

**MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

CONTAMINATION CLEANUP GRANT PROGRAM

08 - 0554

FY 2008/09 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 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:

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|--------------|--------------------|
| General Fund | \$ 679,153 |
| Petro Fund | <u>\$6,490,475</u> |
| TOTAL | \$7,169,628 |

B. Projects Funded

DEED staff reviewed 20 grant applications (12 Contamination Cleanup Grants and 8 Contamination Investigation Grants) in the May 2008, CCGP grant cycle. Of these, the following projects were awarded grants:

Cleanup Grants:

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|--|-------------|
| City of New Brighton – Northwest Quadrant, East of Old Highway 8 | \$2,600,000 |
| City of Minneapolis – Broadway Plaza | 77,274 |
| City of Minneapolis – Crown Iron | 145,610 |
| St. Paul Port Authority – Arlington Jackson West | 2,100,000 |
| City of St. Paul PED – Schmidt Brewery Site | 770,063 |
| City of St. Paul – Winnipeg Apartments | 25,012 |
| City of Duluth – IKONICS Expansion Site | 579,153 |
| City of St. Paul – Carleton Place Lofts | 644,250 |
| South St. Paul HRA – 320 Hardman Avenue | 128,266 |

| | |
|--|--------------------|
| Investigation Grants: | |
| City of Bemidji – Bemidji Regional Events Center | 50,000 |
| City of Aitkin – Woodland Container Site | 50,000 |
| TOTAL | \$7,169,628 |

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 a cleanup application submitted by the city of Duluth and two investigation applications submitted by the city of Bemidji and the city of Aitkin, which represents nearly 9.5% of the total amount proposed for grant awards. A third Greater Minnesota investigation grant was submitted, however limited investigation funds were capped at a remaining \$100,000, which limited the award to just two investigation grants of \$50,000 each.

II. Supporting Information on Each Grant Award

Cleanup Awards:

**City of New Brighton – Northwest Quadrant, East of Old Highway 8
\$2,600,000 Cleanup Grant**

The city of New Brighton received \$2,600,000 to clean up a 46-acre site contaminated with petroleum and methane-generating debris. Formerly the site of rendering plants, a railroad spur and a privately-owned dump, the site will be redeveloped into a 200-room hotel, two office buildings totaling 322,000 square feet, an 84,000 square foot commercial building and a mixed use development containing 200 housing units and 15,000 square feet of retail. The new development will create 940 new jobs and result in a tax increase of \$1,901,000.

**City of Minneapolis – Broadway Plaza
\$77,274 Cleanup Grant**

The City of Minneapolis was awarded \$77,274 in cleanup funding for this 2.4-acre site with former uses as a filling station and auto dealership. It is contaminated with petroleum and metals. The site will be redeveloped into a 121,000 square foot YMCA, 44,000 square feet of restaurant/retail/office space and a 327-space parking ramp. The new development will create 225 new jobs and increase taxes by \$432,792.

**City of Minneapolis – Crown Iron
\$145,610 Cleanup Grant**

The city of Minneapolis was awarded an additional \$145,610 in cleanup funding for this 5.6-acre site. The project has received a total of \$844,460 in cleanup funds for this site contaminated with petroleum, chlorinated solvents and metals. Formerly the site of a foundry and other industrial uses, redevelopment of the site includes refurbishing seven buildings to include 75,000 square feet of commercial/industrial space and 32 affordable apartment units. The new development will create 162 new jobs, retain 71 jobs and result in a tax increase of \$442,297.

**St. Paul Port Authority – Arlington Jackson West
\$2,100,000 Cleanup Grant**

The St. Paul Port Authority was awarded \$2,100,000 in cleanup funds for this 9.96-acre site contaminated with lead, arsenic, petroleum, and methane. Currently the site of auto salvage and heavy equipment storage, this site will be redeveloped into 143,000 square feet of commercial/industrial space. The new development will create 175 new jobs, retain 216 jobs and result in a tax increase of \$197,118.

**City of St. Paul PED – Schmidt Brewery Site
\$770,063 Cleanup Grant**

The city of St. Paul was awarded \$770,063 in cleanup funds for this 3.9-acre former brewery site. The site is contaminated with petroleum, lead, mercury and arsenic. The site will be redeveloped into restaurant and office space, 96 affordable rental units and 13 townhouses. The new development will create 64 new jobs, retain 12 jobs and increase taxes by \$582,431.

**City of St. Paul – Winnipeg Apartments
\$25,012 Cleanup Grant**

The city of St. Paul was awarded an additional \$25,012 in cleanup funds for this 0.51-acre site contaminated with petroleum and organic vapors. The project has received a total of \$133,656 in cleanup funding. Formerly the site of a gas station, the site will be redeveloped with a 3-story building including 28 affordable apartments, indoor parking and 3,000 square feet of retail space. The new development will create 8 new jobs and result in a tax increase of \$60,572.

**City of Duluth – IKONICS Expansion Site
\$579,153 Cleanup Grant**

The city of Duluth was awarded \$579,153 in cleanup funds for this 11.1-acre site contaminated with lead, arsenic and other contaminants. Formerly the site of the Universal Atlas Cement plant, the site will be redeveloped with a 33,000 square foot building to accommodate the expansion of IKONICS. The new development will create 5 new jobs, retain 6 jobs and result in a tax increase of \$159,567. Investigation funds were awarded to the site in December of 2007. The remaining cleanup activities will be paid for by the Duluth Economic Development Authority and IKONICS.

**City of St. Paul – Carleton Place Lofts
\$644,250 Cleanup Grant**

The city of St. Paul was awarded \$644,250 in cleanup funds for Phase II of this project which was funded for investigation costs in June of 2007. This 1.77-acre site formerly had 2 gas stations and warehouses and was contaminated with petroleum and metals. The new development will have 175 rental units including 8 affordable units, a gallery and 235 spaces of underground parking. This development will create 5 new jobs and increase the tax base by \$21,608.

South St. Paul HRA – 320 Hardman Avenue

\$128,266 Cleanup Grant

The South St. Paul HRA was awarded \$128,266 for this .4-acre site formerly used for stockyard pens and bulk petroleum storage. Combined with an adjacent property (1.82 acres), the redevelopment will include a 30,000 square foot office/warehouse building which is expected to create 23 new jobs and increase the city's tax base by \$60,000. The cleanup plan calls for remediation of petroleum contaminated soils and the installation of vapor barriers beneath the new building. Costs will be matched by EPA grants and city funds.

Investigation Grants:

City of Bemidji – Bemidji Regional Events Center

\$50,000 Investigation Grant

The city of Bemidji was awarded \$50,000 in investigation funds for this approximately 143-acre site contaminated by past uses including railroad operations, hardboard manufacturing and other various uses. The proposed redevelopment is an events center, hotel, hockey arena, public boat access, town homes, trails and green space. The development is expected to create over 350 jobs and increase the tax base by over \$1.3 million. Matching costs will be paid by the city of Bemidji.

City of Aitkin – Woodland Container Site

\$50,000 Investigation Grant

The city of Aitkin was awarded \$50,000 to investigate a 117-acre former wood treating facility. Soil and groundwater are suspected to be contaminated with PCP and petroleum. An adjacent business has purchased the property and intends to expand its wood pre-finishing operations onto the site. The expansion will create 6 new jobs and retain 24 jobs. An additional \$12,026 is expected in property taxes. Costs will be matched by the city and new owners.