Hennepin County Environmental Response Fund (ERF)

Funding Recommendations Fall 2016



Before (top) and after (bottom) of the Former Howe Site in Brooklyn Center. This site received an ERF grant in spring 2016 to clean up contaminated soil. The ERF grant helped transform this vacant site into a business center.



Hennepin County Environment and Energy

Background

The Environmental Response Fund (ERF) funds the assessment and cleanup of contaminated sites where conditions present a threat to human health or the environment and lack of funding and added environmental costs hinder site improvements or redevelopment. ERF grants are used for a variety of activities that provide community benefit, including assessment and cleanup of groundwater and soil remediation and evaluation and abatement of asbestos and lead-based paint.

Since 2001, ERF has funded 361 projects totaling more than \$50 million. Funding for this grant program comes from the Hennepin County mortgage registry and deed tax that was authorized in 1997 under Minnesota Statute 383B.80.

Application and review process

A committee of eight staff from Public Works and Resident and Real Estate Services reviewed the applications and made recommendations for funding. Applications were evaluated on project need, degree of contamination, how the project will address contamination, creation or preservation of moderately priced, market-rate and/or affordable housing, and how the project supports economic development.

The timing of the ERF grant rounds coincide with contamination cleanup grant programs administered by the Minnesota Department of Employment and Economic Development (DEED) and the Metropolitan Council in an effort to maximize collaboration between the three funders.

Summary of award recommendations

Fifteen applications were received and reviewed. Based on our review, the committee recommends awarding the following 9 grants totaling \$1,286,947:

- Bassett Creek Main Stem Erosion Repair Project, Minneapolis: \$150,300 for disposal of exposed contaminated soil along the streambank to help improve water quality and habitat along Bassett Creek. (Contractor: Bassett Creek Watershed Management Commission)
- Carpenter Park Stormwater Improvements, St. Louis Park: \$166,000 to clean up contaminated soil associated with development of new stormwater management structures and planned park improvements. (Contractor: City of St. Louis Park, or affiliated entity)
- City of Lakes Community Land Trust (CLCLT), Minneapolis: \$230,000 for asbestos and leadbased paint abatement associated with the renovation of 10 houses as owner-occupied, permanently affordable housing. (Contractor: City of Lakes Community Land Trust, or affiliated entity)
- Ebenezer Park Apartments, Minneapolis: \$142,654 for lead-based paint and asbestos abatement at a 200 unit complex for low-income seniors and persons with disabilities. (Contractor: Ebenezer Park Apartments, or affiliated entity)
- Hook and Ladder Apartments, Minneapolis: \$71,994 for contaminated soil cleanup associated with building 118 units of affordable housing. (Contractor: City of Minneapolis)
- **Minneapolis Park and Recreation Board:** \$142,000 for contaminated soil disposal during construction of the Sheridan Memorial Park, located along the east bank of the Mississippi River in northeast Minneapolis. Park improvements will include playgrounds and picnic facilities. (Contractor: Minneapolis Park and Recreation Board)

- **Minnesota Brownfields, countywide:** \$250,000 to continue the Brownfields Gap Financing Program, which provides small environmental assessment grants to government entities and non-profit organizations. (Contractor: Minnesota Brownfields)
- **Penn Avenue Union, Minneapolis:** \$41,769 for contaminated soil cleanup associated with the development of affordable and market-rate housing, a restaurant, and office space. (Contractor: City of Minneapolis)
- **PLACE, St. Louis Park:** \$92,230 for demolition and contamination cleanup in preparation for a multi-use development that will include 300 apartment units (200 affordable and 100 market rate), a 110 room hotel, coffee house, bike shop, eight microbusinesses and more. (Contractor: City of St. Louis Park Economic Development Authority)

Expected outcomes

The recommended ERF grant awards will fund asbestos and lead-based paint abatement and contaminated soil assessment and cleanup. This funding supports projects that create economic development by increasing the tax base, creating permanent jobs, enhancing green space and creating market-rate and affordable housing. The recommended grants provide for the renovation and/or construction of 567 units of affordable housing.

Other funding accomplishments

In addition to ERF assistance, Hennepin County staff routinely conduct outreach and provide additional funding for contamination assessment and investigation to cities and nonprofit organizations in between ERF rounds. This funding comes from a U.S. Environmental Protection Agency (EPA) Assessment Grant awarded to Hennepin County in 2014 and other EPA grant funds proceeds pursuant to past agreements between the EPA and Hennepin County. The following projects are examples of the funding and outreach that has occurred since the last ERF grant awards in June 2016:

- The EPA Assessment grant has helped multiple ERF grantees prepare for the current grant round. The following projects received assistance with EPA funds:
 - **PLACE:** \$35,961 for Phase II Environmental Site Assessment activities.
 - Hook and Ladder: \$32,400 for Phase I and II Environmental Site Assessment activities.
 - Penn Avenue Union: \$6,450 for Phase I Environmental Site Assessment activities.
 Penn Avenue Union is also a recipient of Minnesota Brownfield's Brownfield Gap
 Financing Program, which funded their Phase II Environmental Site Assessment.
- Bassett Creek Main Stem Erosion: \$14,000 revolved U.S. EPA loan proceeds. This grant helped fund the development of a Response Action Plan required for soil cleanup and stabilization along Bassett Creek.
- Ebenezer Park Apartments: \$13,425. A recipient of Minnesota Brownfield's Brownfield Gap Financing Program, which funded their Phase I Environmental Site Assessment and asbestos survey.

Appendix ERF Application Summary	Fall 2016
Project name:	7700 France/Twin Cities Orthopedics
Address:	7700 France Ave S, Edina
Applicant:	7700 France Avenue, LLC or affiliated entities
Property owner:	7700 France Avenue LLC
Recommended award:	\$0 (\$68,716 requested)
Previous ERF awards:	None
Other funding sources:	Requested: DEED \$807,062: Met Council \$73,275
Econ. development/ housing:	\$562,500 annual property tax increases, 80 new FTEs
Site description:	 Currently occupied by two commercial building, and paved parking; formally served as a community dump site until approx.1960s.
Contamination issues:	 Soil, groundwater and soil vapor contaminated with petroleum- and solvent-related compounds, polycyclic aromatic hydrocarbons
Project plans:	Expansion of the current Twin Cities Orthopedics building and a new parking ramp
Requested use of ERF grant:	A portion of soil cleanup costs
Award recommendation:	The activities are eligible for funding; however, this project ranked low in comparison with other applications received. The project likely will move forward without ERF funds.



Project name:	Bassett Creek Main Stem Erosion Repair Project
Address:	Multiple Parcels: 303 Thomas Ave N, 2603 Second Ave N, 155 Irving Ave N, 156 Irving Ave N, 180 Humboldt Ave N, 50 Dupont Ave N, 1129 Second Ave N, 2700 Second Ave N, 10 Cedar Lake Rd N, 101 Fremont Ave N, 105 Fremont Ave N, 1001 Second Ave N
Applicant:	Bassett Creek Watershed Management Commission (BCWMC)
Property owner:	Multiple owners
Recommended award:	\$150,300
Previous ERF awards:	None
Other funding sources:	 Requested: BCWMC Improvement Program (\$664,472) Committed: BCWMC Capital Improvement Program (\$400,000)
Econ. development/ housing:	None
Site description:	 Repair and streambank stabilization from Irving Avenue to the New Bassett Creek Tunnel at Dupont Avenue. Environmental sites along the creek include: Irving Avenue Dump, Chemical Marketing, Scrap Metal Processors, Minneapolis School Board Transport Center, Fruen Mill and Pioneer Paper
Contamination issues:	• Soil contaminated with petroleum, solvents, metals and urban fill adjacent to the creek.
Project plans:	 Stabilization of creek banks to reduce erosion that is causing nutrient and contaminant loading to Bassett Creek. Stabilization and repair is planned for 15 zones along the creek.
Requested use of ERF grant:	Soil cleanup costs
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



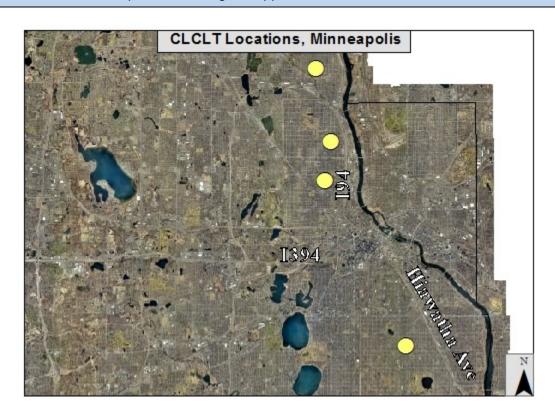
Appendix ERF Application Summ	hary Fall 201
Project name:	Bryant Square Park
Address:	310 Bryant Ave S, Minneapolis
Applicant: Property owner:	Minneapolis Park and Recreation Board (MPRB) MPRB
Recommended award:	\$0 (\$68,000 requested)
Previous ERF awards	· None
Other funding sources:	• 2013 Capital Levy (\$125,000): Net Debt Bonds (\$870,000): CARAG: (\$50,000)
Econ. development/ housing:	NA - public park improvements
Site description:	 Site formerly served as a community dump until approx.1912. Fill and dump material was imported to raise grade to current elevations.
Contamination issues:	Buried dump debris and soil contamination in localized "hot spots"
Project plans:	 Demolition and replacement of a wading pool, an estimated 1,000 cubic yards of soil needs to be removed to complete the improvements.
Requested use of ERF grant:	Contaminated soil cleanup
Award recommendation:	The activities are eligible for funding; however, the project ranked low in compariso with other applications received. Based on its rank and funding limitations, we do not recommend awarding the MPRB funding for this project.



Project name:	Carpenter Park Storm Water Improvements
Address:	3001 Raleigh Ave S, St. Louis Park
Applicant:	City of St. Louis Park
Property owner:	City of St. Louis Park
Recommended award:	\$166,000
Previous ERF awards:	None
Other funding sources:	Committed: City of St. Louis Park (\$1,200,000)
Econ. development/ housing:	NA – storm water management and park improvements
Site description:	 City park with green space, ballfields, and tennis courts; formally a wetland that appears to have been filled in the 1940s
Contamination issues:	 Fill material contaminated by petroleum compounds, polycyclic aromatic hydrocarbons and lead; in addition to solid waste/debris including glass, metal and brick
Project plans:	 The city intends to remove a large volume of contaminated soil to install a new underground storm water management system.
Requested use of ERF grant:	Soil cleanup
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



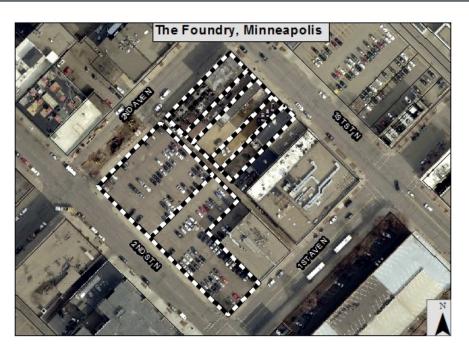
Project name:	CLCLT Homes
Address:	3534 Colfax Ave N, 1516 52nd Ave N, 1108 24th Ave NE, 3645 18th Ave S, Minneapolis, plus an additional six homes to be purchased in 2017
Applicant: Property owner:	City of Lakes Community Land Trust (CLCLT) and affiliated entities Multiple
Recommended award:	\$230,000
Previous ERF awards:	 The CLCLT program received: Fall 2015 (\$115,000) and Fall 2014 (\$170,000) for different houses
Other funding sources:	• Minnesota Housing (\$188,800): HC AHIF (\$53,000):Met Council LHIA (\$26,000)
Econ. development/ housing:	Permanently affordable housing for families earning an average of 47% AMI
Site description:	 Four residential, single-family homes in Minneapolis already owned by CLCLT, plus an additional six homes to be purchased in 2017
Contamination issues:	Asbestos and lead based paint
Project plans:	 Remediation of asbestos and lead found within the homes, as well as rehabilitating the homes to address the safety and building code issues
Requested use of ERF grant:	Remediation of asbestos and lead-based paint
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



Appendix ERF Application Summary	Fall 2016
Project name:	Ebenezer Park Apartments
Address:	2700 Park Ave, Minneapolis
Applicant: Property owner:	Ebenezer Park Apartments Ebenezer Park Apartments
Recommended award:	\$142,654
Previous ERF awards:	Minnesota Brownfields Gap Financing Program \$13,425
Other funding sources:	 HUD \$6,555,000: MN DHS \$350,000: Minneapolis AHTF \$1,861,000: MHFA \$4,800,000
Econ. development/ housing:	Retention of 200 units of low-income housing for seniors and persons with disabilities;180 units are affordable to persons earning at 30% area median income
Site description:	 17-story, 200-unit apartment building on a 1.23 acre site in the Phillips neighborhood of Minneapolis, constructed in 1978
Contamination issues:	 Abatement of asbestos-containing building materials as part of building renovation
Project plans:	Owner intends to renovate the building and maintain its use as affordable rental housing
Requested use of ERF grant:	Asbestos abatement
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



Project name:	The Foundry
Address:	115-125 First St N, 128 First Ave N, 128 Second St N, Minneapolis
Applicant: Property owner:	City of Minneapolis on behalf of KMP Investments, LLC KMP Investments, LLC
Recommended award:	\$0 (\$118,970 requested)
Previous ERF awards:	• None
Other funding sources:	• Requested: DEED (\$495,603) and Met Council (\$406,489).
Econ. development/ housing:	\$1,025,000 annual property tax increase, 124 new FTEs
Site description:	 Currently partially occupied commercial and residential buildings and paved parking; formerly occupied by a foundry, gas station, auto body shop and junkyard
Contamination issues:	 Soil and soil vapor contaminated with petroleum- and solvent-related compounds, polycyclic aromatic hydrocarbons, metals and asbestos
Project plans:	 Preservation of historic structures and construction of a mixed commercial and residential development with underground parking. Development will include 150 high-end market rate rental housing units (studio – two–bedroom at \$1,690 - \$2,585)
Requested use of ERF grant:	A portion of soil cleanup, vapor mitigation and PCB-contaminated cement costs
Award recommendation:	The activities are eligible for funding; however, the project ranked low in comparison with other applications received. The project likely will move forward without ERF funds.



Appendix ERF Application Summary	Fall 2016
Project name:	Hook and Ladder Apartments
Address:	2212, 2316, 2320 Jefferson St NE, Minneapolis
Applicant: Property owner:	City of Minneapolis on behalf of Newport Midwest, LLC Moundview Estates
Recommended award:	\$71,994
Previous ERF awards:	None: \$32,400 in Hennepin County EPA Grant assessment funding
Other funding sources:	 Requested - Met Council TBRA (\$211,610): MN DEED (\$328,350): HC TOD (\$600,000): Met Council LCDA (\$1,300,000)
Econ. development/ housing:	\$90,000/year estimated property tax increase; two new FTEs
Site description:	 Under-utilized industrial property used for warehouse space and equipment storage. Its former uses were a fuel-oil storage and coal yard.
Contamination issues:	 Soil is contaminated with petroleum compounds, polycyclic aromatic hydrocarbons, and elevated levels of arsenic and mercury
Project plans:	 118 units of new, rental housing affordable to households earning 60% of the area median income
Requested use of ERF grant:	A portion of soil cleanup costs
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



ERF Application Summary	<u> </u>	all 2016
Project name:	Ironclad Minneapolis	
Address:	811 Washington Ave S, Minneapolis	
Applicant: Property owner:	City of Minneapolis on behalf of Timeshare Properties, Inc. Timeshare Properties, Inc.	
Recommended award:	\$0.00 (98,663 requested)	
Previous ERF awards:	• None	
Other funding sources:	• Requested: DEED (\$552,207): Met Council (\$262,359)	
Econ. development/ housing:	Estimated 78 new FTEs with a \$800,000 annual property tax increase	
Site description:	 Currently the site is a parking lot that was previously occupied by railroad tr and a grain elevator 	acks
Contamination issues:	 Soil contaminated with petroleum, metals, and polycyclic aromatic hydrocar Groundwater contaminated with petroleum 	rbons.
Project plans:	 Development will include an eight-story hotel, three-level parking ramp, and high-end market rate rental housing units (studio – two-bedroom at \$1,193 \$2,932) 	
Requested use of ERF grant:	A portion of the soil disposal costs	
Award recommendation:	The activities are eligible for funding; however, this project ranked low in comparison with other applications received. The project likely will move for without ERF funds.	ward



Appendix ERF Application Summary	Fall 2016
Project name:	Lake Street Affordable Housing
Address:	510, 514, 516 Lake St and 2946 and 2948 Harriet Ave S, Minneapolis
Applicant: Property owner:	City of Minneapolis on behalf of Lupe Holdings Corporation Lupe Holdings Corporation
Recommended award:	\$0 (\$30,000 requested)
Previous ERF awards:	None
Other funding sources:	Requested: DEED (\$30,000)
Econ. development/ housing:	Multi-family housing development: 3 new FTEs: estimated \$60,000 property tax increase
Site description:	• This site has a long history of development, which lends to the likelihood of impacted material being present. Most recently, the property was occupied by a commercial auto repair/tire service center since the 1950s.
Contamination issues:	 Soil and groundwater have been impacted by chromium, petroleum and lead releases
Project plans:	100 unit, five-story workforce housing complex
Requested use of ERF grant:	Assessment funds for further investigation
Award recommendation	The activities are eligible for funding; however, DEED will be providing a grant that satisfies the project's financial need.

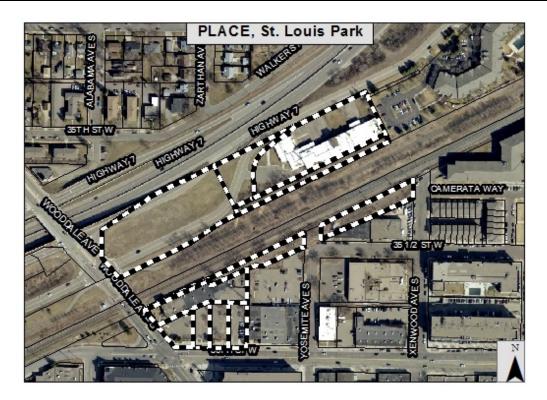


ERF Application Summary Fail 2016	
Project name:	Minnesota Brownfield Gap Financing
Address:	County Wide
Applicant: Property owner:	Minnesota Brownfields Various; to be determined
Recommended award:	\$250,000
Previous ERF awards:	Three ERF grants for \$150,000 each, one ERF grant for \$200,000
Other funding sources:	• None
Econ. development/ housing:	• TBD
Project description:	• Minnesota Brownfields (MnB) is a nonprofit organization that received a \$150,000 ERF grant in Fall 2012, a second \$150,000 ERF grant in Fall 2013, a third \$150,000 ERF grant in Fall 2014, and a \$200,000 grant in Fall 2015 to continue the Brownfields Gap Financing Program (BGF) program. The BGF program has been performed previously by other non-profit organizations beginning in 2007 using three \$100,000 ERF grants awarded in spring 2007, 2009, 2011 and now with MnB. The fourth ERF grant has approximately \$4,000 remaining and will likely be used by the end of 2016. Since Minnesota Brownfields' involvement with the program beginning in 2013, \$650,000 in small grants have been awarded to 80 projects, including 54 affordable housing projects, and projects providing daycare and after-school care services. All of the grants have been awarded to non-profit organizations and government entities to pay for environmental site assessments, asbestos and lead-based paint assessments, and prospective community garden soil sampling relating to these projects. \$196,000 of the most recent Fall 2015 BGF program grant of \$200,000 already has been committed and additional funding is needed to continue this highly-successful program.
Contamination issues:	• TBD
Project plans:	Assessment funds
Requested use of ERF grant:	An ERF grant will assist in continuing to support non-profits and government entities for assessment activities.
Award recommendation:	The activities for which funding are being sought are eligible under the ERF policy. Therefore, we recommend awarding Minnesota Brownfields \$250,000 for this project.

Project name:	Penn Avenue Union
Address:	2200 Golden Valley Rd, Minneapolis (additional and former addresses include: 1901 Penn Ave N; 1911 Penn Ave N; 1615 Penn Ave N; 1906 Queen Ave N; 1910 Queen Ave N; 1614 Queen Ave N)
Applicant:	City of Minneapolis on behalf of Northside Partners GP, LLC
Property owner:	CGG Holdings, LLC: 1906, 1910 and 1014 Queen Ave N City of Minneapolis: 2200 Golden Valley Rd and 1911, 1915 Penn Ave N
Recommended award:	\$41,769
Previous ERF awards:	MN Brownfields Gap Financing Program - \$15,000
Other funding sources:	 Requested: DEED \$217,530; TBRA \$122,178; HC AHIF \$900,000; TOD \$634,845; CPED AHTF \$1,100,000, MHFA \$900,000
Econ. development/ housing:	• Mixed-use [39 affordable (@ 50-60 AMI) and four market rate rental units; a restaurant, and office space]; 21 new jobs; \$55,000 annual property tax increase
Site description:	 Vacant land and residences; previously occupied by dwellings, an apartment building, commercial shop and gas station
Contamination issues:	 Soil contaminated with ash, debris, and petroleum. Polycyclic aromatic hydrocarbons and metal have also been detected on site.
Project plans:	 Four-story, mixed-used building with underground parking
Requested use of ERF grant:	Consulting oversight and monitoring costs, soil excavation and disposal, RAP implementation and MPCA oversight fees
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



Project name:	PLACE
Address:	3565, 3575 Wooddale Ave, 5816, 5814 36th St, 3548 Xenwood Ave, right of way (between 3757 Wooddale and 5816 36th St)
Applicant: Property owner:	City of St. Louis Park Economic Development Authority (EDA) on behalf of PLACE City of St. Louis Park, St. Louis Park EDA or Hennepin County Regional Railroad Authority (HCRRA)
Recommended award:	\$92,230
Previous ERF awards:	None
Other funding sources:	 Committed: Met Council TOD (\$2,100,000), HC TOD (\$750,000), HC EPA Assessment Grant (\$34,000), Xcel Energy Efficiency Grant (\$385,000) Requested: MN DEED (\$576,955)
Econ. development/ housing:	98 new FTEs, \$1,136,000 annual property tax increase
Site description:	 HCRRA-owned warehouse and commercial building; former McGarvey Coffee building and paved parking
Contamination issues:	Soil contaminated with petroleum and arsenic
Project plans:	 Demolition of the existing structures and construction of mixed use development including 300 units of rental housing (200 affordable, 100 market-rate), a 110-room hotel, coffee house, bike shop, and a one-acre urban forest adjacent to the Southwest LRT
Requested use of ERF grant:	A portion of the asbestos abatement, demolition and soil cleanup costs
Award recommendation:	The activities are eligible for funding. The recommended award is equal to amount requested in the grant application.



Appendix ERF Application Summary Fall 2016		
Project name:	Sheridan Memorial Park Improvements	
Address:	1300,1342 & 1404 Water St , Minneapolis	
Applicant: Property owner:	Minneapolis Park and Recreation Board (MPRB) MPRB	
Recommended award: \$142,000		
Previous ERF awards:	• Fall 2012 (\$52,250); Fall 2015 (\$50,000)	
Other funding sources:	 Committed: Federal Land and Water Conservation Fund (\$500,000); 2016 Regional Parks and Trails (\$350,000); 2017 Regional Parks and Trails (\$150,000) 	
Econ. development/ housing:	NA - public park improvements	
Site description:	 Undeveloped vacant parkland and trail on the east bank of the Mississippi River; formerly occupied by a foundry and a brewery 	
Contamination issues	Fill material containing debris and contaminated with polycyclic aromatic hydrocarbons and metals	

Park improvements including a playground and picnic facilities

Contaminated soil cleanup to create a clean surface soil buffer

The activities are eligible for funding. The recommended award is equal to amount

Project plans:

Requested use of ERF grant:

recommendation:

Award

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requested in the grant application.

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Project name:	Theater Garage Marquee Apartments
Address:	2004, 2008, 2012 and 2014 Lyndale Ave S, Minneapolis
Applicant: Property owner:	City of Minneapolis on behalf of TGMA Developers, LLC 2004 Real Estate Company and Theros Realty
Recommended award:	\$0 (\$31,123 requested)
Previous ERF awards:	None
Other funding sources:	 Requested: MN DEED (\$161,385); Met Council TBRA (\$132,015); HC TOD (\$150,000)
Econ. development/ housing:	Seven new FTEs; \$300,000 annual property tax increase
Site description:	 Currently two commercial buildings and paved parking; formerly various residential and commercial buildings including a gas station
Contamination issues:	 Soil contaminated with petroleum and urban fill; asbestos-containing building materials
Project plans:	 Mixed-use development with 113 higher-end, market-rate rental units (alcove – two-bedroom @ \$1,099-\$2,500), underground parking and approximately 8,700 sf of commercial space.
Requested use of ERF grant:	A portion of soil cleanup costs
Award recommendation:	The activities are eligible for funding; however, this project ranked low in comparison with other applications received and is not recommended for ERF assistance.

