

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 7/26/2016
Referral: Ways & Means
From: Community Planning & Economic Development
Prepared by: Kevin Carroll, Principal Project Coordinator
Presented by: Kevin Carroll
File type: Resolution
Subcategory: Appropriation

Subject:

Accept Environmental Grants Awarded in the Spring 2016 Brownfield Grant Round

Description:

1. Accept the grants listed below (but only those for which the City of Minneapolis is identified as the "Recipient"; others are direct awards to the applicant(s)/developer(s) and are included in this report for informational purposes).

MN Department of Employment and Economic Development (DEED) Grants

Project	Recipient	Grant Award
117 27 th	City of Minneapolis	\$ 140,708
333 E. Hennepin	City of Minneapolis	366,000
Superior Plating	City of Minneapolis	94,390
Total DEED awards:		\$601,098

Metropolitan Tax Base Revitalization Account (TBRA) Grants

Project	Recipient	Grant Award
1215 2 nd Avenue N.	City of Minneapolis	\$55,600
California Street Apartment Area	City of Minneapolis	50,000
Superior Plating	City of Minneapolis	488,500
Total Met Council TBRA awards:		\$594,100

Hennepin County Environmental Response Fund (ERF) Grants

<u>Project</u>	<u>Recipient</u>	<u>Grant Award</u>
MPRB (Bossen Field)	MPRB	\$209,740
PRG I Portfolio	PRG	129,565
Total Hennepin County ERF awards:		\$339,305

2. a) Amending the 2016 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) appropriation by \$55,600 and b) amending the 2016 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) appropriation by \$1,139,598.
3. Increasing the 2016 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321508) by \$601,098 and Fund 01600-Other Grants-State and Local (01600-8900900-322503) by \$594,100.
4. Authorizing the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Actions:

On April 29, 2016, the City Council approved the submission of the grant applications referred to herein ([File 16-00545](#)). Earlier Council actions included the following:

117 27th (117 and 117½ 27th Ave. SE; 1710 Franklin Ave. SE; 2512½ Essex Ave. SE): On March 18, 2016, the City Council accepted a \$175,300 Met Council TBRA grant for this project.

333 E. Hennepin (333 E. Hennepin): None.

1215 2nd Avenue N. (1207, 1215 and 1221 2nd Ave. N.; 205 Girard Ave. N.; 210 and 214 Humboldt Ave. N.): On October 23, 2015, the City Council approved the submission of a Pilot program grant application to the Metropolitan Council.

California Street Apartments Area (2301 California St. NE): None.

MPRB – Bossen Field (5601 28th Ave. S.): None.

PRG I Portfolio (14 separate addresses): On August 21, 2015 the City Council accepted a \$50,000 Met Council TBRA investigation grant for this project (the project name at that time was “PRG Southside Rehab”). On October 23, 2015, the City Council approved a partial allocation of Low Income Housing Tax Credits for the project. On November 6, 2015, the City Council approved the appropriation of \$525,000 in Affordable Housing Trust Funds for this project.

Superior Plating (315 1st Avenue NE): On August 1, 2014, the City Council accepted a \$933,083 DEED grant and a \$712,200 Met Council TBRA grant for the cleanup of this site. On August 21, 2015, the City Council accepted a \$714,273 DEED grant, a \$798,800 Met Council TBRA grant and a \$118,233 Hennepin County ERF grant for the cleanup of this site. On February 6, 2016, the City Council accepted a \$395,000 LCDA-TOD grant for this project.

Ward/Address:

All Wards

[The projects referred to below involve multiple wards and addresses.]

Background/Analysis:

On April 29, 2016, the City approved the submission of brownfield grant applications for a number of projects, including those identified herein.

Total grant funds in the amount of \$1,534,503 were awarded in the spring 2016 brownfield grant funding round, for projects or programs located in the City of Minneapolis. The amount awarded in the spring 2016 round is 32.5% of the total amount requested (\$4,726,871) for projects located in the City.

Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program – of the \$5,780,185 awarded state-wide, Minneapolis projects were awarded \$601,098, or 10.4% of the grant funds awarded.

All three of the applications that were submitted by the City were awarded a grant. The funds awarded to those three projects represent 30% of the total amount requested (\$2,315,106) by the three projects.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$2,555,600 awarded metro-wide, Minneapolis projects were awarded \$594,100, or 23% of the grant funds awarded.

Three of the eight applications that were submitted by the City were awarded a grant. The funds awarded to those three projects represent 29% of the total amount requested (\$2,033,110) by the eight projects.

Hennepin County Environmental Response Fund (ERF) - of the \$1,018,696 awarded county-wide, Minneapolis projects were awarded \$339,305, or 33% of the grant funds awarded.

Two of the three Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those two projects represent 90% of the total amount requested (\$378,655) by the three projects.

Geographic Distribution of Grant Awards

A total of 33 grants were awarded by the three local brownfield grantor (DEED, 15; Metropolitan Council, 9; and Hennepin County, 9) during the spring 2016 grant round. Projects receiving grant awards were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS RECEIVED
Minneapolis	8
St. Louis Park	7
St. Paul	4
Richfield	3
Hastings, Vadnais Heights	2 each
Bemidji, Brooklyn Center, Eagan, Hennepin County, Robbinsdale, Thief River Falls, Misc. (unincorporated area --- Fort Snelling, Upper Post)	1 each

City of Minneapolis as grant recipient

The City sponsored and submitted successful grant applications on behalf of the following projects in the spring 2016 grant round, 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 investigation and/or remediation costs incurred.

117 27th (Ward 2)

117 and 117 ½ 27th Ave. SE; 1710 Franklin Ave. SE; 2512½ Essex Ave. SE

DEED Award: \$140,708

The developer, Eley Partners, plans to construct a five-story, 195-unit market rate rental apartment building with structured underground parking. This project includes the removal of a dilapidated building (100+ years old) and the development of long-vacant railroad land near the University of Minnesota. The total projected development cost is \$27,500,000. The Zoning and Project Review Committee of the Prospect Park Association issued a letter of support on November 17, 2015. The awarded grant funds will be used primarily for soil remediation.

333 E. Hennepin (Ward 3)

333 E. Hennepin

DEED Award: \$366,000

The developer, Mortenson Development Inc., intends to construct a high-rise tower of 28-30 stories that will include 260 upscale rental apartments. The residential lobby and office will occupy the ground level along with 3,500 square feet of retail space and 26 parking stalls. An 8,500 square foot amenity deck will sit atop a 263-unit residential parking structure. The projected total development cost is \$85,000,000. The Nicollet Island - East Bank Neighborhood Association issued a letter of support on September 24, 2015. The awarded grant funds will be used for asbestos abatement, soil remediation and soil vapor mitigation.

1215 2nd Avenue N. (Ward 5)

1207/1215/1221 2nd Ave. N.; 205 Girard Ave. N.; 210/214 Humboldt Ave. N.

Metropolitan Council TBRA [Pilot program] Award: \$55,600

The City currently owns the aforementioned parcels, all of which are located in Bassett Creek Valley, which is within a designated Area of Concentrated Poverty (a prerequisite for funding under the Met Council's "Pilot" grant program). The awarded grant funds will be used for Phase I and II site investigations, hazardous materials assessments, and the pre-demolition abatement of asbestos and lead based paint.

California Street Apartments Area (Ward 3)

2301 California Street NE

Metropolitan Council TBRA Investigation Award: \$50,000

The developer, Rome Company LLC, intends to demolish and remove eight existing grain silos and develop a 72-unit apartment building on the site in question. The total projected development cost is \$11,000,000. The awarded grant funds will be used to conduct environmental investigations that will help determine the extent and estimated cost of whatever site remediation may be required.

Superior Plating (Ward 3)

315 1st Avenue NE

DEED Award: \$94,390

Metropolitan Council TBRA Award: \$488,500

(Total Awards: \$582,890)

The developer, Lennar Multifamily Communities, has indicated that Phase I of its planned project will include the construction of 86 units in a 4-story “low-rise” building and 194 units in a 20-story residential tower (280 units in total), plus 22,000 square feet of commercial development, on a City block that was formerly occupied by a plating facility for over 60 years. Phase 2 is projected to include an additional 278 units and additional commercial space. The projected total development cost is \$106,600,000 for Phase 1 (and \$100,500,000 for Phase 2). The Nicollet Island - East Bank Neighborhood Association issued a letter of support on January 28, 2015. The awarded grant funds will be used primarily to haul and dispose of a recently discovered/excavated layer of heavily contaminated clay from an area that was previously believed to be limestone bedrock.

Developer as grant recipient

The City did not submit the grant applications for the two projects referred to below; instead, the projects in question applied directly to Hennepin County. The County allows certain parties to apply directly to them (rather than through the City) if the applicant is identified in the County’s guidelines as an authorized “direct” applicant, and if the City Council adopts a resolution indicating its support for the project (which, in this case, occurred on April 29, 2016). For the projects referred to below, the grant agreements will be between Hennepin County and the grant recipients, rather than between the County and the City. Therefore, no subrecipient agreement will be required, and the City will not appropriate the grant funds. The grant recipient will obtain reimbursement for eligible remediation costs directly from the County rather than from or through the City. These projects are presented for informational purposes.

MPRB – Bossen Field (Ward 11)

5601 28th Ave. S.

Hennepin County ERF Award: \$209,740

The Minneapolis Park & Recreation Board intends to make improvements to an existing park (Bossen Field), which currently includes several ball fields and a playground. Two wetlands that were originally on the site were filled with various materials that are of environmental concern. The MPRB intends to redevelop the park with updated ball fields, open play areas, an upgraded playground and other project elements. The total projected development cost is \$4,500,000. The awarded grant funds will be used primarily for soil remediation.

PRG I Portfolio (multiple wards)

14 separate addresses

Hennepin County ERF Award: \$129,565

CommonBond Communities intends to substantially rehabilitate 42 existing units of affordable housing located across south Minneapolis. CommonBond Communities acquired this portfolio of properties from PRG in 2007. The rehabilitation of the units in question will help ensure the

preservation of these low-income, large-family housing opportunities. The total projected development cost is \$12,627,018. Letters of support were issued by the Powderhorn Park Neighborhood Association on March 27, 2015 and by the Seward Neighborhood Group on March 25, 2015. The awarded grant funds will be used for the abatement of asbestos and lead-based paint.

Financial Review:

Additional appropriation required.

Amend the 2016 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) appropriation by \$55,600 and amend the 2016 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) appropriation by \$1,139,598.

Increase the 2016 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321508) by \$601,098 and Fund 01600-Other Grants-State and Local (01600-8900900-322503) by \$594,100.

Some of the grant awards to private sector projects referred to herein require a commitment of local match funds, to be provided by the developer (or other non-City funding sources). The City of Minneapolis has sponsored those grant requests, and will act in most cases as a pass-through and conduit for environmental investigations and cleanup. Sponsoring those grant applications did not commit (or imply a commitment of) City funds as the required match. Partial compensation for City staff time required to administer any pass-through grants that are awarded will be obtained through grant administration fees that were approved by the City Council on April 16, 2010.

- Future budget impact anticipated.**
- Approved by the Permanent Review Committee.**
- Meets Small and Underutilized Business Program goals.**

Attachments:

1. Resolution