



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

Date: July 26, 2011
To: Lisa Goodman, Chair, Community Development Committee
Referral to: Betsy Hodges, Chair, Ways and Means/Budget Committee
Subject: Metropolitan Council TBRA Investigation Grants
(August 1 Grant Round)

Recommendation:

1. Authorize application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Investigation Grant Program for environmental investigation/assessment funding for the following projects: Cameron Building and Pillsbury Lofts.
2. Approve the attached resolution authorizing appropriate City staff to submit the aforesaid applications to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Investigation Grant Program.

Previous Directives:

Cameron Building (756 North 4th Street): On April 29, 2011, the City Council approved a resolution authorizing the submission of a brownfield investigation grant application to Hennepin County on behalf of this project in connection with the "regular" semi-annual brownfield grant round. (That application did not score high enough to be funded.)

Pillsbury Lofts (301 Main Street SE): None.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181

Approved by: Charles T. Lutz, Deputy Director, CPED _____

Catherine A. Polasky, Director of Economic Policy & Development _____

Presenter in Committee: Kevin Carroll, Prin. Project Coordinator, Bus. Dev., 612-673-5181

Financial Impact

X Other financial impact: There is no direct financial impact at this time. However, this new quarterly TBRA investigation grant program requires a commitment of local match funds, to be provided by the developer or other non-

City funding sources. The City of Minneapolis is sponsoring these grant requests, acting as a pass-through and conduit for any awarded environmental cleanup funds. 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:

Cameron Building (756 North 4th Street; Ward 5): This project is scheduled to be discussed with the North Loop Neighborhood Association's Planning and Zoning Committee on July 20, 2011 and with the NLNA's full Board on July 27, 2011
Pillsbury Lofts (301 Main Street SE; Ward 3): This project has been informally discussed with members of the Marcy-Holmes Neighborhood Group on several occasions, and it is anticipated that a formal presentation will be made in the near future.

City Goals: Jobs and Economic Vitality; Livable Communities, Healthy Lives; Eco-Focused. 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__

Other: Environmental remediation/investigation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act. However, any business that occupies a remediated site may be asked to sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

Background/Supporting Information

The two applications that are being recommended for submission to the Metropolitan Council's TBRA Investigation Grant Program are as follows:

Project Name	Total Grant Requests *
Cameron Building	\$15,225
Pillsbury Lofts	\$50,000
TOTAL:	\$65,225

*Amounts shown are based on pre-applications submitted to the City by June 1, 2011. 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 June 1, 2011.

The TBRA Investigation Grant Program referred to herein is a recent expansion of a longstanding brownfield grant program maintained by the Metropolitan Council. That program's history began with the Metropolitan Livable Communities Act, which was enacted in 1995 and which designated the Metropolitan Council as the administrator of the Tax Base Revitalization Program. Since that time, the TBRA program has conducted semi-annual grant rounds (with application deadlines of May 1 and November 1 of each year) and has approved corresponding semi-annual grant awards to investigate and/or clean up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base.

In an effort to address recurring demand for investigation grant funding between the aforementioned May 1 and November 1 brownfield grant rounds, the Metropolitan Council recently approved the creation of two additional rounds of investigation grant funding per year, with August 1 and February 1 application deadlines. A maximum of \$125,000 in grant funding is available for the impending August 1 round, and the maximum amount that can be awarded to any individual project or applicant is \$50,000.

Interactions with the Metropolitan Council during the last ten semi-annual TBRA grant rounds have clarified and reinforced the fact that their internal processes for reviewing, scoring and ranking applications give no weight to any city's prioritization of the applications that it submits to the TBRA program. The analyses conducted by their staff members, and the decisions that they make in awarding grants, are based on statutory criteria and adopted guidelines that do not include the (relative) preferences of municipal applicants. Accordingly, and in keeping with the practice that has been followed by the City in the last few years, the recommendation of City staff is that the City Council not rank or prioritize the applications referred to herein.

Details of Proposed Projects:

[The summary descriptions that appear below are based upon information provided by the developers or by others familiar with the details of the projects in question.]

Cameron Building (756 North 4th Street)
Projected Metropolitan Council TBRA Request: \$15,225

This project involves the proposed redevelopment of an existing 1910 building on a .60-acre site. A conversion of the building to 46 market-rate apartments is envisioned by the developer, Schafer Richardson. The proposed use is consistent with the adopted *North Loop Small Area Plan* and is in line with the rezoning study recommendations as approved by the City Planning Commission on June 16, 2011. The zoning changes will be final in early August and will result in this property better accommodating the proposed residential project (the current I2 zoning is not in line with the vision currently outlined in the small area plan). Investigation grant funds are being sought to conduct a hazardous materials survey to help clarify and quantify the extent of the current contamination (anticipated to include asbestos and lead-based paint) and thereby position the property for a possible future cleanup grant application.

Pillsbury Lofts (301 Main Street SE)

Projected Metropolitan Council TBRA Request: \$50,000

The developer (Minneapolis Leased Housing Associated IV, an affiliate of Dominion Development and Acquisition LLC) intends to construct 240 live/work affordable rental apartments in several existing buildings (A-Mill, South Mill Complex, and Warehouse No. 2) located on approximately 4.8 acres within the historic Pillsbury Mill site in downtown Minneapolis. Two nearby historic buildings will not be redeveloped into housing; the Machine Shop is expected to be converted into a combination of office, restaurant and/or retail uses. The Grain Elevators are expected to remain, due to their historical significance, but a use is not proposed.

This 4.8-acre portion of the Pillsbury Mill site is expected to be purchased from the bank that obtained possession of it from a former developer in the wake of foreclosure on the parcels in question. The former developer's project was originally approved as a PUD; it's currently unclear what that will mean for the approval(s) of this particular subpart, although a replatting is likely to be needed. Planning staff members have discussed this issue with the developer. Generally speaking, high density housing of the kind proposed is in line with the adopted plan for the area. Grant funds, if awarded, would be used to update a prior Phase I investigation, conduct a hazardous materials study and a Phase II assessment, and prepare a Response Action Plan [RAP] regarding future remediation activities.

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

Whereas, the City of Minneapolis (the "City") was and is a participant in the Livable Communities Act's Housing Incentives Program 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 projects within the City that preliminarily appear to meet the Tax Base Revitalization Account's purposes and criteria: Cameron Building and Pillsbury Lofts; and,

Whereas, the City intends to act as the legal sponsor for the above-referenced projects, which will be more completely described in Tax Base Revitalization Account grant applications to be submitted to the Metropolitan Council on or by August 1, 2011, subject to final staff verification of each such application's compliance with the TBRA grant program's purposes and criteria; 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 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 completion;

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 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.

