



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

Date: February 17, 2015  
To: Lisa Goodman, Chair, Community Development & Regulatory Services Committee  
Referral to: John Quincy, Chair, Ways & Means Committee  
Subject: Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF)

**Recommendation:**

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

**MN Department of Employment and Economic Development (DEED) Grants**  
(The local match for these projects will come from developer's funds and/or from other grant funds.)

<b>Project</b>	<b>Recipient</b>	<b>Grant Award</b>
602 Residences	City of Minneapolis	\$ 291,561
New Horizon Academy	City of Minneapolis	242,876
Washington & Chicago	City of Minneapolis	226,875
<b>Total DEED awards:</b>		<b>\$761,312</b>

**Metropolitan Tax Base Revitalization Account (TBRA) Grants**

(There is no local match required for these grants.)

<b>Project</b>	<b>Recipient</b>	<b>Grant Award</b>
602 Residences	City of Minneapolis	\$ 60,100
Leef Park	City of Minneapolis	641,000
Manufacturer’s Building	City of Minneapolis	106,200
New Horizon Academy	City of Minneapolis	35,900
Washington-Chicago	City of Minneapolis	423,400
<b>Total Met Council TBRA awards:</b>		<b>\$1,266,600</b>

**Hennepin County Environmental Response Fund (ERF) Grants**

(There is no local match required for these grants.)

<b>Project</b>	<b>Recipient</b>	<b>Grant Award</b>
City of Lakes Comm. Land Trust	CLCLT	\$ 170,000
Hawthorne EcoVillage Apts.	City of Minneapolis	227,700
Leef Park	City of Minneapolis	99,390
Minnesota Brownfields	Minnesota Brownfields	150,000
MPRB – NE Athletic Field	MPRB	173,000
New Horizon Academy	City of Minneapolis	102,610
Washington-Chicago	City of Minneapolis	60,000
<b>Total Hennepin County ERF awards:</b>		<b>\$982,700</b>

2. a) Amend the 2015 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) appropriation by \$487,586 and b) Amend the 2015 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) appropriation by \$2,030,026.
3. Increase the 2015 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$761,312; Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,266,600; and Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$489,700.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

**Previous Directives:** On October 31, 2014, the City Council authorized staff to submit a number of applications for remediation grant funds to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF). Additional project-specific Council actions are as follows:

**602 Residences** (602, 602½, and 606 1<sup>st</sup> Street N.): None.

**CLCLT Homes – Fall 2014** (1910 Glenwood Ave.; 2105 Willow Ave. N.; 2908 12<sup>th</sup> Ave. S.; 2321 E. 35<sup>th</sup> St.; 3201 20<sup>th</sup> Ave. S.; 2539 Irving Ave. N.; 1939 Buchanan St. NE): None.

**Hawthorne EcoVillage Apts.** (617 Lowry Ave. N., 3113 & 3117 6<sup>th</sup> St. N., 3110 & 3116 Lyndale Ave. N.): On April 12, 2013, the City Council authorized submission of an LCDA grant application to the Metropolitan Council on behalf of this project. On April 26, 2013, the City Council authorized exclusive development rights for Project for Pride in Living for the [then] City-owned properties at 3110 and 3116 Lyndale Ave. N., 617 Lowry Ave. N. and 3113 and 3117 6<sup>th</sup> St. N. for a period of 12 months. On October 18, 2013, the City Council approved a loan up to \$1,875,000 from the AHTF for this project. On March 28, 2014, the City Council accepted a \$1,000,000 LCDA grant that had been awarded by the Met Council.

**Leef Park** (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 City Council approved the submission of a Met Council TBRA investigation grant application on April 25, 2014 and accepted the awarded grant on July 22, 2014.

**Manufacturer’s Building** (401 1<sup>st</sup> Avenue N., 27 4<sup>th</sup> St. N.): None.

**Minnesota Brownfields** (various locations TBD): On November 1, 2013, the City Council approved investigation and cleanup projects to be funded by the Minnesota Brownfields Gap Financing Program, for which a grant application was (at that time) anticipated to be submitted to the Hennepin County Environmental Services Department by Minnesota Brownfields in the fall 2013 brownfield grant round.

**MPRB – NE Athletic Field Park, Phase 1** (1400 Fillmore St. NE, 1401 Polk St. NE): None.

**New Horizon Academy** (3354 Penn Ave. N.): None, although at the time of this writing, a public hearing on the City’s sale of the property in question to the developer was scheduled to be held before the CD&RS Committee on February 3, 2015, with final City Council approval anticipated on February 13, 2015.

**Washington-Chicago Development** (713/724 S. 3<sup>rd</sup> St.): None.

Prepared by: Kevin Carroll, Principal Project Coordinator  
Approved by: D. Craig Taylor, Executive Director, CPED \_\_\_\_\_  
Funding Source and Appropriation Language \_\_\_\_\_  
Reviewed by Development Finance: \_\_\_\_\_  
Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5181

**Financial Impact**

Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or Operating Budget

Departments: 8900220 and 8900320  
Fund: 01600 (Other Grants – State and Local)  
Amount: \$ 487,586 (in 8900320)  
\$2,030,026 (in 8900220)

Action provides increased revenue for appropriation increase

Department: 8900900 (Transfer & Debt Service)  
Fund: 01600 (Other Grants – State and Local)  
Amount: \$2,517,612

Action is within the Business Plan

## Community Impact

Neighborhood Notification:

**602 Residences** (602, 602½, and 606 1<sup>st</sup> Street N.): The North Loop Neighborhood Association issued a letter of support on August 27, 2014.

**CLCLT Homes – Fall 2014** (1910 Glenwood Ave.; 2105 Willow Ave. N.; 2908 12<sup>th</sup> Ave. S.; 2321 E. 35<sup>th</sup> St.; 3201 20<sup>th</sup> Ave. S.; 2539 Irving Ave. N.; 1939 Buchanan St. NE): Not applicable.

**Hawthorne EcoVillage Apts.** (617 Lowry Ave. N., 3113 & 3117 6<sup>th</sup> St. N., 3110 & 3116 Lyndale Ave. N.): The Hawthorne Neighborhood Council issued a letter of support on May 28, 2013.

**Leef Park** (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.

**Manufacturer’s Building** (401 1<sup>st</sup> Avenue N., 27 4<sup>th</sup> St. N.): The Downtown Minneapolis Neighborhood Association issued a letter of support on October 5, 2014.

**Minnesota Brownfields** (various locations TBD): Not applicable.

**MPRB – NE Athletic Field Park, Phase 1** (1400 Fillmore St. NE, 1401 Polk St. NE): None, although this project was referred to in a Master Plan (dated January 8, 2014) that was adopted with input from a Community Advisory Group.

**New Horizon Academy** (3354 Penn Ave. N.): At a meeting on October 6, 2014, the Folwell Neighborhood Association voted to support this project.

**Washington-Chicago Development** (713/724 S. 3<sup>rd</sup> St.): The Downtown Minneapolis Neighborhood Association issued a letter of support on August 18, 2014.

**City Goals:** A hub of economic activity and innovation.

**Sustainability Targets:** Six new Minneapolis sites were awarded funds in this grant round, which brings the total number of City projects securing brownfield grants (2004-2014, inclusive) to 178. Nine applications resulted in grant awards, but to avoid double-counting, one of the projects in question – Leef Park – has been excluded because it was also awarded brownfield funds in a prior grant round. Two other applicants – CLCLT Homes and Minnesota Brownfields – have been excluded because they are projects or programs that will include multiple sites, not all of which have been chosen or identified yet.

The City’s original goal of remediating 100 brownfield sites by 2014 was achieved in the spring 2010 grant round. A revised goal of remediating 170 sites by 2014 was then established, and the City has achieved that new goal.

**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 prior to the expenditure of funds.

Other:

Living Wage/Business Subsidy Agreement: Yes \_\_\_\_\_ No X

Job Linkage: Yes \_\_\_\_\_ No X

## Supporting Information

On November 3, 2014, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF) for a number of projects, including those identified herein.

Total grant funds in the amount of \$3,010,612 were awarded to projects or programs located exclusively or primarily in the City of Minneapolis during the fall 2014 brownfield grant funding round. The amount awarded in the fall 2014 round is 69.6% of the total amount requested (\$4,326,742) for projects located in the City.

**Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup and Investigation Grant Program** – of the \$6,492,658 awarded state-wide, Minneapolis projects were awarded \$761,312, or 11.7% of the grant funds awarded.

Two of the five applications that were submitted by the City were withdrawn before DEED's grant awards were announced. All three of the remaining Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those three projects represent 71.7% of the total amount requested (\$1,061,332) by the three projects.

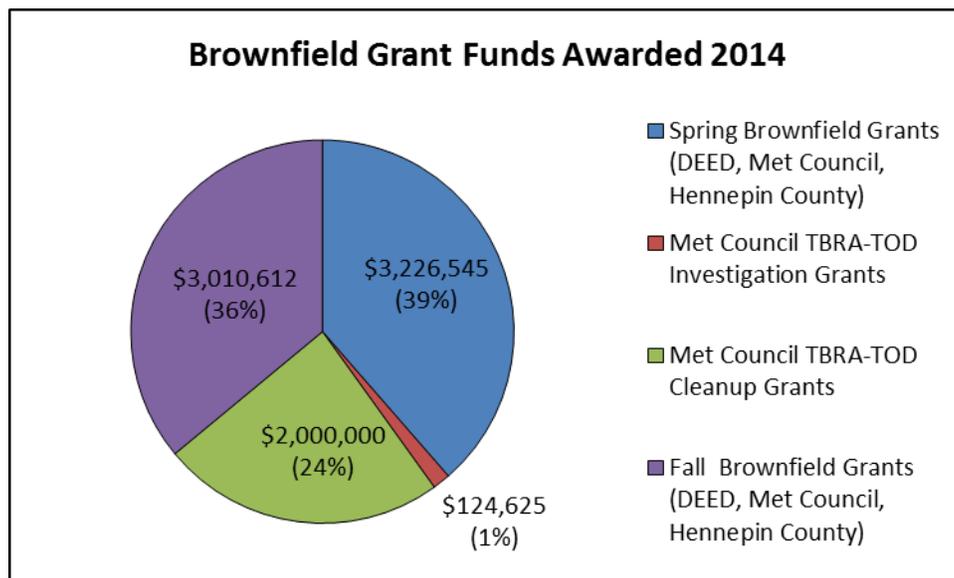
**Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program** – of the \$3,298,800 awarded metro-wide, Minneapolis projects were awarded \$1,266,600, or 38.4% of the grant funds awarded.

Three of the nine applications that were submitted by the City were withdrawn before the Metropolitan Council's grant awards were announced. Five of the six remaining Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those five projects represent 74.2% of the total amount requested (\$1,707,887) by the five projects.

**Hennepin County Environmental Response Fund (ERF)** - of the \$1,028,700 awarded county-wide, projects and programs located exclusively or primarily in Minneapolis were awarded \$982,700, or 95.5% of the grant funds awarded.

One of the ten applications that were submitted by the City was withdrawn before Hennepin County's grant awards were announced. Seven of the remaining nine Minneapolis projects that submitted applications were awarded a grant. The funds awarded to those seven projects represent 63.1% of the total amount requested (\$1,557,523) by the nine projects.

When the grant funding awarded to the City in the fall 2014 brownfield grant round is added to the other brownfield-related grant funding awarded to the City earlier in the year, the resulting 2014 total is **\$8,361,782**, broken down as follows:



### Geographic Distribution of Grant Awards

39 brownfield grants were awarded by DEED (17), the Metropolitan Council (13) and Hennepin County (9) during the fall 2014 grant round. Projects receiving grant awards were located in the following jurisdictions:

<i><b>JURISDICTION</b></i>	<i><b>NUMBER OF GRANTS RECEIVED</b></i>
Minneapolis	14
St. Paul	6
Brooklyn Center, Fridley, Hastings, Mankato, White Bear Lake	2 each
Blue Earth County, Duluth, Edina, New Ulm, St. Louis Park, South St. Paul, Vadnais Heights, White Bear Lake, and one multi-site program	1 each

### **CITY OF MINNEAPOLIS AS GRANT RECIPIENT:**

The City sponsored and submitted successful grant applications on behalf of the following six projects, 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.

**602 Residences (Ward 3) - \$351,661**

(602, 602½, and 606 1<sup>st</sup> Street N.)

DEED Award: \$291,561  
Metropolitan Council TBRA Award: \$ 60,100

Solhem LLC intends to construct a 125,745 square foot market rate condominium project in the North Loop neighborhood. The project will include 30 condominium units in an 8-story post-tensioned concrete building. The projected total development cost is \$30,400,000. The awarded grant funds will be used primarily for soil remediation.

**Hawthorne EcoVillage Apts. (Ward 5) -- \$227,700**

(617 Lowry Ave. N., 3113 & 3117 6<sup>th</sup> St. N., 3110 & 3116 Lyndale Ave. N.)

Hennepin County ERF Award: \$227,700

The Hawthorne EcoVillage Apartments will be the anchor project in the larger EcoVillage, an ambitious four-block redevelopment, and will provide quality affordable homes to 75 households while serving as a model green building. The project consists of a 71-unit apartment building and four townhomes. The projected total development cost is \$16,448,320. The awarded grant funds will be used primarily for soil remediation and for the installation of a soil vapor mitigation system.

**Leef Park (Ward 5) -- \$740,490**

(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.)

Metropolitan Council TBRA Award: \$641,100  
Hennepin County ERF Award: \$ 99,390

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 60 condominium units (some affordable, some market rate). Later phases will involve redeveloping surrounding vacant lots into additional housing units. The projected total development cost is \$11,800,000. The awarded grant funds will be used primarily for soil remediation and for the abatement of asbestos and lead based paint in the existing building.

**Manufacturer's Building (Ward 3) -- \$106,200**

(401 1<sup>st</sup> Avenue N., 27 4<sup>th</sup> St. N.)

Metropolitan Council TBRA Award: \$106,200

Wildamere Capital Management plans to rehabilitate a vacant, dilapidated six-story, 54,190 square foot office/retail building that was formerly the home of Nate's Clothing. The projected total development cost is \$9,097,063. The awarded grant funds will be used primarily for the abatement of hazardous materials in the existing building.

**New Horizon Academy (Ward 4) -- \$381,386**

(3354 Penn Ave. N.)

DEED Award:	\$242,876
Metropolitan Council TBRA Award:	\$ 35,900
Hennepin County ERF Award:	\$102,610

New Horizon Real Estate Development LLP plans to redevelop a currently vacant site into an approximate 12,127 square foot multi-story child care and early education center. The projected total development cost is \$2,711,000. The awarded grant funds will be used primarily for soil remediation, the installation of a soil vapor mitigation system, and the management of contaminated groundwater.

**Washington-Chicago Development (Ward 3) -- \$710,275**

(713/724 S. 3<sup>rd</sup> St.)

DEED Award:	\$226,875
Metropolitan Council TBRA Award:	\$423,400
Hennepin County ERF Award:	\$ 60,000

Sherman Associates intends to demolish an existing surface parking lot and an underutilized building, and then construct a new building with five levels of residential apartments (175 market rate units), two levels of underground parking (partially for public use), and one level of commercial spaces (20-25,000 square feet). The projected total development cost is \$50,636,199. The awarded grant funds will be used primarily for the abatement of asbestos in the existing building.

**DEVELOPER AS GRANT RECIPIENT:**

The City did not submit the grant applications for the projects referred to below; 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 there is evidence that the City supports the project. 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 agreements will be required, and the City will not appropriate the grant funds. The grant recipients 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.

**CLCLT Homes – Fall 2014 (various wards) -- \$170,000**

(1910 Glenwood Ave.; 2105 Willow Ave. N.; 2908 12<sup>th</sup> Ave. S.; 2321 E. 35<sup>th</sup> St.; 3201 20<sup>th</sup> Ave. S.; 2539 Irving Ave. N.; 1939 Buchanan St. NE)

Hennepin County ERF Award:	\$170,000
----------------------------	-----------

The City of Lakes Community Land Trust [CLCLT] intends to rehabilitate seven single-family homes (for low-income buyers) that it acquired through its

Homebuyer Initiated Program, or via partnerships with neighborhood groups, the City of Minneapolis and Hennepin County. The projected total development cost is \$290,000 for the seven rehab projects. The awarded grant funds will be used primarily for the abatement of asbestos and lead based paint in the homes in question.

**Minnesota Brownfields (various wards) -- \$150,000**

(various locations TBD)

Hennepin County ERF Award: \$150,000

Additional funding is being sought for Hennepin County's Brownfield Gap Financing Program, which is currently being administered by Minnesota Brownfields. The BGF Program provides small grants, primarily to non-profit organizations and mostly for environmental site investigations. To date, the BGF Program has provided financial support for 44 projects, 40 of which were located in the City of Minneapolis.

**MPRB – NE Athletic Field Park, Phase 1 (Ward 1) -- \$173,000**

(1400 Fillmore St. NE, 1401 Polk St. NE)

Hennepin County ERF Award: \$173,000

The Minneapolis Park and Recreation Board [MPRB] plans to improve the softball fields on MPRB-owned property west of Fillmore Street as part of the overall Northeast Athletic Field Master Plan. The reconfigured softball fields will allow for safer playing conditions and increase outfield dimensions. Planned field improvements include natural turf with irrigation, lighting, and fencing. The projected total development cost is \$1,700,000. The awarded grant funds will be used primarily for soil remediation.

**FALL 2014 CONTAMINATION CLEANUP GRANT ROUND**

**MINNEAPOLIS APPLICANTS - Requests & Awards**

**(o) = original request in pre-application; (a) = amended request in final application**

PROJECT	APPLICANT	# of Acres	DEED		Met Council TBRA		Hennepin County ERF		Total Grants	
			Requested	Awarded	Requested	Awarded	Requested	Awarded	Requested	Awarded
602 Residences	City of Minneapolis	0.34	307,912 (o) 295,006 (a)	291,561	24,681 (o) 60,114 (a)	60,100	24,681 (o) 23,563 (a)	0	357,274 (o) 378,683 (a)	351,661
729 Washington	City of Minneapolis	0.91*	572,080 (o) 0 (a)	NA (Withdrawn)	572,080 (o) 0 (a)	NA (Withdrawn)			1,144,160 (o) 0 (a)	NA
Anishinabe Bii Gii Wiin (Phase II)	City of Minneapolis	0.65*			434,370 (o)	0			434,370 (o)	0
CLCLT Homes – Fall 2014	City of Lakes Community Land Trust	0.91					170,000 (o)	170,000	170,000 (o)	170,000
Encore, The	City of Minneapolis	0.72*	225,000 (o) 0 (o)	NA (Withdrawn)	19,500 (o) 0 (a)	NA (Withdrawn)	19,500 (o) 0 (a)	NA (Withdrawn)	264,000 (o) 0 (a)	NA
Hawthorne Eco-Village Apartments	City of Minneapolis	1.28			118,800 (o) 0 (a)	NA	108,900 (o) 227,700 (a)	227,700	227,700 (o) 227,700 (a)	227,700
Leef Park	City of Minneapolis	4.83*			485,000 (o) 522,275 (a)	641,100	485,000 (o) 363,650 (a)	99,390	970,000 (o) 885,925 (a)	740,490
Manufacturer's Building	City of Minneapolis	0.19			100,000 (o) 106,260 (a)	106,200			100,000 (o) 106,260 (a)	106,200
MN Brownfields	MN Brownfields	NA*					200,000 (o)	150,000	150,000 (o)	150,000
MPRB – East Bank Trail	Minneapolis Park & Recreation Board	4.77*					63,000 (o) 98,000 (a)	0	63,000 (o) 98,000 (a)	0
MPRB – NE Athletic Field	Minneapolis Park & Recreation Board	7.76					221,550 (o) 272,000 (a)	173,000	221,550 (o) 272,000 (a)	173,000
New Horizon Academy	City of Minneapolis	0.34	274,950 (o) 242,876 (a)	242,876	183,375 (o) 161,418 (a)	35,900	116,100 (o) 102,610 (a)	102,610	574,425 (o) 506,904 (a)	381,386
Washington-Chicago Development	City of Minneapolis	0.99	423,450 (o) 523,450 (a)	226,875	423,450 (o)	423,450	200,000 (o) 100,000 (a)	60,000	1,046,900 (o) 1,046,900 (a)	710,275
<b>TOTAL</b> (*acreage total is for <i>awarded</i> grants only; also, Leef Park has been excluded from the total because it received a brownfield grant in a prior round, and MN Brownfields has been excluded because it is a program that involves multiple sites TBD)		<b>11.81</b>	1,803,392 (o) 1,061,332 (a)	<b>761,312</b>	2,361,256 (o) 1,707,887 (a)	<b>1,266,600</b>	1,608,731 (o) 1,557,523 (a)	<b>982,700</b>	5,773,379 (o) 4,326,742 (a)	<b>3,010,332</b>
<b>Percent of Requested Funds Awarded:</b>				<b>71.7%</b>		<b>74.2%</b>		<b>63.1%</b>		<b>69.6%</b>

## **Amending the 2015 General Appropriation Resolution.**

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$487,586.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$2,030,026.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$761,312.
4. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$1,266,600.
5. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-322002) by \$489,700.