

# Financing Environmental Investigation & Cleanup for Redevelopment

Local Brownfield Resources in Minnesota

February 6, 2019

# Financing Assistant for Brownfield Redevelopment

- Kristin Lukes, DEED
- Marcus Martin, Metropolitan Council
- Kristen Bullentini, Hennepin County

# Housekeeping Items/Webinar Tips

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

# Topics

- Grant Overview
  - Purpose
  - Amount available
  - Eligible Applicants & Use of Funds
  - Key grant criteria
- Examples of Investigation and Cleanup Grants
- Application Process & Schedule
- Program Changes for 2019

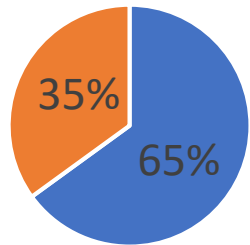
# Local Brownfield Redevelopment Grants

DEED	Metropolitan Council	Hennepin County	Ramsey County
Investigation / Cleanup			Cleanup
At least \$8M/year	\$5M/year	\$1M/year	\$500K/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

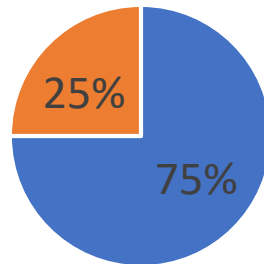
### Award Limits



■ Metro Area ■ Greater MN

## Metropolitan Council

### Award Limits



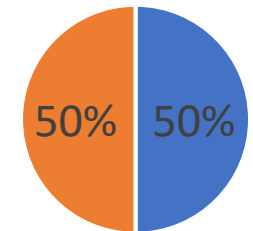
■ Minneapolis/Saint Paul ■ Suburbs

## Hennepin County

Total amount of funding available per cycle.

## Ramsey County

### Cumulative Target



■ Saint Paul ■ Rest of County

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## Additional Limits

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

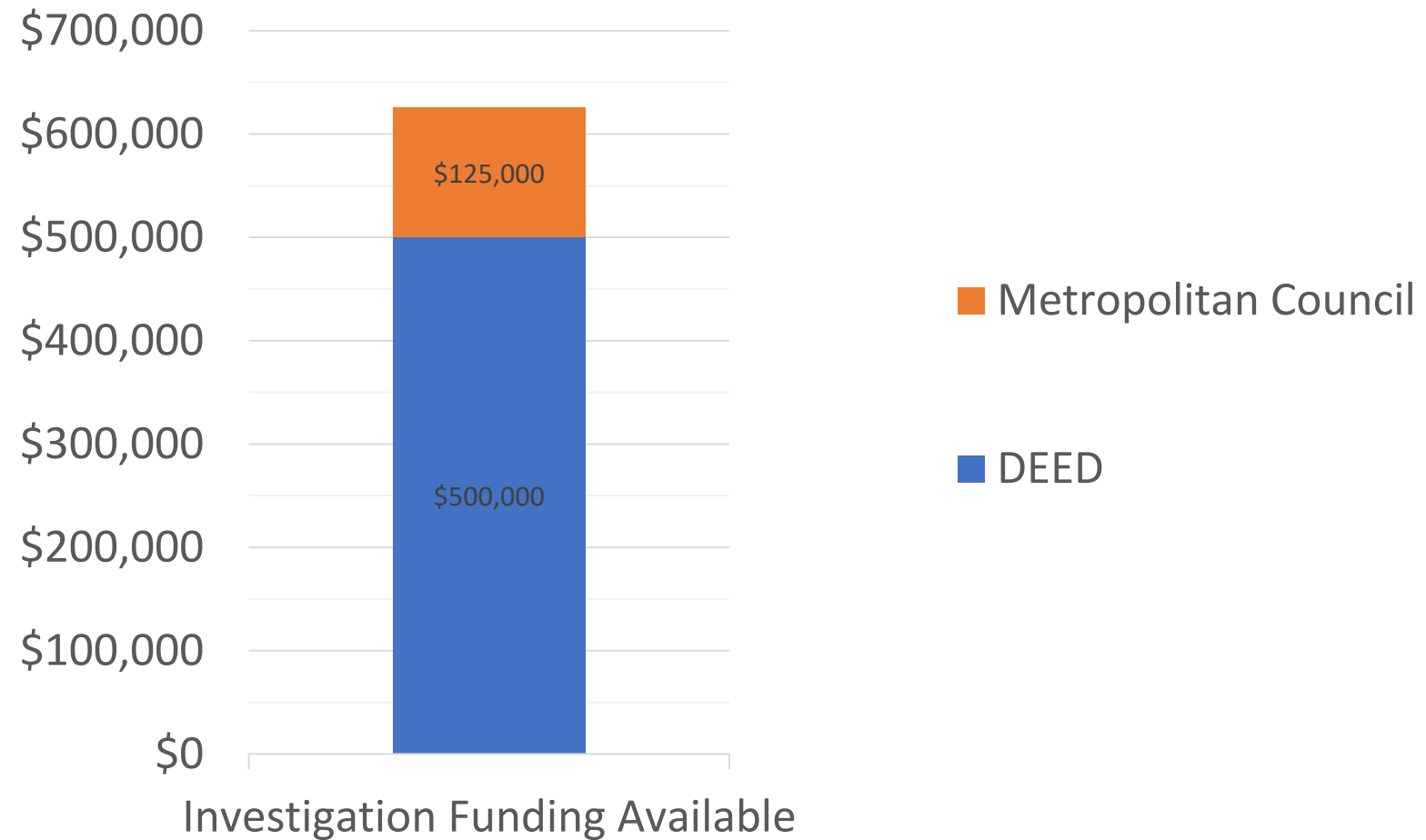
DEED and Met Council Environmental Site Investigation grants limited to \$50,000 max

# 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 – Small 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 – Small 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 – Small 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 – Small Industrial Site



- Redevelopment Plan 4
  - New construction of both buildings
  - 65,000 SF flex office
  - 100 apartments
    - 90 affordable
    - 10 market-rate
  - 3,500 SF commercial space
  - 8,000 SF gallery/community space

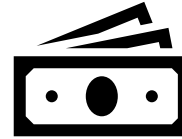
# Investigation – Other Considerations

- Key Dates



May 1 / November 1

- Matching Costs



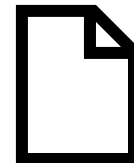
25% of Total

- Maximum Award Amount



\$50,000

- Single applications



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# Other Environmental Investigation Sources

## Brownfield Gap Financing Program

- Primarily for environmental assessments
- For local units of government or non-profit developers in Hennepin County
- Typically for costs less than \$12,000
- Work with pre-approved contractors
- Demonstrate community benefits
  - Green space
  - Community of education centers
  - Affordable housing
  - Neighborhood-scale economic development
- Rolling deadlines

## Environmental Justice Brownfield Assessment Grants

- Environmental Assessment and RAP Development
- Reduce environmental disparities in within the 7-County metropolitan area (excluding Minneapolis) (Environmental Justice Areas)
- Work with pre-approved contractors
- Demonstrate community benefits
  - Open space / Green space
  - Green infrastructure
  - Support development of affordable housing or healthcare services
  - Economic development
  - Sustainable, Mixed-Use or Transit-Oriented Development

To apply, contact Minnesota Brownfields





Questions?



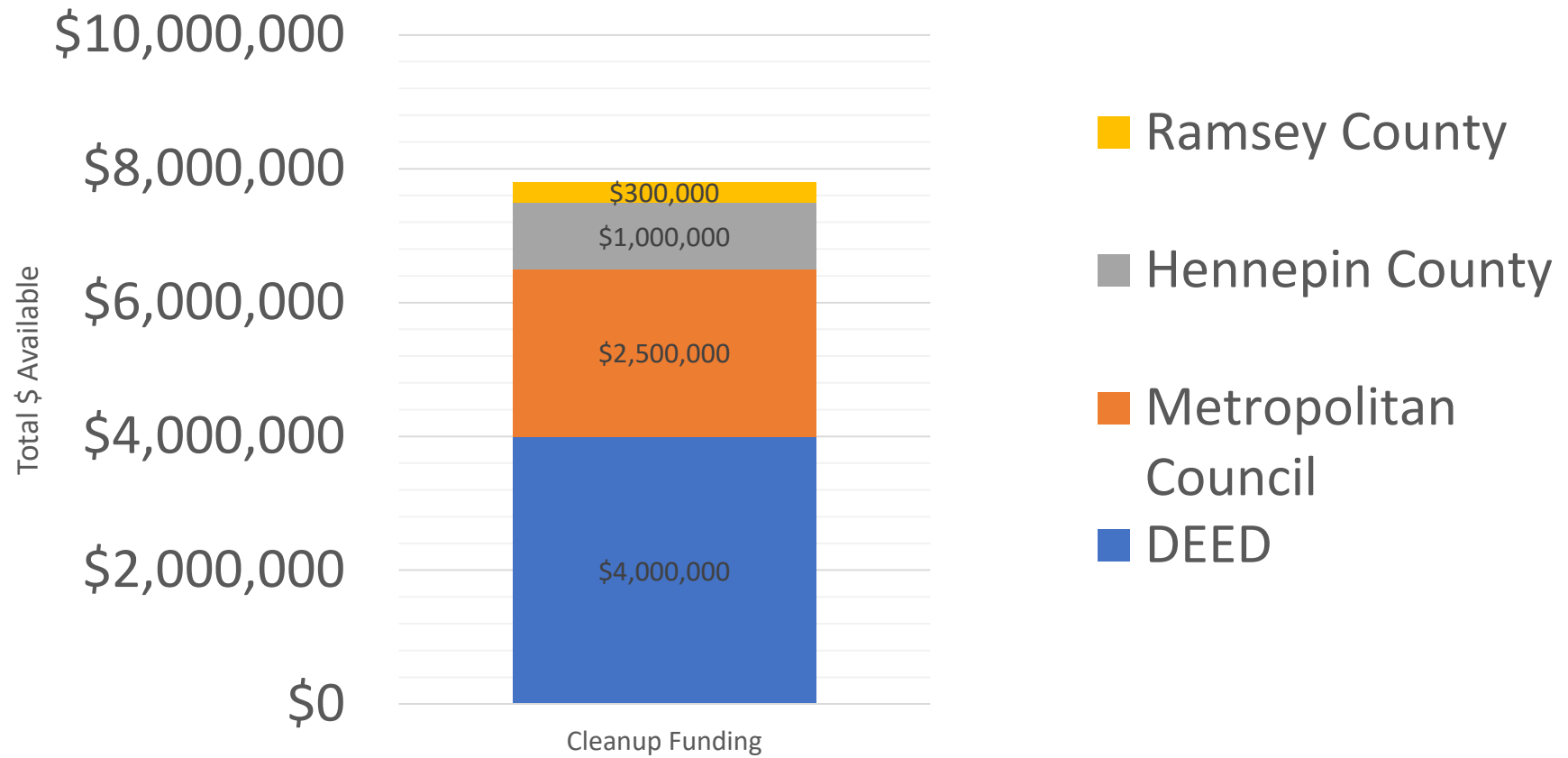
# Cleanup Grants

## 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

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

## Resources for New Construction

### Under Ground

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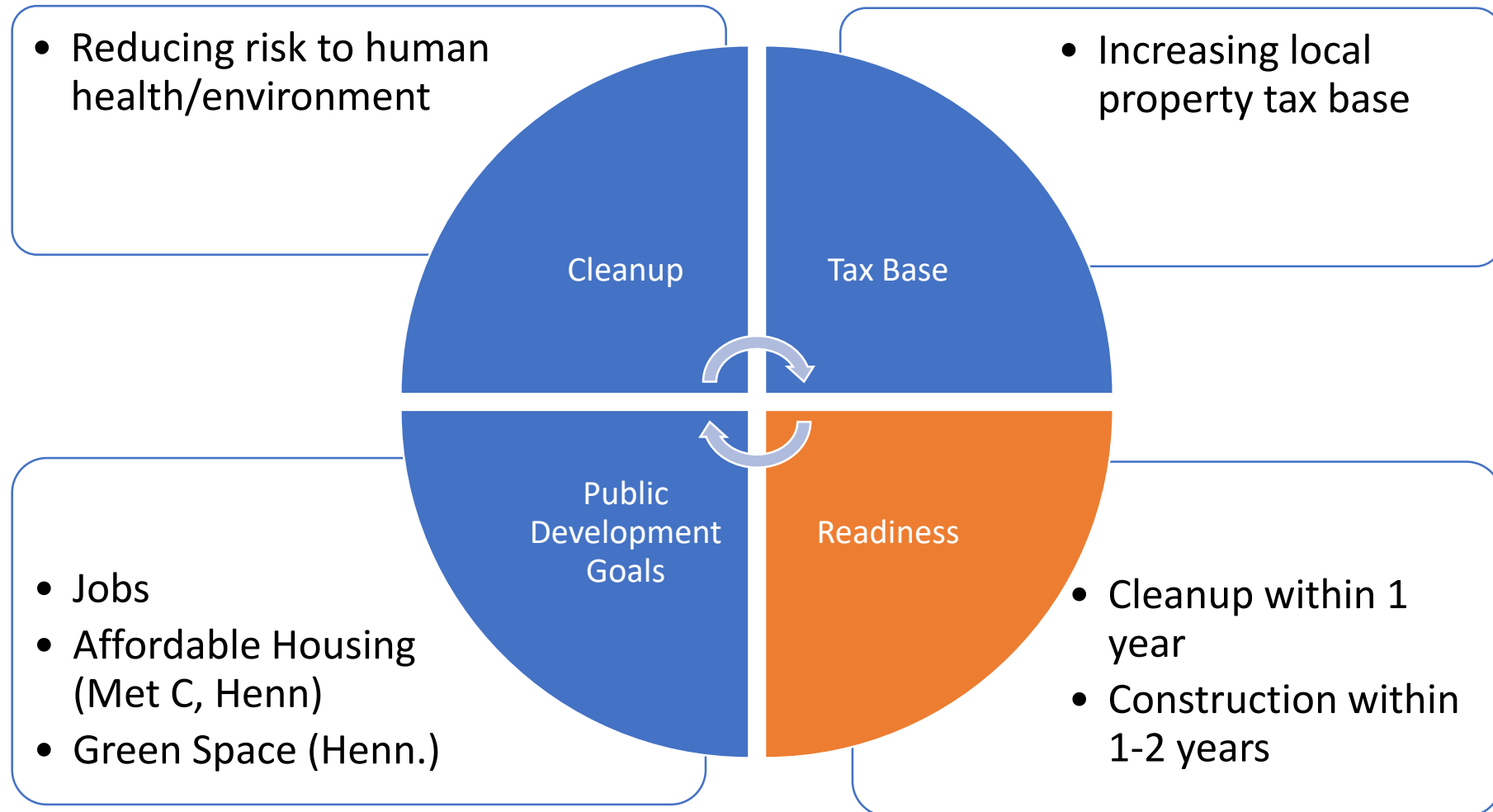
Contaminants/Pollutants/  
Hazardous Substances in

- soil
- ground water (or perched water)
- Soil vapor (affect on future indoor air quality)

~~Junkyard Cleanup~~

“Green Remediation” (Henn Co.)

# Redevelopment Options for Successful Applications



# Applications as a Team Effort



Application Topics	Typical Grant Writers/Contributors
Project <ul style="list-style-type: none"> <li>Location, Size, Zoning</li> <li>History</li> <li>Development Plans</li> <li>Taxes</li> <li>Jobs</li> </ul>	City, Developer
Contaminants <ul style="list-style-type: none"> <li>Phase II ESA, RAP</li> <li>Responsible Party Status</li> <li>Excavation Figures</li> </ul>	Environmental Consultant, Developer
Regulatory Approvals <ul style="list-style-type: none"> <li>RAP</li> <li>Development approvals, permits</li> </ul>	City, Environmental Consultant, Regulator (MPCA, MDH, MDA)
Financing <ul style="list-style-type: none"> <li>Cleanup Costs (Matching costs)</li> <li>Construction Costs</li> </ul>	Environmental Consultant, Developer
Resolution	Applicant (City, County, Development Authority)

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





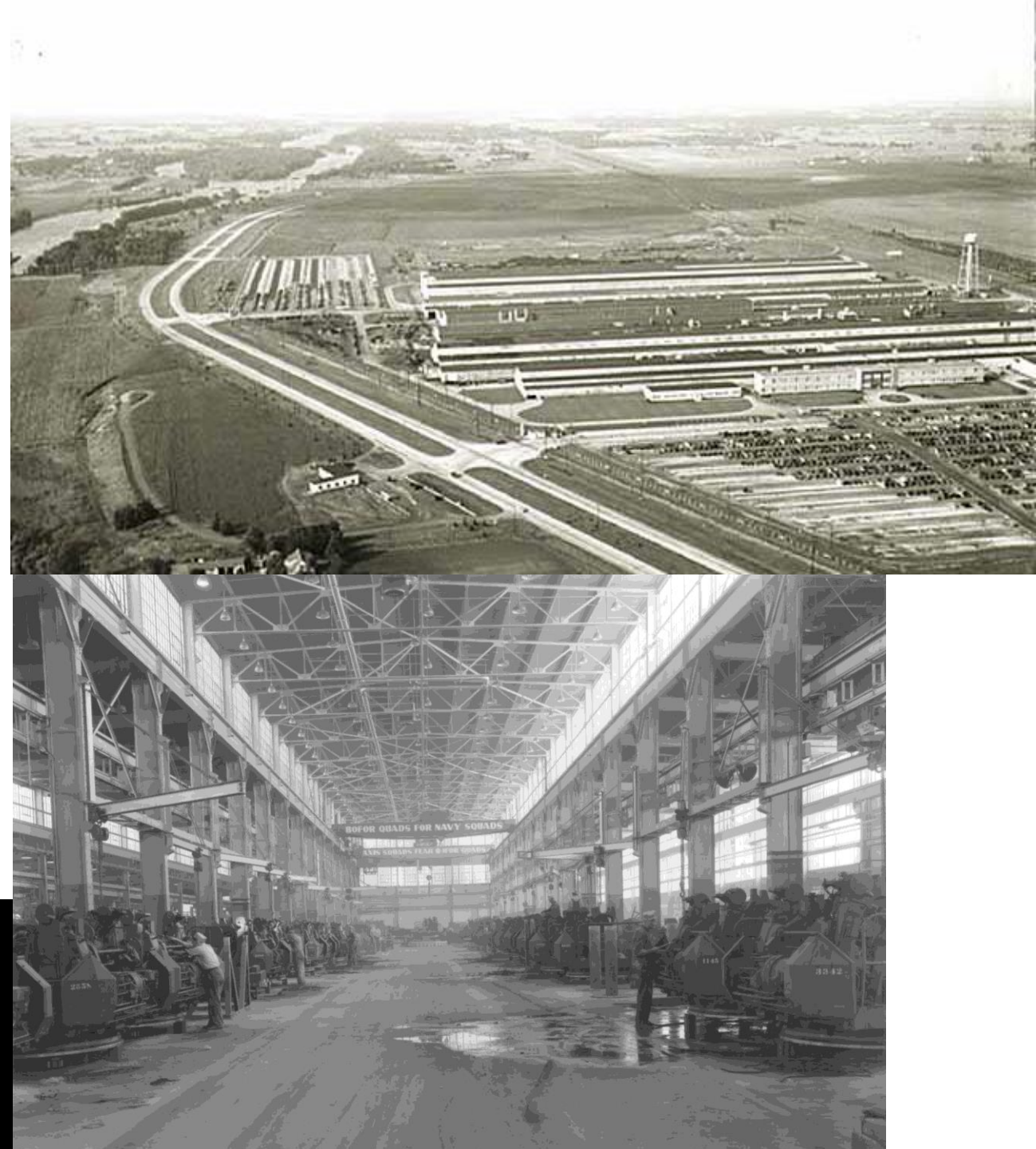
- Problem: Abandoned plating facility
  - Tax forfeit, no viable responsible party
  - Large quantities of hazardous chemical waste and process equipment remain
  - Attractive to urban explorers
- MNTBAP funded assessment work for \$125,530.35. Groundwater & soil gas investigation offsite referred to 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



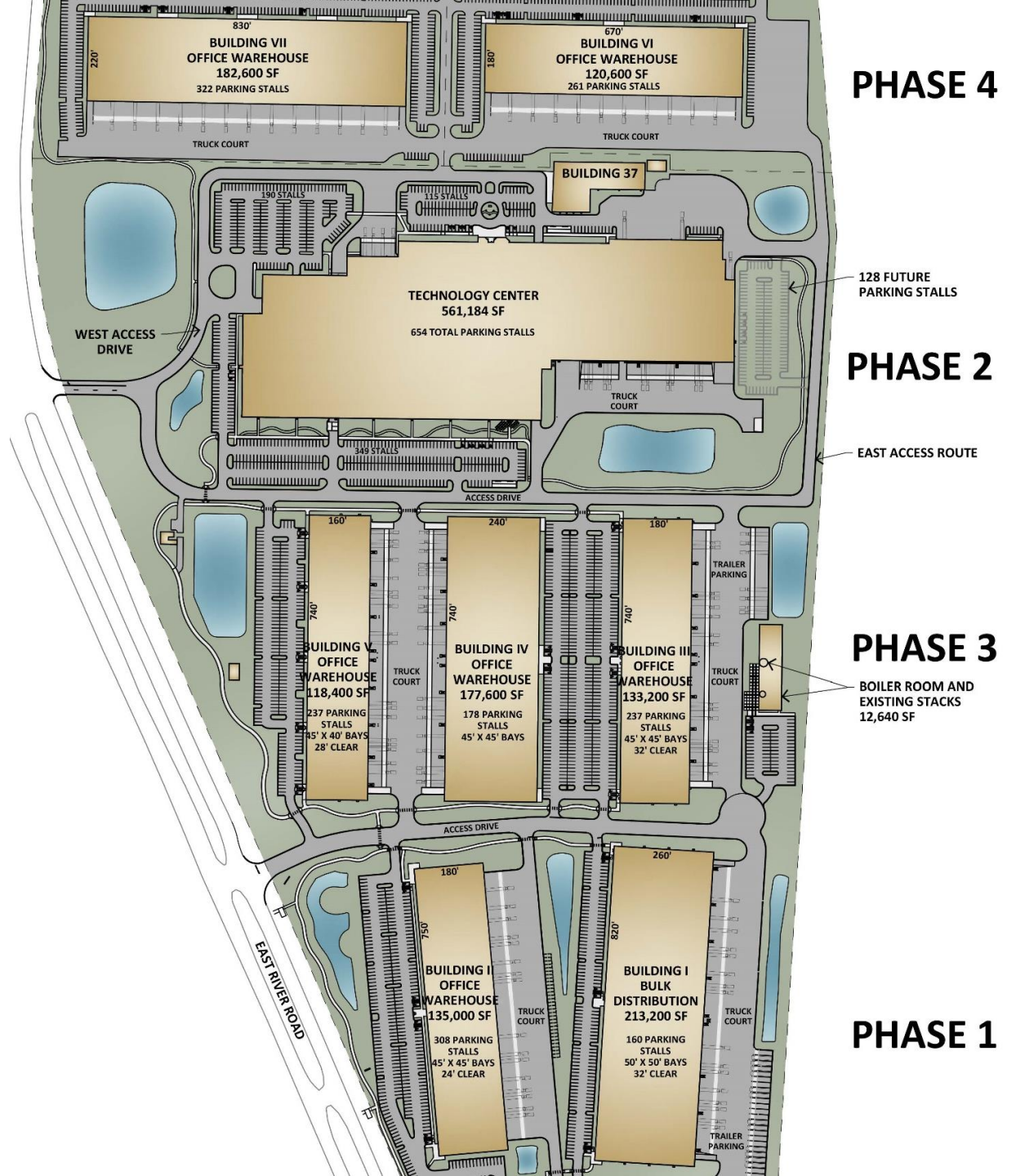
- Problem: Large, under-utilized industrial facility in a good transportation access within freeway “beltway”
  - Long manufacturing history making naval arms
  - Former Tenants:
    - Naval Industrial Reserve Ordinance Plant (NIROP)
    - British Aerospace (BAE)
  - Added to National Priorities List 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 in 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: 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: 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:

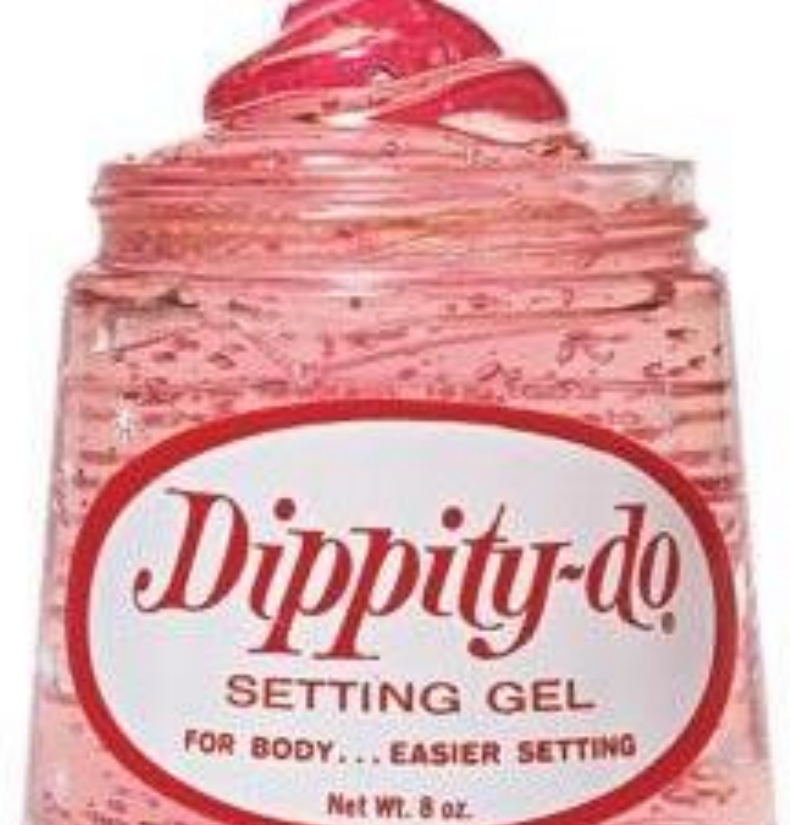


Diamond Products/Lowertown  
Ballpark, St. Paul



- 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

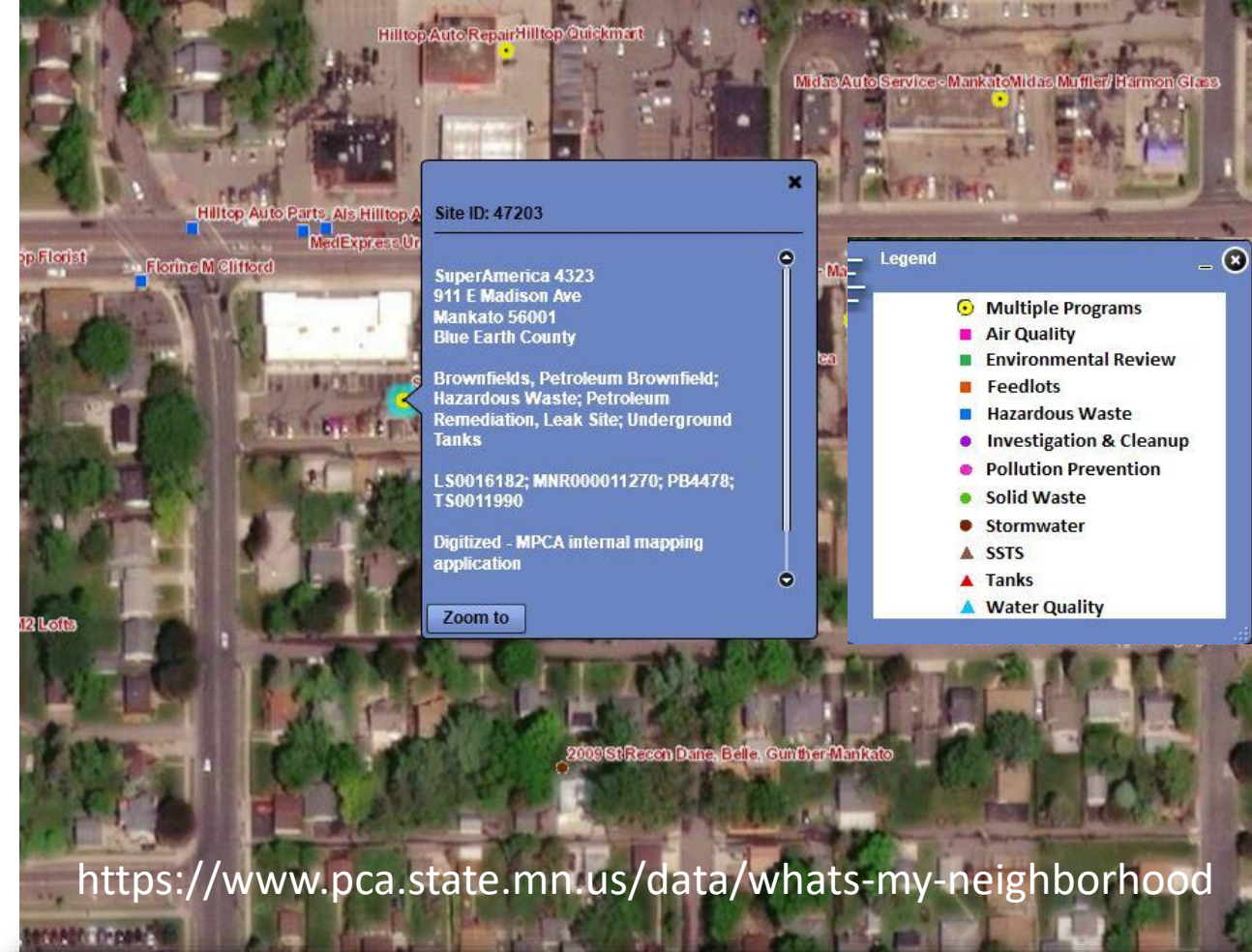
- Problem: highly visible blighted vacant property near a residential area
  - Former Gas Station on major thoroughfare in town
  - Adjacent to residential
  - Vacant for 8 years



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



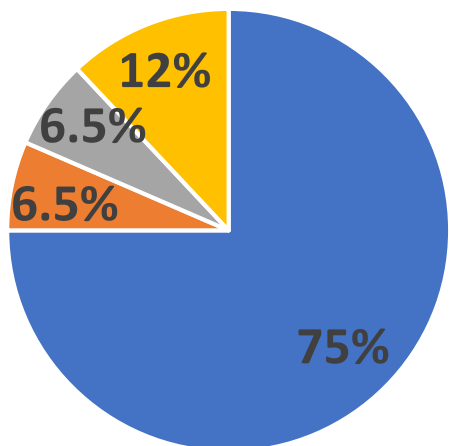
- Appeal to Funders:
  - Job growth
  - Increase in property taxes
  - Private Investment
- End Use: Multi-tenant commercial building
  - 36 new and retained jobs
  - \$25,000 local taxes
  - \$1.3 million in private construction



Hilltop Plaza – Project Benefits

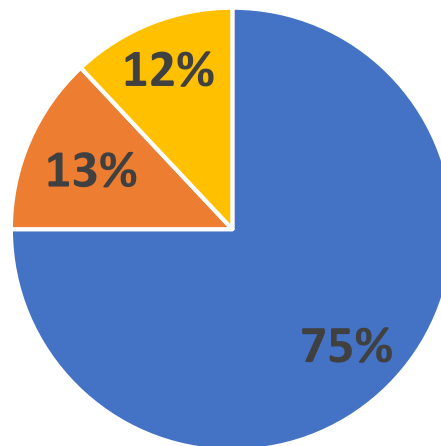
# Layering Financing

Common % Share  
(3 Grant Sources)



■ DEED  
■ County  
■ Metropolitan Council  
■ Developer/Applicant

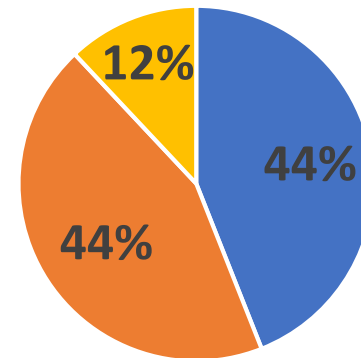
Common % Share  
(2 Grant Sources)



■ DEED  
■ Metropolitan Council  
■ Developer/Applicant

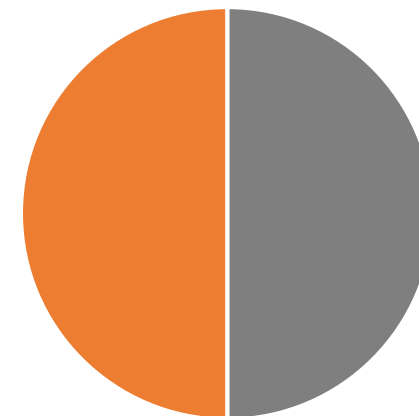
## Alternate Distributions

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 (1<sup>st</sup> business Day in May & November)



# How long will “it” take?

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

## Before Applying:

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

Application  
Deadline

Proposal  
Evaluation

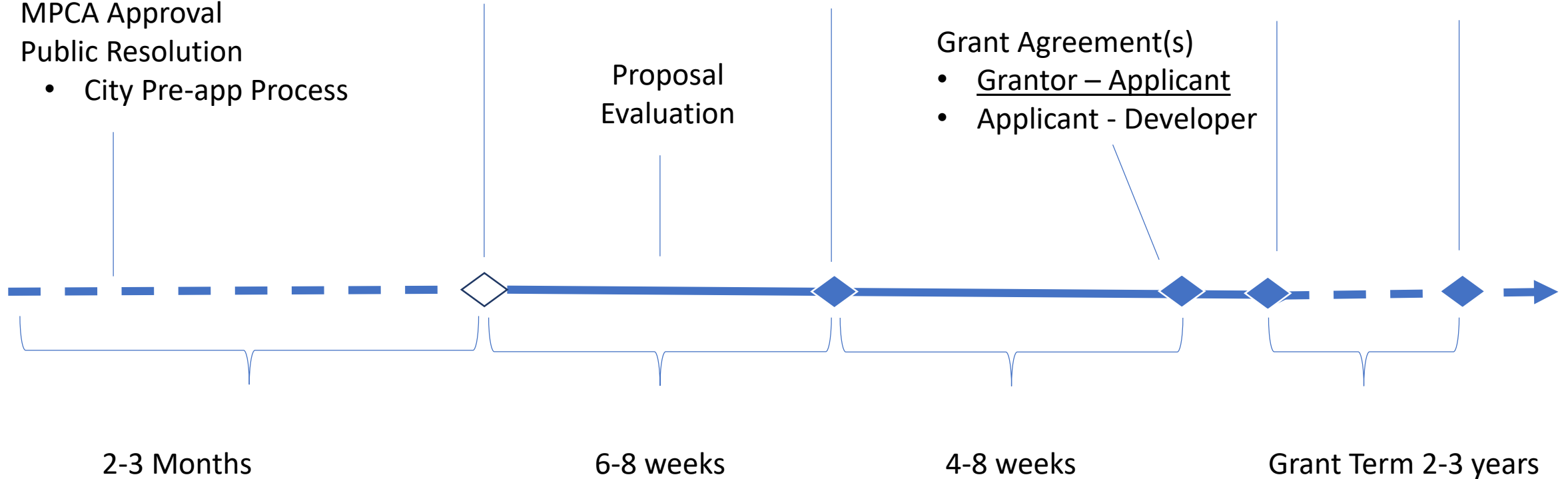
Grant  
Award

Grant Agreement(s)

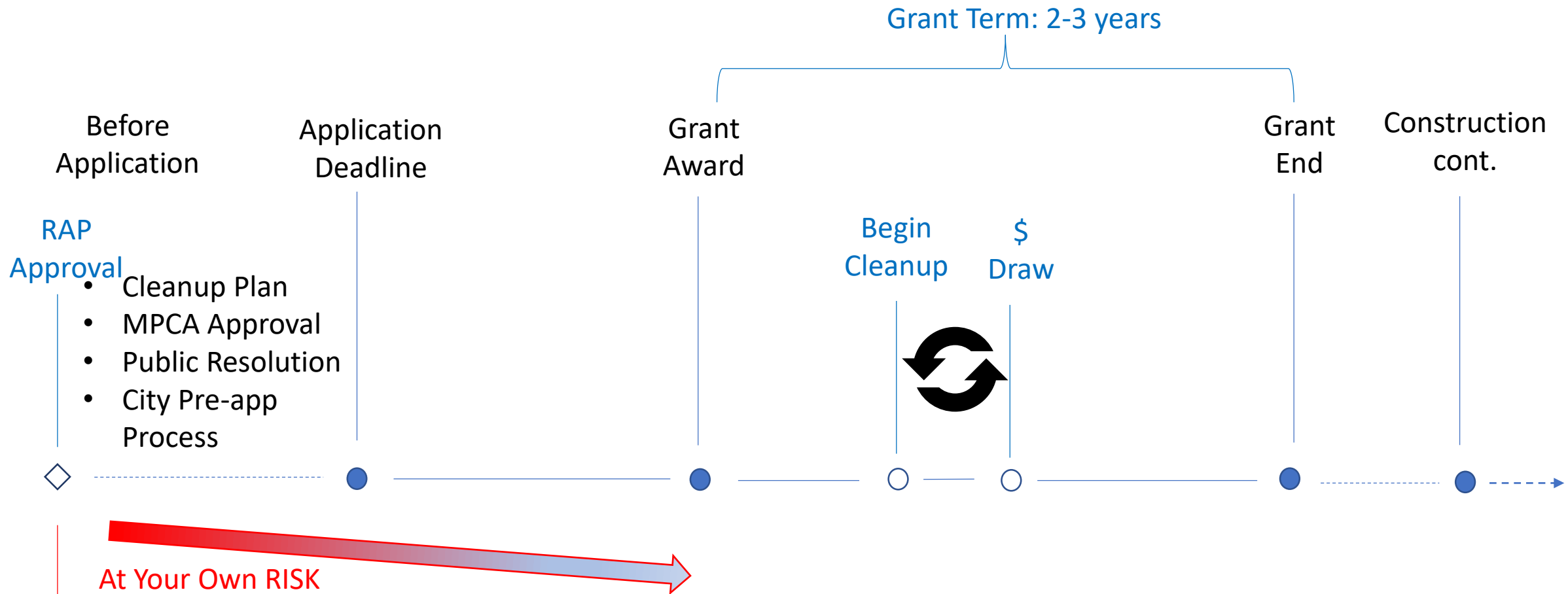
- Grantor – Applicant
- Applicant - Developer

Start  
Cleanup

Start  
Construction



# When can I use the cleanup grant?



Questions?

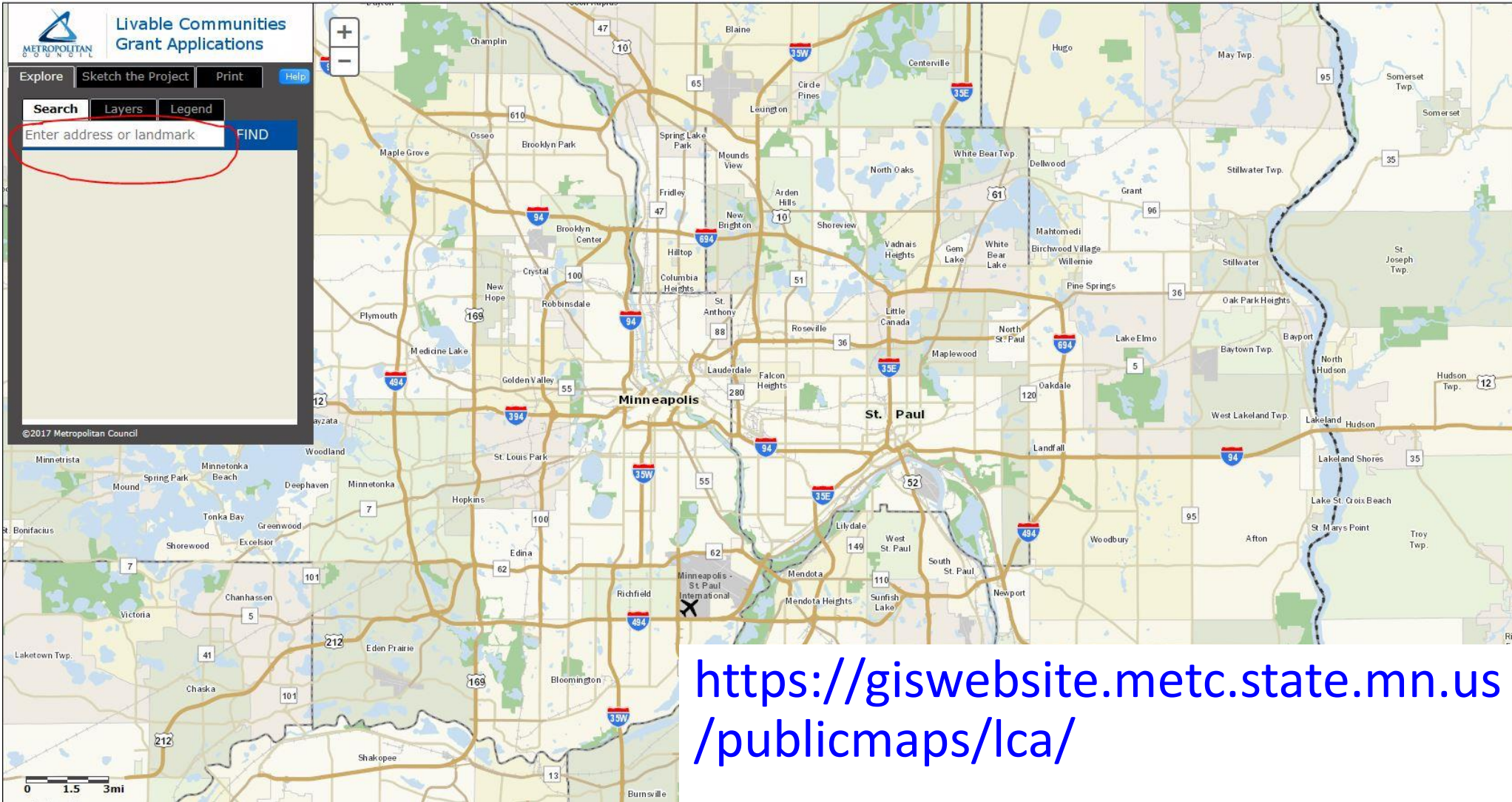


# Other Types of Brownfield Grants

**SEED grants** are intended for sites within a current or former area of concentrated poverty that *do not* yet have a planned or identified redevelopment project.

Match	25% match requirement for investigation and/or abatement (no match for cleanup)
Maximum	50% of the total grant amount available per cycle
Grant Term	2 year grant term (no extensions)
Eligible Activities	Investigation: Phase I environmental site assessment, Phase II environmental site assessment, hazardous materials building assessments, asbestos or lead-based paint abatements. Soil, groundwater or soil vapor cleanup 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 2019?
  - Metropolitan Council (TBRA Grants)
    - Fair Housing Policy
    - Sites with small business



# 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>Kristin Lukes Director, Brownfields and Redevelopment Unit 651-259-7454 or 1-800-657-3858 <a href="mailto:kristin.lukes@state.mn.us">kristin.lukes@state.mn.us</a></p>	<p>Marcus Martin Senior Planner, Livable Communities Grants 651-602-1054 <a href="mailto:marcus.martin@metc.state.mn.us">marcus.martin@metc.state.mn.us</a></p>

# For more information

Hennepin County	Ramsey County
<p>Mary Finch Land and Water Unit Supervisor, Hennepin County Environment and Energy 612-543-1595 <a href="mailto:mary.finch@hennepin.us">mary.finch@hennepin.us</a> FAX: 612-348-8532 TDD: 612-596-6985</p> <p>Kristen Bulletini 612-348-3563 <a href="mailto:Kristen.Bullentini@hennepin.us">Kristen.Bullentini@hennepin.us</a></p>	<p>Mary Lou Egan Community Representative, Ramsey County Phone: 651-266-8000 Fax: 651-266-8039 Email: <a href="mailto:AskCED@co.ramsey.mn.us">AskCED@co.ramsey.mn.us</a></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

