

**C** Community Development Committee  
Meeting date: December 17, 2012  
For the Council Meeting of January 9, 2012

ADVISORY INFORMATION	
<b>Date:</b>	December 12, 2012
<b>Subject:</b>	LCA Tax Base Revitalization Account Grant Recommendations
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Livable Communities Act, Minnesota Statutes §473.25
<b>Staff Prepared/Presented:</b>	Marcus Martin, Senior Planner, 651-602-1054 Paul Burns, Manager, 651-602-1106
<b>Division/Department:</b>	Housing and Livable Communities/Community Development

**Proposed Action**

That the Metropolitan Council: (1) award 14 Tax Base Revitalization Account grants as recommended below; and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Projects recommended for November 2012 TBRA funding cycle:	Recommended amount
<b>Contamination Site Investigation</b>	
Minneapolis – Harris Machinery	\$21,000
<b>Contamination Cleanup</b>	
Brooklyn Center EDA – 4001 Lakebreeze	\$179,300
Edina – Pentagon Park North (Phase I)	\$568,000
Hopkins – Gallery Flats	\$15,000
Minneapolis – 4250 Upton	\$75,400
Minneapolis – City Place Lofts	\$184,600
Minneapolis – The GAV	\$44,300
Minneapolis – Mill & Main Phase II	\$65,200
Minneapolis – Surly Brewing	\$545,300
Minneapolis – WaHu Student Housing	\$324,800
Newport – Knauff Salvage Yard	\$93,100
Robbinsdale – Downtown Restaurant Expansion	\$25,900
Saint Paul – Brownstone	\$182,600
Washington County HRA – Piccadilly Square	\$44,600
<b>TOTAL</b>	<b>\$2,369,100</b>

**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. 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://councilmeetings.metc.state.mn.us/council\\_meetings/2012/0328/0328\\_2012\\_91.pdf](http://councilmeetings.metc.state.mn.us/council_meetings/2012/0328/0328_2012_91.pdf)).

Funding totaling over \$93M has been awarded since the start of the grant program in 1996.

## **Rationale**

Contamination cleanup 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 November 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 are in accordance with guidelines established in the Livable Communities Fund Distribution Plan originally adopted in March and amended in April.

## **Funding**

The 2012 Livable Communities Fund Distribution Plan approved \$5M for TBRA awards including up to \$500,000 for the contamination investigation category. 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. This is the third TBRA application cycle for 2012.

The Livable Communities Act legislation provides limits 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. The TBRA received just over \$3.3M in requests from 8 communities on November 1. Funding was recommended based on the eligible request amount for the projects that best met the TBRA criteria adopted in the Livable Communities Fund Distribution Plan.

The Livable Communities Act requires that no more than three-quarters of the TBRA funding (\$1,890,900) be awarded to cities of the first class (Minneapolis and Saint Paul) and no more than half of the funding (\$1,260,600) be awarded to a single city if the eligible requests for funding exceed the amount available.

Because the cumulative total request for projects from Minneapolis (\$2,141,727) accounted for 170% of the funding that could be awarded to a single city, the eligible grant requests from lower ranking projects in Minneapolis below the 50% limit are not recommended for funding (Valspar VAST Phase I) or are only partially recommended for funding (Surly Brewing).

## **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.

## Fall 2012 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 November 2012 TBRA funding cycle. The second column shows what the accomplishments will be for the November 2012 TBRA grant cycle if this recommendation is approved. (Expected private investment, tax base increase, acres cleaned and jobs are listed for contamination cleanup applications only.) The last column combines both previous TBRA accomplishments and proposed November 2012 TBRA accomplishments.

Table 1: History of TBRA Funding

	1996- Aug 2012	November 2012 Recommendation	Total 1996- November 2012
# Communities Funded	44	8	45*
# Grants	345	14	357
TBRA Awards	\$93,457,758	\$2,369,100	\$95,826,858
Expected Private Investment	\$5,545,287,758	\$198,415,823	\$5,743,703,581
Anticipated Tax Base Increase	\$89,775,368	\$2,375,536	\$92,150,904
Acres cleaned	2,037	44	2081
Jobs (new & retained)	37,173	1,404	38,577
Affordable Housing Units	5,003	158	5,161

\* Represents the number of LCA-participant communities that have received TBRA funding. Mahtomedi (via Washington County HRA) is the only community requesting funding in this round that has not previously been awarded TBRA funding.

### November 2012 Application Summary

The Council issued a notice in September that grant funds were available in November. An applicant workshop was held with the Department of Employment and Economic Development (DEED), Hennepin County and Ramsey County in September. The TBRA funding available is \$2,521,200 for the November 2012 cycle. The funds are from a portion of the Metropolitan Council's tax levy. Fifteen applications were received this November requesting a total of \$3.3M in grant funding. The funds available could fund 76% of the total amount requested. However, individual applicants may apply to more than one of the grantors cited above for a single project. 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 originally adopted by the Metropolitan Council in March and amended in April. The criteria include the projected increase in tax base, increase in jobs, anticipated wage levels, the amount of environmental risk and threats to health and corresponding improvement upon completion, market demand, how the project helps implement Framework 2030 policies and support regional systems (e.g., accommodating growth through increased redevelopment density, providing housing choices, multimodal transportation, support for regional parks and trails and efficient storm water management), partnerships and the housing performance score of the city where the project is located.

Points were assigned to each project based on how well it met the TBRA criteria. Contamination cleanup projects have a total of 150 points. Cleanup site investigation projects have a total of 60 points. The point assignments were reviewed and determined by the TBRA coordinator and management. Table 3 (on page four) 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 projects mostly consistent with Council plans and policies. Some of the projects, as described in the TBRA application, may require comprehensive plan amendments.

Applicant information was evaluated with the other brownfield funding partners in the metro area including DEED, Hennepin County and Ramsey County. 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. In this funding cycle, some of the requested funds were determined ineligible, so in some cases the eligible amount is less than the originally requested amount. The reductions are reflected in the total recommended grant amounts for each applicant, where applicable.

### **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 the various partners.

For requests for cleanup assistance, the first measure that is considered is a comparison of the amount of the eligible cleanup funding requested to the overall project costs. Where the cleanup costs are one percent or less than the total development costs, it is expected that the cleanup cost can be reasonably absorbed in the development costs without Council assistance. The eligible cleanup costs for all of the applicants in the November 2012 round were over one percent of the project costs and were thus considered a significant barrier to development.

The second measure considered is the amount of funding available from other public and private sources to conduct the environmental work. Subsequently, a determination is made if the project, as proposed, will proceed without (“but for”) Council funding. All the projects recommended for cleanup site investigation and contamination cleanup funding met the “but for” criteria.

### **Partner Funding**

Other sources of public funding to investigate and clean up contaminated sites are available in addition to TBRA funding. 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 the TBRA recommendations are not dependent on the decisions of the other funding partners.

The following table shows which applications made requests to the Metropolitan Council and other funding partners providing environmental investigation and cleanup funding.

Table 2: TBRA Funding Requests by Project and Grantor November 2012:

Applicant Project	Metropolitan Council	DEED	Hennepin County	Ramsey County
Brooklyn Center EDA – Lifetime II	•	•		
Edina - Pentagon Park North	•			
Hopkins - Gallery Flats	•	•	•	
Minneapolis - 4250 Upton	•	•	•	
Minneapolis - City Place Lofts	•	•	•	
Minneapolis - GAV, The	•		•	
Minneapolis - Harris Machinery	•	•		
Minneapolis - Mill & Main Phase II	•	•	•	
Minneapolis - Surly Brewing	•	•	•	
Minneapolis - Valspar	•	•		
Minneapolis - WaHu Student Housing	•	•	•	
Newport - Knauff Salvage Yard	•	•		
Robbinsdale - Downtown Restaurant Expansion	•			
Saint Paul - Brownstone	•			•
Washington County HRA - Piccadilly Square	•	•		

Applications are still under review by the funding partners. Grant awards from DEED are expected to be made at the end of December. Grant awards from Hennepin County and Ramsey County are expected to be made in February 2013.

Contaminant-specific funding is available in some instances for soil impacted by petroleum and drycleaner solvents from the Minnesota Department of Commerce and the MPCA, respectively. TBRA grant recommendations have taken into account funding expected from other sources.

### Project Ranking

Projects are listed by evaluation point totals in descending order in Table 3 below. Fourteen 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 seven of this memo.

Table 3  
Tax Base Revitalization Account  
November 2012 Ranking and Funding Recommendations

Rank	City - Project Name	Score	TBRA Request	Total Eligible Costs	Recommended Funding*
Contamination Cleanup Grant Applications					
1	Minneapolis - WaHu Student Housing	118	\$324,809	\$957,933	\$324,800
2	Minneapolis - Mill & Main Phase II	92	\$65,205	\$237,335	\$65,200
3	Minneapolis - City Place Lofts	88	\$308,351	\$184,601	\$184,600
4	Minneapolis - 4250 Upton	87	\$75,458	\$359,810	\$75,400
5-tie	Washington County HRA - Piccadilly Square	85	\$44,655	\$276,600	\$44,600
5-tie	Minneapolis - GAV, The	85	\$44,385	\$79,135	\$44,300
7	Minneapolis - Surly Brewing	83	\$550,000	\$2,275,200	\$545,300
8-tie	Saint Paul - Brownstone	78	\$244,670	\$182,670	\$182,600
8-tie	Brooklyn Center EDA – 4001 Lakebreeze	78	\$179,346	\$390,693	\$179,300
10	Minneapolis - Valspar	76	\$752,519	\$948,234	\$0
11	Edina - Pentagon Park North	74	\$568,004	\$815,215	\$568,000
12	Hopkins - Gallery Flats	71	\$15,000	\$304,736	\$15,000
13	Newport - Knauff Salvage Yard	70	\$93,172	\$265,674	\$93,100
14	Robbinsdale - Downtown Restaurant Expansion	62	\$25,950	\$28,450	\$25,900
Cleanup Site Investigation Grant Applications					
Rank	City - Project Name	Score	TBRA Request	Total Eligible Costs <sup>^</sup>	Recommended Funding*
1	Minneapolis – Harris Machinery	40	\$21,000	\$21,000	\$21,000
TOTAL Recommended					\$2,369,100
Balance					\$152,100

(Shading indicates applicants not recommended for funding)

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

<sup>^</sup> Eligible grant costs listed for investigations exclude 25% matching fund requirement

## Additional Review Considerations

Additional funding distribution constraints are listed in Table 4 below.

The Livable Communities Act legislation provides limits on the amount of funding that can go to cities of the first class (Minneapolis and St. Paul) when competition for the funds exceeds funding available. The TBRA received just over \$3.3M in requests from 8 communities on November 1. The amount of funding available to be awarded in this funding cycle is \$2,521,200

The Livable Communities Act requires that no more than three-quarters of the TBRA funding (\$1,890,900) be awarded to cities of the first class (Minneapolis and Saint Paul) and no more than half of the funding (\$1,260,600) be awarded to a single city if the eligible requests for funding exceed the amount available.

Because the cumulative total request for projects from Minneapolis (\$2,141,727) accounted for 170% of the funding that could be awarded to a single city, the grant requests from lower ranking projects in Minneapolis below the 50% limit are not recommended for funding (Valspar VAST Phase I) or are only partially recommended for funding (Surly Brewing).

Table 4  
Tax Base Revitalization Account  
Livable Communities Funding Recommendation November 2012

Communities	Recommendation	Percentage of Recommended Funding
Suburban	\$925,900	39%
Cities of the first class (Minneapolis and St. Paul)	\$1,443,200	61%
Total	\$2,521,200	94% of total available
Balance	\$152,100	6% of total available
City with the largest cumulative funding recommendation: Minneapolis	\$1,260,600	50% of total amount available

## Projects Not Recommended for TBRA Funding

**Minneapolis, Valspar VAST Phase I (76 points)** – The applicant is requesting \$752,519 in TBRA funding for asbestos and lead-based paint abatement and \$196,597 from DEED for soil remediation on a 2.5-acre vacant industrial site owned by the company. Due to the low evaluation score and the maximum cumulative funding amount that may be awarded to a single city, the proposed project was not considered a high enough priority for funding. 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 and grant type. The grant-funded activities for each of the projects are expected to be completed within the grant term. At a minimum, each redevelopment

project facilitated by the grant must commence construction within the grant term (i.e., 3 years for cleanup grants). It is possible that not all of the total estimated cleanup costs submitted in an application are eligible for reimbursement due to 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 an RAP approved by the MPCA or Minnesota Department of Agriculture (when applicable), ineligibility according to our grant administration guidelines or insufficient documentation of the proposed costs. For evaluation purposes, private investment is limited to redevelopment costs excluding land value or acquisition costs. Increases in the annual net tax capacity were calculated using a comparison of the net tax capacity assessed in 2012 with the future estimated net tax capacity for improvements that will be completed within a three-year grant term. In some instances the estimated number of jobs created or retained, as listed in an application, were reduced due to lack of documented end-user commitments.

## Project Summary

Applicant	Minneapolis	Type:	Contamination Investigation
Project Name:	Harris Machinery		
Project Location:	501 30th Avenue SE, Minneapolis		
Council District:	8 – Adam Duininck		

### Project Description:

The applicant is requesting \$21,000 in TBRA funding for Phase I and Phase II environmental site assessments, hazardous materials survey and development of a Response Action Plan (RAP) on a 4.3-acre commercial site with 9 industrial buildings (6 of which are not connected to utilities) that were previously used for woodworking, metalworking and storage. Potential contaminants of concern identified include lead-based paint and asbestos within the existing buildings, petroleum impacts to soil and ground water, and metals in the soil. (A duplicate request has been submitted to DEED.)

### Funding:

Total Estimated Investigation Cost	\$28,000
Amount Requested	\$21,000
Amount Recommended	\$21,000
Use of Funds	Phase I and phase II environmental site assessments, hazardous materials survey and development of a Response Action Plan (RAP).

### Deliverables:

Potential benefits under consideration include the development of a conference center and/or hotel or housing.

Projected Increase in annual net tax capacity	\$352,050
Jobs	10 FTE
Affordable housing	TBD

### Development Timeline:

Task	Start Date	End Date
Complete phase I and phase II environmental site assessments, hazardous materials survey and development of a Response Action Plan (RAP) for approval by MPCA.  [Projects using TBRA funding for environmental investigation must submit a Phase II Investigation Work Plan to the MPCA for review prior to conducting the Phase II Environmental Site Assessment.]		On or before 12/31/2013

## Project Summary

Applicant	Brooklyn Center EDA	Type:	Contamination Cleanup
Project Name:	4001 Lakebreeze		
Project Location:	4001 Lakebreeze Avenue, Brooklyn Center		
Council District:	2 – Lona Schreiber		

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### Project Description:

The applicant is requesting \$179,346 in TBRA supplemental funding and \$211,348 from DEED for additional soil remediation (including removal of buried asbestos and replacement with clean backfill) incurred during initial cleanup and continued ground water monitoring on a vacant 8.4-acre commercial site that recently included an athletic club. The site is near a former wood-treating manufacturing facility that has been cleaned up and redeveloped for commercial use. The contaminants of concern identified include polynuclear aromatic hydrocarbons, diesel-range organics (DRO) and buried asbestos in fill soils as well as DRO in the ground water and volatile organic compounds found in soil vapor samples. (Contamination-related funding previously awarded for the project includes \$525,000 from TBRA, \$240,000 from Hennepin County ERF and \$740,000 from DEED for soil remediation, soil vapor mitigation and ground water monitoring in the May 2011 funding cycle.)

### Funding:

Total Eligible Cleanup Cost	\$390,693
Amount Requested	\$179,346
Amount Recommended	\$179,300
Use of Funds	Soil remediation (including removal of buried asbestos and replacement with clean backfill) and ground water monitoring.

### Deliverables:

Expected benefits include the development of a 90,000 square foot multi-tenant office warehouse building.

Increase in annual net tax capacity	\$160,000
Jobs	258 FTE
Affordable housing	NA

### Development Timeline:

Task	Start Date	End Date
Complete soil remediation (including buried asbestos) and ground water monitoring.		On or before 12/31/2015
Complete development of commercial space.	On or before 12/31/2015	

















## Project Summary

Applicant: Newport Type: Contamination Cleanup  
 Project Name: Knauff Salvage Yard  
 Project Location: 478, 500 - 7th Avenue; 760 - 6th Street, 396 - 7th Avenue, 310 - 7th Avenue, Newport  
 Council District: 12 – Harry Melander

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### Project Description:

The applicant is requesting \$93,172 in TBRA funding and \$172,652 from DEED for asbestos abatement, lead-based paint abatement, soil remediation and well sealing on a 5.6-acre salvage yard. The contaminants of concern identified include polynuclear aromatic hydrocarbons, metals (arsenic, lead, copper cadmium, barium, zinc) and diesel-range organics in the soil. (Contamination-related funding previously awarded for the project includes \$50,000 from TBRA for environmental investigation in May 2012 funding cycle.)

### Funding:

Total Eligible Cleanup Cost	\$265,674
Amount Requested	\$93,172
Amount Recommended	\$93,100
Use of Funds	Asbestos abatement, lead-based paint abatement, soil remediation and well sealing [Load, transport and disposal of screened solid waste and sampling of a supply well are not eligible for TBRA funding.]

### Deliverables:

Expected benefits include the development of a 60,000 square foot single-tenant industrial building.

Increase in annual net tax capacity	\$142,381
Jobs	42 FTE (Job estimate for business expansion site only.)
Affordable housing	NA

### Development Timeline:

Task	Start Date	End Date
Completion asbestos abatement, lead-based paint abatement, soil remediation and well sealing		On or before 12/31/2013
Begin development of industrial space.	On or before 12/31/2015	

## Project Summary

Applicant	Robbinsdale	Type:	Contamination Cleanup
Project Name:	Downtown Restaurant Expansion		
Project Location:	4122-28 West Broadway, Robbinsdale		
Council District:	2 – Lona Schreiber		

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### Project Description:

The applicant is requesting \$25,950 in TBRA funding for asbestos abatement on a 0.2-acre foreclosed commercial site with four connected commercial buildings built around 1927 prior to demolition. Potential contaminants of concern identified include asbestos within the existing buildings.

### Funding:

Total Eligible Cleanup Cost	\$28,450
Amount Requested	\$25,950
Amount Recommended	\$25,900
Use of Funds	Asbestos abatement

### Deliverables:

Expected benefits include the development of 4,800 square feet of restaurant space with additional lower-level storage and refrigeration space.

Increase in annual net tax capacity	\$8,325
Jobs	26 FTE
Affordable housing	NA

### Development Timeline:

Task	Start Date	End Date
Complete asbestos abatement.		On or before 12/31/2015
Begin development of restaurant space.	On or before 12/31/2015	

## Project Summary

Applicant: Saint Paul  
 Project Name: Brownstone  
 Project Location: 839-849 University Avenue; portion of 833 University Avenue, Saint Paul  
 Council District: 14 – Jon Commers  
 Type: Contamination Cleanup

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### Project Description:

The applicant is requesting \$244,670 in TBRA funding for asbestos abatement, lead-based paint abatement, soil remediation and soil vapor mitigation on a 0.8-acre commercial site with a commercial building that historically included a gas station. The contaminants of concern identified include asbestos and lead-based paint within the existing building, buried debris (slag, concrete, wood glass and brick) polynuclear aromatic hydrocarbons and mercury in the soil, and methylene chloride and tetrachloroethene in the soil vapor.

### Funding:

Total Eligible Cleanup Cost	\$182,670
Amount Requested	\$244,670
Amount Recommended	\$182,600
Use of Funds	Asbestos abatement, lead-based paint abatement and soil remediation.

### Deliverables:

Expected benefits include the development of a 4-story mixed use development with 24 units of affordable housing, 13,830 square feet of multi-tenant ground floor commercial or retail space, 13,360 square feet of not-for-profit office space with underground parking and open space.

Increase in annual net tax capacity	\$11,225
Jobs	56 FTE
Affordable housing	24 rental units

### Development Timeline:

Task	Start Date	End Date
Complete asbestos abatement, lead-based paint abatement and soil remediation.		On or before 12/31/2015
Begin development of commercial/retail space, office space, apartments and open space.	On or before 12/31/2015	

## Project Summary

Applicant	Washington County HRA	Type:	Contamination Cleanup
Project Name:	Piccadilly Square		
Project Location:	70 Mahtomedi Avenue, Mahtomedi		
Council District:	12 – Harry Melander		

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### Project Description:

The applicant is requesting \$44,655 in TBRA funding for environmental investigation, asbestos abatement, lead-based paint abatement, demolition and soil remediation (including buried asbestos) on a 3.3-acre commercial site with a vacant restaurant that was historically used as a power-generating substation for a streetcar line. (The substation was demolished sometime between 1925-1950.) The contaminants of concern identified include lead-based paint and asbestos within the existing building, buried debris (concrete brick metal glass coal ash, wood mixed with asbestos) polynuclear aromatic hydrocarbons, and diesel-range organics in the soil.

### Funding:

Total Eligible Cleanup Cost	\$276,600
Amount Requested	\$44,655
Amount Recommended	\$44,600
Use of Funds	Phase I ESA update, RAP development, asbestos abatement, lead-based paint abatement and soil remediation (including buried asbestos). [Phase II environmental site investigation, removal of solid waste not mixed with contaminated soils and geotechnical costs are not eligible for TBRA funding.]

### Deliverables:

Expected benefits include the development of 78 affordable senior apartments with underground parking.	
Increase in annual net tax capacity	\$35,125
Jobs	2 FTE
Affordable housing	78 rental units

### Development Timeline:

Task	Start Date	End Date
Complete investigation, asbestos abatement, lead-based paint abatement and soil remediation (including buried asbestos).		On or before 12/31/2015
Begin development of affordable senior apartments.	On or before 12/31/2015	