

C Community Development Committee

Meeting date: August 15, 2011

Business Item
Item: 2011-223

ADVISORY INFORMATION

Date:	August 10, 2011
Subject:	Tax Base Revitalization Account (TBRA) Funding 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 Paul Burns, Manager, 651-602-1106
Division/Department:	Housing and Livable Communities/Community Development

Proposed Action

That the Metropolitan Council award 3 Tax Base Revitalization Account (TBRA) investigation grants as follows:

Projects recommended for 2011 TBRA Round 2 funding	Recommended amount
Contamination Site Investigation	
Hopkins – Park Nicollet Clinic	\$30,000
Minneapolis – Cameron Building	\$15,200
Minneapolis – Pillsbury A Mill	\$47,300
TOTAL	\$92,500

Background

The TBRA is one of three active accounts established by the Livable Communities Act (Minnesota Statutes §473.25). The TBRA awards grants for the cleanup and redevelopment of contaminated land and buildings. Only requests for environmental site investigation are eligible this cycle. The funding recommendations proposed are evaluated based on criteria adopted annually by the Metropolitan Council as part of the Livable Communities Fund Distribution Plan (see <http://www.metrocouncil.org/services/livcomm/2011LCAFundDistributionPlan.pdf>).

Funding totaling over \$82M has been awarded since the start of the grant program in 1996.

Rationale

Contamination investigation grants are awarded based on the consistency of the recommended proposals with the Metropolitan Livable Communities Act and the Council's development goals indicated in the *2030 Regional Development Framework*. Each of the recommended proposals received in the second TBRA funding cycle in 2011 implements Council policy by working with local communities to accommodate growth in a flexible, connected, and efficient manner. All of the recommended projects are in accordance with guidelines established in the Livable Communities Fund Distribution Plan adopted in April.

Funding

The 2011 Livable Communities Fund Distribution Plan approved \$5M for TBRA awards including up to \$500,000 for the contamination investigation category for the year. The

plan approved two main funding cycles for both cleanup and investigation grants with two additional funding cycles for investigation grants only. Based on this schedule, half of the funds are reserved for the first two cycles and half for the later two cycles. Up to \$125,000 is available for the 2011 TBRA Contamination Site Investigation grant cycle (Round 2).

The Livable Communities Act legislation provides a limit on the amount of funding that can go to cities of the first class (Minneapolis and St. Paul) when competition for the funds exceeds requests. This funding limit (75%) for Minneapolis and St. Paul does not apply in this funding cycle because only 49% of the total funding amount requested was from cities of the first class. Additionally, there is a limit on the amount that can be awarded to a single community (50%). Because the cumulative total grant amount requested from a single city (Minneapolis, \$65,225) was over the 50% limit (\$62,500) only a portion of the funding requested can be awarded to Minneapolis in this funding cycle.

Known Support / Opposition

Resolutions endorsing each of the applications submitted were received from the respective cities. No documented opposition to any of the proposed projects was presented to staff during the application review process.

Review Record

Spring 2011 Funding Process

Background

The following table shows the history of TBRA funding. The first column shows the expected accomplishments from the start of the TBRA program in 1996 through the first TBRA funding cycle in 2011. The second column shows what the accomplishments will be for the second 2011 grants cycle if this recommendation is approved. (Total cumulative expected tax base increase, acres cleaned and jobs are listed for contamination cleanup applications only. Cleanup applications were not eligible in this funding cycle. It is expected that some, if not all of the proposals recommended for funding will submit a future request for contamination cleanup grant funding.) The last column identifies total grants and award amounts for TBRA Round 2 applicants.

Table 1: History of TBRA Funding

	1996- Round 1, 2011	TBRA Round 2 Recommendation	Total 1996- Round 2, 2011
# Communities Funded	40	2	40*
# Grants	299	3	302
TBRA Awards	\$85,210,606	\$92,500	\$85,303,106
Anticipated Tax Base Increase	\$84,111,641	\$446,934	--
Acres cleaned	1,943	6.6	--
Jobs (new & retained)	35,795	62	--

* Represents the number of LCA-participant communities that have received TBRA funding. The applicants currently recommended for funding are located in communities that have previously been awarded TBRA funding.

2011 TBRA Round 2 Application Summary

The Council issued a notice in June that grant funds were available in August. The TBRA funding available is up to \$125,000 for the second grant cycle in 2011. The funds are from a portion of the Metropolitan Council's tax levy. Four applications were received requesting a total of \$132,725 in grant funding. The funds available could fund 94% of the total amount requested. Regardless of the amount requested, proposed projects must meet all of the eligibility criteria in order to be considered for funding.

Eligibility and Review Process

The applications were evaluated based on criteria set in the Livable Communities Fund Distribution Plan adopted by the Metropolitan Council in April. The criteria include the projected increase in tax base, increase in jobs, anticipated wage levels, proximity to jobs, the amount of environmental risk and threats to health, project density, market demand, how the project helps implement Framework 2030 policies and support regional systems, partnerships and the need for supplemental funding to a previously awarded TBRA grant.

Review Record

Points were assigned to each project based on how well it met the TBRA criteria. Cleanup site investigation projects have a total of 60 points. The point assignments were determined by the TBRA coordinator and reviewed by the Livable Communities Manager. Table 3 (on page three) lists applications recommended for funding in descending rank order based on the points assigned.

Council staff from Environmental Services, Transportation, Regional Parks, and Local Planning Assistance reviewed the applications and found the recommended projects consistent with Council plans and policies.

Technical environmental information provided by each applicant was evaluated with the assistance of the Minnesota Pollution Control Agency. Questions about the information provided were clarified with applicant city staff and/or the technical consultants who helped prepare the application. Project budgets were reviewed to determine if all of the requested expenses are eligible and reasonable for TBRA grants.

Demonstrated Need for TBRA Funding

Eligible requests need to demonstrate that TBRA funding is essential for the project to be completed as proposed. This determination is made by reviewing the applications, verifying the data and gaining input from other funding sources where applicable.

The primary consideration is the amount of funding available from other public and private sources to conduct a site investigation. Subsequently, a determination is made if the project, as proposed, will proceed without ("but for") Council funding. No other public funding for environmental investigations is available concurrent with this funding cycle. Private matching funds have been pledged. All the cleanup site investigation requests for the second funding cycle in 2011 met the "but for" criteria.

Partner Funding

No partner funding was requested this funding cycle.

Project Ranking

Projects are listed by evaluation point totals in descending order in Table 3 below. Three projects are recommended for funding. More detailed information for each project related to the use of the funds and the expected project results is provided starting on page 5 of this memo.

Review Record

**Table 3
Tax Base Revitalization Account
2011 TBRA Round 2 Ranking and Funding Recommendations**

Rank	City - Project Name	Score	TBRA Request	Total Eligible Request	Recommended Funding*
Cleanup Site Investigation Grant Applications					
1	Hopkins – Park Nicollet Clinic	39	\$30,000	\$30,000	\$30,000
2	Minneapolis – Cameron Building	37	\$15,225	\$15,225	\$15,200
3	Minneapolis – Pillsbury A Mill	35	\$50,000	\$50,000	\$47,300
4	Victoria – Public Works Garage	16	\$37,500	\$0	\$0**
TOTAL Recommended					\$92,500
Balance					\$32,500

(Shading indicates applicants not recommended for funding)

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

** Applicant did not meet required minimum score.

Additional Review Considerations

Additional funding distribution constraints are listed in Table 4 below.

Up to \$125,000 is available for this round of Contamination Site Investigation grants.

The Livable Communities Act legislation provides a limit on the amount of funding that can go to cities of the first class (Minneapolis and St. Paul) when competition for the funds exceeds requests. This funding limit (75%) for Minneapolis and St. Paul does not apply in this funding cycle because only 49% of the funding amounts requested were from cities of the first class.

Additionally, there is a limit on the amount that can be awarded to a single community (50%). Because the cumulative total grant amount requested from a single city (Minneapolis, \$65,225) was over the 50% limit (\$62,500) only a portion of the funding requested can be awarded to Minneapolis in this funding cycle.

Review Record

Table 4
Tax Base Revitalization Account
Livable Communities Funding Recommendation 2011 TBRA Round 2

Communities	Recommendation	Percentage of Recommended Funding
Suburban	\$30,000	32%
Cities of the first class (Minneapolis and St. Paul)	\$62,500	68%
Total	\$92,500	74% of total available
Balance	\$32,500	26% of total available

City with the largest cumulative funding recommendation: Minneapolis	\$62,500	68% of total recommended award (50% of total available)
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Projects Not Eligible for TBRA Funding

The application for the Public Works Garage (Victoria) requested \$37,500 in TBRA funding for a phase I and phase II environmental site assessments and development of a response action plan (RAP). Upon review, the proposal did not score the minimum number of points required (40% of the total points available) to be eligible for TBRA funding. Due to the low evaluation score, the proposed project was not considered a high enough priority for funding. Furthermore, the project site is currently guided as an in-holding parcel for the Carver Park Reserve. The proposed uses under consideration in the redevelopment proposal are not consistent with the Metropolitan Council regional parks policy. The TBRA recommendation is for no funding.

Project Details

Projects Recommended for TBRA Funding

Following is a summary of each project recommended for funding, listed alphabetically by applicant. The grant-funded activities for each of the projects are expected to be completed within a one-year grant term. Increases in the annual net tax capacity were calculated using a comparison of the net tax capacity assessed in 2011 with the future estimated net tax capacity for improvements that will be completed within three years.

Project Summary

Applicant	Hopkins	Type:	Contamination Investigation
Project Name:	Park Nicollet Clinic		
Project Location:	815 – 1st Street South, Hopkins		
Council District:	3 – Jennifer Munt		

Project Description:

The applicant is requesting \$30,000 in TBRA funding for hazardous materials abatement specifications and emissions control plan, Phase I environmental site assessment update, remedial action work plan, Phase II environmental site assessment and response action plan (RAP) development on a 1.2-acre site with a vacant office building formerly used as a medical clinic. The contaminants of concern identified to date include buried demolition debris with asbestos-containing materials (ACM) and ACM within the existing building.

Funding:

Total Estimated Investigation Cost	\$47,230
Amount Requested	\$30,000
Amount Recommended	\$30,000
Use of Funds	hazardous materials abatement specifications and emissions control plan, Phase I environmental site assessment update, Phase II environmental site assessment and work plan and response action plan (RAP) development

Deliverables:

Potential benefits include the development of 110 apartments including 22 affordable units.

Increase in annual net tax capacity	\$187,500
Jobs	6 FTE
Affordable housing	22 rental units

Development Timeline:

Task	Start Date	End Date
Completion of a Phase I site assessment update, remedial action work plan, environmental sampling and analysis, additional asbestos abatement specifications and a RAP for approval by MPCA		On or before 8/31/2012

Project Summary

Applicant	Minneapolis	Type:	Contamination Investigation
Project Name:	Cameron Building		
Project Location:	756 - 4th Street North , Minneapolis		
Council District:	7 – Gary L. Cunningham		

Project Description:

The applicant is requesting \$15,225 in TBRA funding for a hazardous materials survey and response action plan (RAP) development on a 0.61-acre site with a historically significant building formerly used for a transfer and storage business, warehousing and a former scrapyards within the current parking lot area. The contaminants of concern identified include polynuclear hydrocarbons (PAHs), metals in the soil and hazardous materials within the existing building. Some additional characterization of the contaminants in the soil will likely be needed.

Funding:

Total Estimated Investigation Cost	\$28,310
Amount Requested	\$15,225
Amount Recommended	\$15,200
Use of Funds	Supplemental phase II environmental site assessment, hazardous materials survey and RAP development

Deliverables:

Potential benefits include the renovation of the existing building into 41 market-rate apartments.

Increase in annual net tax capacity	\$57,468
Jobs	2 FTE
Affordable housing	41 rental units

Development Timeline:

Task	Start Date	End Date
Completion of a supplemental phase II environmental site assessment, hazardous materials survey and RAP for approval by MPCA		On or before 8/31/2012

Project Summary

Applicant	Minneapolis	Type:	Contamination Investigation
Project Name:	Pillsbury A Mill		
Project Location:	301 Main Street SE, Minneapolis		
Council District:	8 – Adam Duininck		

Project Description:

The applicant is requesting \$50,000 in TBRA funding for a hazardous materials surveys of the existing structures, Phase I environmental site assessment update, remedial action work plan, Phase II environmental site assessment including soil gas testing and response action plan (RAP) development on a 4.8-acre historically significant site formerly used as for flour milling and packaging and grain storage. The contaminants of concern identified include volatile organic compounds (VOC), polynuclear aromatic hydrocarbons (PAH), pesticides, metals, diesel-range organics (DRO) and potential soil vapors.

Funding:

Total Estimated Investigation Cost	\$68,000
Amount Requested	\$50,000
Amount Recommended	\$47,300
Use of Funds	Phase I environmental site assessment update, remedial action work plan, Phase II environmental site assessment including soil gas testing and RAP development

Deliverables:

Potential benefits include the renovation of four existing flour mill buildings (A-Mill North, A-Mill South, Red Tile building and Warehouse 2) into 238 affordable apartments and renovation of one building (Machine Shop) into an office, restaurant and/or retail space. (Grain Elevators will remain as an unused historically-significant structure.)

Increase in annual net tax capacity	\$83,786
Jobs	54 FTE
Affordable housing	238 rental units

Development Timeline:

Task	Start Date	End Date
Completion of a Phase I environmental site assessment update, remedial action work plan, Phase II environmental site assessment including soil gas testing and RAP for approval by MPCA		On or before 8/31/2012