

DRAFT USEPA Brownfields Cleanup Grant - Narrative Proposal
3M Parcel 5
Port Authority of the City of Saint Paul; FY 2009

I. THRESHOLD CRITERIA

1. APPLICANT ELIGIBILITY

The Saint Paul Port Authority (SPPA) is a general-purpose unit of local government created by the State Legislature in 1929 and founded in 1932. In Minnesota, Port Authorities are separate and distinct entities from the municipalities in which they are located; they have taxing, eminent domain, and bonding authority separate and distinct from their partner municipalities.

2. LETTER FROM STATE ENVIRONMENTAL AUTHORITY

A letter from the Minnesota Pollution Control Agency (MPCA) is included as Attachment 1. This letter states that the MPCA has been informed of the SPPA's application for a FY2010 U.S. EPA Cleanup Grant for the 3M Parcel 5 Site and supports the application. The letter is signed by Ms. Barb Jackson, supervisor of the MPCA Voluntary Investigation and Cleanup (VIC) Program.

3. SITE ELIGIBILITY AND PROPERTY OWNERSHIP INFORMATION

a. Basic Site Information

(a) Site name: 3M Parcel 5 **(b) Site address:** 878 Russell Street, St. Paul, MN 55106. **(c) Current owner of the Site:** The Saint Paul Port Authority. **(d) N/A.**

b. Status and History of Contamination at the Site:

(a) Contaminant type: Although both hazardous substances and petroleum contaminants are present at the Site, the cleanup is being driven by hazardous substances.

(b) Site operational history/current uses: This 11.4 acre Property was formerly the site of a lumber company, iron company and foundry, and later used by 3M for a machine shop and fabrication activities and for bulk petroleum storage. A map of the Site is provided in Attachment 2. A vacant 209,000 square-foot vacant industrial complex is located on the eastern half of the Site; the western half is vacant except for a parking lot and vacant storage shed. A railroad spur and above-ground fuel oil storage tanks previously existed on the property. The vacant industrial complex is comprised of several connected buildings that were constructed at various times from the 1890s through 1990.

(c) Site environmental concerns: An environmental investigation of the property identified contaminated fill material located across Parcel 5 ranging in depths from 0 to greater than 12 feet. Contaminated fill material has been identified under all the buildings on the site, except for the most recently constructed building expansion (Building No. 99, constructed in 1990). Contamination identified in the fill material includes elevated levels of metals, diesel range organics (DRO) polyaromatic hydrocarbons (PAHs), and volatile organic compounds (VOCs). Benzo(a)pyrene equivalents (BaPs) – a subset of PAHs, lead, arsenic, and iron were found in concentrations exceeding the Tier II SRV standard for industrial use at various locations across the Site. DRO was identified at concentrations in excess of cleanup standards established in the MPCA-approved RAP for the Site. Soil vapor contaminants have been

identified at the Site in excess of the Intrusion Screening Values (ISVs) for indoor air quality. Contaminants exceeding the ISV standards for industrial use included Benzene and Methylene Chloride. Low levels of VOCs and metals were also found in groundwater beneath the Site. Arsenic has been detected intermittently in site ground water at concentrations exceeding the state health-risk based standards.

(d) How the Site became contaminated: The Site contamination is likely due to historic processes associated with its former uses as a foundry, lumber company, iron company, 3M machine shop and fabrication facility. Foundry wastes may have been a source of contaminated fill found beneath all of the pre-1990s structures located on the Site. Contaminated fill may also have been placed at the Site during initial property development in the late 1880s and early 1900s. Residual petroleum contamination found in the southwestern portion of the site is likely attributed to former fuel oil bulk storage in above ground storage tanks which have since been removed.

c. Site is NOT Ineligible for Funding

To the SPPA's knowledge, the Site is not listed or proposed for listing on the National Priority List (NPL), nor is it subject to unilateral administrative orders, court orders, administrative orders on consent, or judicial consent decrees issued to or entered into by parties under federal Superfund (CERCLA). The Site is not subject to the jurisdiction, custody, or control of the United States government.

d. Sites Requiring a Property-Specific Determination

The Site does not fall into any of the categories in Appendix 1, Section 1.5 of the Grant Guidelines, and therefore, does not require a property-specific determination.

e. Environmental Assessment Required for Cleanup Proposals:

The Site is enrolled in the Minnesota Pollution Control Agency's Voluntary Investigation and Cleanup Program (VIC). In addition to earlier Phase I and Phase II Assessments conducted for other parties, the following reports have been completed for the SPPA; all have been submitted to the MPCA:

Phase I Environmental Site Assessment, Forest and East 7th Street Site – "Parcel 5", St. Paul, Minnesota by American Engineering Testing, Inc. AET Project Number 03-03262(P5), October 16, 2008.

Phase II Investigation Work Plan, Forest and East 7th Street Site – "Parcel 5", St. Paul, Minnesota by American Engineering Testing, Inc. AET Project Number 03-03262, September 5, 2008.

Phase II Investigation Summary of Results and Data Package, Forest and East 7th Street Site, St. Paul, Minnesota by American Engineering Testing, Inc. AET Project Number 03-03262, October 21, 2008.

Additional Phase II Investigation Work Plan – Parcel 5, Forest and East 7th Street Site, St. Paul, Minnesota by American Engineering Testing, Inc. AET Project Number 03-03262.01, March 6, 2009.

Additional Phase II Investigation Report and Response Action Plan Final – Parcel 5, Forest and East 7th Street Site, St. Paul, Minnesota by American Engineering Testing, Inc. AET Project Number 03-03262.0, April 14, 2009.

f. Liability Status Relative to CERCLA Section 107:

The SPPA is not potentially liable for contamination at the Site under CERCLA Section 107 because the SPPA conducted proper due diligence prior to Site purchase, including

the completion of a written Phase I Assessment report compliant with AAI and current ASTM standards. Furthermore, the SPPA has not previously owned or operated the Site, disposed of hazardous substances at the Site, arranged for the treatment or disposal of hazardous substances or transported hazardous substances to the Site. In preparing to use its EPA Assessment Grant funds to perform assessment activities at the Site, the SPPA prepared an Eligibility Matrix for several 3M properties. The EPA reviewed the SPPA's Eligibility Determination Matrix and concurred that the SPPA is not potentially liable for contamination at the Parcel 5 Site and is a Bona Fide Prospective Purchaser for the Site.

g. Enforcement Actions:

The Site is not subject to any ongoing or anticipated enforcement actions. In addition, the SPPA is not aware of any inquiries or orders from federal, state or local government entities regarding the responsibility of any party for the contamination or hazardous waste at the Site.

h. Information on Liability and Defenses/Protections

i) Information on property acquisition: The SPPA acquired the Site on December 12, 2008 from 3M Corporation. The property was purchased through a negotiated purchase. There is no contractual, corporate or financial relationship between the SPPA and 3M or any previous owners or operators.

ii) Timing of hazardous substances disposal: It appears that the hazardous substance disposal at the Site primarily occurred between the late 1800s and the mid 1990s, from the time when the Site was first developed through its use as a foundry, lumber company, iron company, machine shop and 3M fabrication facility. All of these activities took place prior to the SPPA's purchase of the Site.

iii) Pre-purchase inquiry: Please see item 3-e above. In the interest of saving space, we will provide detailed information only on the assessments conducted for the Port Authority. Prior to the December 12, 2008 purchase of the Site, the SPPA conducted a Phase I Site Assessment (dated October 16, 2008). The SPPA also prepared a Work Plan for a Phase II Site Assessment (dated September 5, 2008) and submitted it to the MPCA for review and approval. AET conducted field work and lab work in accordance with this Work Plan and summarized the resulting environmental data in an interim data package dated October 21, 2008. The Phase I, which was overseen by Mr. Rich Lowe and conducted by Mr. Adam Zobel, both of American Engineering Testing (AET) for the SPPA, was compliant with the EPA AAI rule and ASTM Practice E 1527-05. The Phase II activities were conducted by AET in accordance with the MPCA-approved Work Plan. Mr. Bob Kaiser was the AET Project Manager for this work. Mr. Kaiser, Mr. Lowe and Mr. Zobel meet the definition of an environmental professional under 40 CFR 312.10. Mr. Kaiser has a Bachelor of Chemical Engineering from the University of Minnesota and is a Licensed Professional Engineer in Minnesota (#XXXXXX). He has 37 years of relevant experience. Mr. Zobel has a B.S. in Biology from St. Olaf College. He is a certified asbestos inspector in Minnesota and has over 7 years of relevant experience. Mr. Rich Lowe has a B.S. in Mechanical Engineering and an M.S. in Space Studies from the University of North Dakota. He is a certified asbestos inspector in MN, WI, IA, and ND and has over 30 years of relevant experience.

iv) Post-acquisition uses: The SPPA acquired the property on 12/08/08. Since that time, the SPPA been completing the Phase II Assessment of the Site, preparing a Response Action Plan for the Site and otherwise preparing for cleanup.

v) Continuing obligations: Since acquiring the Site, the SPPA has taken the following reasonable steps to stop any continuing releases, prevent any threatened future releases or prevent or limit exposure to releases: Secured the site, arranged to have the site monitored by a security alarm contract, and has notified the area police of the vacant status. SPPA has completed an extensive Phase II investigation to clarify cleanup needs, and prepared a Response Action Plan (RAP) describing how contamination at the Site will be mitigated. The RAP has been submitted it to the MPCA for their review and approval. The proposed cleanup will prevent or limit exposure to the existing contamination at the Site. Furthermore, the SPPA is committed to comply with all land use restrictions and institutional controls upon which the cleanup will be conditioned. The SPPA is conducting the cleanup and thus assistance, cooperation, and access are not relevant. The SPPA will comply with all information requests and administrative subpoenas that have or may be issued in connection with the property. Finally, the SPPA will provide all legally required notices.

4. CLEANUP AUTHORITY AND OVERSIGHT STRUCTURE

a. Cleanup Oversight:

The SPPA enrolls all of its properties that require assessment and cleanup in the MPCA VIC Program (for sites contaminated with hazardous substances) and/or the Petroleum Brownfield Program (for sites contaminated with petroleum). The 3M Parcel 5 Site is enrolled in both the MPCA VIC and Petroleum Brownfields Programs. The SPPA's consultant has worked closely with the assigned MPCA staff on the assessment of the Site.

b. Plans for Access of Neighboring Properties:

The entire soil cleanup area can be accessed from land owned by the SPPA and/or from public rights of way and there is thus no need to access any privately owned neighboring property to complete the cleanup.

5. COST SHARE

The estimated cleanup cost for the Site is \$2,593,400. The EPA Cleanup Grant is intended to provide \$200,000 toward this total. The remaining amount, which includes the cost share requirement of \$40,000, will be comprised of a Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup Grant (\$1,577,267), a Ramsey County Environmental Response Fund Grant (\$100,000), and an intra-governmental loan from our EPA-funded RLF (\$700,000). Additional costs (\$16,000) will either be paid out of SPPA general funds.

6. COMMUNITY NOTIFICATION

The SPPA provided the affected community with a notice of its intent to apply for an EPA cleanup grant and an opportunity to submit comments. A public notice was published in the Saint Paul Pioneer Press on Monday 10/02/09. A public meeting was held in conjunction with the District 5 Community Planning Council Community Planning and Economic Development Meeting on Tuesday October 6, 2009. A copy of a

draft of this proposal was made available to the public at the SPPA offices and on the SPPA web-site from October 2, 2009 through October 15, 2009. The following items, documenting the public notice, the public meeting, and the resultant public comment are attached in Attachment 3: At the public meeting, all present voted in favor of the grant.

- A copy of the public notice which appeared in the Saint Paul Pioneer Press on 10/2/09.
- The Agenda, sign-in sheet, and meeting notes from the aforementioned public meeting, which was held on 10/6/09.
- A summary of the comments received from the public meeting and in response to the community's review of the grant. COMPLETE AFTER MEETING
- The SPPA's response to the public comments. COMPLETE AFTER MEETING

II. RANKING CRITERIA FOR CLEANUP GRANTS

1. COMMUNITY NEED (15)

a) Health, Welfare, and the Environment (8)

i) *Effect of Brownfields on Targeted Community*

The 3M Parcel 5 Site is located at the nexus of the Payne/Phalen and Dayton's Bluff neighborhoods. These two neighborhoods fall within the City's Phalen Corridor project area. The City's 2004 Land Use Plan estimates that there are approximately 1000 acres of brownfield properties in Saint Paul. Within Saint Paul, Brownfield sites range in size from less than an acre to dozens of acres. These are mostly concentrated along transportation corridors, including the Phalen Corridor, where large, industrial job centers were formerly located. These job centers employed thousands of neighborhood residents and served as unifying features within their host neighborhoods. Within the Phalen Corridor Project Area, job losses due to the closing of 3M, Whirlpool and Stroh Brewery and others altered the economic and cultural landscape. Jobs left the core city, and residents with disposable incomes followed. As a result, commercial corridors slipped from thriving prosperity to blighted decline, which has in turn depressed property values in adjacent neighborhoods.

One of the key strategies in the City of Saint Paul's Comprehensive Plan (2004 update) is the redevelopment of five corridors, including the Phalen Corridor, to build economic prosperity and livability of the City. The Plan states: "These corridors include many large redevelopment sites that can be linked together and can provide new economic vitality to the neighborhoods...they provide good opportunity for linking new housing, jobs and transportation." The Plan cites the cleanup and redevelopment of Brownfields as the chief obstacles to reclaiming the corridors, stating "Cleaning up and redeveloping brownfields...is a high priority for the City. Significant public funding is necessary to level the playing field between these sites and suburban greenfields. Regional, state and federal assistance is necessary to accomplish this important task."

The effects of brownfields on the health, welfare and environment of the community are myriad and range from subtle to extreme. In general, brownfields disrupt the community fabric of the Corridor areas. Their blighted presence represents a lost opportunity for jobs, housing, and parkland. Whereas Saint Paul strives to build a livable city where residents can enjoy park amenities and walk, ride, or bus to work, brownfield sites break the connectivity that is crucial to the livable city model.

The SPPA's experience with redevelopment projects indicates that the following contaminant types are commonly present at our brownfield projects: poly-nuclear aromatic hydrocarbons (PAHs), chlorinated and non-chlorinated volatile organic compounds (VOCs), light and heavy fraction petroleum compounds, including petroleum-related VOCs, and metals, most commonly lead, arsenic, and chromium. Less common, and usually not the driving factor for cleanup are PCBs, mercury, and pesticides. At the 3M Parcel 5 Site, the contaminants of concern include benzo(a)pyrene, diesel range organics, polychlorinated biphenyls, iron, lead and arsenic.

The health effects of these contaminants are well documented in the Minnesota Department of Health's supporting literature for their Health Risk Limits (HRLs) (<http://www.health.state.mn.us/divs/eh/groundwater/data/index.cfm>) and the Minnesota Pollution Control Agency's supporting literature (<http://www.pca.state.mn.us/cleanup/riskbasedoc.html#pathway>) for their soil leaching values (SLVs) and soil reference values (SRVs). Much of the supporting documentation relies heavily upon studies compiled by the Agency for Toxic Substances and Disease Registry (ATSDR). This information is too lengthy to summarize here in a meaningful way. Less well documented are the health risk effects of *mixtures* of chemicals that are present at brownfield properties.

Vacant properties are often attractive to transients, squatters and youth seeking adventure. For instance, when one of the SPPA's recent cleanup projects, the Globe Property, was just a tar- smeared, vacant shell of a building, it was routinely inhabited by squatters and vandalized by scrap-experts seeking copper pipe and wiring. These people were directly exposed to PAHs, petroleum products, VOCs and metals. The former Griffin property, another Phalen Corridor cleanup project, was an attractor to squatters and youth seeking the refuge of a seeming pocket of green space. These people were subject to exposure to soils contaminated with PAHs, VOCs and metals. [specifics for 3M Parcel 5 Site]

The primary exposure routes for neighborhood residents to the contaminants at abandoned brownfields include ingestion and inhalation of fugitive dust. For people who spend time on these sites, exposure routes are expanded to include dermal contact, and incidental ingestion of dirt. Surface water run-off from these sites eventually ends up in the Mississippi River. Ground water is directly contaminated via leaching of contaminants; however, ground water is not a drinking water source in Saint Paul.

In summary, brownfields represent a threat to public health, human health and the environment in Saint Paul as a whole. These threats range from disruption of community connectivity, lost opportunity for jobs and recreational facilities. Brownfield sites also serve as contaminant sources relative to transients, squatters, and local residents, as well as to ground water and the Mississippi River.

ii) Health and Welfare of Sensitive Populations

The Project Area population displays great ethnic and cultural diversity (Wilder Foundation Community Data Works, based on the 2000 Census). The non-white population comprises 50% of the project neighborhoods. Blacks comprise 11% percent, Asian (predominantly Hmong) 22% and Hispanics 11% of the project neighborhood population. Seventy-six percent of public school children in this neighborhood are children of color. The community has a rich immigrant population as well: 33% of all

residents and 49% of the public school children speak a language other than English as their primary language at home with Asian languages (22%) and Spanish (8%) the most common. Furthermore, the area displays a greater of poverty than on average for either the City or the Twin Cities Metropolitan Region (see Item b, below).

The Project Area neighborhoods display crime rates which are among the highest in the City. Twenty-eight percent of the murders, 29% of the narcotic reports, and 21% of the robberies in Saint Paul occurred in the project neighborhood in 2008 (the Project Area neighborhoods account for approximately 17% of the City's population). The crime data referenced here comes from the St. Paul Police Department 2008 Statistics.

The 3M Parcel 5 property, and indeed most brownfield properties that the SPPA targets for business center creation, are generally intimately connected with, and/or intermingled into, their host neighborhoods. This means that the vulnerable populations described here are disproportionately exposed to the contaminants present at the brownfield target sites. In general, populations in poverty and minority populations have compromised access to health care because of limited financial resources and transportation, communication and employment issues. Diagnosis and treatment of any health effects associated with exposure to brownfield contaminants in the Target Area neighborhoods could be delayed and/or non-existent.

The proposed grant funds will reduce or eliminate the human health risks associated with the contaminants at 3M Parcel 5 property. The MPCA health-risk-based guidelines will be used to set the cleanup goal for the property and are protective of vulnerable populations. The assessment activity will lead to cleanup and reuse of the properties, as further described under Criterion 4.

b) Financial Need (7)

i) Economic Impact of Brownfields on Targeted Community

The neighborhoods targeted by this grant proposal (Payne/Phalen and Dayton's Bluff) are among the most impoverished in Saint Paul. Twenty percent of the neighborhood population and 32% of families with children have incomes below the poverty line. For context, the 7% of the Twin Cities metropolitan area population lives at levels below the poverty line. Up to 79% of the public school children in the neighborhood qualify for free or reduced-fee lunch (Wilder Foundation Community Data Works, based on the 2000 Census). The City of Saint Paul's designated Enterprise Community, designated by the HUD as an area of great need, includes the 3M Parcel 5 property.

Unemployment rates are elevated above those for Saint Paul on average. The Census 2000 data indicate that unemployment for the non-disabled, civilian work force aged 21 to 64 was approximately 25% for the Project Area neighborhood; the City's average unemployment rate was 3.9% in 2000. Current economic conditions have worsened the situation for both the Project Area neighborhoods and the City as a whole. The median income for employed individuals throughout Saint Paul was \$38,774 in 2000 while the host neighborhoods displayed a median income of approximately \$35,000. (Wilder Foundation Community Data Works, based on the 2000 Census)

Clearly, the demographics of the neighborhood demonstrate that a primal community need is jobs for residents. As further described in Criterion 4, the SPPA and its partners have the "machinery" in place to revitalize underused and abandoned properties and

create jobs for Saint Paul's older, poorer, less livable neighborhoods. The SPPA does this by assessing and cleaning up brownfield property, redeveloping the land into thriving business centers, providing job training programs for local residents, and tracking job creation within the business centers. The SPPA has industrial users inquiring after developable property which they will turn into jobs and increased tax base. However, one of the primary barriers to achieving this magic is the assessment and cleanup of brownfield properties in order to retain an inventory of land ready for such companies.

ii) Factors Limiting Other Funding Opportunities; Need for Additional EPA Funds

Although the SPPA has demonstrated great success at assembling funds for brownfield redevelopment, this has only been by sheer dint of force. Each past success has involved an intense search for funds to accomplish the assessment and cleanup of the properties involved. Once the contamination issues are resolved, the remaining redevelopment funding is comparatively easy to line up. In this instance, the input of \$200,000 in federal funds will not only serve to address the health risks posed by soil vapors and soil contamination at the site, it will also serve as an attractor to state and local funds.

The City's Land Use Plan estimates that there are approximately 1000 acres of brownfield properties in Saint Paul. The Plan states: "Ideally, the City would need about \$20 million dollars per year for the next 20 years to redevelop all of these sites. (Redevelopment costs include acquisition, relocation, and infrastructure as well as land clean-up.)" Cleanup and redevelopment costs are the chief obstacle to the timely reclamation of the corridors. Indeed, the Port Authority has found that they must be prepared to deliver clean sites to potential new light manufacturing business in order to be competitive against other cities throughout the nation who are also seeking to attract job-creating businesses.

Although the Port Authority does have three existing EPA cleanup grants, none is specific to the cleanup of the 3M Parcel 5 site. The existing RLF funding is targeted for loans supporting the second phase of cleanup at the Griffin Wheelworks Site, and for parcels 1, 2, and 5 on the multi-parcel 3M property, including \$700,000 for this project (complete).

As stated in the threshold criteria, the estimated cleanup cost for the 3M Parcel 5 Site, based upon our MPCA-approved Response Action Plan, is \$2,593,400. We have received a DEED Contamination Cleanup Grant (\$1,577,267), and a Ramsey County Environmental Response Fund grant (\$100,000). We intend to use \$700,000 of our FY2008 RLF grant for an intra-governmental loan on this project. Additional costs of at least \$16,000, we intend, at this point, to pay out of general funds.

2. PROJECT DESCRIPTION AND FEASIBILITY OF SUCCESS (40)

a. Project Description (10)

The Cleanup Grant will be used to help fund the building demolition, soil cleanup, and vapor mitigation at the 3M Parcel 5 Site. The Port Authority has conducted extensive assessment of the property under the oversight of the MPCA voluntary cleanup programs (VIC and Petroleum Brownfields) and will conduct the cleanup under the review and oversight of the MPCA. The MPCA uses a risk-based approach to determine appropriate cleanup levels that are protective of all identified receptors and has developed extensive guidance documents describing this approach. The MPCA routinely assigns two staff to

perform the technical review and oversight of each site enrolled in the voluntary programs. The Port Authority and its consultants stay in close contact with the MPCA staff assigned to their projects.

After the Site is cleaned up, the Port Authority will prepare the property for development, and sell the property to a business which can meet the Port Authority's job creation and wage requirements as further described in Criterion 4.

Before the property can be sold to a selected business, the Port Authority must complete response actions, perform geotechnical soils corrections, grade the property, and prepare utility connections and curb cuts to facilitate development of the property. The Cleanup Grant will fill the existing gap in the cleanup funding for the property so that the Port Authority take the first step in toward preparing the property for redevelopment.

The total estimated cost for the proposed cleanup is **\$2,593,400** The MPCA approved Response Action Plan proposes the following components:

a) Cleanup Goals. Soil cleanup goals are based on health risk based Soil Reference Values (SRVs) established by the MPCA for contaminant levels in soils. Different goals are established for areas beneath buildings, beneath pavement, and in green space. For Soil Gas, the cleanup levels are based upon the Intrusion Screening Goals (ISVs) established by the MPCA in conjunction with the MN Department of Health (MDH).

b) Conduct Asbestos Abatement and Hazardous Material Abatement on the Site buildings and demolish building. Building demolition is necessary to implement the subsurface response actions [estimated cost: **\$858,400**].

c) Excavate contaminated soils (metals, VOCs , PAHs, and DRO) to depths described in RAP to meet the soil cleanup standards and to allow for property redevelopment. Excavation bottoms and sidewalls will be sampled to verify that impacted areas have been removed to meet cleanup goals. Separated soils sampled to determine proper management. Soils contaminated with non-hazardous levels of contaminants will be disposed of at a licensed facility. All asbestos-containing materials will be disposed of off-site. Vapor monitoring will be conducted throughout remedial activities. [estimated cost: **\$960,000, combined with item d and e**]

d) Construction Contingency Plan (CCP): During implementation of the RAP and during Site development activities, soils will be screened for the presence of visual and olfactory signs of contamination. Soils will be sampled, stockpiled and managed in accordance to guidelines in the Construction Contingency Plan component of the RAP. If encountered, buried waste will be appropriately handled in accordance with guidelines in the CCP. [estimated cost: see item c]

e) Importation and placement of excavation backfill materials. Soils will be sampled and must meet standards established in the RAP prior to importation. [estimated cost: see item c]

f) Vapor Mitigation: This includes placement of a buffer beneath Site buildings and the construction of a sub-slab vapor barrier and a vapor vent and collection system at the time of construction. [estimated cost: **\$400,000**]

g) RAP Implementation/Engineering oversight and Remediation Preparation: Includes reporting and MPCA program fees [estimated cost: **\$375,000**]

b. Budget for EPA Funding and Leveraging of Other Resources (10)

i) Budget Table and Explanation

Proposed Budget – 3M Parcel 5 Cleanup Grant

Budget Categories	Project Tasks					Total (\$)
	Task 1 ¹ (\$)	Task 2 ² (\$)	Task 3 ³ (\$)	Task 4 ⁴ (\$)	Task 5 ⁵ (\$)	
Personnel	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Equipment	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Contractual	0	0	10,000	185,000	0	195,000
Other	0	0	0	5,000	0	5,000
Subtotal – Grant \$	0	0	10,000	190,000	0	200,000
Cost Share \$	0	0	0	40,000	0	40,000
Total - \$	0	0	10,000	230,000	0	240,000

¹ - **Task 1 = Site-Specific Community Involvement:** Community involvement in the final cleanup decision will be achieved through public meetings, public announcements, and public comment. The SPPA will pay for this task with other funds.

² - **Task 2 = Hire Consultant to Conduct Cleanup:** The SPPA will use their standard procurement process (which provides a broad and fair opportunity to bid) to hire consultant to conduct the work under this grant. Other SPPA funds will be used to pay for this task.

³ - **Task 3 = Prepare Quality Assurance Program Plan (QAPP):** The selected consultant will prepare a QAPP in consultation with the EPA. If SPPA selects a consultant who already has a prepared brownfield QAPP, this cost may decrease. In this event, or in the event that a QAPP is not necessary, the identified funds will be redirected to Task 4.

⁴ - **Task 4 = Conduct Site Cleanup:** The consultant will conduct the hazardous substances cleanup in accordance with guidelines maintained by the MPCA VIC Program. The Cost Share line item represents non-Cleanup Grant funds that the SPPA will provide toward meeting the anticipated cleanup costs; these funds will be comprised of State or local cleanup grant funds, which have already been awarded. The “other” line item represents the user fees associated with MPCA VIC Program oversight.

⁵ **Task 5 = Eligible Grant Management Activities:** This task includes coordination with EPA and meeting requirements of the cooperative agreement, including reporting. The SPPA will use other funds to pay for these oversight costs.

ii) Leveraging (5)

The SPPA has a history of securing federal, state, and local grant and loan dollars to support all phases of its redevelopment projects. Staff members are experienced in pursuing and managing grants from all levels of government.

The SPPA’s mastery of leveraging funds is illustrated by the construction of the first Phase of Phalen Boulevard and the redevelopment of Westminster Junction Business Center. For these two projects, which helped gain the Phalen Corridor Initiative the Phoenix Award Grand Prize in 2005, the SPPA leveraged over \$35 million in local, state, and federal funds and \$15 million in private business investment. In total, the Phalen Corridor Initiative Partners have raised more than \$600 million in public and private investment for a variety of projects along the Corridor. For the Williams Hill Business Center project, the SPPA used 10 different sources of funds to cover cleanup and

redevelopment costs. Included in this smorgasbord were U.S. Department of Commerce Economic Development Administration (EDA) grants, Minnesota DEED contamination cleanup and redevelopment grants, the Metropolitan Council's Tax Base Revitalization grants (available for the cleanup of sites in the seven-county Twin Cities metropolitan area which promote economic development), the City of Saint Paul Sales Tax Area Revitalization (STAR) grants, special assessments to property owners, and tax increment financing.

For the 3M Parcel 5 Site, the SPPA has been awarded a Contamination Cleanup Grant from the MN DEED for \$1,577,267 and a Ramsey County Environmental Response Fund grant from the Metropolitan Council for \$100,000. The total of the above sources is \$1,677,267, leaving a gap of \$916,133. The SPPA seeks the EPA grant to help fill this gap. The SPPA will also use their RLF grant for an intra-governmental loan of up to \$700,000 to help fill this gap. Any remaining gap in funding will be paid with SPPA general funds.

c. Programmatic Capability (20)

i) Currently Implements Multiple EPA Grants

The SPPA has successfully delivered on the project objectives of existing and previous EPA Brownfield Grants, as described below. Over the past 10 years, the SPPA has been awarded over \$40 million in grants by various entities for brownfield redevelopment. Through the SPPA's efforts, the City of Saint Paul has been designated a Showcase Community by the EPA.

The SPPA's Vice President of Redevelopment has traditionally served as grant manager for the EPA Brownfield Grants. In the past two years, Monte Hilleman, the Vice President of Redevelopment has served as manager of the EPA grants; he will continue to serve as the grant and program manager for the proposed cleanup grant. The SPPA routinely hires environmental consultants to conduct assessments and cleanups of contaminated property and is eminently familiar with the process. The SPPA hires an accounting firm to conduct an annual financial audit of its entire operation, including local, state, and federal grants. The results have included no adverse findings regarding the federal grants.

By this time, the SPPA has developed a considerable dossier of successful EPA Brownfield Grants. At Brownfields 2005, this success was acknowledged by the Phoenix 2005 Grand Prize, awarded for the Phalen Corridor Initiative, and by a special Region 5 award for the cleanup and redevelopment of the Hmong Funeral Home property. The following is a list of our EPA grants and associated accomplishments:

A. *Assessment Pilot and Supplemental Pilot Grants and 2003 Assessment Grant [CLOSED].* These funds were used to assess the Westminster Junction Business Center properties, Phalen Corridor roadway, and the Globe and Griffin Wheelworks properties and to prepare cleanup plans for these properties. This led to the cleanup and construction of the Phalen roadway, and the construction of Westminster Junction Business Center. The Globe and Griffin Properties are currently being marketed to potential buyers, at which time the final aspects of cleanup will occur. The EPA funding has enabled the SPPA to leverage \$35 million of local, state and federal funds for the

construction of the actual roadway and for the redevelopment costs for Westminster Junction Business Center. All grant funds were expended.

B. 2006, 2008, 2009 (petroleum and hazardous substances) and 2007 (petroleum only), Assessment Grants: The 2006 and 2007 funds were used to assess properties associated with the Arlington Jackson West Business Center and the Minnehaha Lanes Property. All funds have been spent or obligated and the grants will be closed out by the second quarter of 2009. The 2008 funds have been used to further assess the Minnehaha Lanes and the multi-parcel 3M property.

C. RLF (FY2003, FY2006, 2008, 2009): The SPPA executed intra-governmental loans for the cleanup of the Globe Building Materials Property (2006) and the Minnehaha Lanes Property (2009). The cleanup of the Globe property is essentially complete and the cleanup of the Minnehaha Lanes property is nearing completion. The loans have consumed approximately \$1,800,000 of RLF funds. The SPPA has prepared loan documents for a \$1,400,000 loan to support cleanup at the Griffin Wheelworks property in spring 2010. The remaining loan funds are dedicated to the cleanup of the 3M Parcels, and **OTHERS**.

D. Cleanup Grants (Dale Street E, Dale Street W, Hmong Funeral Home, Globe, Griffin, Minnehaha Lanes): The cleanups of the first three of these properties were initiated in 2004 and have been completed and the grants closed. The Hmong Funeral Home property has been developed to serve the unique funereal needs of the Hmong Community. The Dale Street East and West properties are now occupied by private businesses, bringing nearly \$11,000,000 in private investment and approximately 302 jobs to the site at an average hourly wage of \$19.15. The Globe Property cleanup is complete and the site is being actively marketed. When redeveloped, the Globe Property will house up to 90,000 square feet of high-tech manufacturing space generating approximately 135 jobs, \$6,000,000 of private investment and around \$160,000 in annual property taxes. The first phase of the Griffin Cleanup is complete; the Site is being actively marketed and the final phase of cleanup will be completed at the time of building construction. The Minnehaha Lanes Property Cleanup is well underway and will be completed by December 2009.

3. COMMUNITY ENGAGEMENT AND PARTNERSHIPS (15)

a. Plan for Involving Affected Community (5)

The SPPA has evolved a standard approach of involving the local community in assessment activities, cleanup decisions and re-use planning through the redevelopment of over 18 business centers. The SPPA generally works closely with District Councils associated with the neighborhoods which house their redevelopment projects. The SPPA partners with the District Councils to hold public meetings throughout the redevelopment process to inform the community of the progress on the project, and to solicit their input into the reuse plans and cleanup decisions. The SPPA also keeps community groups informed through its bi-monthly newsletters (sent both by e-mail and US Post) and postings on their web-site.

However, for the 3M Parcel 5 project, the SPPA has involved the community to a greater extent than is standard due to the context of the project. The 3M Parcel 5 redevelopment is a part of the SPPA's larger, holistic effort to reclaim the (describe) 3M Company's Main Plant campus on the East Side of St. Paul. The 3M Campus is of historical and cultural importance to the City of St. Paul and to its host neighborhoods. Resultantly, the

SPPA has been careful to involve the community in reuse decisions even beyond their standard level of community involvement. The 3M Main Plant has been determined to be eligible for listing in the National Register of Historic Places (NRHP) as a historic district and the SPPA has worked with the EPA to carefully observe the requirements of Section 106 of the National Historic Preservation Act (NHPA), which requires Federal agencies to take into account the effects of their undertakings on historic properties. This process has also increased the degree of community involvement for this project.

The SPPA has taken the following steps to involve the community in reuse decisions surrounding the 3M Main Campus (and specifically Parcel 5):

Describe 3M Advisory Committee, 3M Reuse Study, List Meetings

The following steps will be taken to involve the community in the cleanup decisions: We will publish a public notice of the plan to cleanup and redevelop the site and invite the public to review the plans; the public repository of information will be maintained at the MPCA. We will hold a thirty-day public comment period on the cleanup plans. We will provide updates regarding cleanup progress on our web-site.

b. Efforts or Plans to Develop Partnerships (5)

The SPPA's mission is to create and maintain a sustainable, livable, and economically prosperous city. To accomplish this mission, the SPPA has, for thirty-five years, identified, assessed, acquired, cleaned up and redeveloped former industrial/commercial properties in Saint Paul to create job centers for City residents. The SPPA has cultivated and tended many partnerships that are key to success in redevelopment. The SPPA's partners include the community-based organizations and District Councils representing neighborhood residents, other City Departments (most notably the Department of Planning and Economic Development), the Saint Paul Public Schools, area businesses and business associations, chambers of commerce, the regional Metropolitan Council, and state governmental entities (most notably the Minnesota Pollution Control Agency and the Minnesota Department of Trade and Economic Development). The SPPA recognizes that all of these partners are crucial not just to creating a vision for a livable city but also to actually achieving the vision.

More specifically, for the subject project, the SPPA will involve partners in the following ways. The SPPA already attends regular meetings with the 3M Advisory Committee, the District Councils and local community groups to gain input into the community's vision for, and concerns with, the 3M Main Campus and the 3M Parcel 5 property in particular. The SPPA solicits the community's input into the reuse and cleanup plans and will keep the community informed of progress on the cleanup through public meetings and its bi-monthly newsletter.

The SPPA has already enrolled the 3M Parcel 5 property in the Minnesota Pollution Control Agency's VIC Program and Petroleum Brownfields Program for technical review and oversight of the assessment and cleanup of the property. The SPPA has obtained cleanup funding from the Minnesota DEED's Contamination Cleanup and the Ramsey County Environmental Response Fund grant programs.

The SPPA works with Saint Paul Planning and Economic Development to ensure that sufficient affordable housing is available or created in the area of the job centers. Saint Paul Public Schools are often involved in larger redevelopment areas. For instance, a new

and innovative “Achievement Plus” neighborhood elementary school and an attached YMCA were built further west in the Phalen Corridor, to service a population which is largely Hmong, Hispanic and African-American and disproportionately impoverished.

c. Description of, And Role of, Key Community-Based Organizations (5)

The SPPA has identified the following Community Based Organizations as active partners in the implementation of the proposed grant activities. Letters of support from these Community Partners are provided in Attachment 4. It is notable that all present at the public meeting where this grant was discussed, all present voted in favor of the grant.

- **Dayton’s Bluff District 4 Community Council:** Ed Lambert 651-722-2075
This is the official, city-sponsored community planning group for the Dayton’s Bluff neighborhood. Role: May coordinate with the District 5 Planning Council on hosting public meetings and will help gather feedback from and communicate progress to the community.
- **Payne Phalen District 5 Planning Council:** Leslie McMurray; 651-774-5234.
This is the official, city-sponsored community planning group for the Payne Phalen neighborhood. Role: Will host public meetings to gather community input to cleanup and reuse decisions and provide a venue for the public to view documents, such as proposed cleanup plans.
- **3M Advisory Committee – Description, contact info.**

4. PROJECT BENEFITS (30)

a. Welfare and/or Public Health (10)

The Cleanup Grant will contribute to a healthy community because it will: 1) cleanup a known contaminated site, thereby removing the related health and safety risks faced by the local population; 2) remove blight and safety concern from the neighborhood, 3) provide a clean site which the SPPA can offer to attract light manufacturing entities seeking to build in the Twin Cities metropolitan area; 4) thereby create jobs for City residents and produce an increase in local property tax revenue (as described further in 4b, below); and 5) increase the quality of community life.

Jobs for Residents

The SPPA can guaranty jobs for City residents because each business occupying our business centers is required to enter into a Work Force Agreement, under which we require that the company create or retain jobs (at least one job per 1,000 square foot of building space), pay good wages (at least \$11.00 per hour plus benefits), and enhance neighborhood economic development (at least 70% of new jobs must go to Saint Paul residents). In addition, we work with the Saint Paul Department of Planning and Economic Development to ensure that economic development is accompanied by the development of quality affordable housing. The combined effect of these various efforts greatly contributes to a walkable, healthy community.

Reduction of Human Health Risk

The proposed cleanup will remove environmental threats at the Site. Site soils are contaminated with carcinogenic PAHs, metals (including lead and arsenic), and petroleum and non-petroleum VOCs. The main exposure scenarios posed by the identified contamination at the site are a) human contact with contaminated soils and b) exposure to VOCs via vapor intrusion into buildings. The proposed Response Action

Plan will disrupt or eliminate the possible exposure routes relative to the soil contamination and will remove the majority of the source of contamination to ground water and soil gas. In general, all soil containing contaminants at levels cleanup goals based upon the State’s health-risk based standards will be removed from the site and/or managed on site in a manner that eliminates all exposure routes to the contamination. Venting systems for on-site buildings will protect workers from exposure to any remaining soil gas contaminants.

Exposure Control During Cleanup

The Site will be cleaned up under the oversight of the MPCA, which requires measures to protect surrounding communities from exposure to Site contaminants during cleanup. In order to ensure that nearby residents are protected from exposure to contaminants during cleanup work, the following measures will be taken:

- Sediment and run-off controls will be instituted and will include silt fencing around the entire site and construction of berms where necessary.
- Exposed soil surfaces will be monitored for dust creation and will be kept wetted if necessary while heavy equipment is operating to suppress dust creation from the site and limit air particulate matter (and associated contaminant) concentrations in the immediate vicinity.
- Air quality monitoring will be conducted at the site perimeters, with special focus on the downwind boundary, during cleanup hours. Action limits will be established and observed.
- Soil piles will be covered with plastic until they are removed in order to prevent dust creation and surface-water run-off into surrounding areas.

b. Economic Benefits and/or Greenspace (5)

i) Economic Benefits

After the SPPA has completed response actions at the Site, the SPPA will prepare the property for development and sell it to a business which can meet the SPPA’s job creation and wage requirements. The SPPA’s plans for the 3M Parcel 5 Site anticipate that the new development will involve approximately 150,000 sq ft of light industrial/high tech manufacturing building, which should net approximately 400 new jobs and \$242,000 in annual property tax revenue. This job creation and property tax estimates are based upon the jobs per square foot and tax base increase created at SPPA’s past five business center projects, which are illustrated in Table 1.

Table 1 – Job Creation and Tax Base Increase – SPPA Business Centers 1997-2008

Business Center	Acres Purchased	Assessment & Cleanup Costs (\$)	Private Investment	Current Jobs (2007)	Annual Weighted Average Hourly Wage	Payable 2008 Property Taxes
Arlington Jackson (1997)	20	\$0.77M	\$12.66M	557	\$13.84	\$612,046
Williams Hill (1998)	27	\$2.76M	\$19.96M	453	\$17.58	\$735,176
GNBC North	18.3	\$6.11M	\$16.25M	484	\$21.08	\$696,276

(2001)						
Westminster Junction (2003)	24.3	\$2.21M	\$85.76 M	925	\$26.00	\$1,824,806
GNBC South (2005)	10.7	\$5.39M	\$12.32 M	306	\$26.62	\$450,344
Totals	100.3	\$17.24M	\$146.95M	2,725	\$21.31	\$4,318,648

The SPPA requires all of their property buyers to enter into covenants which require maximizing building coverage of the property, providing a high ratio of livable wage jobs per square foot of development (minimum of \$11.00 per hour, 1 job/1000 square feet of building), and requiring that 70% of the jobs created go to Saint Paul residents. The SPPA tracks and polices its property buyers to ascertain that job creation and City-resident-employment requirements are met and maintained.

ii) Other non-economic Benefits

The end-use identified for the 3M Parcel 5 redevelopment is light/high-tech manufacturing rather than greenspace. However, the property will be landscaped to the maximal feasible extent; buyers are required to expend 2% of the total project construction budget on landscaping and greenspace. To be aggressive with greenspace creation, the SPPA utilizes the non-profit Great River Greening as its partner. The SPPA’s design covenants require that a public gathering space be included in the site landscape design. These requirements coupled with the SPPA’s requirements for sustainable storm water management (that are generally met with rain water gardens, swales, or constructed wetlands), will add some park-like quality to a site that has for years been underused.

c. Environmental Benefits from Infrastructure Reuse/Sustainable Reuse (10)

The SPPA maintains minimum standard requirements for building design and landscape design. The requirements are memorialized in our purchase agreements and in legal covenants that run with the land at our business centers. The design requirements address facades, windows, public space, landscaping, signage, energy efficiency, day-lighting, indoor air quality, reuse of materials and other sustainable design elements. The legal covenants set building cost minimums at \$60 per square foot and make economic use of scarce land (35% minimum coverage of building to land).

The end users at our Business Centers are also required to conduct a high-performance/sustainable design process with a team of design experts paid for by the SPPA (Green Design Review). Through this process, initiated in 2004, we: a) strive for High Performance Site Design, b) promote native plantings and Next Generation storm water management; c) improve energy efficiency by working with Xcel Energy, the local power utility, to guide every building project through Design Assistance or Plan Review (this technique results in buildings operating up to 20% better than energy code and businesses lowering their annual energy costs by a similar percentage); d) improve Employee Productivity by encouraging increased day-lighting, improved ventilation, and the use of materials that do not off-gas; and e) evaluate material usage for increased durability, resource efficiency (focusing on locally-made or recycled goods) and cost-effectiveness.

In 2008, we expanded this program to include the use of LEED NC as a design guide, energy modeling of all buildings, building commissioning per LEED requirements and reporting of actual energy and water use after occupation. That information will be used to develop the carbon footprint of these buildings, benchmark performance, and strive to improve actual building performance in accordance with the Architects 2030 Challenge.

Finally, and perhaps most importantly, the end product of redevelopment will result in high density job center within a high density job corridors located adjacent to high density urban residential areas. The cleanup of polluted sites is a crucial step in their redevelopment and subsequent high density job creation. The efficient use of land and infrastructure, accomplished by recycling brownfields and locating jobs in the urban core near housing units, reduces vehicle trips by matching jobs and housing more efficiently. Fewer vehicle trips means reduced vehicle emissions and higher air quality.

d. Plan for Tracking and Measuring Progress (5)

The SPPA intends to continue their current methods of tracking progress, by completing the quarterly reports and associated ACRES Data. In addition, the SPPA has clear objectives each time it undertakes the cleanup of a brownfield property. The SPPA maintains accurate accounting records of the private and public funds leveraged at each of its redevelopments. Each redevelopment result in the creation of either a “Business Center” or a “Business Site.” Due to design and legal covenants with the developers who purchase our remediated properties, the SPPA has maintained detailed records of the number of jobs created, wages, public/private investment, and the taxes generated from each project. The table presented in criterion 4b illustrates a tabulation of results made possible by our tracking methods.

Specifically, we will track the following outputs for this grant: Acres cleaned up, and public cleanup dollars leveraged (local, state and federal). These outputs will lead to the following outcomes, which will also be tracked: tax base increase, jobs created, jobs retained, business centers created, private development dollars leveraged, public development dollars leveraged (local, state and federal).

ATTACHMENT 1

LETTER FROM MINNESOTA POLLUTION CONTROL AGENCY
(Threshold Criterion 2)

DRAFT

ATTACHMENT 2

Site Map

DRAFT

ATTACHMENT 3

DOCUMENTATION FOR COMMUNITY NOTIFICATION OF GRANT

- Copy October 2, 2009 Public Notice - Saint Paul Pioneer Press
- Agenda, sign-in sheet, and meeting notes from the 10/06/2009 public meeting, (“Community Planning and Economic Development Meeting” District 5 Planning Council)
- A summary of the comments received from the public meeting and in response to the community’s review of the grant
- The SPPA’s response to the public comments

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ATTACHMENT 4

LETTERS OF SUPPORT FROM COMMUNITY PARTNERS

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