

**MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

04 - 0388

CONTAMINATION CLEANUP GRANT PROGRAM

FY 2004/05 GRANT CYCLE II 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 2004):

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 results in the following amount available for grant awards during this grant cycle (II):

General Fund	\$1,375,015
Environmental Fund	\$ 350,000
<u>Petro Fund</u>	<u>\$2,344,500</u>
TOTAL	\$4,069,515

B. Projects Funded

DEED received 17 grant applications (11 Contamination Cleanup Grants and 6 Contamination Investigation Grants) in the May 2004, CCGP grant cycle. Of these, the following projects were awarded grants:

<u>Cleanup:</u>	
South St. Paul HRA, Holtkoetter	\$898,500
Minneapolis CPED, River Run Apts	343,535
St. Louis Park, ConAgra	22,387
St. Paul Port Authority, Hmong Funeral Home	187,500
Mountain Iron, USX Site	239,100

New Brighton, Medtronic	1,500,000
St. Paul PED, 10 th & Jackson	614,455
St. Paul PED, Building 17	147,053

Investigation:

Faribault Co., Winnebago Urban Bldg	\$22,500
Winona, Gorman Co.	24,682
South St. Paul HRA, Mississippi Landing	49,875
Princeton, Industrial Park	<u>19,928</u>

TOTAL \$4,069,515

Per Minnesota Statutes § 116J.555, Subdivision 1(b)(6), at least 25% of the total funds available for each cycle shall be awarded in grants to projects in Greater Minnesota if eligible applications are received. During this grant cycle, we awarded funds to 4 of 4 greater Minnesota applications received. Due to lack of applications from Greater Minnesota, we were not able to spend 25% of the total funds available for the cycle in Greater Minnesota.

II. Supporting Information on Each Grant Award

Cleanup Awards:

South St. Paul HRA – *Holtkoetter Expansion*
\$898,500

The South St. Paul HRA will use grant funds to clean a 4.5-acre parcel of a former animal processing plant to make way for the expansion of the adjacent Holtkoetter Company (a light fixture manufacturer). The site is contaminated with PAHs, metals methane and DRO. Holtkoetter plans to build a \$3.1 million, 35,000 s.f. facility. This expansion will create 10 new jobs, and retain 44 jobs. The city will receive an increase in their tax base of \$81,500.

Minneapolis CPED – *River Run Apartments*
\$343,535

The city of Minneapolis will clean up the River Run Apartments project, a 2.59-acre site located at 1424 and 1448 Marshall Street NE currently owned by Marchant Investment and Management Company, Inc. The site was a conglomeration of industrial uses including metal fabrication, paper recycling, pallet making, offices and a feed mill. The site is contaminated with PAHs, DRO, Tetrachloroethene, Petro VOCs, lead, arsenic and chromium. A private developer Sherman Associates, Inc. plans to implement the Response Action Plan for the cleanup of the site and develop 74 affordable rental units and 11 market-rate ownership units. This project will create approximately 1.5 new jobs, increasing the local tax base by \$87,000.

St. Louis Park EDA – *Con Agra*
\$22,387

The city of St. Louis Park EDA requested funds to pay for cost overruns for a contamination cleanup at a 6-acre site in the city of St. Louis Park. The site was used as a brickyard starting in 1931, a lithium manufacturing facility starting in 1942, and a food processing manufacturing facility starting in 1960. The site was vacant since 1998 and many interested developers have walked away from the site because of the severe and unusual contamination issues. Now clean, the site is being developed with 78,260 square feet of industrial space and is expected to create 78 jobs, retain 78 jobs, and increase the tax base by \$111,488.

St. Paul Port Authority – *Hmong Funeral Home*
\$187,500

The St. Paul Port Authority will use grant funds to clean up contamination related to the old State Street Dump on a 3.25-acre site west of Lafayette Road. The parcel will be the home of two 10,000 square feet buildings for a Hmong funeral home with 260 parking spaces and a storm water management pond. Hmong funerals last a week and so the current St. Paul facility is backlogged. Although the development will not increase the city's tax base, it will create 6 new jobs and will help to alleviate the backlog issue, which is only slated to worsen with the expected increase in the city's Hmong population.

Mountain Iron – *USX Site*
\$239,100

The city of Mountain Iron proposes to clean up the USX site project, a 133 - acre site, located along the corridor of CR 102 and Highway 169, owned by USX. The site will be developed by the owners of two consolidating manufacturers P & H Mine Pro and Dust Coating Inc., who will construct a 60,000 – 70,000 SF industrial manufacturing plant. The site includes an approximately 2-acre former municipal dump area and large taconite tailing dump area. Remediation consists of the removal of 15,000 cubic yards of dump remains to the East Mesabi closed landfill in Virginia. After redevelopment the new company will create 22 new jobs, retain 54 jobs, and increase the local tax base by \$167,107.

New Brighton – *Medtronic*
\$1,500,000

The city of New Brighton will use grant funds to fund contamination cleanup for 45 acres of the Northwest Quadrant area. The site has a history of past industrial uses including trucking facilities and rendering plants. The site is contaminated with VOCs, metals and petroleum constituents from the old municipal Miller Dump. Medtronic plans to development a 560,000 to 820,000 SF office building by 2007, which will create approximately 250 new jobs, retain over 1,000 jobs and increase the city's tax base by \$1,369,379. This is Phase I of a four Phase project.

St. Paul PED – *10th & Jackson*
\$614,455

The city of St. Paul will use grant funds to excavate contaminated soil at a former petroleum station located at 10th and Jackson downtown St. Paul. A private developer will develop 129 condominiums (including 12 affordable units), 8,000 s.f. of retail (restaurant) and 250 parking spots. This is Phase I of a 2-phase project. The development is expected to create 12 jobs and increase the city's tax base by \$329,265.

St. Paul PED – *Building 17*
\$147,053

The city of St. Paul PED will use grant funds for the cleanup of a 4.36-acre site on the new Phalen Boulevard, which had previously been used primarily for refrigeration manufacturing, along with jet fuel tank and vacuum cleaner production. Although the city does not have a signed developer at this time, to save costs, the city wants to complete the remediation in conjunction with the construction of Phalen Boulevard, so that contamination can be placed under the road. Based on adjacent development, the city expects its tax base to increase by \$112,500 and gain 165 new jobs.

Investigation Awards:

Faribault Co. – *Winnebago Urban Building*
\$22,500

Faribault County will use grant funds to complete a Phase I and Phase II investigation and RAP for the Urban Building site, a blighted 1/3-acre site currently owned by Faribault County and located at 19 Main Street North in the City of Winnebago. The site was formerly a printing business, and likely contaminated with asbestos, TCEs, paints, solvents and DROs. The investigation will document how much contamination has been released into the soil or groundwater, and prescribe a demolition and cleanup plan. Final development will be a 10,000 SF retail building. Property taxes will increase \$6,111 and 6 jobs will be created.

Winona – *Gorman Co.*
\$24,682

The city of Winona will use funds to complete a Phase II investigation and RAP for the Gorman Site, an 8.35-acre site southeast of the city at 508 Louisa Street and formerly used as a metal foundry and manufacturing facility. The investigation will document whether potential contaminants (PCBs, Lead, Asbestos, VOCs, TCE) have been released to the soil or groundwater. Final development of the site will be use of the rehabilitated building for a petroleum warehouse and distribution center for the Severson Oil Company. Property taxes of \$ 8,068 will be generated, 6 new jobs created and 19 jobs retained.

South St. Paul HRA – *Mississippi Landing*
\$49,875

The city of South St. Paul HRA plans to complete a Phase I and Phase II investigation and RAP for the Mississippi Landing project, a 10.32-acre site currently owned by the South St. Paul HRA and located along the Mississippi River on Hardman Avenue. This site was formerly used as part of an animal processing plant. The HRA will investigate for contamination of PAHs and petroleum in the soil and groundwater. The proposed final development of the investigated site will be an 80,000 SF light industrial building. It is estimated that increased property taxes of \$163,600 will be generated and approximately 65 new jobs will be created.

Princeton – *Industrial Park*
\$19,928

The city Princeton plans to complete a Phase I and Phase II investigation and RAP for a 22-acre site located on a closed landfill located northwest of Princeton, on Highway 169. The investigation will document the DROs, VOCs metals, pesticides, PCBs, and other debris released into the soil or groundwater, and create a cleanup plan. Final site development will be a 14-parcel industrial park anchoring development for light industry. Property taxes will increase \$133,645 and 85 jobs will be created.

