

MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

09 - 0703

CONTAMINATION CLEANUP GRANT PROGRAM

FY 2008/09 GRANT CYCLE IV REPORT

Minnesota Statutes § 116J.555, Subdivision 2(b) requires the Department of Employment and Economic Development (DEED) to report to the Environment and Natural Resources Committees of the Senate and the House of Representatives, the finance division of the Senate Committee on the Environment and Natural Resources, and the House of Representatives Committee on the Environment and Natural Resources Finance regarding grants awarded under the Contamination Cleanup Grant Program (CCGP). This report must be submitted for each semi-annual grant cycle 30 days after grants are awarded. This report fulfills the reporting requirement by both informing the committees of the new projects funded and providing supporting information on each grant award.

I. New Projects Funded

A. Funding for New Projects (May 2009):

Complying with legislative intent and past practice, the total funding available for this grant cycle was determined by taking the total available funding for the biennium (after reduction for administrative costs) and dividing that amount equally between the four semi-annual grant cycles to be conducted during the biennium. This cycle had additional funds available due to reverted funds from previous grant rounds. The following amounts were available for grant awards during this grant cycle:

General Fund	\$715,675
Petro Fund	<u>\$4,462,851</u>
TOTAL	\$5,178,526

B. Projects Funded

DEED staff reviewed 19 grant applications (11 Contamination Cleanup Grants and 8 Contamination Investigation Grants) in the May 2009, CCGP grant cycle. Of these, the following projects were awarded grants:

Cleanup Grants:

City of Minneapolis - 4 th Street SE	\$114,502
City of Minneapolis - Phase I PPL Project (Bystrom)	\$150,500
City of St. Paul - Penfield Development	\$573,881
City of Minneapolis - Huron Flats	\$850,725
Hennepin County - HHS Family Medical Center	\$444,498
City of Brooklyn Park - LJ Fischer Property	\$540,762
City of Moorhead - Gateway Gardens	\$206,429
St. Paul Port Authority - Forest and East 7 th Street	\$1,577,267
City of Bemidji - Bemidji Regional Events Center	\$506,040

Investigation Grants:

City of Minneapolis, 129 Plymouth Avenue	\$27,969
City of Minneapolis, Parcel A – 2 nd Street and 3 rd Avenue	\$34,508
City of Columbia Heights, 3930 University Avenue	\$19,495
Sherburne County, Town of Big Lake Dump	\$31,950
City of Mountain Iron, Mountain Iron Dump	\$50,000
City of Mountain Iron, Nichols Town Dump	\$50,000
TOTAL	\$5,178,526

A statutory requirement indicates that unless sufficient applications are not received for qualified sites outside of the metropolitan area, at least 35% of the money provided as grants should be made to projects in Greater Minnesota. We funded cleanup applications submitted by the city of Bemidji and Moorhead; and three investigation applications submitted by the city of Mountain Iron (2 applications) and Sherburne County, which represents 16% of the total amount proposed for grant awards.

II. Supporting Information on Each Grant Award

Cleanup Awards:

City of Minneapolis - 811-817 Fourth St. SE

\$114,502 Cleanup Grant

The city of Minneapolis received \$114,502 in cleanup funds for this 0.28-acre site contaminated with tetrachloroethene, benzo(a)pyrene, arsenic, lead, mercury and diesel range organics. Formerly the site of a drycleaner and other retail businesses, the site will be redeveloped with 3,000 square feet of retail and 24 rental housing units, including two affordable units. The new development is expected to create 12 jobs and to increase the tax base by \$132,600. Hennepin County and the developer will pay for remaining cleanup activities.

City of Minneapolis - Phase I – Project for Pride in Living

\$150,500 Cleanup Grant

The city of Minneapolis was awarded \$150,500 in cleanup funds for this 0.56-acre site contaminated with trichloroethene, diesel range organics, benzo(a)pyrenes and lead. Formerly part of a mixed residential and commercial neighborhood and most recently used for machining operations, the site will be redeveloped with 40 supportive housing units and the offices of Touchstone Mental Health. The new development is anticipated to create 25 jobs, retain 23 jobs and increase the tax base by \$49,600. Hennepin County and the developer will pay for remaining cleanup activities.

City of St. Paul - Penfield Development

\$573,881 Cleanup Grant

The city of St. Paul received \$573,881 in cleanup funds for a 2.1-acre site contaminated with petroleum and metals from former underground storage tanks and demolition debris. The site currently has a three-story building that is known as the St. Paul Public Safety Building that was built in the 1920s. Development plans call for the demolition of the building and the construction of a grocery store, 10 floors of rental housing and underground parking. The development is

anticipated to create 46 jobs and increase the tax base by \$423,500. The developer will pay matching cleanup costs.

City of Minneapolis - Huron Flats Redevelopment

\$850,725 Cleanup Grant

The city of Minneapolis was awarded \$850,725 in cleanup funds for a 0.49-acre site contaminated with petroleum and polychlorinated biphenyls from former paint mixing activities and bulk oil storage. The site currently has a one-story building that is used for office space and a warehouse that is used for cold storage. Plans call for the demolition of the buildings and the construction of an eight-story, 100-unit student housing project with underground parking and first floor retail. The development is expected to create five jobs and increase the tax base by \$86,300. The Hennepin County Environmental Response Fund will pay remaining cleanup costs.

Hennepin County - Hennepin Healthcare System Family Medical Clinic

\$444,498 Cleanup Grant

Hennepin County received \$444,498 in cleanup funds for this 3.11-acre site contaminated with lead, mercury, benzo(a)pyrenes and diesel range organics. The site, formerly a creamery and later a meat processing facility, will be redeveloped into a 60,000-square-foot building to accommodate the relocation and expansion of Hennepin Healthcare System Family Medical Center. The new development is expected to create 40 jobs and retain 147 jobs. Hennepin County will pay for remaining cleanup activities.

City of Brooklyn Park - LJ Fischer

\$540,762 Cleanup Grant

The city of Brooklyn Park Economic Development Authority was awarded \$540,762 in cleanup funding for this 2-acre site contaminated with semi-volatile organic compounds, volatile organic compounds, polychlorinated biphenyls and petroleum. The site will be redeveloped into a 30,000-square-foot office/warehouse and is expected to create 20 jobs, retain 24 jobs and increase the tax base by \$55,500. Hennepin County and the owners will pay for remaining cleanup activities.

City of Moorhead - Gateway Gardens

\$206,429 Cleanup Grant

The city of Moorhead was awarded \$206,429 in cleanup funding for this 1.29-acre site contaminated with petroleum. Former uses include a rail yard and a petroleum tank farm. The site will be redeveloped into a four-story, 24-unit apartment building for the chronically homeless. The project is expected to create five jobs. The Clay County Housing Redevelopment Authority will cover remaining cleanup costs.

St. Paul Port Authority - Forest and East Seventh Streets - Parcel 5

\$1,577,267 Cleanup Grant

The St. Paul Port Authority was awarded \$1,577,267 million in cleanup funds for this 11.83-acre site contaminated with benzo(a)pyrene, diesel range organics, polychlorinated biphenyls, iron, lead and arsenic. Formerly the site of a lumber company, iron company and foundry, and later used by 3M for a machine shop, assembly and bulk petroleum storage, the site will be redeveloped into 150,000 square feet of office, warehouse and manufacturing space. The new development is anticipated to create 60 jobs, retain 225 jobs and increase the tax base by \$138,500. The Environmental Protection Agency, Ramsey County and the Port Authority will pay for remaining cleanup activities.

City of Bemidji - Bemidji Regional Center

\$506,040 Cleanup Grant

The city of Bemidji received \$506,040 in cleanup funding for this 125-acre site contaminated with petroleum hydrocarbons, polynuclear aromatic hydrocarbons, polychlorinated biphenyls, asbestos and trace metals. Former uses include a rail yard, a box factory, a hardboard manufacturing plant and a variety of other commercial and industrial uses. The site will be redeveloped into a 235,000-square-foot event center, an 80-room hotel and a bar/restaurant in this first phase, which will create an estimated 92 jobs and result in an anticipated tax increase of \$152,700. The city will pay for remaining cleanup activities.

Investigation Grants:

City of Minneapolis - 129 Plymouth Ave. (Schafer Recycling)

\$27,969 Investigation Grant

The city of Minneapolis was awarded \$27,969 in investigation funding for a 0.76-acre site that was formerly used for auto salvage and battery recycling. Development plans include a 9,500-square-foot retail and restaurant development that will result in an estimated 15 new jobs and increase the tax base by about \$53,500. The Hennepin County Environmental Response Fund and developer will pay remaining investigation costs.

City of Minneapolis - Parcel A – Second Street and Third Avenue

\$34,508 Investigation Grant

The city of Minneapolis received \$34,500 in investigation funds for this 2.51-acre site formerly used for railroads, grain elevators and warehouses. Suspected contaminants include lead, polynuclear aromatic hydrocarbons and boron. The proposed development includes 16,000 square feet of retail and 320 units of rental housing, including 138 affordable units. This development is expected to result in 20 new jobs and to increase the tax base by \$1.3 million. Hennepin County and the developer will pay remaining investigation costs.

City of Columbia Heights - 3930 University Ave.

\$19,495 Investigation Grant

The city of Columbia Heights was awarded \$19,495 in investigation funds for this 1.1-acre site formerly used as a residence, a used electric-motor company and a machine shop. Suspected contaminants include mercury, polynuclear aromatic hydrocarbons, polychlorinated biphenyls, metals and volatile organic compounds. The proposed development includes a commercial or office use. This development is anticipated to result in five new jobs and an increased tax base of \$22,400. The property owner will pay remaining investigation costs.

Sherburne County - Big Lake Dump

\$31,950 Investigation Grant

Sherburne County received \$31,950 in investigation funds for this 64.28-acre site formerly used for a village dump. Suspected contaminants are associated with the dump material and debris. The proposed development will contain eight single-family homes. This development will increase the tax base by an estimated \$35,000. The developer will pay remaining investigation costs.

City of Mountain Iron - Mountain Iron Dump

\$50,000 Investigation Grant

The city of Mountain Iron was awarded \$50,000 in investigation funds for this 4-acre dump site contaminated with metals, volatile organic compounds, semi-volatile organic compounds,

asbestos, petroleum pesticides, herbicides and polychlorinated biphenyls. The site will be redeveloped into an expansion of the city's Renewable and Sustainable Energy Park, increasing the tax base by an estimated \$50,000. The city will pay remaining investigation costs.

**City of Mountain Iron - Nichols Town Dump
\$50,000 Investigation Grant**

The city of Mountain Iron received \$50,000 in investigation funds for this 2.8-acre dump site contaminated with metals, volatile organic compounds, semi-volatile organic compounds, asbestos, petroleum pesticides, herbicides and polychlorinated biphenyls. The site will be redeveloped into a new facility for a suspension distributor and a development company. The project is expected to increase the tax base by \$25,000. The city will pay remaining investigation costs.