

## Minnesota BROWNFIELDS:

## **A Resource Guide**

August 2004



**Created cooperatively by:** 

Minnesota Pollution Control Agency (MPCA)

Minnesota Department of Employment and Economic Development (DEED)

**Minnesota Environmental Initiative (MEI)** 

## Minnesota Brownfields: A Resource Guide

Financial	Assistance
Loans	
•	Revolving Loan Funds – City of Roseville, Hennepin County, and DEED (state-wide eligibility) Small Business Environmental Improvement Loan - MPCA
Grants	
•	Contamination Cleanup Grant – DEED
•	Contamination Investigation and Response Action Plan Development Grant – DEED
•	Redevelopment Grant and Greater Minnesota Redevelopment Grant – DEED
•	Environmental Response Fund – Hennepin County
•	Resources for Redevelopment – MEI
•	Tax Base Revitalization Account – Metropolitan Council
Cleanu	up Cost Reimbursement:
•	Agricultural Chemical Response and Reimbursement Account (ACRRA) - MDA
•	Drycleaner Environmental Response and Reimbursement Account – MPCA
•	Petroleum Tank Release Cleanup Account (Petrofund) – Department of Commerce and MPCA
Tax In	centives:
•	Contamination Tax – Minnesota Department of Revenue
•	Tax Increment Financing (TIF)
Technical	Assistance
•	Agricultural Voluntary Investigation and Cleanup (AgVIC) Program
•	Voluntary Investigation and Cleanup (VIC) Program
•	Voluntary Petroleum Investigation and Cleanup (VPIC) Program

This publication can be made available in other formats, including Braille, large type, computer disk or audiotape, upon request.

### Introduction

### The Purpose of this Guide

"Brownfields" are sites with the potential for development or reuse, but remain unused or underused because of known or suspected environmental contamination. Redevelopment of brownfield sites can yield many benefits to the surrounding community. These include creating jobs, increasing the municipal tax base, mitigating potential health or environmental risks, using existing infrastructure, and reducing urban sprawl.

This resource guide, originally published in 1998, provides Minnesota decision makers with concise information about the financial and technical assistance available for brownfield redevelopment. An overview of each resource and its eligibility requirements, as well as contact information and links to sponsoring Web sites (when available) are included. The guide also provides an overview of the federal brownfield assistance that is now available through the Small Business Liability Relief and Brownfields Revitalization Act [Public Law 107-118 (H.R. 2869)] passed in January 2002.

Reimbursement, grants, loans, tax incentives, or a combination of financial assistance is available. Technical assistance is available from state regulatory programs that provide oversight during the investigation and remediation (i.e. cleanup) of contamination. State regulatory programs also provide liability protection and written assurances that are often critical to success in negotiating brownfield property transfers and financing packages. Note: Those organizations providing financial assistance often require recipients to enroll the brownfield site in the appropriate regulatory programs.

The state regulatory programs that offer technical assistance and liability assurances are the Minnesota Pollution Control Agency (MPCA) Voluntary Investigation and Cleanup (VIC) Program, the MPCA Voluntary Petroleum Investigation and Cleanup (VPIC) Program, and the Minnesota Department of Agriculture Voluntary Investigation and Cleanup (AgVIC) Program. These state programs help parties who are voluntarily addressing contamination at brownfield sites to make decisions about when site cleanup is needed and how to accomplish site cleanup goals. In making these decisions, the following principles apply:

- Contamination at a site must be remediated (i.e. cleaned up) if it adversely affects public health or the environment.
- The cleanup plan (the Remedial Action Plan or RAP) must result in the reduction or elimination of risk to public health or the environment consistent with accepted risk-based standards; and
- The cleanup goals stated in the RAP must take into account the current and future site use, as determined by local authorities and private land owners.

For further information about the Risk-Based Site Evaluation (RBSE) procedure used by the MPCA to evaluate risks posed by contamination of soil and ground water, consult the MPCA Web site at: <a href="https://www.pca.state.mn.us/cleanup/riskbasedoc.html">www.pca.state.mn.us/cleanup/riskbasedoc.html</a>.

The Minnesota Department of Health evaluates public health issues related to hazardous waste sites and other uncontrolled toxic releases. If you are concerned about health risks posed by a brownfield site, contact Jim Kelly, Minnesota Department of Health, Environmental Health Division, 121 East Seventh Place, P.O. Box 64975, Saint Paul, MN 55164-0975

■ (651) 215-0913, Toll-free/TDD (800) 627-3529, www.health.state.mn.us

### **Financial Assistance**

### Loans

Since the late 1990s, the U.S. Environmental Protection Agency (EPA) has granted revolving loan funds (RLFs) to eligible entities for cleanup of brownfield sites in their communities. Existing RLF funds in Minnesota are described in this section; information about applying to EPA to obtain an RLF for your community is available under, "Federal Assistance." The MPCA also administers a loan fund that can be used for investigation and cleanup of site contamination.

### **Revolving Loan Funds**

City of Roseville, Hennepin County, Department of Employment and Economic Development (DEED) Redevelopment revolving loan funds are an attractive incentive to stimulate investigation and cleanup of underused redevelopment properties in Roseville, Hennepin County, and property statewide utilizing DEED. Funds are provided by the EPA and are intended to clean up existing contamination at proposed redevelopment sites and leverage capital from private sources and other programs funding contamination cleanup.

### **Eligibility**

Businesses, nonprofit groups, and any interested parties (except state agencies) redeveloping brownfield properties in Roseville, Hennepin County, or statewide utilizing DEED are eligible.

#### Use

The funds must be used, in accordance with an approved RAP, for cleanup of soil and/or ground water contaminated with hazardous substances, pollutants, or contaminants.

### Amount

- City of Roseville: Loans up to \$450,000
- Hennepin County: Loan size is limited by current fund balance. Generally, loans up to \$450,000 are possible.
- DEED: Refer to following information on the Minnesota Revolving Loan Fund Program

The funds are provided as part of a cooperative agreement with EPA.

### **Contact**

City of Roseville Loan Fund
Cathy Bennett
City of Roseville
Community Development Department

2660 Civic Center Drive Roseville, MN 55113 (651) 490-2241

### **Hennepin County Loan Fund**

Deb DeLuca Hennepin County Environmental Services 300 South Sixth Street Minneapolis, MN 55415 (612) 348-9938

### **DEED Loan Fund**

### **Minnesota Cleanup Revolving Loan Program**

The Minnesota Cleanup Revolving Loan Fund was created with funds granted by the EPA in 2003 to provide low-interest loans to clean up contaminated sites and provide greater opportunities to convert contaminated property into a marketable asset. Loans are targeted at economic development projects showing the greatest need, exhibiting long-term project viability and demonstrating repayment capacity.

### **Eligibility**

Cities, counties, developers, subunits of local governments including economic development authorities, housing and redevelopment authorities, port authorities, and profit and nonprofit organizations are eligible. Additional requirements state that the:

- applicant must own or demonstrate legal control of the site;
- site must be enrolled in the appropriate MPCA VIC and/or VPIC Program;
- site must have a pre-approved RAP for cleanup of contamination defined under M.S. 115B.02;
- applicant cannot have caused or exacerbated the contamination under EPA guidelines;
- site cannot be scheduled for funding through the federal or state Superfund programs during the current or next fiscal year;
- site cannot be proposed for listing or be listed on the EPA National Priorities List;
- applicant cannot be a generator or transporter of contamination at the site; and
- site is contaminated with hazardous substances, pollutants or contaminants defined under M.S. 115B.02.

### Use

Loan funds may be used to pay for any portion of costs for a project with an approved RAP for the cleanup of soil and/or ground water affected by the release of hazardous substances, pollutants or contaminants. Loan funds may pay for demolition of buildings if necessary to implement a RAP and cleanup-related site sampling and monitoring, and costs associated with meeting requirements for public participation in project review.

### Availability

Originally, \$900,000 was capitalized for loan funds. All loan payments are reinvested into the program. Loans are available year-round on a first-come, first-served basis.

### Contact

Minnesota Department of Employment and Economic Development Business and Community Development Division Brownfields and JOBZ Office (651) 296-5005 or Toll-Free at (800) 657-3858 www.deed.state.mn.us/Community/assistance/financial.htm

### **MPCA Loan Fund**

### **Small Business Environmental Loan Program**

The Small Business Environmental Improvement Loan Program provides low-interest loans to small businesses for financing environmental projects including equipment upgrades and costs associated with the investigation and cleanup of hazardous materials.

### **Eligibility**

Existing businesses that have fewer than 50 full-time employees, after-tax profits of less than \$500,000 and a net worth of less than \$1,000,000 are eligible. Projects must be pre-approved by the MPCA.

### Use

Loans can be used for site investigations and cleanups and capital equipment purchases that meet or exceed environmental rules and regulations.

Loans range from \$1,000 to \$50,000 per project.

### **Contact**

Mike Nelson Minnesota Pollution Control Agency Small Business Ombudsman 520 Lafayette Road North St. Paul, MN 55155-4194 (651) 297-8615 Toll-free (800) 985-4247 www.pca.state.mn.us/programs/sbomb\_loan.html

### Grants

Grants for brownfield site investigation and cleanup are available from several sources. Many grant funds are set up to assist with brownfield site redevelopment in specific geographic areas.

# **DEED Contamination Cleanup Grant and Contamination Investigation and Response Action Plan Development Grant Programs**

The Department of Employment and Economic Development (DEED) administers two grants targeting brownfield sites with well-developed redevelopment plans and partners. One grant helps fund the investigation for contamination and the development of a Response Action Plan (RAP) for site cleanup (Contamination Investigation and Response Action Plan Development Grant). The other grant helps fund the implementation of an approved RAP and/or the site investigation (Contamination Cleanup Grant). Because site investigation costs can be considerable, the first grant was created to give eligible parties a helping hand with costs on the way to developing a completed RAP. For both grants, a key element is the existence of a redevelopment plan that is supported by the community and will be completed in a timely manner.

### **Eligibility**

Cities, economic development authorities, housing and redevelopment authorities, port authorities or counties are eligible. Private parties can partner with public entities to achieve a redevelopment objective. The development authority must provide at least a 25 percent local match. Projects in the Twin Cities metro area may use funds from the Tax Base Revitalization Account for part of the match.

#### Use

The grants can be used for investigation and cleanup.

### Amount

The amount varies with each project. There is \$19.4 million available per biennium to fund these programs.

### Restrictions

Grants for cleanups cannot exceed 75 percent of estimated project costs. Grants for investigations can cover up to 75 percent or \$50,000, whichever is less. There is a semiannual application cycle. Deadlines are November 1 and May 1. Investigation and cleanup plans are subject to MPCA technical review. At least 25 percent of available funds must be spent in greater Minnesota, unless there are not enough applications received from greater Minnesota.

#### Contact

Meredith Udoibok
Department of Employment and Economic Development
Business and Community Development Division
500 Metro Square, 121 7th Place East
Saint Paul, MN 55101-2146
(651) 297-4132 or toll-free (800) 657-3858
www.deed.state.mn.us/Community/assistance/financial.htm

### **Metropolitan Council**

### **Tax Base Revitalization Account**

The Metropolitan Council's Tax Base Revitalization Account (TBRA) is one of three incentive accounts created by the 1995 Livable Communities Act adopted by the Minnesota Legislature. The TBRA provides grants to clean up contaminated property for subsequent commercial and industrial redevelopment.

### **Eligibility**

Those eligible include cities or towns in the seven-county metro area participating in the Metropolitan Livable Communities Housing Incentives Program, metropolitan counties, and development authorities. The seven-county metro area includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

#### Use

This incentive account is used for investigation and cleanup.

### **Availability**

Availability varies with each project.

### Restrictions

Applications are evaluated and ranked based on a number of factors. Likely to be funded are projects that increase the target community's tax base, create and retain living-wage jobs, promote compact and efficient development and are an innovative partnership among government and the private and nonprofit sectors. TBRA funds can be used as part of the local match to DEED redevelopment grants.

Application deadlines are May 1 and November 1.

### Contact

Kristina Smitten Metropolitan Council 230 East Fifth Street Saint Paul, MN 55101-1634 (651) 602-1535

Fax: (651) 602-1442

www.metrocouncil.org/services/livcomm/LCAresources.htm

### Minnesota Environmental Initiative

### Resources for Redevelopment (R4R)

Resources for Redevelopment (R4R) fosters neighborhood improvements and community revitalization through brownfield redevelopment projects. As the non-profit Minnesota Environmental Initiative's land use program, R4R focuses on creating unique options for reusing and redeveloping properties with suspected contamination across the state. R4R's goal is to facilitate the reuse of properties for affordable housing, nonprofit facilities, green space, natural areas and other open spaces.

### **Eligibility**

Nonprofit organizations, community groups, local units of government, and state agencies may apply.

### Use

Through collaboration, R4R can provide partners with assistance with project management, environmental site assessment and investigation, written liability assurances from the MPCA and development of a RAP. R4R can also assist with cleanup, green space design and green space implementation on a limited basis.

### **Availability**

Applications are accepted on a continuing basis. R4R program staff should be consulted prior to submitting an application. Funding is leveraged with in-kind consulting and legal services on a project-by-project basis.

### Restrictions

Sites must be developed into neighborhood facilities or amenities – places for communities or nonprofits to provide services, affordable housing or green space. Members of the area affected by the redevelopment project must be given meaningful opportunities to provide input on the project.

### **Contact**

Minnesota Environmental Initiative 219 North Second Street, Suite 201 Minneapolis, MN 55401-1453 (612) 334-3388 www.mn-ei.org/r4r/basics.html

Resources for Redevelopment Michael Welch, Program Director, (612) 334-3388

Ext. 107, mwelch@mn-ei.org

Megan Dobratz, Program Coordinator, (612) 334-3388

Ext. 104, mdobratz@mn-ei.org

### **Hennepin County**

### **Environmental Response Fund**

The Minnesota Legislature gave Hennepin County authority to establish a mortgage registry and deed tax for deposit into an Environmental Response Fund (ERF). The ERF is used for the assessment and cleanup of contaminated sites located within Hennepin County. The first application round was May 1, 2002.

### **Eligibility**

Municipalities, nonprofits, and businesses that clean up sites within Hennepin County are eligible.

### Use

The ERF is used for investigation and cleanup of sites contaminated by hazardous waste and/or petroleum and may also include asbestos and lead-based paint. Sites that are or will be green space or have an affordable housing component receive priority ranking.

#### Amount

Availability varies with each project, but ranges from \$500,000 to \$800,000 per grant cycle.

### Restrictions

This program is intended for sites where no other source of funds is available. There is a semiannual application cycle set up to match the DEED and Metropolitan Council cycles. The deadlines are May 1 and November 1.

### **Contact**

Dave Jaeger Hennepin County Environmental Services 417 North 5<sup>th</sup> Street Minneapolis, MN 55401 (612) 348-5714

 $\underline{www.co.hennepin.mn.us/vgn/portal/internet/hcdetailmaster/0,2300,1273\_100015579\_101935937,00.html}$ 

### Cleanup Cost Reimbursement

Three cleanup cost reimbursement programs operate in Minnesota for three very specific types of contamination and circumstances.

### **Minnesota Department of Agriculture**

### **Agricultural Chemical Response and Reimbursement Account (ACRRA)**

The Agricultural Chemical Response and Reimbursement Board reimburses the costs of cleaning up agricultural chemical spills that result from incidents such as transportation accidents, fires, tornadoes or flooding. The Board also reimburses costs incurred cleaning up sites contaminated over time by historical mismanagement of wastes.

### **Eligibility**

Any responsible person or property owner is eligible. However, the state, state agencies, political subdivisions of the state or the federal government are not eligible to receive ACRRA funds.

### Use

This account is used for investigation and cleanup.

#### **Amount**

The ACRRA Board may reimburse up to 80 percent of the total cleanup costs between \$1,000 and \$350,000.

### Restrictions

Cleanup costs must have been incurred after July 1, 1989; proper notice of the incident must be given to the Minnesota Department of Agriculture (MDA); the ACRRA Board must agree that incurred costs were reasonable and necessary; and the recipient must comply with MDA corrective action requests or MDA must approve the corrective action plan.

### **Contact**

Sharon Huber Minnesota Department of Agriculture ACRRA Administrator 90 West Plato Blvd. Saint Paul, MN 55107-2094 (651) 297-3490 Fax: (651) 297-2271

Sharon.hub<u>er@state.mn.us</u>

www.mda.state.mn.us/incidentresponse/default.htm#agvic

### **Minnesota Pollution Control Agency**

### **Drycleaner Environmental Response and Reimbursement Account**

The Drycleaner Environmental Response and Reimbursement Account funds the cleanup of contamination at drycleaning sites.

### **Eligibility**

Past or present owners or operators of commercial dry-cleaning services are eligible.

### Use

The account may be used for investigation and cleanup that is determined to be necessary by the MPCA.

### Amount

The owner or operator is responsible for the first \$10,000 of the investigation and cleanup costs.



### Restrictions

Only commercial dry-cleaning facilities operated for the general public are eligible. Coin-operated dry cleaners, linen-supply and uniform services facilities, facilities located on United States military bases, prisons and other penal institutions, and facilities on the National Priorities List established under the federal Superfund are not eligible for reimbursement. Investigation costs can be reimbursed only if the investigation leads to cleanup that is determined to be necessary by the MPCA. The fund covers cleanups that started after July 1, 1995, but investigations may have begun prior to that date. The state may seek to recover costs from anyone directly responsible for the contamination and who was in violation of the law at the time of the release.

### **Contacts**

Dale Trippler Minnesota Pollution Control Agency 520 Lafayette Road North Saint Paul, MN 55155-4194 (651) 297-8483 Toll-free/TDD (800) 657-3864 www.pca.state.mn.us

Karen Kromar Minnesota Pollution Control Agency 520 Lafayette Road North Saint Paul, MN 55155-4194 (651) 297-3080 Toll-free/TDD (800) 657-3864 www.pca.state.mn.us

### **Minnesota Department of Commerce**

### **Petroleum Tank Release Cleanup Account (Petrofund)**

The Petrofund provides partial reimbursement to eligible applicants for cleanup costs incurred from underground and above-ground storage tank petroleum releases.

### **Eligibility**

Reimbursement may be sought for costs associated with the implementation of corrective actions that the MPCA determines necessary to protect public health, welfare and the environment.

### Use

Petrofund is used for petroleum-related cleanup.

### Availability

Eligible applicants may receive up to 90 percent of the total reimbursable costs up to \$1 million. Residential site applicants and small gasoline retailers may be eligible for a higher reimbursement rate.

### Restrictions

Applications for reimbursement may be considered at the following stages: (1) after the work associated with excavation, sampling, soil treatment or remedial investigation has been performed; or (2) after the MPCA approves a comprehensive plan for corrective action. Applicants must obtain competitive consultant proposals and contractor bids, and costs must be proposed and invoiced on the prescribed form. Consultants and contractors also must be registered with the Petrofund. In addition, applicants must ensure that the costs are reasonable and necessary.

### **Contact**

Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 500 Saint Paul, MN 55101 Petrofund Information Line (651) 215-1775 Toll-free (800) 638-0418 www.commerce.state.mn.us

### Tax Assistance

There are two tax assistance tools that can be used to address cleanup costs.

### **Minnesota Department of Commerce**

### **Contamination Tax**

This tax tool from the Minnesota Department of Revenue provides for a reduction in property tax on contaminated property to as low as 12.5 percent of contamination value.

The Minnesota contamination tax imposes a tax on the contamination value of taxable real property. The contamination value is the amount of market value reduction granted by an assessor or other authority for property taxes because the property is contaminated. It is limited to the estimated cost of cleanup. The contamination tax is equal to a percentage multiplied by the contamination net tax capacity of the property. The statute imposes a range of tax rates on the contamination value of the property, depending upon the status of cleanup and whether the owner or operator of the property is a responsible party under state Superfund law or pesticide liability law.

### **Eligibility**

In order to qualify, an entity must have prepared and begun implementing an MPCA- or MDA-approved RAP and begun implementation. If contamination at the site is asbestos, an asbestos-abatement plan must be in place. Property tax proceeds are used for contamination cleanup grants.

#### **Contact**

Minnesota Department of Revenue Mail Station 3331 St. Paul, MN 55146-3331 (651) 297-1882

TTY: Call 711 for Minnesota Relay

Fax: (651) 297-1939

### **Local Governments**

### **Tax Increment Financing (TIF)**

TIF uses the increased property taxes that a new real estate development generates to finance the costs of the development. For brownfield sites, TIF uses property taxes generated by the increase in value created by cleanup and redevelopment to pay down the cleanup costs or prepare and implement response plans.

In Minnesota, all of the property tax on a formerly contaminated site, not just its increased value, can be used.

### Use

A TIF structure can pay for the preparation and implementation of a plan for removing or remediating pollutants and contaminants including petroleum.

#### Contact

Contact your local unit of government to find out more about TIF.

### **Technical Assistance**

These state programs provide fee-for-service technical assistance to individuals or businesses that want to investigate and clean up contaminated property and receive liability assurances.

### Minnesota Department of Agriculture and Minnesota Pollution Control Agency

Agricultural Voluntary Investigation and Cleanup (AgVIC) Program Voluntary Investigation and Cleanup (VIC) Program Voluntary Petroleum Investigation and Cleanup (VPIC) Program

### **Eligibility**

AgVIC is available to landowners investigating or cleaning up agricultural chemical or fertilizer contamination. VIC is available to voluntary parties dealing with all types of hazardous substances, pollutants or contaminants. VPIC is available to voluntary parties investigating and cleaning up petroleum contamination.

### Use

All three programs offer technical assistance, including review of work plans, investigation report and cleanup recommendations. In addition, voluntary parties can receive liability assurances that will protect current and future landowners from state Superfund liability.

#### Amount

The cost of the service varies, according to the needs of the project.

### Restrictions

A voluntary party must enter the program and agree to pay state costs for providing assistance. Certain types of sites, like those involving contamination of public water supplies, may need to be referred to state Superfund.

### Contact

### AgVIC

Roger Mackedanz Minnesota Department of Agriculture Agronomy Services Division 90 West Plato Blvd. Saint Paul, MN 55107-2094 (651) 282-2697

www.mda.state.mn.us/incidentresponse/default.htm#agvic

### **VIC**

Barbara Jackson Minnesota Pollution Control Agency VIC Unit 520 Lafayette Road North Saint Paul, MN 55155-4194 (651) 296-7212 Toll-free/TDD (800) 657-3864 www.pca.state.mn.us/cleanup/vic

### **VPIC**

Mark Koplitz
Minnesota Pollution Control Agency
VPIC Unit
520 Lafayette Road North
Saint Paul, MN 55155-4194
(651) 296-7999
Toll-free/TDD (800) 657-3864
www.pca.state.mn.us/programs/vpic\_p.html

### **Federal Assistance**

### Federal Brownfields Redevelopment Resources

Proposal guidelines for Brownfields Assessment, Revolving Loan Fund and Cleanup Grants are available on EPA's Web site at <a href="https://www.epa.gov/brownfields/applicat.htm#pg">www.epa.gov/brownfields/applicat.htm#pg</a>. Competition for these funds is national. The applications are accepted once per year with the application deadline typically around November 1. Parties interested in pursuing grants from EPA should consult the Web site and/or contact the individuals named below for further information.

The EPA Assessment Pilot Projects previously awarded in Minnesota include the cities of Minneapolis, Saint Paul, Roseville, Virginia, and the Red Lake Band of Chippewa. Hennepin County was also awarded a Brownfield Assessment Pilot and a Jobs and Training Brownfield Pilot. The Twin Cities Metropolitan Council, in partnership with the Minnesota Environmental Initiative and Habitat for Humanity, was also awarded an Assessment Pilot to evaluate potential brownfield sites for multi-unit housing.

### **Contacts**

Ann McDonough
Associate Director Outreach and Special Projects
EPA's Office of Solid Waste and Emergency Response
5105T
Ariel Rios Building
1200 Pennsylvania Avenue, N. W.
Washington, DC 20460
(202) 566-2729
www.epa.gov/swerosps/bf/

Deborah Orr
U.S. Environmental Protection Agency
Region 5
Brownfields Coordinator
SE-4J
77 West Jackson Boulevard
Chicago, IL 60604
(312) 886-7576
Fax: (312) 886-6741
http://www.epa.gov/R5Brownfields/

Jerry Stahnke
Minnesota Pollution Control Agency
Voluntary Investigation and Cleanup Program
520 Lafayette Road North
Saint Paul, MN 55155-4194
(651) 297-1459
Toll-free/TDD (800) 657-3864
www.pca.state.mn.us/cleanup/brownfields.html