

Financing Environmental Investigation & Cleanup for Redevelopment

Local Brownfield Resources in Minnesota

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Financing Assistant for Brownfield Redevelopment

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Housekeeping Items/Webinar Tips

- Muting phones
- Call-in questions
- Use of chat feature

Topics

- Grant Overview
 - Purpose
 - Amount available
 - Eligible Use of Funds
 - Key grant criteria
- Examples of Investigation and Cleanup Grants
- Application Process & Schedule
- Program Changes for 2018

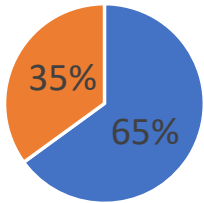
Local Brownfield Redevelopment Grants

DEED	Metropolitan Council	Hennepin County	Ramsey County
Investigation / Cleanup			Cleanup
\$8M/year	\$5M/year	\$2M/year	\$1M/year
Statewide	95 cities within 7-county metro area	Single county	
Public Applicant (For-profit or non-profit developers need a public partner/sponsor)		Public or Private Applicant	

Funding - Geographic Distribution

DEED

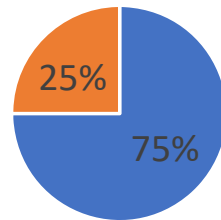
Award Limits



■ Metro Area ■ Greater MN

Metropolitan Council

Award Limits



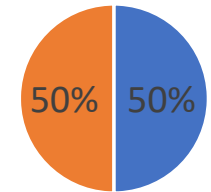
■ Minneapolis/Saint Paul ■ Suburbs

Hennepin County

Total amount of funding available per cycle.

Ramsey County

Cumulative Target



■ Saint Paul ■ Rest of County

Additional Limits

50% of total available per city for 1 or more projects

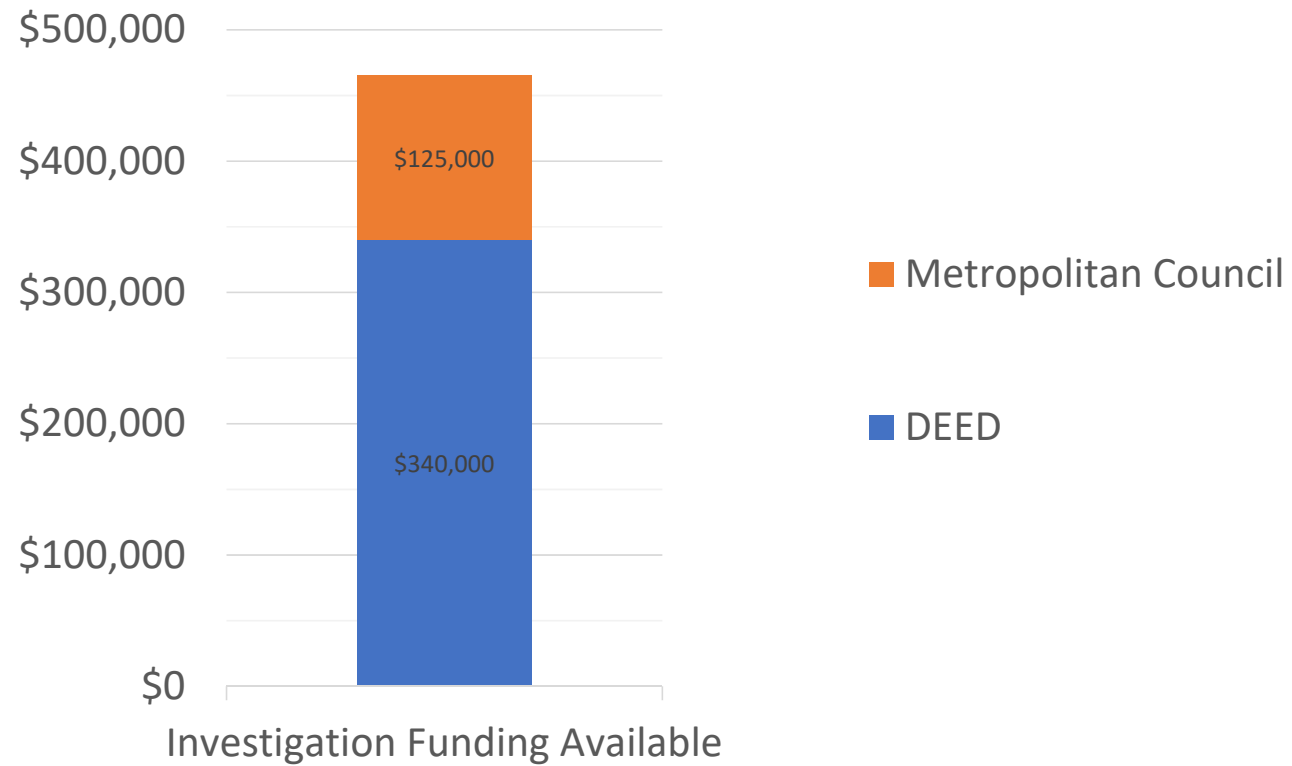
DEED Environmental Site Investigation grants limited to \$50,000 max

Investigation Grants

Purpose:

- **Site Investigation** grants are intended for applicants that have a redevelopment site with suspected or perceived contamination and are seeking public funding to determine the scope and severity of the contamination and to develop a cleanup plan for a specific project.

Environmental Investigation Funding



Investigation – Eligible Uses of Funds

- Phase I Environmental Site Assessment (ESA)
- Phase II ESA work plan
- Phase II ESA
- Hazardous Building Materials Assessment (Met C / Hennepin Co only)
- Additional Vapor Sampling (if separate from Phase II ESA)
- Response Action Plan (RAP) Development
- MPCA Fees
- Environmental Consulting fees

Investigation – Small Industrial Site



Investigation – Industrial Site



- Redevelopment Plan 1
 - Convert to School
- Environmental Investigation
 - Estimate total cost – high
 - Location – 3 potential grant sources
 - Investigation Grant Priorities
 - Jobs
 - Potentially Extensive Cleanup
 - Partnership
 - Ready to start investigation
 - Able to pay matching costs (25%)
 - Applied for \$50K Invest. grant

Investigation – Industrial Site



- Redevelopment Plan 2
 - Convert to housing
- Investigation Grant Priorities
 - Potentially Extensive Cleanup
 - Ready to start investigation
 - Able to pay matching costs (25%)
 - Affordable housing (20% of the units)







Investigation – Industrial Site



- Redevelopment Plan 3
 - Partially demolish building for new housing and renovate rest for commercial
- Investigation Grant Priorities
 - Potentially Extensive Cleanup
 - Jobs
 - Higher projected tax base
 - Mostly complete investigation
 - Able to pay matching costs (25%)
 - More affordable units (78%)

Investigation – Other Considerations

- Key Dates  May 1 / November 1
- Matching Costs  25% of Total
- Maximum Award Amount  \$50,000
- Single applications  1

Questions?

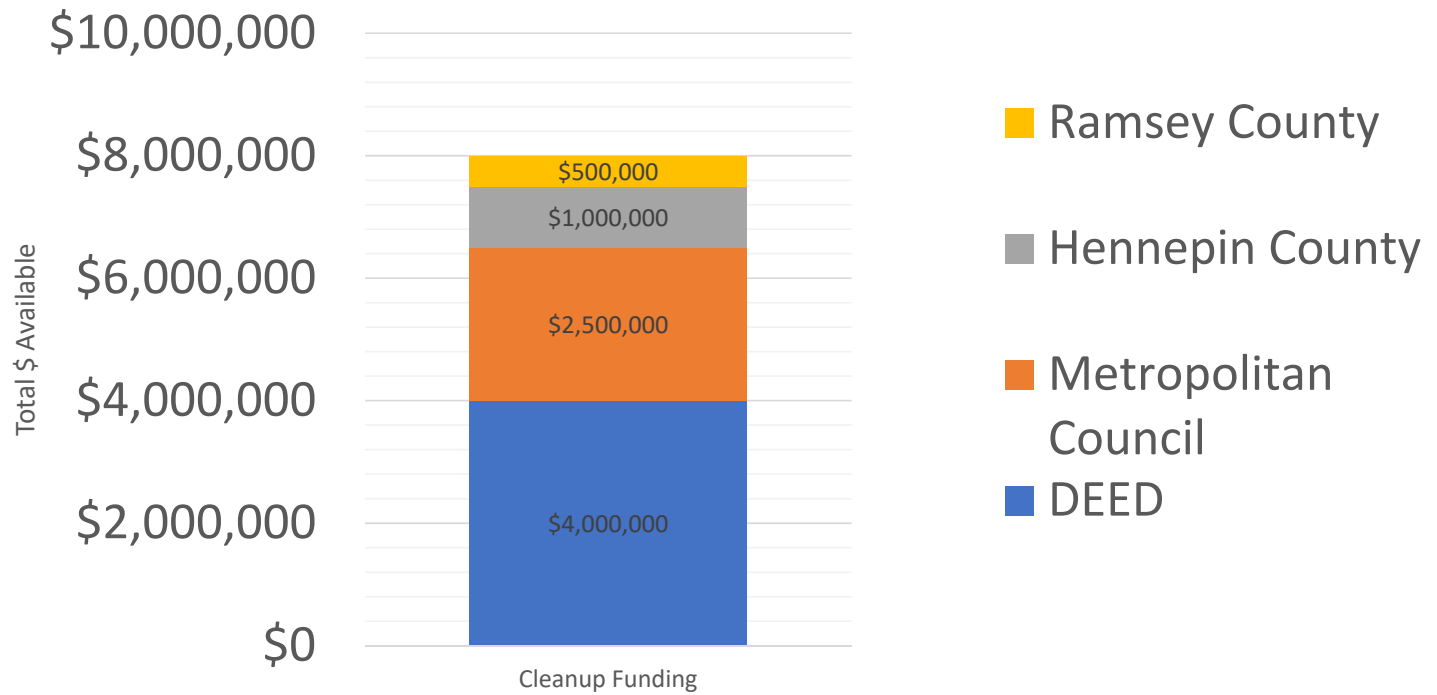
Cleanup Grants

Purpose:

- **Cleanup** grants are intended for applicants with projects that have recently completed their environmental site investigation and are seeking public funding to assist with the cost of implementing a cleanup plan for eligible activities and beginning redevelopment on a specific project.

Cleanup Funding*

(*Amounts Shown are estimated totals up to amounts available at the time of application.)



Use of Funds - Cleanup

Resources for Renovation or Pre-Demolition

Above Ground

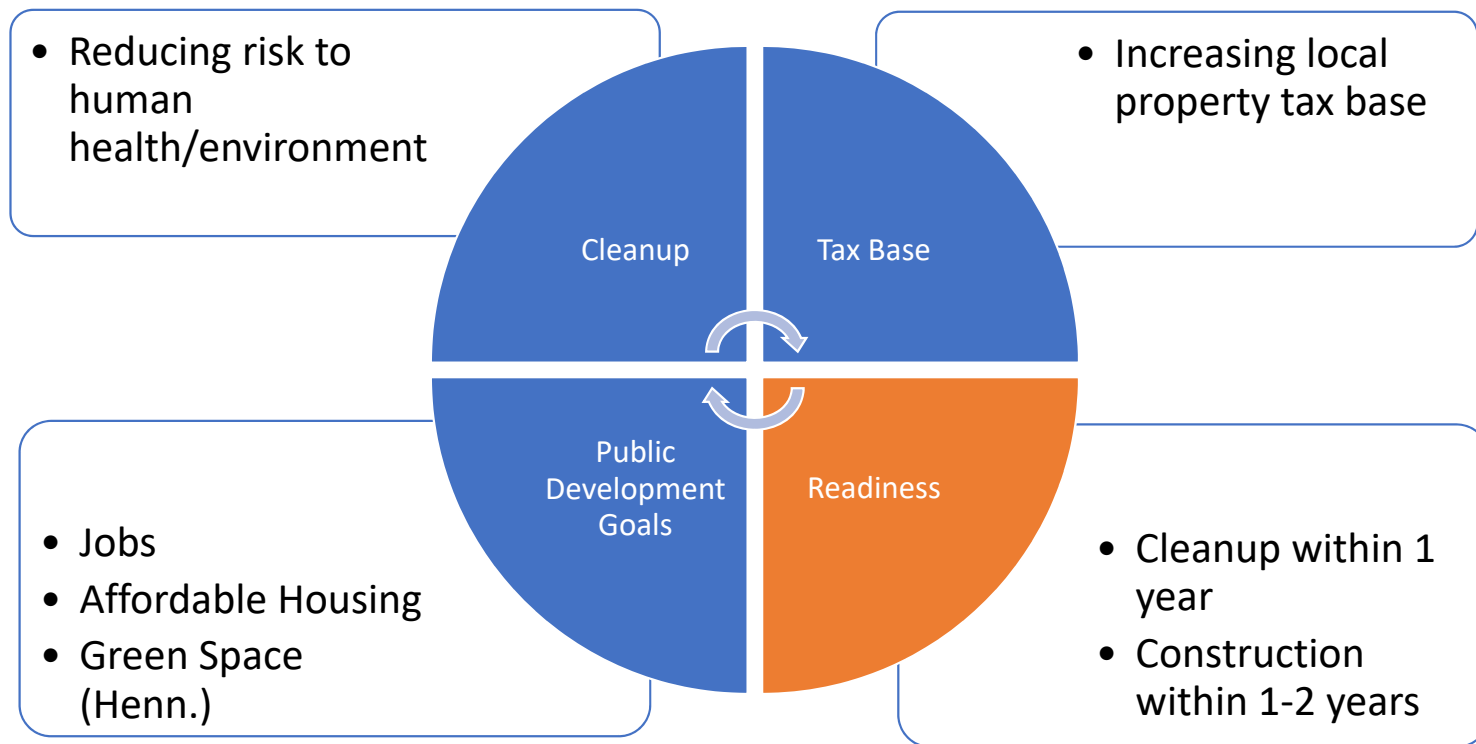
- Asbestos
- Lead-Based Paint
- ~~Regulated Materials~~
- ~~Bulbs, ballasts, switches~~

Resources for New Construction

Under Ground

- Contaminants/Pollutants/
Hazardous Substances in
- soil
 - ground water (or perched water)
 - Soil vapor (affect on future indoor air quality)

Redevelopment Options for Successful Applications



Questions?

- Problem: under-utilized deteriorating buildings and vacant lots on Main Street, Loretto
 - Past use – lumber yard, bulk oil storage
 - Low property tax revenues
 - Contamination cleanup costs greatly exceed property value
 - Small town, limited means
- Need: \$770,000 in soil cleanup costs
- Appeal to funders: in-fill brownfield development that would not be possible without assistance, property tax increase, jobs
- End Use: restaurant, office



West Railway Street, Loretto

- Problem: highly-contaminated vacant property in a residential neighborhood
 - Large commercial dry-cleaner with history of on-site waste disposal
 - Building demolished but basement remained – buried
 - State Superfund site and tax-forfeited
- Need: \$1.5 M plus future soil vapor remediation system costs
- Appeal to funders: redevelopment would not proceed without outside assistance; property tax increase; reduce environmental health risks
- End Use: 70 unit apartment



Chroma, Minneapolis

- Problem: petroleum contaminated property; part of dense, multi-site redevelopment plan
 - Storm water management challenges due to development plan
 - Significant asbestos abatement and demolition costs
 - Assistance needed to facilitate affordable housing use
- Need: \$1.27 M
- Appeal to funders: affordable transit-oriented housing, property tax increase, district storm water management facilities adjacent redevelopment
- End Use: 192 units of mixed-income housing with on-site district storm water management



Prospect North Gardens,
Minneapolis

- Problem: Abandoned plating facility
 - Tax forfeit, no viable responsible party
 - Large quantities of hazardous chemical waste and process equipment remain
 - Attractive to urban explorers
- MNTBAP funded assessment work for \$125,530.35. Groundwater & soil gas investigation offsite referred to MPCA's Site Assessment Program.
- Need: \$833,000 to remove chemicals, equipment and clear site plus soil cleanup costs
- Appeal to funders: increase safety by removal of dilapidated buildings and hazardous contents
- End use: to be determined

Universal Plating, Minneapolis

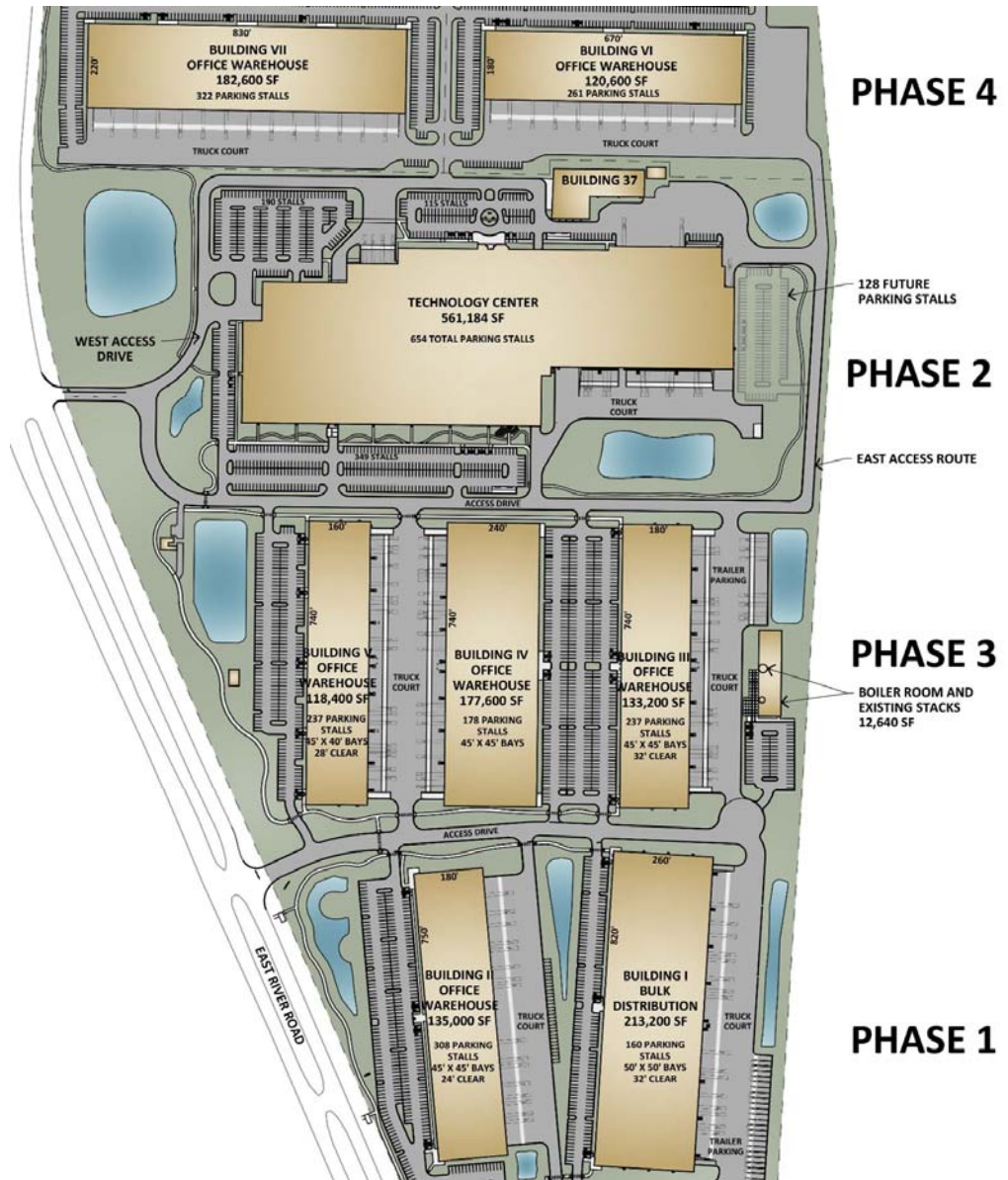


- Problem: Large, under-utilized industrial facility in a good transportation access within freeway “beltway”
 - Long manufacturing history making naval arms
 - Former Tenants:
 - Naval Industrial Reserve Ordnance Plant (NIROP)
 - British Aerospace (BAE)
 - Added to National Priorities List 1989
 - Navy / US EPA / MPCA signed Federal Facilities Agreement in 1991
 - Record of Decision (ROD) in 2003



Northern Stacks, Fridley

- Need:
 - \$13M total grants (to date) for contaminated soil cleanup & relocation of existing contaminated ground water extraction system
 - Separate grant applications for each development phase
- Appeal to Funders:
 - Large increase in the tax base
 - High number of estimated jobs
 - Cleanup of a former Superfund site that required complex negotiations with federal entities



Northern Stacks, Fridley

End Use: multi-tenant light industrial office-warehouses

- Phase I (2 building)
 - 280 FTE Jobs
 - \$525,812 estimated property taxes
 - Tenants:
 - Kaufman Container (bottles & supplies)
 - OnTrac (delivery and courier services)
 - Lindenmyer (paper distribution)
 - Trio (paper products & other supplies)
 - MB2 Raceway (indoor go cart & entertainment)
- Phase 2:
 - BAE Renovation (561,000 SF)
- Phase 3:
 - 133,000 SF (74% occupied)
- Phase 4: Cleanup Underway



Northern Stacks
Cleanup and Benefits

- Problem: Large, vacant industrial site at the edge of a central business district
- Prior to 1960, uses included:
 - Coal gas manufacturing
 - plumbing manufacturer
 - shoe factory
 - fish factory
 - transformer yard
- In 1969, a new manufacturer was built, whose main products were:

Diamond Products/Lowertown
Ballpark, St. Paul



- These past uses contributed to contamination which included:
 - VOCs
 - Chlorinated Solvents
 - Lead
 - PAHs
- Need:
 - \$3.5M in soil cleanup and vapor mitigation costs and minimizing infiltration of stormwater through contaminated areas
 - Response Actions included:
 - Demolition
 - Excavation and disposal of >70,000 tons
 - Installation of vapor mitigation system
 - Impermeable barrier for ground water

Lowertown Ballpark – History



- Appeal to Funders:
 - Cleaning up highly contaminated site
 - Blight removal
 - Job growth
 - Private Investment
- End Use: 7,000 Seat Minor League Ballpark and home field for Hamline University
 - 17 new jobs and 45 retained
 - \$13 million in private investment
 - \$172,200 in annual PILOT



Lowertown Ballpark



#HamlinePiper

- Problem: highly visible blighted vacant property near a residential area
 - Former Gas Station on major thoroughfare in town
 - Adjacent to residential
 - Vacant for 8 years



Hilltop Plaza, Mankato

- Determining Need:
 - What's in my neighborhood – known leak site
 - Tank closure letter – read carefully
 - Starting digging and smelled petroleum odor



Closure of the file means that the MPCA staff does not require any additional investigation and/or cleanup work at this time or in the foreseeable future. Please be aware that file closure does not necessarily mean that all petroleum contamination has been removed from this site. However, the MPCA staff has concluded that any remaining contamination, if present, does not appear to pose a threat to public health or the environment under current conditions.

If future development of this property or the surrounding area is planned, it should be assumed that petroleum contamination may still be present. If petroleum contamination is encountered during future development work, the MPCA staff should be notified immediately.

Hilltop Plaza – WIMN Map

Need:

- \$242,718 for soil contamination and a soil vapor system
- DEED Grant - \$126,618
- EDA Deferred Loan - \$50,000
- Developer Match - \$66,100



Hilltop Plaza – Cleanup Costs

- Appeal to Funders:
 - Job growth
 - Increase in property taxes
 - Private Investment
- End Use: Multi-tenant commercial building
 - 36 new and retained jobs
 - \$25,000 local taxes
 - \$1.3 million in private construction



Hilltop Plaza – Project Benefits

- Problem: vacant small-mid-sized centrally-located industrial site
 - High volume of soil contamination
 - Portion = former Superfund
 - Fear of additional buried hazardous materials
 - Prior Environmental covenants



Surly Brewery, Minneapolis



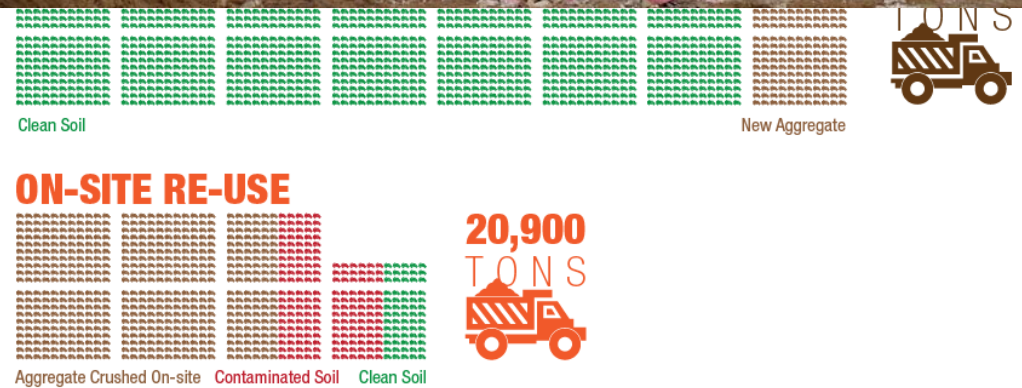
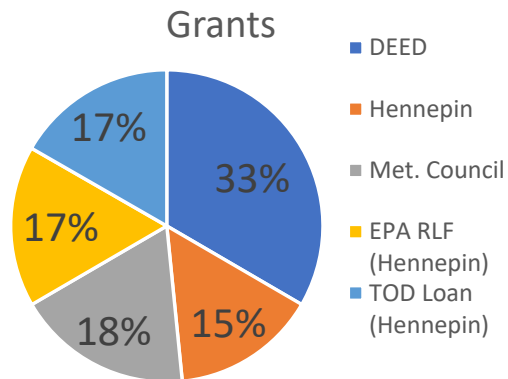
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Feet



Figure 2

HISTORICAL PROPERTY LAYOUT
Northern Star Property
Minneapolis and St. Paul, MN

- Need: ~\$3M cleanup (9% of TDC) for
 - soil contamination
 - adding a clean soil cover
 - vapor barrier and
 - limiting stormwater infiltration
- Used multiple cleanup grant sources including loans



Surly Brewery, Minneapolis



Photo courtesy HGA Architects

- Appeal to Funders:
 - Increase in property tax base
 - High job growth
 - Cleanup of highly contaminated site
 - Catalyst for added private investment nearby
- End use: Destination Brewery
 - Added over 200 new jobs
 - Over \$290,000 in annual property taxes
 - Outdoor beer garden space

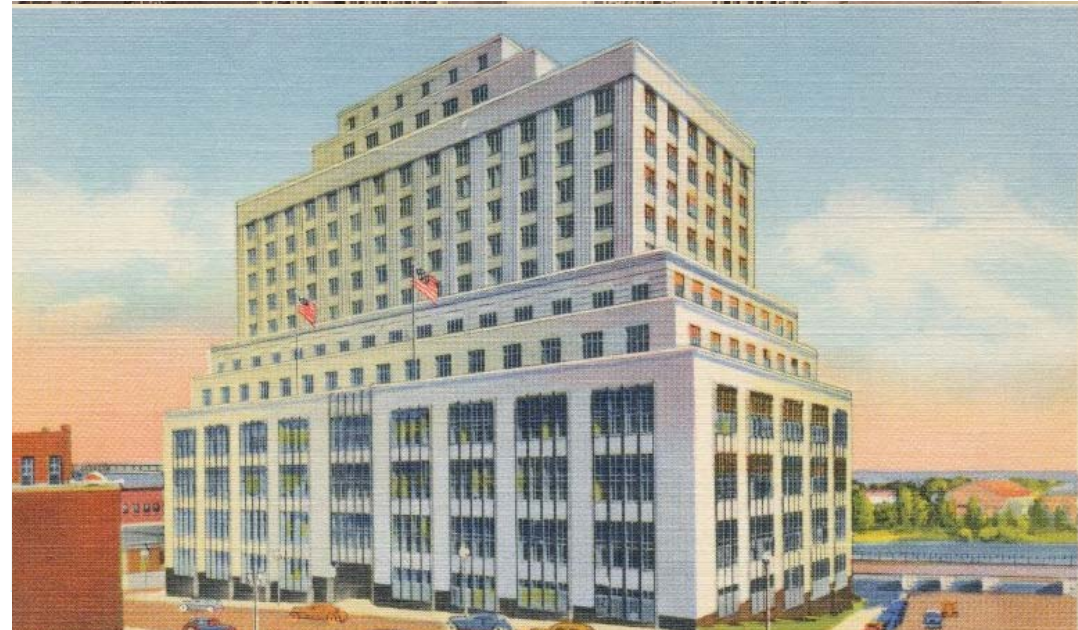


Photo courtesy
HGA Architects



Surly Brewery, Minneapolis

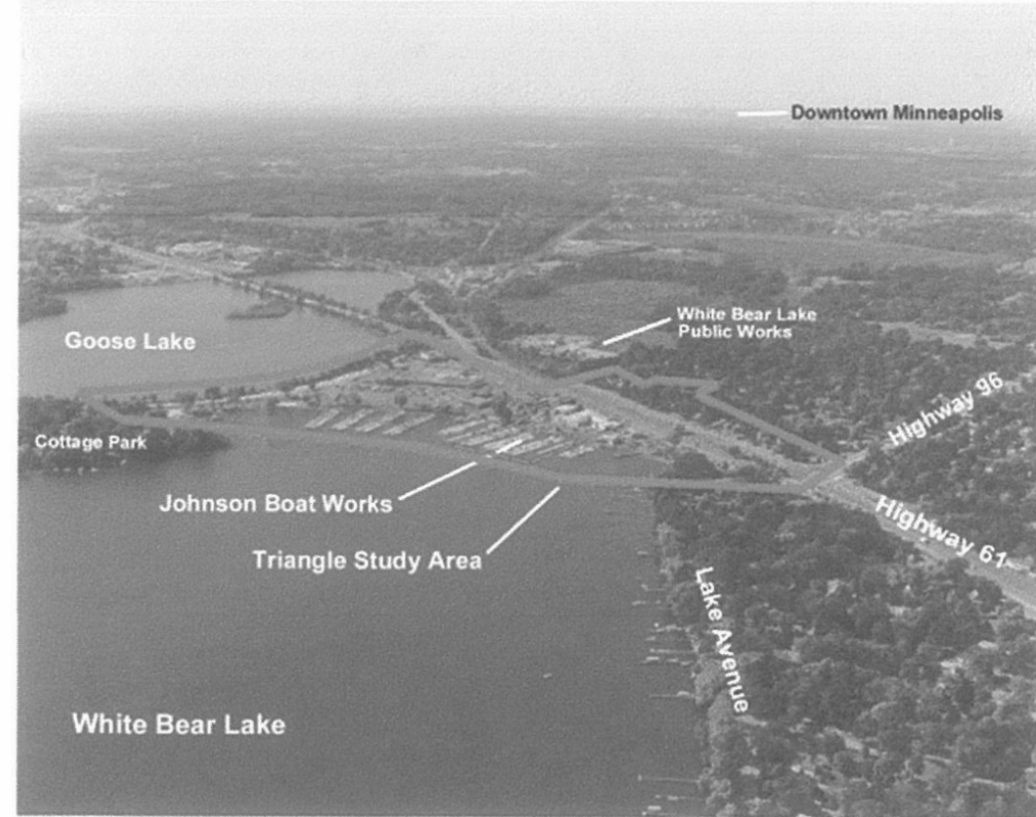
- Problem: Re-use of large, vacant multi-story industrial building in central business district near riverfront.
- Need: \$2.4M for asbestos and lead-based paint abatement (Grant \$850,000)
- Appeal to Funders:
 - Increase in property tax base
 - Job growth
 - Infill development
- End Use: 200 market-rate apartments, 150 hotel rooms with 10,000 square feet of restaurant space with over 400 parking stalls and room for 94,500 square feet of office/flex space
 - NTC Increase \$860,000
 - 66 jobs



Custom House, St Paul

- Problem: Blighted, vacant industrial site near a key public amenity – waterfront
 - 1.6 acre manufacturing/repair site
 - Sailing Heritage: making boats 100+ years
 - Marina Triangle District

Aerial View of Project Site From the NE



Boat Works, White Bear Lake



- Need: \$125,000 for
 - Lead-based paint & Asbestos
 - Lead in soil
- Concern with petroleum impacts to bedrock
- Appeal to Funders:
 - Blight Removal
 - Housing
 - Jobs



Boat Works, White Bear Lake

- End Uses:

- apartments
- Retail and restaurant space
- New Public space
- Convenient Access

- Other Public Benefits

- Redesign and reconstruction of Lake Ave.



Boat Works, White Bear Lake

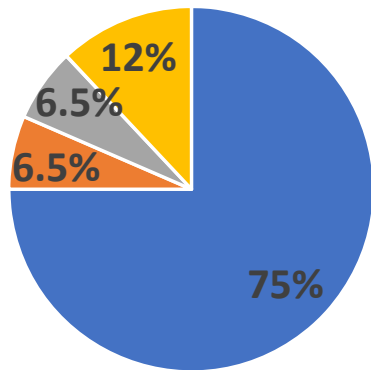
- Problem: Changing from an under-utilized public site to add to a growing business park
 - Formerly a gas station
- Need: \$356,949 for cleaning soil with petroleum impacts
- Appeal to Funders:
 - New and retained jobs
 - Potential catalyst for other development in business park
- End Use: Plastic injection mold business



Reflex Medical, North Saint Paul

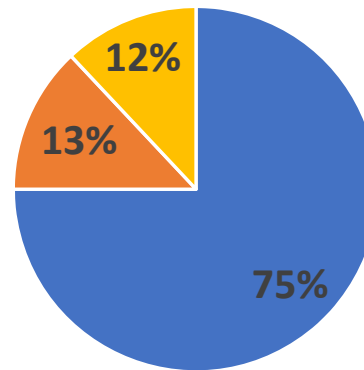
Layering Financing

Common % Share
(3 Grant Sources)



- DEED
- Metropolitan Council
- County
- Developer/Applicant

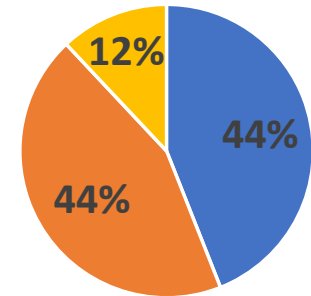
Common % Share
(2 Grant Sources)



- DEED
- Metropolitan Council
- Developer/Applicant

Alternate Distributions

Common % Share
(Soil/Soil Vapor Only)



- DEED
- Metropolitan Council
- Developer/Applicant

Common % Share
(Asbestos / Lead-based Paint only)



- Metropolitan Council
- Hennepin County

Application Process

- Documents Needed
 - Public resolution of support
 - Response Action Plan (RAP) / Hazardous Materials Assessment
 - RAP approval from MPCA
- Application Form
 - Hard copy OR online?
- Deadline
 - 2 x / year (1st business Day in May & November)

How long will “it” take?

Grants offered 2X / year (1st business day in May & November)

Before Applying:

- Cleanup Plan
- MPCA Approval
- Public Resolution
 - City Pre-app Process

Application
Deadline

Proposal
Evaluation

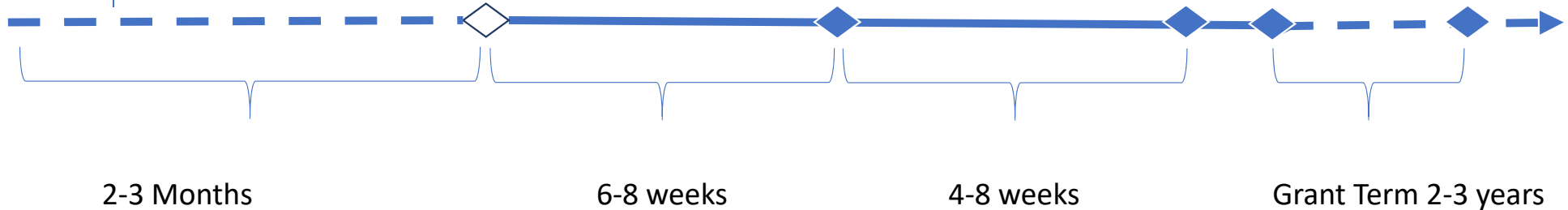
Grant
Award

Grant Agreement(s)

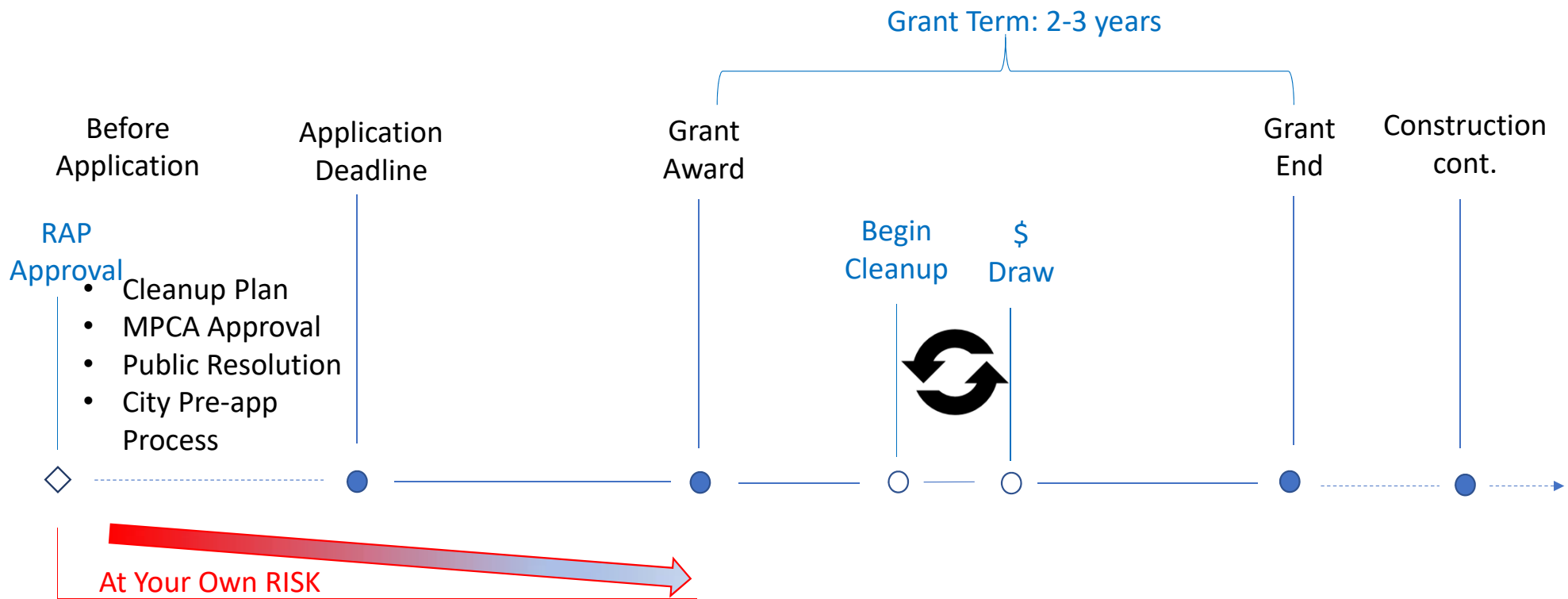
- Grantor – Applicant
- Applicant - Developer

Start
Cleanup

Start
Construction



When can I use the cleanup grant?

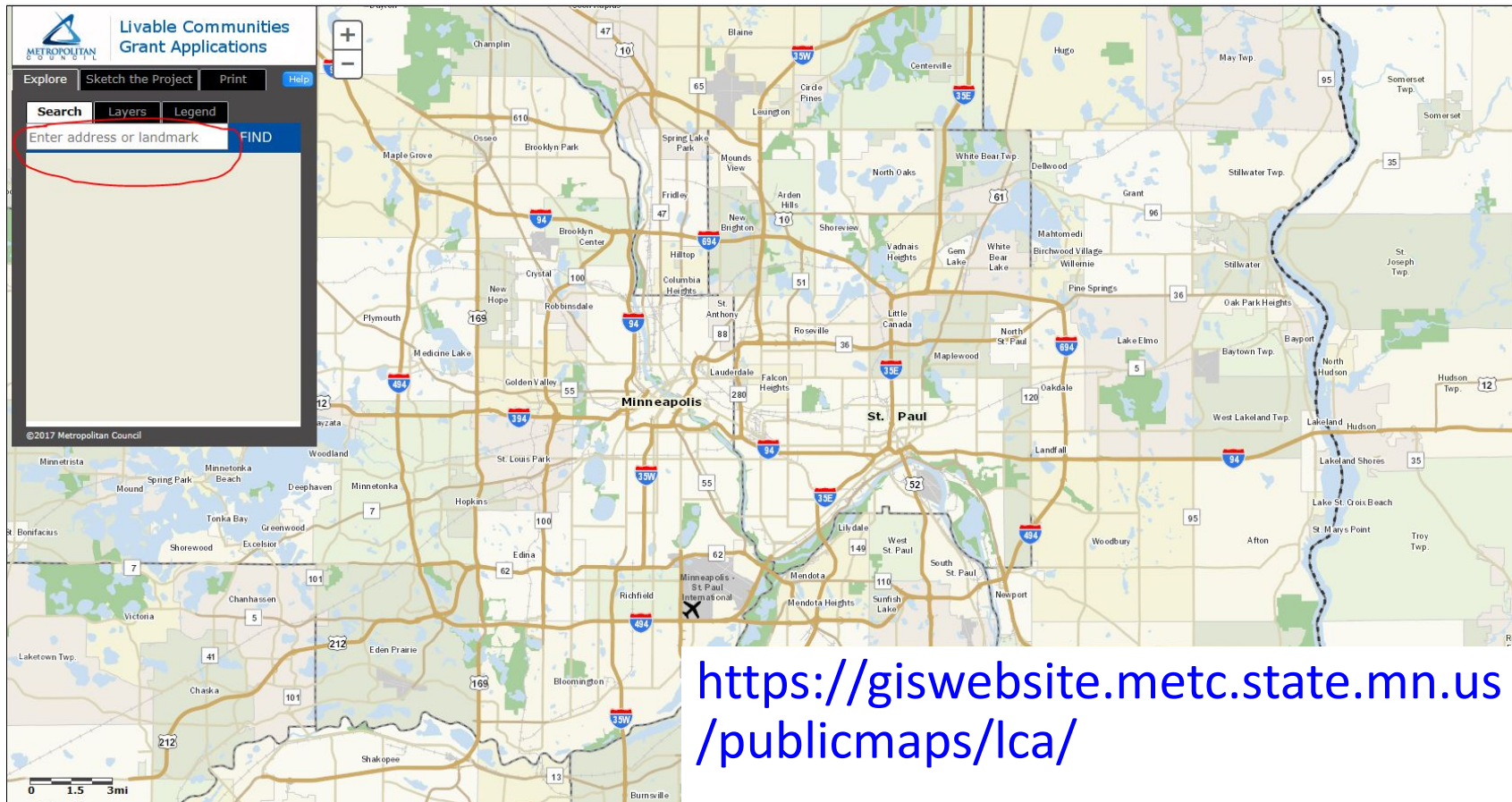


Questions?

Other Types of Grants

- **SEED** grants are intended for sites within a current or former area of concentrated poverty that *may or may not* yet have a planned or identified redevelopment project.
- 25% match requirement for investigation and/or abatement
- Maximum \$: 50% of the total grant amount available per cycle
- 2 year grant term (no extensions);
- Eligible uses: Phase I environmental site assessment, Phase II environmental site assessment, hazardous materials building assessments, asbestos or lead-based paint abatements.
(Soil cleanup may be added in 2018 as a eligible grant activity for sites with a RAP and developer site control.)

Targets Areas of Concentrated Poverty



Brownfield Revolving Loan Fund

- Eligible Sites/Applicants:
 - Completed All Appropriate Inquiries (federal innocent property owner standard)
 - Own or have ownership interest and access to the site
 - Have an MPCA-approved RAP
 - Cannot be the Responsible Party for contamination
 - Have ability to pay back loan
- Eligible Activities:
 - DEED – Cleanup of Soil, Groundwater, Vapor, Abatement
 - Hennepin County – hazardous and petroleum-related cleanup activities, including consulting fees
- Interest Rates:
 - Hennepin County – negotiable but historically 1%
- Terms:
 - Varies

Application Eligibility Summary

		DEED	Met C	County
Location	State	•		
	Metropolitan Region	•	•	
	Hennepin or Ramsey County	•	•	•
Applicant	Public (city, county, development authority)	•	•	•
	Private			•
Contaminant Types:	Petroleum	•	•	•
	Hazardous Substance	•	•	•
	Asbestos / Lead-Based Paint		•	• (Res. only)
Future Use	Taxable	•	•	•
	Tax- exempt	•		•

Closing Remarks

- Program changes for 2018?
 - Metropolitan Council (TBRA Grants)
 - Possibly adding soil cleanup as an eligible cost for SEED grants
 - Fair Housing Policy

Help on Applications

- Ask for advice/suggestions
 - Early contact

- Learn about your site
 - Online Resources e.g., What's in My Neighborhood
 - Historical society

- MN Brownfields
 - <http://mnbrownfields.org/>

For more information

Minnesota Department Employment and Economic Development	Metropolitan Council
<p data-bbox="365 639 1031 862">Kristin Lukes Director, Brownfields and Redevelopment Unit 651-259-7454 or 1-800-657-3858 kristin.lukes@state.mn.us</p> <p data-bbox="365 922 743 1101">Erin Welle Program Staff 651-259-7453 erin.welle@state.mn.us</p>	<p data-bbox="1094 639 1797 813">Marcus Martin Senior Planner, Livable Communities Grants 651-602-1054 marcus.martin@metc.state.mn.us</p>

For more information

Hennepin County	Ramsey County
<p>Mary Finch Land and Water Unit Supervisor, Hennepin County Environment and Energy 612-543-1595 mary.finch@hennepin.us FAX: 612-348-8532 TDD: 612-596-6985</p>	<p>Denise Beigbeder Mary Lou Egan Community Representative, Ramsey County Phone: 651-266-8000 Fax: 651-266-8039 Email: AskCED@co.ramsey.mn.us</p>

Selected Online Resources:

- Brownfields Resource Guide: <http://mnbrownfields.org/wp-content/uploads/2014/02/brownfields-resource-guide.pdf>
- Hennepin County Environmental Response Fund: <https://www.hennepin.us/ERF>
- Metropolitan Council, Tax Base Revitalization Account: [http://www.metrocouncil.org/Communities/Services/Livable-Communities-Grants/Tax-Base-Revitalization-Account-\(TBRA\).aspx?source=child](http://www.metrocouncil.org/Communities/Services/Livable-Communities-Grants/Tax-Base-Revitalization-Account-(TBRA).aspx?source=child)
- Ramsey County Environmental Response Fund: <https://www.ramseycounty.us/businesses/property-development/property-development-programs/environmental-response-fund>
- Minnesota Department of Employment & Economic Development, Contamination Cleanup & Investigation Program: <http://mn.gov/deed/government/financial-assistance/cleanup/contamination.jsp>
- Minnesota Pollution Control Agency, Brownfields: <http://www.pca.state.mn.us/index.php/waste/waste-and-cleanup/cleanup/brownfields/index.html>
- U.S. Environmental Protection Agency, Brownfields: <http://epa.gov/brownfields/>
- Minnesota Brownfields: <http://www.mnbrownfields.org/>

Questions