

Community Development Committee

Meeting date: June 20, 2016

For the Metropolitan Council meeting of July 13, 2016

Subject: Livable Communities Act Tax Base Revitalization Account Grant Recommendations

District(s), Member(s): All

Policy/Legal Reference: Livable Communities Act, Minnesota Statutes §473.25

Staff Prepared/Presented: Marcus Martin, Senior Planner, 651-602-1054

Division/Department: Housing & Livable Communities/Community Development

Proposed Action

That the Metropolitan Council (1) award 9 Tax Base Revitalization Account grants as follows and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

Projects recommended for Spring 2016 TBRA funding cycle:	Recommended amount
Pilot	
Minneapolis - 1215 2nd Av. N.	\$55,600
Contamination Investigation	
Minneapolis - California Street Apartments Area	\$50,000
Contamination Cleanup	
Hastings HEDRA - Artspace Hastings Lofts	\$29,100
Minneapolis - Superior Plating	\$488,500
St Louis Park EDA - Morrie's Dealership	\$53,000
St Louis Park EDA - Parkdales, The	\$277,600
St Louis Park EDA - Parkway 25	\$245,600
Saint Paul Port Authority - Major League Soccer Stadium Complex	\$1,250,000
Vadnais Heights - Garceau Corner	\$106,200
TOTAL	\$2,555,600

Background

The Tax Base Revitalization Account (TBRA) is one of three active accounts established by the Livable Communities Act (LCA). The TBRA provides grants to clean up and redevelop contaminated land and buildings. The Council adopted the 2016 TBRA guidelines, criteria, schedule, and evaluation process as part of the Fund Distribution Plan (FDP) earlier this year.

Rationale

Contamination cleanup grants are awarded based on how well the proposals meet the requirements of the LCA and the Council's development goals described in Thrive MSP 2040. Each of the recommended proposals received in

the spring funding cycle implements Council policy by working with local communities to accommodate growth in a flexible, connected, and efficient manner. All of the recommended projects comply with guidelines established in the 2016 FDP.

Funding

As outlined in the FDP, the following funding was approved for 2016:

- \$5M for TBRA investigation and cleanup activities, with up to \$250,000 of that amount for the site investigation grant category. The plan approved two funding cycles. Half of the investigation and cleanup category funds are available in the spring cycle and half will be available in the current fall cycle. If there is funding remaining in the investigation category, the balance will be used for cleanup purposes.
- \$1M for a new pilot grant category to encourage development on strategic sites within areas of concentrated poverty that do not have a specific redevelopment project but show potential for job creation. (The balance of funds not awarded will be available in fall of 2016.)
- \$2M for TBRA Transit-Oriented Development (TBRA-TOD) awards.

Cross-over between regular-program TBRA and TBRA-TOD applications. The Council received \$2,028,365 in preliminary requests, known as project concept plans (PCPs), for three potential TBRA-TOD projects in May 2016. (Applicants must first submit a PCP to be eligible to submit a full application in July.) These requests will be considered as part of the TOD program – not the regular TBRA program – later this year.

Statutory limits. The LCA legislation limits funding when competition exceeds the amount available. In this grant cycle, the total amount requested – over \$6.7M – exceeds the available funding. To comply with the statute, in this round no more than 75% of the available TBRA funding may be awarded to Minneapolis and Saint Paul and no more than 50% of the available funding may be awarded to a single city.

The statutory limit of the total award to projects in a single city is \$1,250,000 or less. The second statutory limit for the sum of the requests for projects located in Minneapolis or Saint Paul is \$1,875,000 or less. The sum of the funding recommendations for these cities do not exceed the statutory limit amounts.

Known Support / Opposition

Applicants submitted resolutions endorsing each of the applications. No documented opposition to any of the proposed projects was presented to staff during the application review process.

Review Record

Review Process

Staff issued a notice of funding availability in April 2016 pursuant to the schedule in the 2016 Annual Livable Communities Fund Distribution Plan (FDP). Staff conducted a webinar in February for prospective applicants, in collaboration with the Department of Employment and Economic Development (DEED), Hennepin County, and Ramsey County. Staff also provided additional technical assistance to applicants prior to the application deadline.

The Council received 19 applications in May, totaling \$6.7M in requests. The TBRA program could fund up to 64% of the costs requested for the eligible applications meeting the minimum scoring threshold. Staff reviewed cleanup applications in May and early June using the following evaluation categories approved in the FDP:

- increase to the tax base,
- access to jobs and/or affordable housing and economic competitiveness,
- brownfield cleanup/environmental health improvements,
- orderly and efficient land use,
- readiness and market demand,
- partnership, and
- housing performance score

Staff also reviewed an investigation and a pilot proposal using criteria approved in the FDP in categories above with an emphasis on potential outcomes.

Council staff in Environmental Services, Transportation, Regional Parks, and Local Planning Assistance provided comments. The Council's brownfield funding partners in the metro area including DEED and Hennepin County provided additional comments. Two applications recommended for funding (1215 2nd Avenue North, California Street Area Apartments) are expected to need comprehensive plan amendments for the redevelopments proposed. Local Planning Assistance staff do not expect any issues with the comprehensive plan amendments. The Metropolitan Council provided comments on the need for additional information on the size and massing for the proposed land uses and updated transportation forecasts as part of the scoping process for an Environmental Assessment Worksheet in March. Additional comment on a draft Alternative Urban Areawide Review will occur later this year.

Proposals must meet or exceed a minimum score to be recommended for funding. Contamination cleanup applicants must score a minimum of 75 points. Cleanup site investigation projects and pilot projects applicants must score a minimum of 30 points. Six cleanup applicants did not achieve the required minimum score.

Table 1: Contamination Cleanup Application Scoring Summary

Rank	City - Project Name	Score	TBRA Request	Recommended Funding*
1	Saint Paul Port Authority - Major League Soccer Stadium Complex ±	108	\$1,500,000	\$1,250,000
2	Hastings HEDRA - Artspace Hastings Lofts	104	\$29,163	\$29,100
3-tie	Saint Louis Park EDA - Morrie's Dealership	96	\$53,045	\$53,000

Review Record

Rank	City - Project Name	Score	TBRA Request	Recommended Funding*
3-tie	Minneapolis - Superior Plating ±	96	\$488,500	\$488,500
4	Vadnais Heights - Garceau Corner	92	\$106,291	\$106,200
5	Saint Louis Park EDA - Parkway 25 ±	86	\$245,670	\$245,600
6	Saint Paul - 428 Minnesota (Former Woolworth Building) ±,**	82	\$395,000	\$0
7	Saint Louis Park EDA - Parkdales, The	78	\$800,000	\$277,600
8	Richfield - Lyndale Gardens	76	\$577,000	\$0
9	Minneapolis - 800 W. Broadway ±	73	\$96,776	\$0
10	Minneapolis - 8th & 9th	72	\$230,298	\$0
11	Minneapolis - PRG I Portfolio ±	72	\$388,694	\$0
12	Robbinsdale EDA - Terrace Mall Redevelopment	64	\$246,900	\$0
13	Hastings HEDRA - Hudson Manufacturing	58	\$700,000	\$0
NA	Minneapolis - 333 E. Hennepin ^	--	\$128,182	\$0
NA	Minneapolis - Living Greens Farm ±,^	--	\$550,000	\$0
NA	Wayzata - Meyer Place at Ferndale ^	--	\$100,000	\$0
	<i>TOTAL Cleanup Funding Recommended</i>			<i>\$2,450,000</i>

Table 2: Contamination Investigation Grant and Pilot Application Scoring Summary

Rank	City - Project Name	Score	TBRA Request	Recommended Funding*
Investigation				
1	California Street Apartments Area	31	\$75,000	\$50,000
Pilot				
1	Minneapolis - 1215 2nd Av. N.	46	\$75,660	\$55,600

Eligible grant costs listed for investigations exclude the 25% matching fund requirement.

* Recommended funds are rounded down to the nearest \$100.

± Located in a Transit-Oriented Development Area.

** Funding limit for single-city reached by higher priority applicants

^ Application withdrawn or ineligible

Partner Funding

In addition to TBRA funding, other sources of public funding are available to investigate and clean up contaminated sites. The Council has the discretion to make up for shortfalls from other funding partners, using Council evaluation criteria and limiting awards to TBRA-eligible cleanup expenses. The TBRA recommendations take into consideration the funding recommendations by the partners but are not dependent on the decisions of the other funding partners.

Review Record

Funding partners have not made their recommendations yet.

Additional Review Considerations

As stated in the [funding section of this business item](#) above, the LCA statute places limits on the amount of funds that may be awarded when the TBRA account is oversubscribed. The account was oversubscribed in the spring funding cycle. (However, the individual investigation and pilot grant categories were undersubscribed. The balance of investigation funding is recommended to be used for cleanup purposes.) The recommended amounts and percentages shown in Table 3 below are below the required statutory limits of 75% for cities of the first class and 50% for individual cities respectively. (Pilot funding is excluded from the table.)

Table 3: TBRA Funding Recommendations and Statutory Funding Limits

Communities	Recommendation	Percentage of Funding Available
Suburban	\$711,500	28%
Cities of the first class (Minneapolis and St. Paul)	\$1,844,100	72%
Recommended Total Investigation & Cleanup Funding Available	\$2,500,000	100%
Balance	\$0	
City with the largest cumulative funding recommendation: Saint Paul	\$1,250,000	50%

Projects Not Recommended for TBRA Funding

The following project ranked high enough to be considered for funding but is not recommended because the funding limit for individual cities was reached by the recommended award to higher priority projects.

- Former Woolworth Building (428 Minnesota), Saint Paul

Projects Not Eligible for TBRA Funding

Applications that did not meet the scoring threshold:

- 800 W. Broadway, Minneapolis
- 8th & 9th, Minneapolis
- PRG I Portfolio, Minneapolis
- Terrace Mall Redevelopment, Robbinsdale
- Hudson Manufacturing, Hastings

In addition, the Meyer Place and Ferndale (Wayzata) proposal is not eligible due to concerns regarding funding a party potentially responsible for the contamination found on site. In addition, the marketing plan for the proposed ownership housing was not sufficient to meet expectations regarding Affirmative Fair Housing Marketing Plans. (The grant eligibility requirement for Affirmative Fair Housing Marketing Plans was added in 2015.)

Review Record

Projects Withdrawn

Two applications were withdrawn from consideration by the applicant during the application review process:

- Living Greens Farm, Minneapolis
- 333 E. Hennepin, Minneapolis

Projects Recommended for TBRA funding

A summary follows for each project recommended for funding, listed alphabetically by applicant and grant type. For evaluation purposes, please note:

- The grant-funded activities for each of the projects are expected to be completed within the grant term, and each redevelopment project facilitated by the grant must at least commence construction within the grant term (for example, three years for cleanup grants).
- Recommended funds are rounded down to the nearest \$100.
- It is possible that not all of the total estimated cleanup costs submitted in an application are eligible for reimbursement due to a number of factors. These can include the responsibility by the individual or organization that caused the pollution; the type of contamination; the date the costs were incurred; costs that are not part of a Response Approval Plan approved by the MPCA or Minnesota Department of Agriculture; ineligibility according to our grant administration guidelines or insufficient documentation of the proposed costs.
- Increases in the annual net tax capacity were calculated using a comparison of the net tax capacity assessed in 2016 with the future estimated net tax capacity for improvements that will be completed within a three-year grant term.
- Full-time equivalent jobs are based on the number of full-time and part-time hours divided by a 40-hour work week.
- Funding Partner Requests are limited to costs associated with brownfield investigation and/or cleanup

Project Summary

Grant #	
Grant Type	Pilot
Applicant	City of Minneapolis
Project Name	1215 2nd Avenue North
Project Location	1207, 1215, 1221 2nd Avenue North, 205 Girard and 210 and 214 Humboldt Avenue North, Minneapolis
Council District	7 – Gary L. Cunningham

Project Detail

Contaminant history	The 2.5-acre industrial site has been used for scrap metal processing, bulk petroleum storage and as an engine parts shop. Several underground storage tanks (USTs) and above ground storage tanks (ASTs) have been on the site. The suspected contaminants of concern include asbestos in the existing building and petroleum-related volatile organic compounds (VOCs), chlorinated VOCs, polycyclic aromatic hydrocarbons (PAHs), lead, arsenic, mercury, and polychlorinated biphenyls (PCBs).
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Funding

Requested amount	\$75,660
Funding partner requests	\$0 (\$55,000 was previously awarded by Hennepin County ERF)
Previous LCA funding	\$0
Match	\$0

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$55,600	For hazardous materials assessment, asbestos abatement, and preparing a Response Action Plan

Project Summary

Grant #	
Grant Type	Contamination Investigation
Applicant	City of Minneapolis
Project Name	Minneapolis - California Street Apartments Area
Project Location	2301 & 2405 California St NE and 78 23rd Ave NE, Minneapolis
Council District	8 – Cara Letofsky

Project Detail

Contaminant history	The 2.7-acre target area that includes vacant grain silos and former rail lines and a vacant lot. Potential contaminants of concern to investigate include lead-based paint and asbestos within the existing structures, petroleum impacts to soil and ground water, hazardous substance contamination in the ground water and soil vapor impacts.
Potential redevelopment project	Potential benefits include the development of 73 market-rate apartments.

Funding

Requested amount	\$75,000
Funding partner requests	None
Previous LCA funding	\$0
Match	\$25,000 (or 25% of total investigation costs requested for reimbursement, whichever is less)
Comments	Environmental investigation costs incurred prior to the date of grant award but within 180 days of the application date may be used for grant matching purposes only.

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$50,000	For Phase II environmental site assessment (including a work plan), hazardous materials assessment and preparing a Response Action Plan (RAP)

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Hastings HEDRA
Project Name	Artspace Hastings Lofts
Project Location	Tyler Street and 2nd Street East, Hastings
Council District	16 – Wendy Wulff

Project Detail

Contaminant history	<p>The 1-acre site is being used for surface parking. Historical uses include creamery, sash and door factory, a paper warehouse and a hide tanning facility. A rail track crossed the site until 1961. Adjacent historical uses include a tool factory, a creamery, a wire manufacturer, automobile repair activities, and a wastewater treatment plant as well a former dry cleaner.</p> <p>Prior environmental records identify a contaminated ground water plume below the site. A partial cleanup was done in 1995-1997. The remaining contaminants of concern identified include chlorinated volatile organic compounds (VOC), polynuclear aromatic compounds, metals and petroleum impacts to the soil, VOCs in the groundwater and related VOC impacts to the soil vapor.</p>
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 37 affordable apartments.
Jobs (FTEs)	2
Net tax capacity increase	\$47,813
Acres cleaned	1
Total housing units	37
Affordable units (80% AMI or less)	37
Funding	
Requested amount	\$29,163
Funding partner requests	\$167,637 from DEED
Previous LCA funding	\$0
Comments	Soil vapor mitigation is not eligible for grant funding.
Use of Funds	
Amount	Uses to be completed by the end of the grant term
\$29,100	For soil remediation

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Minneapolis
Project Name	Superior Plating
Project Location	315 1st Avenue NE, Minneapolis
Council District	8 – Cara Letofsky

Project Detail

Contaminant history	The 3.1-acre former industrial site that was used by a metal plating business. The contaminants of concern identified for this request are additional chlorinated solvents and metals in the bedrock and continued impacts to groundwater.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 280 market-rate apartments and 22,000 square feet of commercial space with structured parking.
Jobs (FTEs)	75
Net tax capacity increase	\$702,049
Acres cleaned	3.1
Total housing units	280
Affordable units (80% AMI or less)	0

Funding

Requested amount	\$488,500
Funding partner requests	\$1,679,956 from DEED
Previous LCA funding	Prior cleanup grants awarded to the site include \$1,511,000 in TBRA and TBRA-TOD funding, and \$1,647,356 in DEED funding as well as \$395,000 in LCDA-TOD funding.
Comments	Costs associated with the leachate and storm water management are not eligible for grant funding.

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$488,500	For additional soil remediation (including bedrock and associated implementation report costs associated with test pits and air monitoring)

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Saint Louis Park EDA
Project Name	Morrie's Dealership
Project Location	6475 and 6501 Wayzata Boulevard, Saint Louis Park
Council District	6 – Gail Dorfman

Project Detail

Contaminant history	The 2.8-acre commercial site includes vacant restaurant buildings on former wetlands filled with materials from unknown sources. The contaminants of concern identified include asbestos in the existing buildings, petroleum and non-petroleum volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons, polychlorinated biphenyl, metals and diesel-range organics in the fill soil as well as petroleum and non-petroleum VOCs, including benzene, 1,2,4-trimethylbenzene and trichloroethylene in the soil gas.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 30,000 square foot auto sales and service facility.
Jobs (FTEs)	42.5
Net tax capacity increase	\$159,360
Acres cleaned	2.8
Total housing units	0
Affordable units (80% AMI or less)	0

Funding

Requested amount	\$53,045
Funding partner requests	\$45,045 from Hennepin County ERF and \$526,050 from DEED
Previous LCA funding	\$0
Comments	Demolition is not eligible for grant funding.

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$53,000	For environmental investigation, asbestos abatement, soil remediation and soil vapor mitigation

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Saint Louis Park EDA
Project Name	Parkdales, The
Project Location	5100 Gamble Drive, Saint Louis Park
Council District	6 – Gail Dorfman

Project Detail

Contaminant history	The 2.9-acre commercial site has an existing office building that is 70% vacant. The contaminants of concern identified include asbestos and lead-based paint in the existing building.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the renovation of the existing building into 196,000 square foot multi-tenant office space.
Jobs (FTEs)	654
Net tax capacity increase	\$612,150
Acres cleaned	2.9
Total housing units	0
Affordable units (80% AMI or less)	0

Funding

Requested amount	\$800,000
Funding partner requests	\$0
Previous LCA funding	\$0
Comments	Work must be incurred after date of award to be eligible for grant funding. Abatement on the 4 th floor is not eligible for grant funding.

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$277,600	For asbestos and lead-based paint abatement

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Saint Louis Park EDA
Project Name	Parkway 25
Project Location	4001 and 4025 highway 7, Saint Louis Park
Council District	6 – Gail Dorfman

Project Detail

Contaminant history	<p>The 1.6-acre commercial site is occupied by a vacant restaurant and a hotel.</p> <p>The contaminants of concern identified include asbestos in the existing building and diesel range organics, polynuclear aromatic hydrocarbons and naphthalene as well as debris in the soil.</p>
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 105 market-rate apartments with 14,500 square feet of commercial space
Jobs (FTEs)	54.5
Net tax capacity increase	\$321,128
Acres cleaned	1.6
Total housing units	105
Affordable units (80% AMI or less)	0

Funding

Requested amount	\$245,670
Funding partner requests	\$60,000 from Hennepin County ERF and \$182,555 from DEED
Previous LCA funding	\$0
Comments	Demolition is not eligible for grant funding.

Use of Funds

Amount	Uses to be completed by the end of the grant term
\$245,600	For environmental investigation, asbestos abatement, and soil remediation (including disposal of wood pilings)

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Saint Paul Port Authority
Project Name	Major League Soccer Stadium Complex
Project Location	400 Snelling Avenue North, Saint Paul
Council District	14 – Jon Commers

Project Detail

Contaminant history	<p>The 20.8-acre site that includes a vacant public site formerly used as a bus garage and maintenance facility and a retail strip mall.</p> <p>The contaminants of concern identified include petroleum impacts, petroleum and non-petroleum volatile organic compounds, polynuclear aromatic hydrocarbons and debris in the soil as well as petroleum and tetrachloroethene in the groundwater and related soil vapor impacts.</p>
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 20,000 seat soccer stadium and 350,000 SF office space and 106,200 SF new retail and 400 hotel rooms.
Jobs (FTEs)	1,304
Net tax capacity increase	\$3,503,351
Acres cleaned	20.8
Total housing units	0
Affordable units (80% AMI or less)	0
Funding	
Requested amount	\$1,500,000
Funding partner requests	\$500,000 from Ramsey County ERF and \$2,500,000 from DEED, Metro Transit has committed \$3M.
Previous LCA funding	\$0
Comments	Cleanup costs on Parcel 7 are not eligible for TBRA funding.
Use of Funds	
Amount	Uses to be completed by the end of the grant term
\$1,250,000	For environmental investigation, limited demolition, soil remediation, and soil vapor mitigation.

Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Vadnais Heights
Project Name	Garceau Corner
Project Location	3429 and 3437 Centerville Road, Vadnais Heights
Council District	11 – Sandy Rummel

Project Detail

Contaminant history	<p>The 2.9-acre vacant commercial site was formerly occupied by a hardware, automotive repair facility and a gas station.</p> <p>The contaminants of concern identified include asbestos in the existing buildings, petroleum, volatile organic compounds, polynuclear aromatic hydrocarbons, Polychlorinated Biphenyls (PCBs) and metals in the soil as well as arsenic in the groundwater and tetrachloroethene in the soil vapor.</p>
Redevelopment project to start construction by the end of the grant term	Expected benefits include the development of 145 affordable senior apartments.
Jobs (FTEs)	4
Net tax capacity increase	\$112,500
Acres cleaned	2.9
Total housing units	145
Affordable units (80% AMI or less)	145
Funding	
Requested amount	\$106,291
Funding partner requests	\$78,641 from Ramsey County ERF and \$907,397 from DEED
Previous LCA funding	\$0
Comments	Demolition and soil vapor mitigation are not eligible for grant funding.
Use of Funds	
Amount	Uses to be completed by the end of the grant term
\$106,200	For asbestos abatement and soil remediation