METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE
Monday, December 17, 2007

Committee Members Present	Chair, Natalie Steffen; Vice-Chair, Annette Meeks; Richard Aguilar, Sherry Broecker, Georgeanne Hilker, Tony Pistilli, Kris Sanda

CALL TO ORDER
A quorum being present, Committee Chair Steffen called the regular meeting of the Council's Community Development Committee to order at 4:00 p.m. on Monday, December 17, 2007.

APPROVAL OF AGENDA AND MINUTES
It was moved by Sanda, seconded by Aguilar to approve the agenda. **The motion carried.**

It was moved by Broecker, seconded by Aguilar to approve the minutes of the December 3, 2007 regular meeting of the Community Development Committee. **The motion carried.**

BUSINESS
2007-344 – Tax Base Revitalization Account (TBRA) Funding Recommendations. Marcus Martin, senior planner, stated that the Tax Base Revitalization Account awards grants for the cleanup of contaminated land and buildings twice annually. The current recommendation is for the second funding cycle in 2007; contamination cleanup grants are awarded based on the consistency of the recommended proposals with the Council's development goals indicated in the *2030 Regional Development Framework* and the Metropolitan Livable Communities Act. Martin stated that each of the recommended proposals are all redevelopment proposals; therefore, the 2030 strategies for the "developed communities" are particularly applicable. He explained that the grant evaluation process, rankings, criteria and site details are explained in the Review Record in the CDC packet and provided an overview about project rankings, partner funding, and walked the committee through each of the 14 recommended proposals/and 2 proposals not recommended for funding.

Martin explained the rationale for not funding the Hopkins, Town & Country project based on a lack of demonstrated need for Council funding due to the amount of cleanup work already completed prior to the application date and noted that, in addition, at the time the application was received, the asbestos abatement that was conducted was under review for a pending enforcement action by the Minnesota Pollution Control Agency. Martin stated that subsequent to the recommendation for this project that was included in members' packet, an agreement was reached between the parties and there are representatives here today who can speak to that. Martin concluded his presentation by sharing geographic distribution information about the proposals and highlighted TBRA accomplishments from 1996-2007.

Chair Steffen indicated that a request to address the committee had been received from the city of Hopkins regarding the Hopkins, Town & Country project and welcomed Kersten Elverum, the city's planning director. Steffen then asked Martin to explain what is done with former responsible parties and Martin responded. Pistilli asked if the Hopkins, Town & Country project had been scored. Martin responded that all projects received the same level of review but subsequently, at the end of the process, the application was not scored based on the amount of eligible funding remaining.

Elverum stated that she was here to represent the city's excitement about the potential re-use of this site and to show support for this application. She then introduced Dan Schleck who was representing the developer. Schleck restated that, as committee members are aware, this application was not scored. Schleck provided a PPT presentation that included the two drawings showing various elevations of the proposed new building at the property. A handout of the materials was also provided to members. Schleck the presented an overview about the issues and challenges related to this project. He pointed out that the minor penalty of $5,000 with respect to this issue was resolved. Schleck also stated that it was important to recognize that projects that have started should not be penalized. He expressed that the provisions of the grant program allow for the committee and the Council to award grants to projects that have already started--that is a really important part of promoting redevelopment of brownfields within the community. Schleck then introduced Ned Abdul, Chief Manager, City Center Ventures, LLC and asked for his comments. Abdul elaborated about the history of this project and explained the contingencies in the lease. He stated the financial responsibility to them makes this almost an infeasible project since they were not aware of the extent of the asbestos and some of the other things that were part of this project. He further explained the confusion between the surveyor to the actual contractor of what was a potential hazard asbestos substance and noted the problem was rectified once it was identified by the MPCA.

Schleck explained that the project asked for a total of $650,000 in a joint application to the Department of Employment & Economic Development (DEED) and the Metropolitan Council. He also noted that the use of the “but for” test is not listed in the Met Council’s guidance documents. Schleck explained how the city of Hopkins met the criteria that had been outlined in the guidance documents provided. He also stated that scoring criteria are clearly listed on the website and expressed that this project would more than likely have scored in the top 25 percent of the projects that were awarded funding. Schleck also pointed out that it appears, based on the numbers, that there almost $1M in grant funds that will not be awarded in this round. He expressed confusion on why the project wasn’t scored and why this project was determined to be ineligible.

Steffen questioned whether the use of the “but for” test was made clear to the city of Hopkins applicant. Martin stated the “but for” criteria is part of the assessment for the demonstrated need and is identified as an eligibility criteria in the annual fund distribution report and application materials and explained in greater detail where “but for” is utilized throughout the grant process, including that “but for” is addressed in workshops he conducts twice annually for applicants. Steffen stated that she didn’t recollect the Council reimbursing after the fact and asked Martin for clarification. Martin replied that the Council has previously paid for prior work incurred--most typically with environmental investigations that are part of the required materials of review to demonstrate the scope of the problem and also in applications that apply for supplemental funding for clean-up costs. Steffen asked Martin to update members regarding DEED’s response to this request. Martin stated that DEED’s applications are currently under review and no decisions will be made until the end of December—the applicant did apply to both DEED and Met Council, and the original Met Council request was for $81,250.

Broecker asked for clarification on the funding request for this project. Martin restated the budget came in as a joint request between DEED and Met Council—that was listed as a total for their budget for asbestos abatement, for demolition of the building, for some soil correction and installation of a vapor barrier. Martin explained that what was requested of the Council was a matching portion to the grant to DEED—that matching portion is $81,250. He further noted that not all of the costs were considered eligible for reimbursement in the staff report at the time that the application was submitted. The application was reviewed by the MPCA and a pending enforcement action was identified. Martin stated that issue has subsequently been corrected as previously discussed. Broecker asked Schleck to review the budget regarding funding that has been requested from DEED and the Council. Schleck reviewed the budget numbers that were included in the application itself and walked members’ through individual project costs. Steffen clarified that the funding request before this committee totaled $81,250.

Sanda asked if the city had any elected officials present to support this application. Elverum responded, “No.” She indicated supporting documentation could certainly be obtained and again expressed the city’s excitement for this project. She further expressed that the mayor is very supportive but could not attend today. Sanda asked Elverum to explain the city’s relationship with this company and also asked how many owners were involved in the project. Elverum explained the city’s relationship timeframe, and Abdul stated that he is one of the three owners of this company. Pistilli asked who would be responsible for paying for the work that is done if the Met Council does not grant funds. Schleck explained that if DEED doesn’t fund part of the project, the city would be looking for full funds from the Met Council. He also addressed the issue about responsible parties and explained why the responsible parties could not be easily identified. Schleck expressed that what is important about this project is that it provides additional tax base for the city, new full-time jobs at livable wages, and it does meet several of the goals with respect to the 2030 Plan. Schleck also pointed out that in no place in the statute, or in frequently asked questions, or in the guidance documents does it use the words “but for” test with respect to this project. He suggested this may be something that should be added to the frequently asked questions document for future grant applicants because it is a higher standard. Pistilli asked if the city of Hopkins had any money in this project. Elverum responded “No.” Pistilli stated he would be amenable to awarding $25,000 to this project consistent with past practices. Steffen asked what effect the committee’s decision would have on DEED, if any, and asked if there was any reason to delay this decision until DEED has reviewed the project. Meeks asked for clarification—would this delay all of the projects? Steffen expressed, “No,” that she is only suggesting that this project be delayed until DEED has acted on this matter and noted that this committee doesn’t meet again until January 22, 2008. Discussion followed.

Pistilli noted that the other project not recommended for funding scored higher than some projects that were recommended for funding and asked for clarification. Martin replied that follow-up attempts were made to obtain further information—applicant indicated the level of conversations they had were on an informal basis with potential employers in the downtown area, and they were unable to provide any other documentation. Pistilli then questioned if similar information was provided by all of the other proposals. Martin stated “Yes, more information was provided regarding developments in the other applications.”

Meeks moved, seconded by Aguilar that the Metropolitan Council award 14 Tax Base Revitalization Account (TBRA) grants totaling $2,385,900 to the cities and projects identified below, and that the committee lay over the city of Hopkins, Town & Country project for reconsideration at the January 22 CDC meeting after DEED has made their funding recommendations:

Projects recommended for Fall 2007 TBRA funding	**Recommended amount**
Anoka - IMI Cornelius	$339,000
Bloomington HRA - Penn American District	$84,100
Bloomington HRA - The Corners/Bloomdale	$75,000
Minneapolis - Harrison Commons	$14,600
Minneapolis - Nicollet Youth Housing	$107,000
Minneapolis - NWIP III 2nd & Plymouth	$11,400
Minneapolis - Open Arms of MN	$87,700
Minneapolis - Soo Line Building	$614,500
Minneapolis - Spirit on Lake	$328,800
Plymouth - Bassett Creek Office Centre II	$200,000
Roseville - Har Mar Apartments	$121,500
St. Louis Park EDA - Erv's Garage	$100,000
St. Paul - Sholom Home II	$101,400
St. Paul - Total Tool	$200,900
Total	**$2,385,900**

The motion carried.

Steffen suggested that any further questions be directed to Guy Peterson, director, community development. Schleck asked the Chair if he could make one request from the floor—that being, “Is there any way the city of Hopkins, Town & Country project could be scored before the CDC meeting in January?” Chair Steffen called upon Martin who replied, “Yes, that could be done.”

2007-402 – Request to Delay the Date for Compliance with a Condition Required as Part of the 09/14/05-Approved Amendment to SG00-135 LCDA Grant to the City of Lino Lakes. Guy Peterson, director, community development, introduced the item with a brief history of the grant awarded in December 2000. The funds were awarded contingent on two conditions, one of which—the installation of a traffic signal on the northbound off-ramp of I-35W at Lake Drive—had not been satisfied when the city requested payment of the $450,000 award. The Council considered the city’s request and on September 14, 2005 authorized payment of the funds on the condition that the city agree to reimburse the Council the entire amount of the grant if the signal lights were not installed and operational by December 31, 2007. Mr. Peterson then invited Michael Grochala, Lino Lakes Community Development Director, to explain to the committee why the signal work is not yet completed and when the city expects the work to be done.

Mr. Grochala reviewed the history of this project, explaining that the traffic signal installation has not been completed because the city has expanded the scope of the project to include redesign and reconstruction of the entire interchange, including the replacement of the bridge over I-35W, in partnership with MnDOT and Anoka County. He concluded by stating that the city is anticipating completion of the project in its entirety by July, 2008—weather permitting. He then stated that the city is before the committee to request that the Council delay the completion date required for the traffic signal installation.

Pistilli questioned why the traffic signal installation requirement was attached to an LCDA grant agreement. Peterson explained that, in 2000, the Council did not feel they could give a $450,000 LCDA grant to a community that wasn't living up to promises made since 1991 on a transportation improvement. Pistilli asked if the condition could be removed from the grant. Peterson responded that the LCDA grant is closed and has been paid off. He explained that what is needed is a separate agreement between the city of Lino Lakes and the Council containing a revised end-date for this project to be determined by the committee. Dave Theisen, legal counsel, Met Council, clarified that the existing agreement obligates the city to repay the money by the end of the month. The city is asking the committee to forebear on that obligation until some date certain. Meeks expressed that she was struck by the absurdity of this issue and offered her sincere apologies to the city of Lino Lakes. Discussion followed, and the committee stipulated that the date for requiring repayment of the grant funds be changed to August 31, 2008.

Pistilli moved, seconded by Hilker, that the Metropolitan Council enter into an agreement with the City of Lino Lakes that will delay until August 31, 2008, the city's obligation to reimburse the Council the $450,000 paid to the city for LCDA grant SG00-135. The agreement will require the city to reimburse the Council if a traffic signal is not installed on the northbound off-ramp of I-35W at Lake Drive and operational by August 31, 2008.

The motion carried.

2007-221 – Evaluating Land Acquisition Opportunity Fund Distribution Rules. Arne Stefferud, planning analyst, stated that, since 2001, the Metropolitan Council has provided $7.4 million in grants to regional park agencies to partially finance the cost of acquiring about 1,200 acres of land for the regional park system under the Park Acquisition Opportunity Fund ("Fund"). He explained the grants were authorized under rules that allowed up to 40% of the acquisition costs to be financed with a grant from the Fund, with a limit of $1 million per agency and stated that the grants financed about 24% of the $31 million costs to acquire that land. Stefferud expressed the Council allowed local matching funds provided by park agencies--not grants from other sources--to be eligible for reimbursement consideration in future regional park capital improvement programs. He also stated that about $15.1 million, or 48% of the total costs to acquire the land, was allowed to be eligible for reimbursement consideration.

Stefferud reported that the Metropolitan Parks and Open Space Commission met on November 13 and December 4, 2007 to consider revisions to the rules shown in Option 2. The Commission received comments from Carver County, the Minneapolis Park & Recreation Board, and the City of St. Paul at the December 4 meeting, plus heard comments from staff representing Dakota County, City of Bloomington, Scott County, Ramsey County and Three Rivers Park District at one or both meetings. He expressed that the Commission could not make a formal recommendation at its December 4 meeting due to lack of a quorum but noted that members present at that meeting requested staff to submit this report to the Community Development Committee with the recommendation listed below.

The rationale for revising the rules for awarding grants from the Fund as shown under Option 2 was explained by Stefferud. He stated that the Acquisition Opportunity Fund is financed with bonds issued by the Metropolitan Council that are not needed to match State bond appropriations for the regional parks capital improvement program--plus, appropriations from the State's Environment and Natural Resources Trust Fund have been used for this purpose. Stefferud then provided a funding overview about component accounts and the current balance in the Park Acquisition Opportunity Fund; additional Council bonds to be added to the Fund in early 2008; the projected grants that may be awarded by June 30, 2008 if Option 2 is used; and the projected balance in the Fund on June 30, 2008.

Stefferud reported that, since the report to the committee had been prepared, an additional rule should be considered—specifically point D in recommendation 1. He explained the premise for this rule is that once a park agency chose an option for receiving a grant from the Fund, the amount an agency could receive that was associated with that option would apply to any future grant request until the rule expired on June 30, 2008. Stefferud stated, for example, that a park agency could choose a grant under Option 1 that resulted in the agency receiving $600,000—that agency could request a second grant of up to $400,000 for another parcel under Option 1 since the total amount an agency could request from the fund is limited to $1M under that option.

Hilker asked why the rules for distributing grants from the Acquisition Opportunity Fund would need to be reconsidered as shown in the second recommendation. Stefferud replied that the Metropolitan Parks and Open Space Commission recommended two options for obtaining a grant from the fund—using the existing rules under Option 1 and revised rules under Option 2. The transition to the revised rules should be for a limited time. He stated that furthermore, the amount an agency could request from the fund during a specified time period would need to be reviewed and likely be revised based on the amount of money in the Acquisition Opportunity Fund and the demand for grants from the fund at that time. Stefferud expressed that additional money for the fund is expected to be appropriated by the 2008 Legislature and be available after June 30, 2008. He noted that once that appropriation is determined, then a recommendation on the amount an agency could request from the fund would be made for grants authorized after June 30, 2008, as well as a recommendation regarding the percentage of acquisition costs a grant would cover and the local non-reimbursable match.

Sanda moved, seconded by Broecker:

1. That the Metropolitan Council adopt the following rules for distributing grants from the Park Acquisition Opportunity Fund. The rules are effective from their date of adoption to June 30, 2008.

    A. Grants from the Park Acquisition Opportunity Fund may only be awarded to finance a portion of the cost to acquire land within Metropolitan Council-approved master plan boundaries, and only after the requesting regional park implementing agency has used available acquisition grant funds previously provided by the Metropolitan Council.

    B. Any interest cost on a contract for deed or other timed payment plan is not eligible for grant funding. The value of a discounted sale (i.e. the difference between the appraised value and a reduced sale price) is not counted as part of the cost to acquire land and is not included as part of a local match to the grant.

    C. Grants from the Park Acquisition Opportunity Fund may finance a portion of the actual cost to acquire land after deducting any Metropolitan Council grants used to finance a portion of the cost in one of two options as chosen by the requesting regional park implementing agency:

    <u>Option 1, Existing Rule:</u>

    The Park Acquisition Opportunity Fund Grant finances up to 40% of the net cost of acquiring the land which is defined as the purchase price—not the appraised value; legal fees, appraisal costs and other closing costs incurred by the park agency; the property tax equivalency payment due to the city or township; and stewardship costs.

    That portion of the remaining 60% or more of the net cost to acquire the land as defined above that is financed by regional park implementing agency funds—not grants from other sources--may be eligible for reimbursement consideration in future Metropolitan Council regional park capital improvement programs.

    The maximum grant(s) available to a park agency under Option 1 is $1 million.

    <u>Option 2, Revised Rule</u>:

    The Park Acquisition Opportunity Fund Grant finances up to 75% of the net cost of acquiring the land which is defined as the purchase price—not the appraised value; legal fees, appraisal costs and other closing costs incurred by the park agency; the property tax equivalency payment due to the city or township; and stewardship costs.

    A maximum contribution of 25% of the net cost of acquiring the land as defined above that is financed by regional park implementing agency funds--not grants from other sources--is not eligible for reimbursement consideration by the Metropolitan Council. Any contribution above 25% that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

    The maximum grant(s) available to a park agency under Option 2 is $1.7 million.

    D. Once a park agency chooses an option for an Acquisition Opportunity Grant, it is limited to using that option and associated agency limit for any future grants until these rules expire on June 30, 2008.

2. That the Metropolitan Council reconsider the rules cited in Recommendation 1 for the period after June 30, 2008 once the Legislature has considered an appropriation of Environment and Natural Resources Trust Fund revenue to the Park Acquisition Opportunity Fund.

The motion carried.

2007-401 – City of Blaine Comprehensive Plan Amendment, Pheasant Ridge, Review File No. 17055-18. Tori Dupre, senior planner, stated that the City of Blaine is located in Anoka County surrounded by Ham Lake to the north, Lino Lakes to the east, Shoreview and Mounds View to the south, and Coon Rapids to the west. In 2000, the City's population was 45,014; in 2030, the Council forecasts the City to have 78,000 people, 31,200 households and 23,950 employees. Dupre expressed that the *2030 Regional Development Framework* identifies Blaine as a Developing Area community. Council investments in regional systems and incentives for the Developing Communities focus on accommodating growth, supporting centers along corridors, encouraging connected land use patterns for new development and encouraging development of communities where shopping, jobs and a variety of housing choices coexist by design. Dupre concluded her presentation by stating that the Pheasant Ridge CPA represents the 18th amendment to the City's 2020 comprehensive plan, on which the Metropolitan Council acted in February 2000, that the proposed CPA is in conformity with regional system plans, consistent with Council policies and compatible with the plans of other local communities and school districts, and that no Metropolitan Council funding required.

Sanda moved, seconded by Hilker that the Metropolitan Council authorize the City of Blaine to:

1. Put the proposed comprehensive plan amendment (CPA) into effect with no modifications, and
2. Approve a Metropolitan Council forecast change to Blaine's employment forecasts, adding 1,300 employees in 2020, and 1,400 employees in 2030. Blaine's revised employment forecasts are 23,740 in 2020 and 25,350 in 2030, as shown in the report.

The motion carried.

2007-414 – City of Eden Prairie CPA – Presbyterian Homes Redevelopment Review File No. 18795-18. Jim Uttley, planning analyst and sector representative, provided the Committee with a brief presentation on the plan amendment. He noted the City's regional location, *2030 Regional Development Framework* designation as a "developing" community and showed a map that identified metropolitan systems serving Eden Prairie.

Uttley noted that the site presently includes the Broadmoor Apartments with 233 rental units, the Castle Ridge Care Center with 71 units, detached garages, associated surface parking lots and two vacant lots, and that the proposal is to replace the current buildings with up to 707 units including residential and care center units, and approximately 70,000 square feet of stand alone commercial and combined commercial/ residential with associated surface and below-ground parking. Uttley reported that 20% of the housing units will be affordable which will allow Eden Prairie to meet its affordable housing goals for the 2000-2010 period.

Uttley then provided an overview of the comprehensive plan amendment stating that Presbyterian Homes is proposing to redevelop a 21.3 acre site located in the southwest quadrant of existing 212 and Prairie Center Drive, which is currently high density residential and regional commercial in the City's comprehensive plan. The proposed CPA reguides 11.6 acres of land primarily from "regional commercial and high density residential" to "community commercial," with the remainder of the site (9.7 acres) retaining its high density residential land use designation, is in conformity with regional system plans, consistent with Council policies, compatible with the plans of other local communities and school districts, and that no Metropolitan Council funding required.

There were no questions or discussion by the Committee. Pistilli moved, seconded by Sanda that the Metropolitan Council authorizes the City of Eden Prairie to put the comprehensive plan amendment (CPA) for Presbyterian Homes Redevelopment into effect without any plan modifications.

The motion carried.

INFORMATION
Chair Steffen informed members that an update on the Diversified Rural Area Work Group (DRAG) will be presented sometime after the new year.

Peterson noted that the January 7, 2008 Community Development Committee meeting has been cancelled. The next meeting of the CDC is Tuesday, January 22 (due to Martin Luther King holiday) at 4:00 p.m. and will be held in Robert Room LLA since the Environment Committee will be meeting simultaneously in Chambers at 4:00 p.m.

ADJOURNMENT
Business completed, the meeting adjourned at 5:55 p.m.

Respectfully submitted,

Diane Jadwinski
Recording Secretary