



Mandated Report Cover Sheet

Kristin Lukes, Director, Brownfields and Redevelopment Unit, DEED's Office of Community Finance, 651-259-7451

Estimated cost of producing report: \$200

Report Name: Contamination Cleanup and Investigation Grant Program Annual Report

Report Due Date: October 30, 2017

Why is DEED producing this report? (Statutory requirement, task force, etc.): Per Minnesota Statute § 116J.555, Subd. 2 (b) – “The commissioner shall annually report to the committees of the senate and house of representatives with jurisdiction over environment and natural resources finance on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.”

Brief Summary of the report's purpose and contents: To provide updated information on projects funded through the Contamination Cleanup and Investigation Grant Program.

Is there anything controversial in the report? If so, what is controversial? No

Which stakeholders care about this report and why? Cities, counties, HRAs, EDAs, environmental consultants, those involved with the Petrofund and the general public.

Who supports the report's findings and why? All of the report information is actual program data. Brownfields projects have historically had widespread bi-partisan support due to their positive environmental and economic outcomes.

Who opposes the report's findings and why? There shouldn't be any opposition to the program data, since the results evolve from a competitive process and are subject to careful review.

Is there any newsworthy information in the report? If yes, please explain and brief the Communications Office. Many of the projects funded through our program have received positive attention in the news.

Is there anything else the Commissioner should know? No.



CONTAMINATION CLEANUP AND INVESTIGATION GRANTS PROGRAM



Minn. Stat. §§ 116J.551 – 116J.559

2017 ANNUAL REPORT



BACKGROUND

The Contamination Cleanup and Investigation Grants Program is administered by the Department of Employment and Economic Development (DEED) through its Brownfields and Redevelopment unit.

This program helps communities pay for the additional costs of investigation and cleanup on sites with soil and/or groundwater contamination. Grants are awarded to sites when there is a planned redevelopment.

The program was created in 1993, with the first grant round held in 1995.

ELIGIBILITY

- Grants are awarded to local units of government – cities, counties, HRAs, EDAs, and Port Authorities
- Sites can be publicly or privately owned
- Developer cannot be responsible for the contamination
- Project must have a Response Action Plan (RAP) that has been approved by the MPCA
- Expectation that the site will be redeveloped and create economic benefits of job creation or retention, tax base increase, and other benefits to the community

GRANT PROCESS

- Grants are awarded semiannually through a competitive grant process
- Priorities include:
 - reduction or elimination of threat to public health and the environment
 - increase in property tax base
 - social value of the development including job creation
 - probability of cleanup without government funds
 - cleanup costs
 - commitment of local authorities to pay match
- **25% local match is required, 12% of which** must come from an unrestricted source of funds

GRANT OUTCOMES*

- **470 grants totaling nearly \$171 million** have been awarded statewide
- **Over 3,450 acres** have been investigated or cleaned up
- **Over 47,000 jobs** have been created or retained
- **Nearly \$114 million** in increased tax base has been realized
- **Over 17,000 housing units** have been built, with over 3,500 being considered affordable
- **Over \$6.6 billion in private investment dollars** have been leveraged (for every grant dollar, \$38 in private investment has been leveraged)

GRANT STATUS*

- **Of the 470 grants, 56 are currently in awarded status.** Awarded status signifies a grant that has been awarded and the project has started or is ready to begin.
- **297 grants are currently in closed status.** Closed status means all grant funds have been spent, the development has been completed, and the final benefits have been reported.
- **20 grants are currently in closed, pending monitoring status.** Closed, pending monitoring status indicates a grant that has drawn all of its grant funds, but final review is required by DEED staff.
- **3 grants are in closed, pending RAP approval status.** Closed, pending RAP approval means that investigation of the site is complete. However, RAP preparation and/or RAP approval still need to be completed.
- **3 grants are in closed, pending cleanup or RAP implementation status.** Grants in closed, pending cleanup or RAP implementation status have spent all grant funds and have been monitored by DEED. However, a Certificate of Completion or letter from the MPCA is needed to demonstrate that the cleanup was adequate and appropriate.

- **20 grants are in closed, pending final report status.** Closed, pending final report indicates all grant funds have been spent, DEED has monitored the grant, and the development is underway. However, final benefits achieved still need to be reported to DEED.
- **25 grants are currently in closed, pending development status.** Grants in closed, pending development status have completed the cleanup of the site, but the planned development has yet to be completed.
- **15 grants are in closed, no development status.** These grants have completed cleanup of the site, but did not move forward with development.
- **31 grants are in terminated status.** Terminated grants did not move forward with the cleanup and grant funds were returned to DEED.



INVESTIGATION GRANTS AND CONTAMINATION CLEANUP GRANTS*

- 125 Investigation grants totaling over \$3.9 million have been awarded statewide
- 345 Cleanup grants totaling nearly \$168 million have been awarded statewide

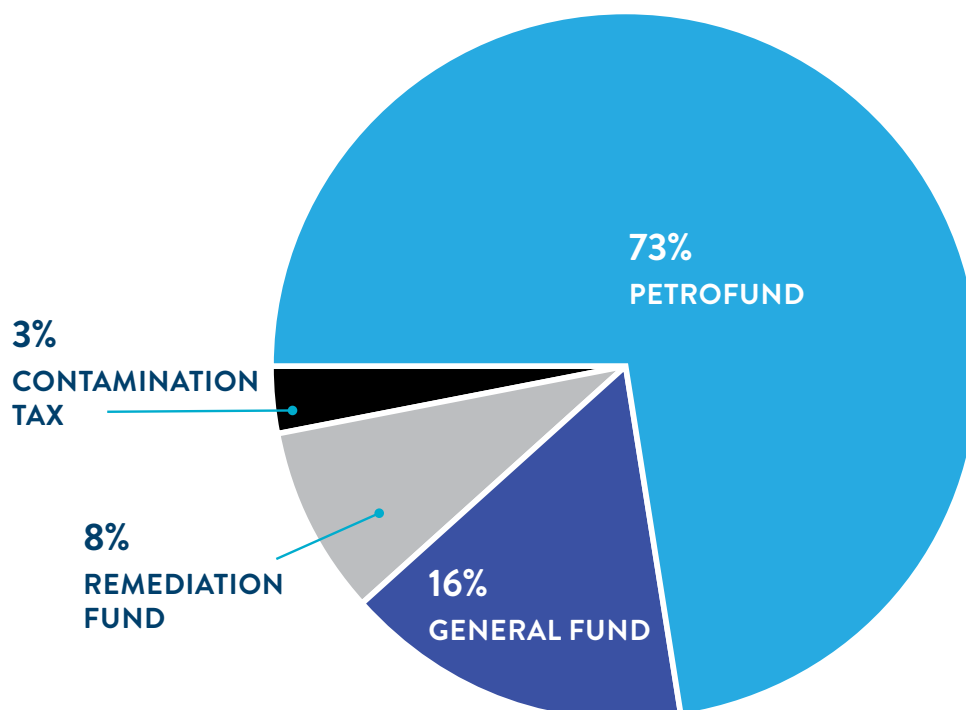
GRANTS TO GREATER MINNESOTA*

Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 35% of the money provided as grants must be made for sites located outside of the metropolitan area. Due to the nature of the program and land availability, more contaminated sites are investigated and cleaned up in the metropolitan area.

- 147 grants totaling over \$27 million have been awarded to local units of government in Greater Minnesota
- 323 grants totaling over \$144 million have been awarded to the local units of government in the metropolitan area

CONTAMINATION CLEANUP AND INVESTIGATION GRANTS PROGRAM FUNDING SOURCES

Total funding for the program is approximately \$8 million per year.



*Data as of August 2017

CASE STUDIES

Brooklyn Center EDA – Howe Fertilizer

- 5.1 acres vacant for 8 years prior to grant award
- Previously used for the manufacture and storage of agricultural chemicals
- Contamination spread as a result of extinguishing a fire in 1979
- New development consists of 60,000 square foot office warehouse building 100% occupied by a single tenant
- Benefits include \$6.2 million in private investment, 8 new jobs, 71 retained jobs, and a tax increase of over \$158,000



Howe Fertilizer site – Before



Howe Fertilizer site – After

Fridley HRA – NIROP Phase I

- 30-acre site, part of larger 122-acre Naval Industrial Reserve Ordnance Plant (NIROP)
- NIROP was a 2 million square foot facility built in the 1940s for the manufacture of gun mounts for Navy ships
- Contaminants included petroleum, tetrachloroethylene (PCE), and trichloroethylene (TCE) in soil, groundwater, and soil vapor
- New development consisted of two industrial buildings: 210,000 square foot bulk warehouse and 135,000 square foot office warehouse
- Buildings are 100% occupied by 5 different tenants
- Anticipated benefits include the creation and retention of 690 jobs, a tax increase of \$587,000, and private investment of \$33 million



NIROP Phase 1 site – Before



NIROP Phase 1 site – After

CASE STUDIES

City of Mankato – South Front Street Redevelopment

- 1.4 acres previously used for railroad, coal storage, and auto repair
- Soil contaminants included lead, volatile organic compounds, polynuclear aromatic hydrocarbons, and petroleum
- New development included the construction of a public parking ramp, 7-story office building, 5-story commercial and office building, and 5-story commercial and residential building
- Benefits include at least 141 new and retained jobs, \$174,000 tax increase, 20 housing units, and \$14.5 million in private investment leveraged



Mankato South Front Street – Before



Mankato South Front Street – After

Duluth Economic Development Authority (DEDA) – Pier B Resort

- 5.8-acre waterfront site, vacant 4 years prior to grant award
- Previously used for warehousing and cement manufacturing
- Soil contaminants included heavy metals, petroleum, and other hazardous substances
- New development consisted of a 140-room hotel (including a 180 seat restaurant and 250 seat banquet center) and boat launch
- Benefits include the creation of 114 jobs, a \$136,000 tax increase to-date, and \$28 million in private investment leveraged

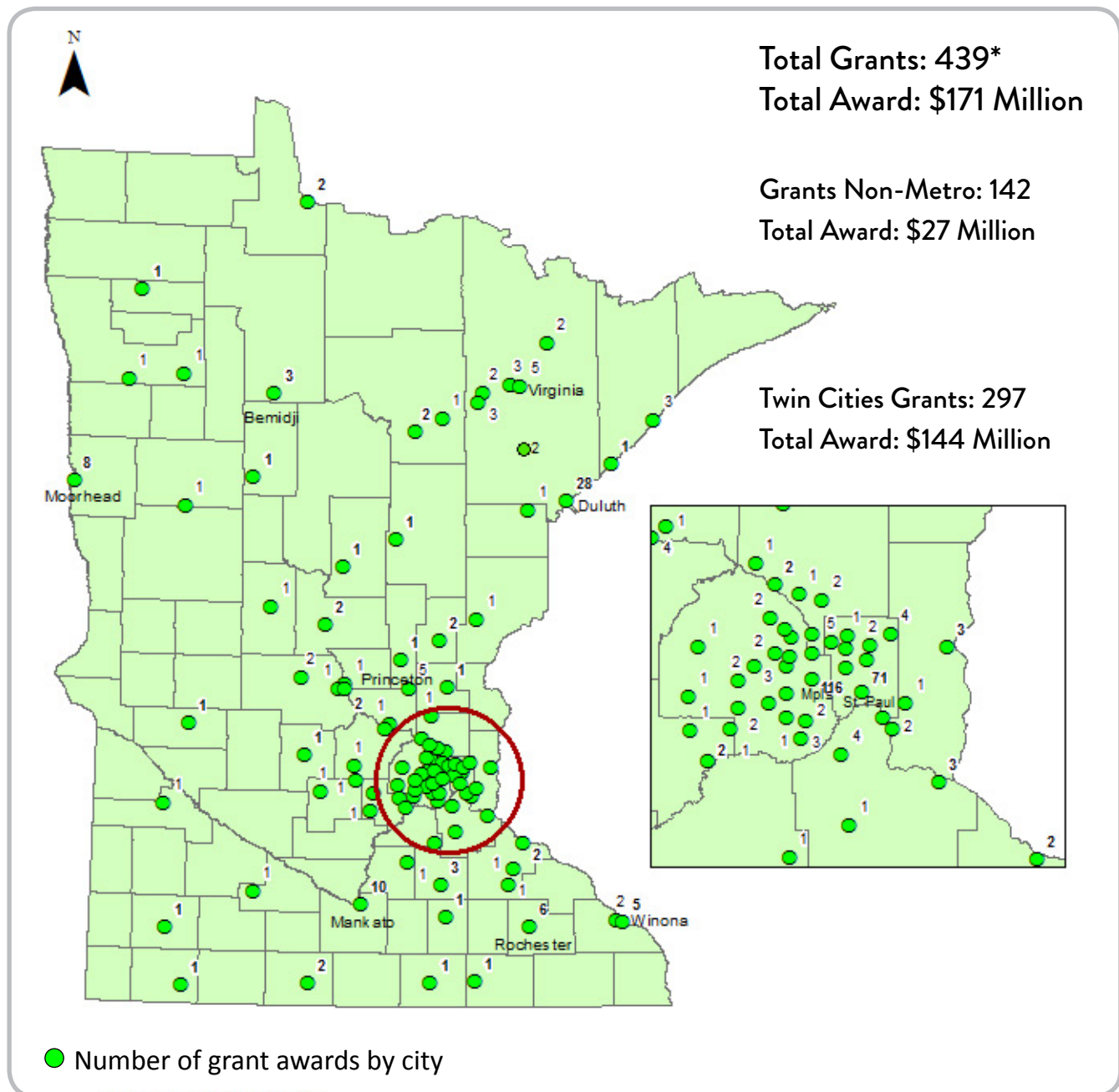


Duluth Pier B – Before



Duluth Pier B – After

CONTAMINATION CLEANUP GRANT PROGRAM JANUARY 1995-AUGUST 2017



*The total grants does not include 31 grants that are currently in terminated status.

Source: BCD Grant Tracking System.

Prepared by Magda Olson, Policy Office.

Minnesota Department of Employment and Economic Development. August 2017.

GRANTS AWARDED, 2017

DEED awarded four Investigation Grants and 21 Cleanup Grants in fiscal year 2017, totaling \$10,323,449. Eight of those grants were awarded to communities in Greater Minnesota.

Grantee	Project Name	Award Amount
Duluth EDA	Grand Avenue Estates	\$654,051
Edina, city of	7700 France Avenue/Twin Cities Orthopedics	\$733,569
Fridley HRA	NIROP Phase IV	\$2,055,500
Hennepin County HRA	P3 Development	\$197,440
Howard Lake, city of	Downtown Redevelopment	\$20,250
Mankato, city of	North Riverfront Drive	\$26,700
Minneapolis, city of	10th Avenue Redevelopment	\$235,550
Minneapolis, city of	Ironclad Minneapolis	\$552,207
Minneapolis, city of	Leef Project	\$289,025
Minneapolis, city of	Midwest Climbing Redevelopment	\$319,871
Minneapolis, city of	Nordic House	\$1,000,000
Minneapolis, city of	Penn Avenue Union	\$217,530
Minneapolis, city of	Superior Plating Lot 2	\$790,163
Minneapolis, city of	Target Field Station	\$158,620
Minneapolis, city of	The Foundry	\$495,603
Minneapolis, city of	Lake Street Affordable Housing	\$30,000
Moorhead, city of	9Thirteen Lofts	\$176,812
Rochester, city of	Broadway Phase II	\$50,000
Silver Bay, city of	Silver Bay Adventure Center	\$147,086
South St. Paul EDA	Verderosa Avenue	\$864,276
St. Louis Park EDA	PLACE	\$895,125
St. Paul, city of	Karibu Grocery and Deli	\$39,396
St. Paul, city of	RiverEast School	\$175,950
Two Harbors, city of	Castle Danger Brewery	\$90,096
Winona, city of	1124 West Fifth Street/Wincraft	\$108,629



EMPLOYMENT AND ECONOMIC DEVELOPMENT

An equal opportunity employer and service provider.

Upon request, this document can be made available in alternative formats by calling 651-259-7688.