

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

Date: June 24, 2008
To: Council Member Lisa Goodman, Community Development Committee
Subject: Delisi Building redevelopment project update

Recommendation: Receive and File

Previous Directives: 1) On June 29, 2007, the City Council authorized staff to negotiate the sale of City-owned real property at 2119 West Broadway, 2310 Penn Avenue N and 2312 Penn Avenue North to a development team led by The Ackerberg Group. 2) On August 3, 2007, the City Council accepted and appropriated a grant of \$47,500 from the Metropolitan Council Livable Communities Act Tax Base Revitalization Account Grant Program for asbestos abatement within the building located at 2119 West Broadway Avenue and directed staff to execute grant and subrecipient agreements. 3) On July 20, 2007, the City Council authorized an Empowerment Zone grant of \$300,000 to the Center for Communications Development/KMOJ Radio for an equity contribution or tenant improvements to the Delisi building. 4) On October 1, 1999, the City Council authorized staff to acquire the property at 2119 West Broadway and 2312 Penn Avenues (along with a number of other properties) from the Hennepin County tax forfeiture list.

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Approved by:
Charles T. Lutz, Deputy Director CPED _____
Catherine A. Polasky, Director, Economic Development _____

Presenter in Committee: Kristin Guild

Financial Impact

- Action is within the Business Plan

Community Impact

- Neighborhood Notification – Staff worked with the Northside Residents Redevelopment Council (NRRC), Jordan Area Community Council (JACC), Hawthorne Area Community Council (HACC) and the West Broadway Business and Area Coalition (WBBAC) on preparation of the Request for Proposals and held a public meeting for development goals on February 13, 2007. After receipt of development proposals, staff notified the neighborhoods on April 25, 2007. Staff held a public meeting to discuss the proposal on

May 16, 2007. Staff formed a project review team with representatives from all the above-noted organizations. The NRRC Residential Commercial Task Force and full board have both reviewed and recommended approval of the proposed development at regular meetings on May 14 and May 21, 2007. Staff has provided periodic status updates to these parties.

- City Goals – A safe place to call home, One Minneapolis, Connected communities, Enriched Environment, Premier destination.
- Sustainability Targets – Economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services; The Ackerberg Group proposes incorporating a number of sustainability measures into the redevelopment.
- Comprehensive Plan – On July 19, 2007, the City Planning Commission found the sale of this property to be consistent with the comprehensive plan.
- Zoning Code – The proposed use is consistent with the zoning.

Supporting Information

On April 17, 2007, The Ackerberg Group and the Center for Communications Development /KMOJ Radio (CCD/KMOJ) submitted a proposal to redevelop the Delisi building in response to a Request for Proposals issued by the City. The proposal included rehabilitating the existing structure at 2119 West Broadway for a radio station and retail/restaurant uses, a 23-space parking lot accessed from Penn Avenue, and a public plaza on adjacent vacant MetroTransit property. An equity partnership in the form of a Limited Liability Corporation (LLC) was proposed between The Ackerberg Group and CCD/KMOJ. While other parties expressed interest in the property prior to the RFP issuance and in the pre-proposal meetings, the City did not receive any other proposals for redevelopment.

City staff convened a neighborhood review team comprised of representatives of the Willard Hay, Near North and Jordan neighborhoods, the West Broadway Business Association and the West Broadway Area Coalition. That group endorsed the proposed redevelopment and reuse of the structure, as did the Northside Residents Redevelopment Council. Staff representatives of Public Works, Hennepin County and MetroTransit also reviewed the proposal and expressed support.

On June 29, 2007, the City Council authorized staff to negotiate terms of sale to The Ackerberg Group for redevelopment and directed staff that these negotiations should be completed in no more than six months from that date. Staff had negotiated terms and planned to bring a report to the Community Development Committee to authorize the sale of the property on December 11, 2007. A few days prior to that committee meeting, the City learned that CCD/KMOJ wished to explore ownership structures in addition to the proposed LLC. The sale authorization request was pulled from the calendar to allow negotiations between The Ackerberg Group and CCD/KMOJ on the ownership structure.

Those negotiations have now been ongoing for six months. In the interest of prompting a decision point and with the objective of facilitating the sale of the property for redevelopment yet this year, CPED staff has established a deadline of July 10, 2008 for CCD/KMOJ to determine whether they will participate in the project. Staff recommends a deadline of November 1, 2008 for sale terms to be negotiated with The Ackerberg Group and expects that a report requesting authorization to sell the property will be presented to the Community Development Committee by November 18, 2008.

