



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

Date: December 13, 2005

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Theresa Cunningham, Senior Project Coordinator (Phone 612-673-5237)
Presenter in Committee: Theresa Cunningham, Senior Project Coordinator

Approved by: Elizabeth Ryan, Director, Housing _____

Subject: Authorization to Request and Accept a Second Extension of a Contamination Cleanup Grant from the MN Department of Employment and Economic Development for the Karamu West Site for \$262,500.

RECOMMENDATION: Authorize CPED staff to request and accept a Second Extension of a MN Department of Employment and Economic Development (DEED) Contamination Cleanup Grant for the Karamu West Site (2201, 2215 Plymouth and 1245 Penn Avenue North) for \$262,500 and to execute the necessary agreements.

Previous Directives:

1. On August 5, 2005, the City Council authorized CPED staff to request and accept a MN Department of Employment and Economic Development (DEED) Contamination Cleanup Grant Extension for the Karamu West Project on Plymouth for \$262,500 and to execute the necessary agreements.
2. On July 1, 2005, the City Council adopted a resolution to preserve the right of the City to create a redevelopment tax increment financing district in the Near North & Willard-Hay Neighborhoods to be named the Karamu Tax Increment Financing District.
3. On April 20, 2004, the City Council approved and authorized the acceptance and appropriation of MN Department of Employment and Economic Development Contamination Cleanup Grant for the Karamu West Project on Plymouth for \$262,500.
4. On October 28, 2003, the City Council approved and authorized staff to apply to the MN Department of Employment and Economic Development (DEED) through its' Contamination Cleanup Grant Program for an environmental remediation grant to be used at the Karamu West Site on Plymouth Avenue North.
5. On April 8, 2003, the City Council approved and authorized the MCDA/City staff to apply to the State and Metropolitan Council for Environmental Remediation Grants for spring 2003.

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Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 5

Neighborhood Notification: Not applicable

City Goals: Not applicable

Comprehensive Plan: Not applicable

Zoning Code: Not applicable

Living Wage/Job Linkage: Not applicable

Background/Supporting Information

On December 31, 2003, the City of Minneapolis entered into a Contamination Cleanup Grant Agreement with the MN Department of Employment and Economic Development (DEED) to remediate petroleum pollution on the Karamu West redevelopment site located at 2201, 2215 Penn and 1245 Penn Avenue North in the Willard-Hay neighborhood of North Minneapolis. Attached is a project data sheet which provides additional details regarding the proposed development. A total of \$262,500 was awarded. Due to the inability of the developer, Northside Residents Redevelopment Council (NRRC), to devise a final site plan for the proposed development, the actual footprint for the development was not available until June, 2005, which caused a delay in the preparation of the scope of remediation work and subsequent contracting with the remediation contractor, Belair Excavating, to complete the work in a timely fashion. The grant agreement expired on June 30, 2005.

On August 5, 2005, the City Council authorized CPED staff to request and accept an extension of the DEED grant, which was approved by DEED and extended to

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December 31, 2005. At the time of writing this report, remediation is well underway and should be completed prior to presentation of this request.

The next step in the remediation process requires that the MN Pollution Control Agency (MPCA) review, test and certify the site clean. This process can take up to 45 days to complete and moves the completion date and request for reimbursement into January, 2006.

Installation of a vapor barrier was also approved as a part of the original grant; however, the barrier can only be installed during construction. Recently, the developer, NRRC, suffered a number of financial setbacks in moving the development forward and has not yet secured the necessary funding to purchase the site and begin construction. NRRC is confident that they should be able to secure the remaining funds by April 2006.

Upon completion of the remediation work by Belair Excavating, the MPCA review and certification of a clean site, and successful fundraising by NRRC, a final invoice could be submitted to DEED by February 2006 without the vapor barrier. DEED has advised staff that processing the Grant Reimbursement Request can take up to three weeks to process. CPED staff estimates that the entire remediation process, request for grant funds and local match dollars, being provided by NRRC, as developer, should be completed by March 1, 2006 and the vapor barrier installation in early spring 2006.

CPED staff estimates that a reimbursement request can be submitted to DEED by early June 2006, and is therefore requesting authorization to request and accept, if approved, a 2nd extension of the DEED Contamination Cleanup Grant for the Karamu West Project on Plymouth through June 30, 2006 and authorization to execute the necessary agreements.