): The developer made a presentation to the Beltrami Neighborhood Council on October 7, 2013.

MoZaic, Phase II (1320/1350 Lagoon Ave., 2900 Fremont Ave. S.): Letters of support have been issued by the Lowry Hill East Neighborhood Association (January 13, 2014), the Uptown Association (October 23, 2013) and the Midtown Greenway Coalition (November 1, 2013).

Plymouth Building (12 S. 6th Street): The Downtown Minneapolis Neighborhood Association issued a letter of support dated March 13, 2013, although that letter was based upon an earlier redevelopment concept involving new residential rental units, rather than the current hotel concept. The Minneapolis Downtown Council issued a letter of support dated March 31, 2014.

Universal Plating (1900, 1912 and 1922 Monroe St. NE; 661 19th Ave. NE): The Holland Neighborhood Improvement Association issued a letter of support on March 28, 2014.

Washburn Center for Children (1104-1118-1128 Glenwood Ave. and 275 Dupont Ave. N.): The Harrison Neighborhood Association and the Bassett Creek Valley Redevelopment Oversight Committee prepared separate letters of support dated September 4, 2012.

City Goals: A hub of economic activity and innovation. 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

Background/Supporting Information

The nine projects and the seventeen related grant applications that are being recommended for submission to DEED, the Metropolitan Council and Hennepin County in the spring 2014 brownfield grant round are as follows:

Projects RECOMMENDED For Submission To The Grantors In The Spring 2014 Brownfield Grant Round				
Project Name	GRANTORS			Total Grant Requests*
	DEED	Met Council TBRA	Hennepin County ERF	
800 W. Broadway (DEED Workforce Center)		222,118		222,118
3118 W. Lake St./Tryg's Restaurant	371,250		64,350	435,600
DC Group Expansion	383,360			383,360
East Side Station (former Superior Plating)	933,083	712,220	250,000	1,895,303
(Former) Leef Services		50,000	85,000	135,000
Miller Bag Building	50,000	23,621	20,000	93,621
MoZaic, Phase II	339,853	63,161	48,586	451,600
Universal Plating			900,000	900,000
Washburn Center for Children			95,145	95,145
TOTALS:	2,077,546	1,071,120	1,463,081	6,611,747

*Amounts shown are based on applications submitted to the City by March 7, 2014. The final amounts shown on grant applications submitted to the grantors by their respective application deadlines may differ, due to project cost updates prepared after March 7, 2014.

The two projects and the related grant applications (for TBRA brownfield funding) that are being recommended for submission to the Metropolitan Council's 2014 round of its Transit Oriented Development [TOD] Program are as follows:

Projects RECOMMENDED For Submission To The Metropolitan Council's 2014 Round of Its Transit Oriented Development [TBRA-TOD] Grant Program		
Project Name	City Ranking	Grant Request
Downtown East	1	1,000,000
Plymouth Building	2	1,000,000
TOTAL:		2,000,000

Brownfield Grant Programs (Spring 2014 Round):

The Minnesota Contamination Cleanup and Investigation Grant Program was established in 1993 to clean up contaminated sites and convert contaminated properties into marketable assets. The Department of Employment and Economic Development [DEED] is the administering state agency. Applications for the spring grant round are due by May 1, 2014. A local match equal to twenty-five percent of the project costs is required, of which twelve percent must come from non-tax

increment local funds (typically provided by the developer). The amount that is potentially available to fund brownfield investigation and cleanup grants in the spring 2014 round is \$4.25 million, which includes up to \$250,000 for investigation grants. The legislature has designated that at least 35% of available funds be spent on remediating sites in Greater Minnesota unless sufficient applications are not received.

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the Tax Base Revitalization Account [TBRA] Program. This program makes grants to clean up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications for the spring round of this program are due by May 1, 2014. No local match is required. The amount that is potentially available to fund brownfield cleanup grants in the spring 2014 round is projected to be \$2.5 million, which includes up to \$125,000 for investigation grants. The TBRA program reserves at least one-quarter of the funding available in each grant cycle for projects outside of the two core cities of Minneapolis and St. Paul, and restricts any one municipality from receiving more than half of the funding in any given round.

Hennepin County has been collecting mortgage registry and deed taxes for deposit into an Environmental Response Fund (ERF) and has awarded grants from that fund since the fall of 2001. The ERF is used for the assessment and cleanup of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications for the spring round of this program are due by May 1, 2014. Historically, Hennepin County has usually awarded a total amount in the \$1.0 - \$1.5 million range per grant round (for cleanup and investigation grants). Typically, about 50% of the available grant funds are awarded to projects within the City of Minneapolis, and the remainder is awarded to projects within suburban communities.

All three of the aforementioned grantors are expected to finalize awards for the spring brownfield round sometime between late June and mid-August of this year.

Metropolitan Council's Transit Oriented Development [TBRA-TOD] Program (2014 Round):

The Metropolitan Council periodically makes grant funding available to support new development projects through its Transit Oriented Development (TOD) program. Funded projects should connect development with transit, intensify land uses, connect housing and employment, provide a mix of housing affordability, and provide infrastructure to connect communities and attract investment. Funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement these objectives. Cities may submit applications for projects to be undertaken directly by the City, or may sponsor applications submitted by private developers.

In 2014, the Metropolitan Council will be providing up to \$8 million in TOD program funding for transit oriented development activities in identified "TOD areas." The TOD program has two separately funded sub-accounts: up to \$5 million in LCDA-TOD (development grants similar to "regular" LCDA), and up to \$3 million in TBRA-

TOD (environmental grants similar to the “regular” Tax Base Revitalization Account grants that will be awarded in the aforementioned spring 2014 brownfield grant round). City staff recommendations regarding LCDA-TOD grants are scheduled to be considered by the City Council’s Community Development and Regulatory Services Committee on April 15, 2014.

This report addresses the staff recommendations related to the TBRA-TOD program as well as recommendations for the spring brownfield round applications. CPED staff overseeing these programs have consulted extensively with each other on application review, strategy for programmatic ‘best fits’ and recommendations.

The TOD program will leverage the region’s public investment in its transit infrastructure by focusing on proposals which are located in the following areas:

- within a DEED designated Transit Improvement Area (TIA) or an area eligible for TIA designation; or
- within a one-quarter mile radius along designated high frequency local bus lines; or
- within a one-half mile radius of a bus stop or station on designated high-frequency express routes.

The purpose of this funding is to assist participating communities in implementing transit oriented development that (a) encourages more transit ridership and (b) demonstrates how increasing density around transit stations can reduce dependence on automobile ownership, vehicular traffic, and the associated parking requirements that would otherwise be necessary to support a similar level of more traditional development.

City Staff will submit applications to the Metropolitan Council, based upon the project ranking approved by the City Council. Pre-applications will be due to the Met Council in May, with final applications due in June. Awards are expected to be finalized by the full Council in or around October of this year.

City Solicitation/Review/Recommendation Process:

Based upon the grantors’ two overlapping application processes for the regular spring 2014 brownfield grant round (which involves three grantors including the Met Council) and the Metropolitan Council’s 2014 TBRA-TOD round, and the fact that projects may apply to the Met Council under only one program (not both) in any given calendar year, City staff implemented a single application process for projects interested in applying to any or all of the funding sources in question. A city may submit up to three TBRA-TOD applications per year, which must be ranked according to priority before submission to the Metropolitan Council; there is no limit on the number of applications that can be submitted to DEED, the Met Council or Hennepin County in the spring brownfield grant round.

For the spring 2014 brownfield grant round, details regarding the City’s application process and related program requirements were provided to CPED project coordinators and potential applicants in early February. Relevant information was posted on the City’s website and distributed via email to the 650+ parties on

CPED's Development Notices Distribution List. Staff processing of the submitted applications included review by members of the affected geographic Sector teams and consideration of factors such as readiness to proceed with cleanup, removal of blighting influences, commitment of City funds, creation or retention of affordable housing, compliance with zoning requirements and comprehensive plan designations, and job creation.

In this round, staff continued the use of a more rigorous review process that was first implemented during the fall 2012 round. This process required developers to submit a Grant Assessment Worksheet [GAW] that included a project fact sheet with information important to the City such as jobs created or displaced and the number of affordable housing units to be created or retained. The review also included other sections regarding readiness measures, policy alignment and developer experience.

Nineteen applications were received on March 7, 2014, seventeen of which are being recommended for submission to the three grantors in the "regular" spring brownfield grant round, and two of which (Downtown East and the Plymouth Building) are being recommended for submission to the Metropolitan Council in the 2014 round of its Transit Oriented Development [TBRA-TOD] grant round.

The two grant rounds referred to herein have different approaches to the issue of ranking. In the Met Council's TOD round, the City will be required to assign priority rankings to the LCDA and TBRA applications that it submits. However, with regard to the multi-grantor brownfield grant round, the City's interactions with the three grantors during past grant rounds have established that their internal processes for reviewing, scoring and ranking brownfield applications give no weight to any city's prioritization of the applications that it submits to the grantors. The analyses conducted by the three grantors' staff, and the decisions that they make in awarding brownfield grants, are based on statutory criteria and adopted guidelines that do not include the (relative) preferences of municipal applicants regarding the applications submitted. Accordingly, and in keeping with the practice that has been followed by the City in recent years, the recommendation of City staff is that the City Council not rank or prioritize the brownfield applications that it authorizes staff to submit to the three brownfield grantors on or by their joint May 1 application deadline.

Details of Recommended Brownfield Projects:

This section of the report presents projects, in alphabetical order, that City staff recommend for submission to the brownfield grantors. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question.

800 W. Broadway (800 W. Broadway, 2109 Aldrich Ave.)

Projected Metropolitan Council TBRA Request: \$222,118

Sherman Associates intends to rehabilitate the existing 47,100 square foot structure at this location for a DEED Workforce Center, a new NorthPoint Health location, and other commercial users. The projected total development cost is \$6,210,036. Grant funds, if awarded, will be used for soil remediation and for the abatement of hazardous materials in existing buildings.

The site is zoned C3S Commercial and OR2 Office Residence. Because the site has split zoning, it is subject to the OR2 District requirements. Office uses are allowed in OR2 and some limited commercial. A rezoning to C3S to eliminate the split zoning may be necessary. The future land use map in *The Minneapolis Plan for Sustainable Growth* and *West Broadway Alive* plan designates the site as a Commercial Corridor and Retail Center. The proposed uses are in conformance with the comprehensive plan for land use.

3118 W. Lake St./Tryg's Restaurant (3118 W. Lake Street)

Projected DEED Request: \$371,250

Projected Hennepin County ERF Request: \$64,350

The site of the current Tryg's Restaurant will be redeveloped by Trammel Crow into a mixed-use project that includes 5,000 s.f. of new restaurant space and approximately 155 market rate rental units. The projected total development cost is \$32,770,000. Grant funds, if awarded, will be used for soil remediation and for the abatement of hazardous materials in the existing building(s).

The 3118 West Lake St/Tryg's site is zoned C3A Commercial Activity Center District and is partially contained in the Shoreland Overlay District. It is classified as a mixed use project with ground floor commercial and housing above, which is a permitted use in the Commercial Activity Center District. The development site is located on West Lake Street near the intersection with Excelsior Boulevard on the north side of Lake Calhoun. The site is within a half mile of the proposed West Lake Southwest LRT station. West Lake Street is a Commercial Corridor as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as mixed use which supports the uses of the proposed project. A mixed use multifamily project would be an appropriate use in the mixed use district and would be in conformance with the comprehensive plan for land use.

DC Group Expansion (1977 West River Rd.)

Projected DEED Request: \$383,360

A portion of the existing DC Group Building will be demolished and a two-level parking structure with 80 stalls will be added. The remaining portion of the current building will be renovated and a new two-level office/warehouse addition will be added. These changes will expand the DC Group's office/warehouse space from 25,000 sq. ft. to 46,000 sq. ft. The projected total development cost is

\$6,900,000. Grant funds, if awarded, will be used for soil remediation and for the abatement of hazardous materials in the existing building.

This project was approved by the City Planning Commission on 1/13/14.

East Side Station (former Superior Plating) (315 First Ave. NE; 108, 116 and 120 5th St. NE; 101,115 and 119 4th St. NE)

Projected DEED Request: \$933,083

Projected Metropolitan Council TBRA Request: \$712,220

Projected Hennepin County ERF Request: \$250,000

Dolce Living Investments LLC intends to demolish the former Superior Plating site and construct approximately 472 units of market rate rental housing and about 15,000 sq.ft. of ground floor retail/commercial space with underground parking. The projected total development cost is \$108,234,830. Grant funds, if awarded, will be used primarily for soil remediation and for addressing groundwater contamination issues.

The East Side Station (former Superior Plating) site is zoned C2. It is classified as mixed use, which is a permitted use in the C2 zoning district. The current proposal will require site plan review. Other applications may be determined at the time of land use application submittal. In general, the project design is supportable, but there may be changes recommended by staff during the public hearing review and approval process. The development site is located at the intersection of 1st Ave NE and University Ave NE. The site is located in the East Hennepin Activity Center and on the University Ave SE community corridor as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as mixed use which supports the uses identified in the proposed project. The project would be an appropriate use in an Activity Center and would be in conformance with the comprehensive plan for land use.

Leef Services (former) (164 Cedar Lake Road N.; 190, 194, 196, 198, 205, 212, 213, 217 James Ave. N.; 191, 195, 199, 208, 210, 216, 222, 226 Irving Ave. N.)

Projected Metropolitan Council TBRA Request: \$50,000

Projected Hennepin County ERF Request: \$85,000

The developer, Abdo Markethouse, has indicated that the first phase of the redevelopment of this site will involve renovating the existing 85,000 sq. ft. industrial building into approximately 59 condominium units. Later phases will involve redeveloping surrounding vacant lots into additional housing units. The projected total development cost is \$11,800,000. Grant funds, if awarded, will be used for to conduct environmental site assessments and hazardous materials surveys as part of a due diligence process associated with the acquisition.

The site is zoned R5 Multi-family Residential, which would allow a 60 unit residential building. *The Minneapolis Plan for Sustainable Growth* and the *Bassett Creek Valley Master plan* designate the area as a Growth Center and as appropriate for lower-density residential (10-25 dwelling units per acre).

Miller Bag Building (861 E. Hennepin Ave.)

Projected DEED Request: \$50,000

Projected Metropolitan Council TBRA Request: \$23,621

Projected Hennepin County ERF Request: \$20,000

This site includes four industrial/office structures that have been vacant for more than two years. Three of them will be demolished by the Ackerberg Group, which will then rehab the fourth building and construct an addition to it. The result will be 32,967 square feet of renovated brick-and-timber office space, 5,171 square feet of new office space, and 8,425 square feet of high bay warehouse space. The projected total development cost is \$8,119,251. Grant funds, if awarded, will be used for soil remediation and for the abatement of hazardous materials in existing buildings.

The Miller Bag/861 E Hennepin site is zoned I1 Light Industrial. It is classified as a light industrial use, which is a permitted use in the I1 district. The current proposal will require site plan review. Other applications may be determined at the time of land use application submittal. In general, the project design is supportable, but there may be changes recommended by staff during the public hearing review and approval process. The development is located near the intersection of E Hennepin Ave and 5th Ave SE. The site is located on the E Hennepin Avenue community corridor as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as transitional industrial which supports the uses identified in the proposed project. The project would be an appropriate use on a community corridor in a transitional industrial area and would be in conformance with the comprehensive plan for land use.

MoZaic, Phase II (1320/1350 Lagoon Ave., 2900 Fremont Ave. S.)

Projected DEED Request: \$339,853

Projected Metropolitan Council TBRA Request: \$63,161

Projected Hennepin County ERF Request: \$48,586

The developer, Ackerberg Group, has indicated that the third and final phase of this Planned Unit Development in Uptown will include an 8-story mixed-use building with a public plaza expansion. It is anticipated that 186,000 square feet of new commercial space will be created. The projected total development cost is \$55,200,000. Grant funds, if awarded, will be used for soil remediation.

The MoZaic Phase II site (a/k/a/ MoZaic East) is zoned C3A Commercial Activity Center and PO Pedestrian Oriented Overlay District. It is classified as a mixed commercial and office use which is a permitted in the Commercial Activity Center District. The project was approved by the City Planning Commission and City Council in December 2013.

The development site is located in the Uptown Activity Center in *The Minneapolis Plan for Sustainable Growth*, which supports the commercial and office uses. By nature of its approvals by the City Planning Commission and the City Council the project is in conformance with the comprehensive plan.

Universal Plating (1900, 1912 and 1922 Monroe St. NE; 661 19th Ave. NE)

Projected Hennepin County ERF Request: \$900,000

Minneapolis Public Schools is considering the possibility of acquiring this property, demolishing the structures associated with the former Universal Plating industrial business, and using the resulting open space for storm water retention and/or athletic fields and/or parking and/or green space. The projected total development cost is \$1,825,000. Grant funds, if awarded, would be used for soil remediation and for the abatement of hazardous materials in existing buildings.

The Universal Plating site is zoned I1 and R2B. The proposed reuse is likely to be classified as an athletic field, which is a permitted use in I1 and a conditional use in R2B. If it was classified as part of a K-12 campus, that would require rezoning away from I1 or the addition of an ILOD. The current proposal will require site plan review. Other applications may be determined at the time of land use application submittal. In general, the project design is supportable, but there may be changes recommended by staff during the public hearing review and approval process. The development site is located at the intersection of Monroe St NE and 19th Ave NE. The site is not located on or in any land use features as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as transitional industrial which allows the uses identified in the proposed project. An athletic field would be an appropriate use in a transitional industrial area and would be in conformance with the comprehensive plan for land use.

Washburn Center for Children (1104, 1118, 1128 Glenwood Ave.; 275 Dupont Ave. N.)

Projected Hennepin County ERF Request: \$95,145

The Washburn Center, with the assistance of Cresa, is constructing a new 50,000 square foot, three story facility on this 2.42 acre site, to create an "expanded healing environment" that will serve Twin Cities children and families. The projected total development cost is \$25,000,000. Grant funds, if awarded, will be used primarily for soil remediation.

This project was approved by the City Planning Commission on 7/15/13.

Details of Recommended Metropolitan Council Transit Oriented Development [TBRA-TOD] Projects:

This section of the report presents projects, in priority order, that City staff recommend for submission to the Metropolitan Council's Transit Oriented Development [TOD] grant program. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question.

As noted earlier in this report, the Met Council's TBRA-TOD program (unlike the "regular" multi-grantor spring brownfield grant program) will require that the City rank any applications that it submits. The ranking (Downtown East, #1; Plymouth Building, #2) that appears on page 5 of this report and in the attached Met Council TBRA-TOD resolution is based on factors that include the projected market value increase for each property, the number of new and retained jobs related to each project, and the degree to which each project matches the goals and objectives of the TOD grant program.

Downtown East (425 Portland Ave. and multiple other parcels)

Projected Metropolitan Council TBRA-TOD Request: \$1,000,000

This Ryan Companies project involves the redevelopment of four blocks (currently owned by the StarTribune) into two major office buildings totaling 1.2 million square feet, approximately 28,000 square feet of retail space, approximately 193 apartment units and one and two-thirds blocks of public green space. The projected total development cost is \$346,141,834. Grant funds, if awarded, will be used for soil remediation and for the abatement of hazardous materials in the existing StarTribune building.

Of the two projects being recommended herein for TBRA-TOD funding, the Downtown East project is being recommended as the City's #1 project because of the projected increase in market value (from about \$16,600,000 to about \$130,150,000), the projected increase in net tax capacity (from about \$784,000 to about \$2.3 million), and the number of employees who will occupy the two new office towers (estimated at 5000-6000, although the relative proportions of new jobs and retained jobs have not yet been determined).

The Downtown East project site is zoned B4S-2 and B4N with the Downtown Parking Overlay. It is classified as a mixed-use project, which is a permitted/conditional use in these districts. The project has received its land use approvals. The development site is located in Downtown East. The site is located in the Downtown Growth Center and a Transit Station Area and along the Chicago Commercial Corridor as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as Commercial and Mixed Use which supports the proposed uses, including office, housing, restaurants, and retail. The project's proposed uses would be appropriate in this area and would be in conformance with the comprehensive plan for land use.

Plymouth Building (12 S. 6th Street)

Projected Metropolitan Council TBRA-TOD Request: \$1,000,000

Heartland Realty Investors and Ryan Companies intend to renovate and restore this 101 year old, 262,558 square foot commercial/office building (on a 0.85 acre site) and convert it into a 273-unit hotel with ballroom and restaurant facilities. The projected total development cost is \$75,279,202. Grant funds, if awarded, will be used primarily for the abatement of asbestos and lead-based paint.

Although this project is being recommended as the City's #2-ranked TBRA-TOD in this round (due to the higher "metrics" associated with the Downtown East project), it is still a major downtown redevelopment project with significant economic impact, including a projected market value increase about \$9.7 million to about \$32 million, a projected increase in net tax capacity from about \$193,250 to about \$639,250, and job projections that include 208 new full-time jobs, 50 new part-time jobs and 11 retained jobs.

The Plymouth Building site is zoned B4-2 with the Downtown Parking Overlay. It is classified as a hotel with commercial uses which is a permitted/conditional use in that district. In general, the project design is supportable, but there may be changes recommended by staff during the public hearing review and approval process. The development site is located at 6th & Hennepin in Downtown. The site is located in/on the Downtown Growth Center, in a Transit Station Area, and along the Hennepin Commercial Corridor as identified in *The Minneapolis Plan for Sustainable Growth*. The future land use map in *The Minneapolis Plan for Sustainable Growth* designates the site as Commercial which generally supports hospitality uses. A hotel with ground-floor commercial uses would be an appropriate use along this stretch of Hennepin Avenue.

Proposed Project Locations:

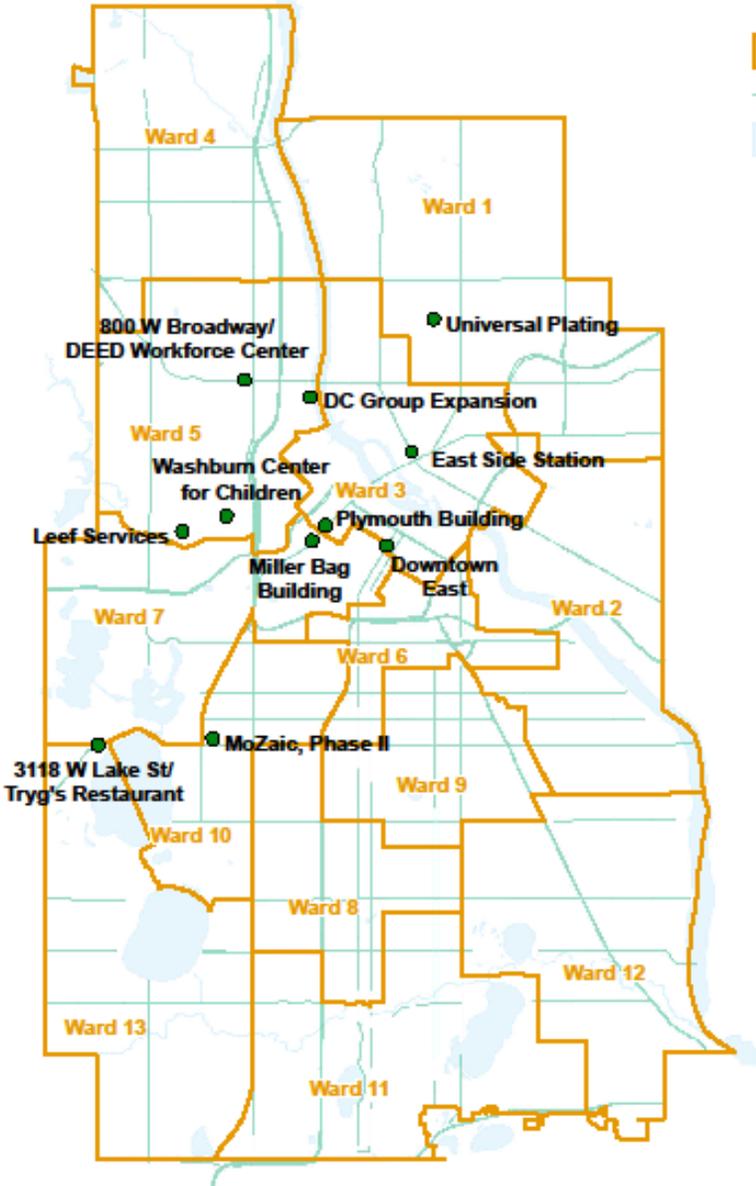
The map that appears on the following page identifies the location of each of the projects that submitted applications to the City for the spring 2014 brownfield grant round and the 2014 round of the Metropolitan Council's TBRA-TOD program.

Brownfield Grant Applications: Spring Grant Round 2014

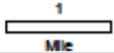
Created March 2014
CPED - Business Development

Legend

- 2014 Projects
- ▭ Ward Boundaries
- Major Roads
- Water



City of Minneapolis
Department of Community Planning
& Economic Development 7680



**Authorizing application to the Minnesota Department of Employment
and Economic Development [DEED] Contamination Cleanup and
Investigation Grant Program for various projects**

BE IT RESOLVED by the City Council of The City of Minneapolis that:

The City of Minneapolis has approved the Contamination Cleanup grant applications to be submitted to the Department of Employment and Economic Development (DEED) on May 1, 2014 by the City of Minneapolis for the following sites: 3118 W. Lake St./Tryg's Restaurant, DC Group Expansion, East Side Station (former Superior Plating), Miller Bag Building, and MoZaic, Phase II.

BE IT FURTHER RESOLVED that the City of Minneapolis act as the legal sponsor for the projects contained in the Contamination Cleanup Grant Program applications to be submitted on May 1, 2014 and that the Director of the Department of Community Planning and Economic Development (or his designee) is hereby authorized to apply to the Department of Employment and Economic Development for funding of the aforementioned projects on behalf of the City.

BE IT FURTHER RESOLVED that the City of Minneapolis has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the projects identified.

BE IT FURTHER RESOLVED that the City of Minneapolis 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.

BE IT FURTHER RESOLVED that upon approval of its applications by the state and acceptance by the City Council, the City of Minneapolis may enter into agreements with the State of Minnesota for the above-referenced project(s), and that the City of Minneapolis certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

BE IT FINALLY RESOLVED that upon approval of its applications by the state and acceptance by the City Council, the Finance Officer or his designee will be authorized to execute such agreements as are necessary to implement the projects on behalf of the applicant.

Authorizing application to the Metropolitan Council Tax Base Revitalization Account [TBRA] for various projects

Whereas, the City of Minneapolis (the "City") is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2014 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 and/or clean-up projects within the City that meet the Tax Base Revitalization Account's purposes and criteria: 800 W. Broadway (DEED Workforce Center), East Side Station (former Superior Plating), (former) Leef Services, Miller Bag Building, and MoZaic, Phase II; 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 agreements; and

Whereas, the City finds that the contamination investigation and/or 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 investigation and/or cleanup completion and states that this representation is based on the following reasons and supporting facts: City staff members provide information about all potential sources of brownfield grant funding and actively encourage project proponents to seek funding from as many prospective funding sources as possible.

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 one or more of the above-referenced projects. The City acknowledges that for each grant awarded to and accepted by 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.

Authorizing application to the Hennepin County Environmental Response Fund for various projects

Whereas, the City of Minneapolis intends to act as the legal sponsor for one or more of the following investigation or cleanup projects: 3118 W. Lake St./Tryg's Restaurant, East Side Station (former Superior Plating), (former) Leef Services, Miller Bag Building, MoZaic, Phase II and Universal Plating;

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

That the City Council approves the aforementioned investigation and/or cleanup projects (although said approval does not confer other benefits or waive zoning, land use, building code or other applicable requirements), for which Environmental Response Fund grant applications are being submitted to the Hennepin County Department of Environmental Services on May 1, 2014 by the City of Minneapolis or by the affected property owner or developer.

Authorizing application to the Metropolitan Council for Transit Oriented Development [TBRA-TOD] funding for various projects

Whereas, the City of Minneapolis ("City") is a participant in the Metropolitan Livable Communities Act ("LCA") Local Housing Incentives Program for 2014 as determined by the Metropolitan Council, and is therefore eligible to apply for LCA Livable Communities Demonstration Account and Tax Base Revitalization Account Transit Oriented Development (collectively, "TOD") funds; and

Whereas, the City has identified proposed projects within the City that meet TOD purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

Whereas, the City has the institutional, managerial and financial capability to adequately manage an LCA TOD grant; and

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

Whereas, the City acknowledges Livable Communities TOD grants are intended to fund projects or project components that can serve as models, examples or prototypes for TOD development or redevelopment elsewhere in the region, and therefore represents that the proposed projects or key components of the proposed projects can be replicated in other metropolitan-area communities; and

Whereas, only a limited amount of grant funding is available through the Metropolitan Council's Livable Communities TOD initiative during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of TOD grant funding; and

Whereas, cities may submit grant applications for up to three TBRA-TOD projects during each funding cycle, but, using the City's own internal ranking processes, must rank their projects by priority so the Metropolitan Council may consider those priority rankings as it reviews applications and makes grant awards;

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

That the City finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at the sites indicated in the grant applications at this particular time.

Be It Further Resolved that the City finds that the TOD project components for which Livable Communities TOD funding is sought (a) will not occur solely through private or other public investment within the reasonably foreseeable

future; and (b) will occur within the term of the grant award (two years for Pre-Development grants, and three years for Development grants) only if Livable Communities TOD funding is made available for these projects at this time.

Be It Further Resolved that the City ranks the TOD project funding applications according to the City's own internal priorities in the following order:

Priority	TBRA-TOD Project Name	Grant Request
1	Downtown East	1,000,000
2	Plymouth Building	1,000,000

Be It Further Resolved that the City authorizes its Department of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities TOD grant funds for the TOD project components identified in the applications and upon acceptance of any awards by the City Council its Finance Officer or designee to execute such agreements as may be necessary to implement the projects on behalf of the City.