

C Community Development Committee

For the Metropolitan Council meeting of December 10, 2008

Item: 2008-297

ADVISORY INFORMATION

Date Prepared: November 19, 2008

Subject: Request for an additional extension to Livable Communities Tax Base Revitalization Account Grant #SG006-025, *Village Creek – III*

Proposed Action:

Approve a request from the City of Brooklyn Park for a one-year, second extension of the Tax Base Revitalization Account (TBRA) grant SG006-025 for the Village Creek – III project, to December 31, 2009.

Summary of Committee Discussion / Questions:

Livable Communities Manager, Paul Burns, presented an overview of the City's request for a one year, second extension of the TBRA grant, to December 31, 2009. He reported that the Metropolitan Council awarded a \$73,900 TBRA grant to the City of Brooklyn Park on January 25, 2006, and on December 17, 2007, Livable Communities staff processed an administrative amendment to extend the grant to December 31, 2008. On October 24, 2008, the city sent a letter seeking an additional one year extension. He reminded the Committee that on June 18, 2008, the Council had established the tests of documentation of an "unavoidable delay" and demonstration of "reasonable assurances" that the project would now proceed, for all requests for second extensions.

Jason Aarsvold, Economic and Redevelopment Director, City of Brooklyn Park, presented the City's explanation of their request. He stated that the unavoidable delay was the result of the downturn in the economy and the challenges of crime and decay in the neighborhood of the project. This had resulted in difficulty in attracting tenants to the building to be built on the site of the environmental remediation to be financed by the TBRA grant.

He went on to explain that the reasonable assurances that the project would now proceed exist because they now have a primary tenant for the building, Hennepin County Medical Center. He also indicated that significant investments in both public and private improvements have occurred in the project area, including improvements to Shingle Creek and new roads and trails, and the Brunswick Zone entertainment complex and new housing.

A proposed action was moved by member Pistilli, seconded by member Bowles, to approve an extension of the term of the grant agreement for the Tax Base Revitalization Account Grant SG006-025 to the City of Brooklyn Park for the Village Creek III project to December 31, 2008. The motion was approved unanimously.



Community Development Committee

Business Item

Item: 2008-297

Meeting date: November 17, 2008

ADVISORY INFORMATION	
Date:	November 10, 2008
Subject:	Request for an additional extension to Livable Communities Tax Base Revitalization Account Grant #SG006-025, <i>Village Creek – III</i>
District(s), Member(s):	District 2, Tony Pistilli
Policy/Legal Reference:	473.252 Tax Base Revitalization Account
Staff Prepared/Presented:	Paul Burns, (651) 602-1106
Division/Department:	Community Development/Livable Communities

Proposed Action

Respond to a request from the City of Brooklyn Park to approve a one-year, second extension of the Tax Base Revitalization Account (TBRA) grant SG006-025 for the Village Creek – III project. The City has requested that the grant agreement be extended to December 31, 2009.

Background

The Metropolitan Council awarded a \$73,900 TBRA grant to the City of Brooklyn Park on January 25, 2006. The grant was awarded for soil and groundwater remediation, vapor barrier and installation, wrap utility services, enriched concrete at parking entrances and building foundations (to make a better barrier between the buildings and any remaining soil contamination) and construction testing and observation. On December 17, 2007, Livable Communities staff processed an administrative amendment to extend the grant to December 31, 2008. The City requested an additional one year extension to the grant agreement via email on October 17, 2008 and provided a city resolution in support of their staff’s request on October 24, 2008. Both are attached, and they provide an explanation of the circumstances that necessitated the request. City representatives will be present at the Committee meeting on November 17 to present their request.

Rationale

Grants may be extended administratively only once and for a period not to exceed one year. Requests for additional extensions are decided by the full Council at the recommendation of the Community Development Committee. On June 18, 2008, the Council amended its procedures for second extensions to require the applicant to (1) submit evidence of unavoidable delay, and (2) provide reasonable assurances that the project for which grant funds were awarded will be completed in a timely manner.

The applicant has indicated that the unavoidable delay was that the downturn in the economy caused the developer to have a delay in securing a primary tenant. The reasonable assurances the project will be completed in a timely manner, should the second extension be approved, provided by the applicant are:

- That a primary tenant, the Hennepin County Medical Center (HCMC), has now been secured
- Other investments in the project area have taken place over the past several years, including public improvements to Shingle Creek and new roads and trails, and the Brunswick Zone entertainment complex and new housing has been built in the area

The Council has approved requests for second grant extensions for six other projects in the past, for projects in Minneapolis, St. Paul (2), Mound, Apple Valley, and Ramsey.

Funding

The 2006 TBRA grant amount was \$73,988. There is no change to the grant amount.

Known Support / Opposition

None.



**DEPARTMENT OF
COMMUNITY DEVELOPMENT**

ECONOMIC DEVELOPMENT DIVISION

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*Robert Schreier
Director of Community Development*

October 24, 2008

Deborah Streets Jensen
Senior Project Administrator
Metropolitan Council Livable Communities
390 N. Robert Street
Saint Paul, MN 55101

RE: Village Creek III Second Extension Request

Dear Ms. Streets Jensen:

Please accept the following information in support of the second extension request for the Village Creek III project.

The second extension request is a result of a change to the time frame in which the project was originally to be constructed. The project has been delayed because the developer has not been able to secure a primary tenant for the commercial/office building. The key reasons the project has not developed as quickly as anticipated are because the project is located in a difficult to develop area of the community and because of the economic slowdown the region and country are experiencing. The developer has now secured Hennepin County Medical Center (HCMC) as a tenant in 12,000 square feet of the building.

The Brooklyn Park Economic Development Authority approved amendments to the development agreement in October 2008. These amendments include extending the performance timeline by approximately by one year to August 2009 and approving site plan modifications to meet the needs of HCMC.

We are also able to make reasonable assurances that the project will be completed in a timely manner:

1. Other investments in the project area have taken place over the past several years. The Brunswick Zone entertainment complex was completed in 2005 and is providing employment opportunities in the area. As well, significant improvements have been completed related to Shingle Creek, which runs through the heart of the development. Other public improvements including new roads and trails have been constructed. New housing continues to be built in the area, with over 100 units constructed to date. The developer is also marketing the mixed-use condo and retail buildings along Brooklyn Boulevard and Welcome Avenue.

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2. The resolution of request for the extension from the Brooklyn Park City Council is on the November 3 City Council agenda. A certified copy of the resolution will be forwarded as soon as it is approved.
3. Schedule of activities:
 - October 14, 2008: Contract amendments approved
 - December 1, 2008: Planning application submittal
 - January 2009: Planning approvals obtained from Planning Commission and City Council
 - April 2009: Building permits obtained
 - May 2009: Closing on Parcel A by developer
 - June 2009: Environmental remediation and construction begins
 - December 2009: Construction completed

Thank you for your consideration of this request. Please feel free to contact me if you need any further information or have any questions. Staff will be prepared to provide a presentation of the request at the November 17 Community Development Committee meeting.

Sincerely,



Amy Baldwin
Business Developer

cc: Jason Aarsvold, Economic and Redevelopment Director
Kim Berggren, Development Project Manager
File

RESOLUTION #2008-

REQUESTING AN EXTENSION TO THE METROPOLITAN COUNCIL TAX
BASE REVITALIZATION ACCOUNT GRANT FOR THE VILLAGE CREEK III
PROJECT

WHEREAS, the City of Brooklyn Park is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2008 as determined by the Metropolitan Council, and is therefore eligible for funds under the Tax Base Revitalization Account; and

WHEREAS, the Metropolitan Council previously awarded the City of Brooklyn Park \$73,900 for the remediation of petroleum contamination at 7673 Brooklyn Boulevard; and

WHEREAS, the City of Brooklyn Park is requesting an extension to the grant because the project has not proceeded as quickly as anticipated; and

WHEREAS, a development agreement is in place with the Old Brooklyn Park, LLC for the Village Creek which provides the developer control over the property related to the grant.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BROOKLYN PARK:

1. The City of Brooklyn Park hereby requests a second one-year extension for the Metropolitan Council Livable Communities Grant #SG006-025 - Village Creek III to December 31, 2009.