



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

**Date:** July 14, 2015  
**To:** Councilmember Lisa Goodman, Chair, Community Development and Regulatory Services Committee  
**Referral to:** Councilmember John Quincy, Chair, Ways and Means Committee  
**Subject:** Accept and Appropriate Pilot Program Environmental Grants Awarded by the Metropolitan Council's Tax Base Revitalization Account [TBRA] For Sites Located in Areas of Concentrated Poverty [ACP].

### Recommendation:

1. Accept and/or approve the following Pilot grants:

4146 Fremont Ave. N.:	\$ 68,600
Upper Harbor Terminal:	32,200
Western Motors:	<u>13,100</u>

**TOTAL: \$113,900**

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 \$100,800 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 \$13,100.
3. Increase the 2015 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$113,900.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

**Previous Directives:**

**4146 Fremont Ave. N.** (4140/4142/4144/4146 Fremont Ave. N.): On December 19, 2014, the City Council took action (pursuant to Minn. Stat. Sec. 282.322) to temporarily withhold this tax-forfeited property from repurchase by its prior owner(s).

**Western Motors** (1939/2005/2015 West Broadway): None.

**Upper Harbor Terminal** (3360/3800 1<sup>st</sup> St. N., 51 34<sup>th</sup> Ave. N., 2/51 36<sup>th</sup> Ave. N., 3639/3648/3700/3701 Washington Ave. N.): The City Council has taken a variety of formal actions during its ownership of this property. For example, on July 23, 2004, the City Council authorized an Operating Agreement with River Services Inc. to manage and operate the City’s Upper Harbor River [UHT] Terminal from 2005 through 2014. Article VI of the Agreement required annual approval of the Terminal’s Operating Budget for the ensuing year. The City Council has approved the budget annually since 2005. On December 6, 2013, the City Council authorized the execution of a contract for an UHT redevelopment technical study. On November 28, 2014, the City Council authorized appropriate City officials to finalize and execute an interim management agreement with River Services, Inc. for the Upper Harbor Terminal for a period of up to three years beginning January 1, 2015.

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

**Financial Impact**

X Action is within the business plan.

X Other financial impact: Investigation grant requests under the Pilot program require a 25% City match. Both of the City projects that have been awarded investigation funding (Western Motors and UHT) have budgeted funds that can be used for this purpose. The 4146 Fremont project has been awarded cleanup funding, which does not require City matching funds.

**Community Impact**

Neighborhood Notification:

**4146 Fremont Ave. N.** (4140/4142/4144/4146 Fremont Ave. N.): The Webber-Camden Neighborhood Organization was aware of, and supported, the City’s plan to acquire this site for eventual sale and redevelopment.

**Western Motors** (1939/2005/2015 West Broadway): The Northside Residents’ Redevelopment Council (NRRC) was aware of, and supported, the City’s plan to acquire this site for eventual sale and redevelopment.

**Upper Harbor Terminal** (3360/3800 1<sup>st</sup> St. N., 51 34<sup>th</sup> Ave. N., 2/51 36<sup>th</sup> Ave. N., 3639/3648/3700/3701 Washington Ave. N.): All potentially interested or affected

neighborhood groups have been apprised of the long-term plan to eventually redevelop the UHT area, in part through their knowledge of and/or participation in the Above the Falls master planning process(es).

City Goals: Living Well; A Hub of Economic Activity and Innovation; Great Places.

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 Metropolitan Council recently initiated a new variety of brownfield funding, under the umbrella of its existing Tax Base Revitalization Account [TBRA] program. Met Council staff members refer to this new source as the "Pilot" grant program. It is designed to provide grant funding to investigate and/or remediate sites that (a) are located within an "Area of Concentrated Poverty" and that (b) do not yet have developers or approved development plans, but "show potential for job creation."

(The Met Council's "regular" May and November brownfield grant rounds are limited to sites and projects that **do** have identified developers and specific, realistic development plans.)

Eligible sites include properties that will increase the tax base and add or preserve jobs and/or add or preserve affordable housing. An applicant must be a local governmental unit. There were no limits on the number of applications that any given governmental unit could submit on May 1. However, if the requests for funding exceeded the available funds (which was not the case in this instance), no more than ½ of the funds could have been awarded to projects located in a single City, and no more than ¾ of the funds could have been awarded to projects located in Minneapolis and St. Paul. This program has a match requirement for investigation grants; the applicant or a public or private partner must pay for at least 25% of the total estimated investigation costs. There is no match requirement for cleanup funding awarded under this program.

On June 24, the Met Council approved/finalized six Pilot grants in the inaugural round of this new grant program. In addition to the three Minneapolis grants referred to above, three grants in the total amount of \$76,700 were awarded for projects in St. Paul. Of the total amount awarded to all projects (\$190,600), 60% was awarded to the three Minneapolis projects, and 40% was awarded to the three St. Paul projects. The Minneapolis projects were awarded 99.9% (\$113,900) of the total amount that they had requested (\$114,010).

## **Details of Projects Receiving Pilot Program Grant Awards:**

**4146 Fremont Ave. N.** (4140/4142/4144/4146 Fremont Ave. N.): This .3-acre site consists of two adjacent tax-forfeited buildings that the City acquired in April of this year. The site includes a two-story building with commercial space on the ground level and four apartment units on the second level, and an adjacent one-story commercial building. Each building has been vacant for about three years. Both buildings have significant interior damage from water intrusion and resulting mold and mildew, and both need new roofing and new mechanical, electrical and plumbing systems. The City's intention is to rehab both structures in order to attract neighborhood-serving retail/commercial tenants on the ground floor of both buildings and either housing or office tenants on the second floor of the two-story building.

Pilot program funding in the amount of \$68,600 has been awarded for the abatement of asbestos and lead-based paint in both of the two structures in question.

**Western Motors** (1939/2005/2015 West Broadway): This .84-acre property was the site of a used car dealership from 1953 through 2010. The City acquired the property in June of 2014. There are two structures on the site --- a small one-story office building and a garage, both of which are in poor condition and have been vacant for about four years. The City anticipates that the structures will eventually be demolished to make way for medium-to-high-density housing development that may include a small commercial/retail component.

Pilot program funding in the amount of \$13,100 has been awarded for a soil vapor assessment and a pre-demolition hazardous materials survey (to determine the presence, location and amount of asbestos, lead-based paint, etc.)

**Upper Harbor Terminal** (3360/3800 1<sup>st</sup> St. N., 51 34<sup>th</sup> Ave. N., 2/51 36<sup>th</sup> Ave. N., 3639/3648/3700/3701 Washington Ave. N.): The Upper Harbor Terminal [UHT] site has been owned by the City of Minneapolis for decades. Most of it was acquired by the City in the 1940-1970 range, partly via tax forfeitures and the acquisition of right-of-way parcels from MnDOT that ended up not being needed for I-94. UHT has operated as an inter-modal facility where materials came in via rail or truck and went out via barge, or vice versa. The existing site improvements (barge docks, storage domes, grain elevators, scale buildings, warehouse space, offices, etc.) were constructed in the 1968-1987 range. Long-term plans for the redevelopment of the 50-acre UHT site are still in the formative stage, but about 8 acres are currently envisioned for mixed-use and about 18-21 acres are guided for "business park" development, with the remainder expected to become a regional park.

Pilot program funding in the amount of \$32,200 has been awarded for Phase I and Phase II environmental site assessments and hazardous materials surveys for selected sub-parts of the overall UHT site.