

MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

CONTAMINATION CLEANUP GRANT PROGRAM

09 - 0195

FY 2008/09 GRANT CYCLE III 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 (November 2008):

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	\$752,832
Remediation Fund	\$2,111,250
Petro Fund	<u>\$2,400,384</u>
TOTAL	\$5,264,466

B. Projects Funded

DEED staff reviewed 25 grant applications (16 Contamination Cleanup Grants and 9 Contamination Investigation Grants) in the November 2008, CCGP grant cycle. Of these, the following projects were awarded grants:

Cleanup Grants:

City of Bloomington HRA – Penn American District (Mitsubishi)	\$101,818
City of Duluth – Heritage Sports Center	\$333,249
City of Minneapolis – Digigraphics	\$259,099
City of Minneapolis – Impact Mailing	\$272,080
City of Minneapolis – Sydney Hall and Dinky Dome	\$414,760
City of Minnetonka – BMW Car Dealership	\$311,432
City of Minnetonka – Eddie Merlot’s Restaurant	\$135,465

City of Moorhead – South Main Redevelopment Phase IV	\$134,700
South St. Paul HRA – BridgePoint Business Park	\$1,236,375
City of St. Paul PED – New Horizon Academy	\$71,283
City of St. Paul PED – Mississippi Market	\$51,720
St. Paul Port Authority – Chatsworth/Pierce Butler	\$1,200,000
St. Paul Port Authority – United Products	\$381,375
City of Wayzata – Wayzata Bay Center Redevelopment	\$236,110
Investigation Grants:	
City of Benson – Market Site	\$35,494
City of Duluth – U.S Steel	\$50,000
City of Silver Bay – Lot 2 Block 7 Business Park Plat	\$39,506
TOTAL	\$5,264,466

A statutory requirement indicates that unless sufficient applications are not received for qualified sites outside of the metropolitan area, at least 25% of the money provided as grants should be made to projects in Greater Minnesota. We funded cleanup applications submitted by the city of Duluth and Moorhead; and three investigation applications submitted by the cities of Duluth, Silver Bay and Benson, which represents 11% of the total amount proposed for grant awards.

II. Supporting Information on Each Grant Award

Cleanup Awards:

City of Bloomington HRA – Penn American District (Mitsubishi)

\$101,818 Cleanup Grant

The Bloomington HRA was awarded \$101,818 in cleanup funding for this 3.83-acre site contaminated with petroleum. This site has been a car dealership since 1969. The site will be redeveloped with 255 apartment units and 100,000 square feet of commercial space along with a 934-stall parking structure. The redevelopment will create 103 jobs, retain 50 jobs and increase the tax base by \$372,387. The developer and Hennepin County will cover remaining cleanup costs.

City of Duluth – Heritage Sports Center

\$333,249 Cleanup Grant

The city of Duluth was awarded \$333,249 in additional funding to clean this 10.2-acre site contaminated with petroleum, volatile organic compounds, semi-volatile organic compounds, arsenic and lead. The former foundry site will be redeveloped for a hockey arena, the Duluth Children's Museum, a hotel, a commercial/office building and a marketplace. The new development will create 98 jobs, retain five jobs and increase the tax base by \$312,300. The developer will pay for remaining cleanup costs. A previous award was made in 2006, for \$1,047,288.

City of Minneapolis – Digigraphics

\$259,099 Cleanup Grant

The city of Minneapolis was awarded \$259,099 in cleanup funds for this 2.8-acre site contaminated with diesel range organics, lead and arsenic from a former rail yard. The development plan is to expand the existing business with a 16,000-square-foot addition. The expansion will create 10 new jobs, retain 55 jobs and increase the tax base by \$24,616. The matching costs are being paid by the Metropolitan Council, Hennepin County and the developer.

City of Minneapolis – Impact Mailing

\$272,080 Cleanup Grant

The city of Minneapolis was awarded \$272,080 in cleanup funds for this 3.09-acre site contaminated with petroleum. The onetime site of an auto salvage yard and warehouse buildings will be redeveloped with a 56,000-square-foot addition to the existing 87,000-square-foot Impact Mailing facility. The new development will create 85 jobs, retain 89 jobs and result in a tax increase of \$53,120. Impact Mailing will pay for remaining cleanup costs.

City of Minneapolis – Sydney Hall and Dinky Dome

\$414,760 Cleanup Grant

The city of Minneapolis was awarded \$414,760 in cleanup funds for this 1-acre site contaminated with asbestos containing materials, mercury, and arsenic from demolition debris. The site currently is comprised of a multi-tenant building and the historic Dinky Dome. The project includes restoration of the Dinky Dome, demolition of the existing multi-tenant building and construction of a 214-unit student housing complex. The development will create 38 jobs, retain 35 jobs and increase the tax base by \$410,754. Matching costs will be paid by Hennepin County and the developer.

City of Minnetonka – BMW Car Dealership

\$311,432 Cleanup Grant

The city of Minnetonka was awarded \$311,432 in cleanup funding for this 16.2-acre site contaminated with methane, diesel range organics and arsenic. Previous uses include an unpermitted dump, residence, motel and nursery. The site will be redeveloped into a 268,000-square-foot BMW car dealership, creating 150 jobs and increasing the tax base by \$534,755. Remaining cleanup costs will be covered by the developer and the Metropolitan Council.

City of Minnetonka – Eddie Merlot's Restaurant

\$135,465 Cleanup Grant

The city of Minnetonka was awarded \$135,465 in cleanup funds for this 1.84-acre site contaminated with diesel range organics, semi-volatile organic compounds, benzo(a)pyrene, volatile organic compounds, metals and methane. The former restaurant site will be redeveloped into a new 11,782-square-foot Eddie Merlot's restaurant. The project will create 71 jobs and increase the tax base by \$35,457. Remaining cleanup costs will be covered by the Metropolitan Council, Hennepin County and the developer.

City of Moorhead – South Main Redevelopment Phase IV

\$134,700 Cleanup Grant

The city of Moorhead was awarded \$134,700 in additional cleanup funding for this 1.2-acre site, which is part of a larger project area. The site, which is contaminated with petroleum and mercury, will be redeveloped into a 52-unit apartment/condominium building that will increase the tax base by \$326,179. The entire project area of 3.5 acres was awarded \$1,006,375 in 2003. Matching costs will be paid by the city.

South St. Paul HRA – BridgePoint Business Park

\$1,236,375 Cleanup Grant

The South St. Paul Housing and Redevelopment Authority (HRA) was awarded \$1,236,375 in cleanup funds for this 29.3-acre site contaminated with diesel range organics, methane and volatile organic compounds. The former stockyard will be developed into 315,111 square feet of office and warehouse space. The new development will create 440 new jobs and retain 400 jobs. The tax base will increase by \$459,670. Matching costs will be paid by the HRA and Metropolitan Council.

City of St. Paul PED – New Horizon Academy

\$71,283 Cleanup Grant

The St. Paul PED was awarded \$71,283 in cleanup funding for this 0.38-acre site in St. Paul's North End. The site, which housed a battery manufacturing facility, was contaminated with lead and polynuclear aromatic hydrocarbons. It has been developed into a 5,776-square-foot New Horizon day-care center. The center employs 14 people and has increased the city's tax base by \$26,592. New Horizon paid matching costs.

City of St. Paul PED – Mississippi Market

\$51,720 Cleanup Grant

The St. Paul Planning and Economic Development (PED) was awarded \$51,720 in cleanup funding for this 1.23-acre site contaminated with diesel range organics. Formerly the site of a limestone quarry and a bulk fuel-storage facility, the site will be redeveloped with a 13,345-square-foot building to accommodate the relocation of Mississippi Market. The new development will create 19 jobs, retain 22 jobs and increase the tax base by \$111,216. Remaining cleanup costs will be covered by the Metropolitan Council and Mississippi Market.

St. Paul Port Authority – Chatsworth/Pierce Butler

\$1,200,000 Cleanup Grant

The St. Paul Port Authority was awarded \$1.2 million in cleanup funding for this 4.94-acre site contaminated with polynuclear aromatic hydrocarbons, methane, diesel range organics, volatile organic compounds, arsenic, lead and tetrachloroethylene. The onetime bowling alley and restaurant will be redeveloped into a 68,000-square-foot commercial/industrial building. The new development will create 83 jobs, retain 102 jobs and result in a tax increase of \$148,556. Remaining cleanup costs will be covered by the St. Paul Port Authority, the U.S. Environmental Protection Agency and the Metropolitan Council.

St. Paul Port Authority – United Products

\$381,375 Cleanup Grant

The St. Paul Port Authority was awarded \$381,375 in cleanup funding for this 3.65-acre site that will be used for expansion by United Products, a roofing and siding supplier. The site is contaminated with diesel range organics, benzo(a)pyrene, lead and arsenic from former fill activities. The 35,000-square-foot expansion will result in seven new jobs and retain six jobs. The tax base will increase by nearly \$50,000. The developer will match the funding.

City of Wayzata – Wayzata Bay Center Redevelopment

\$236,110 Cleanup Grant

The city of Wayzata was awarded \$236,110 in cleanup funding for this 14.52-acre site contaminated with petroleum. The site, which contains a shopping mall, bar/restaurant and several other retail businesses, will be redeveloped into 255 units of senior housing, 155 condos, 130,000 square feet of retail/restaurant space, 27,500 square feet of office space and a 100-unit hotel. This new development will create 395 jobs, retain 53 jobs and increase the tax base by \$1,836,186. The developer, the city, Metropolitan Council and Hennepin County will pay remaining cleanup costs.

Investigation Grants:

City of Benson – Market Site

\$35,494 Investigation Grant

The city of Benson was awarded \$35,494 in investigation funds for this .44-acre site contaminated with pesticides, herbicides, petroleum, volatile organic compounds, arsenic and asbestos. Formerly the site of a grain elevator, the site will be redeveloped into a farmers' market, creating 0.5 jobs. The remaining investigation costs will be paid by the city economic development fund.

City of Duluth – U.S. Steel

\$50,000 Investigation Grant

The Duluth Seaway Port Authority was awarded \$50,000 in investigation funds for this 123-acre site. The former site of a steel manufacturing plant will be redeveloped into a 35,000-square-foot building by the Duluth Seaway Port Authority. Other industrial sites will be developed in the future. The new development will create 33 jobs, retain 17 jobs and increase the tax base by \$100,435. The Duluth Seaway Port Authority will pay for remaining investigative activities.

City of Silver Bay – Lot 2 Block 7 Business Park Plat

\$39,506 Investigation Grant

The city of Silver Bay was awarded \$39,506 in investigation funding for this 1.5-acre site that was used as a city storage area and former dump. Development plans include eight units of housing, which will increase the city's tax base by \$60,000. The city will pay matching costs.