
Guidelines for Ramsey County Environmental Response Fund

October 7, 2008

Introduction to Revisions

The Ramsey County Board of Commissioners adopted guidelines for administration of the Environmental Response Fund in December 2004 and authorized the Ramsey County Housing and Redevelopment Authority to administer the program. Ramsey County held its first formal funding round in May 2005 after an award of \$1,007,000 had been made to address contamination of the Maxson Steel/Dale Street Shops site identified as a priority in the enabling legislation. The Ramsey County HRA awarded loan and matching grant funding to projects located in Saint Paul and suburban communities. Commissioners also converted loans to grants for four previously awarded projects. The ERF Programs in Hennepin and Ramsey County sunsetted at the end of 2007, but were reinstated by the legislature during the 2008 session. Ramsey County re-authorized collections effective August 1, 2008 and directed staff to revise policies and procedures for administration of the ERF through 2012, when the program is expected to sunset.

Note: Major additions to the approved policies are identified by borders; strike-throughs indicate removal of language from the approved policies.

Background

Minnesota Statutes, Section 383A.80, adopted in 1997, established the authority for Ramsey County to impose a mortgage registry and deed tax each equal to .0001 percent of the principal amount. All revenues collected under this authority must be deposited in the County's Environmental Response Fund (ERF). The authority to impose the tax is scheduled to expire on January 1, 2008. On December 22, 2002, the Ramsey County Board of Commissioners approved an increase in the mortgage registration and deed tax for the express purpose of creating an ERF.

Minnesota Statutes 383.B.81 (Attachment "A") states that the ERF may be used for the following activities:

- Acquisition through purchase or condemnation of lands or property which are polluted or contaminated with hazardous substances;
- Paying the costs associated with indemnifying or holding harmless the entity taking title to lands or property from any liability arising out of the ownership, remediation, or use of the land or property;
- Paying for the costs of remediating the acquired land or property;
- Paying the costs associated with remediating lands or property which are polluted or contaminated with hazardous substances; or
- Paying for the costs associated with improving the property for economic development, recreational, housing, transportation or rail traffic.

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The law further requires the County to seek matching funds from other public and private sources. Land acquired through the ERF may be resold at fair market value, and proceeds must be deposited in the Ramsey County ERF.

Purpose

Ramsey County recognizes the need to transform contaminated property into viable use. Land acquisition and construction costs are rising rapidly and little undeveloped property remains. Re-use of existing sites can increase development costs and can leave owners with the additional costs of mitigating contamination created by prior land uses. Ramsey County wishes to facilitate preservation and enhancement of the property tax base through brownfields clean-up.

Ramsey County Environmental Response Fund Priorities

Consistent with the legislative requirements of the ERF, Ramsey County affirms the following priorities for expenditure of ERF funds:

- Development/redevelopment of blighted sites, including orphan sites, that will result in additional jobs at living wages and/or affordable housing; and/or
- Clean-up of public land and green space that will enhance the quality of life in neighborhoods and communities.

Ramsey County will maintain an equal fund balance between city and suburban projects appropriate to available and anticipated sources of funding available to the ERF.

Eligible Applicants

Ramsey County and Ramsey County municipalities, public and private for profit and not-for-profit agencies and organizations may apply for Ramsey County ERF funds to mitigate capital investment associated with redevelopment of contaminated/polluted property located in Ramsey County.

Funding Limits

ERF funds are intended as gap financing and applicants should have exhausted funds available from other sources including, but not limited to the Department of Employment and Economic Development, the federal government, the Metropolitan Council and the private sector at the time application is made. All applicants for Ramsey County ERF gap financing to mitigate a site must own or demonstrate legal control of the contaminated property and have a pre-approved Response Action Plan from the State of Minnesota (RAP).

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There is no limit on grant funding that may be requested from the Ramsey County ERF. Eligible Applicants must document that all other potential sources of funds have been identified and requested and that no other sources of funding exist. Applicants must include written confirmation from funding sources and demonstrate that a gap exists.

Application Process

The Ramsey County ERF process will be coordinated with other fund sources (DEED, Met. Council) to the extent feasible to avoid unnecessary administrative reviews and maximize investment. ERF project proposals will be accepted at the same time application is made to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account, currently November 1 and May 1 of each year.

Suburban Ramsey County projects that also propose to use funds available from the Department of Housing and Urban Development will be encouraged to coordinate submissions with County HRA deadlines for proposals for Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds.

Applicants should have site control prior to requesting ERF gap financing. All projects must receive the written support of the jurisdiction in which they are located.

Applicants will be required to complete a proposal for Ramsey County ERF financing that addresses Ramsey County priorities and provides basic information pertinent to the project.

Application forms are available from the Ramsey County Housing and Redevelopment Authority and are posted on the ERF website along with other program materials. Incomplete applications will be returned.

Evaluation of Proposals

The ERF offers mitigation financing of last resort. All other sources of financing should be exhausted prior to requesting Ramsey County funding. The project should be ready to be implemented within 90 days of fund award with funds fully expended within 18 months from the time an agreement is executed.

Proposals will be evaluated based on ability to achieve Ramsey County priorities. Project proposals will be reviewed by HRA staff to determine:

- The degree to which clean-up addresses human health and environmental safety consistent with the end use of the site;
- The degree to which clean-up assists economic development;

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- The degree to which clean-up facilitates construction of new affordable housing units;
- Confirmation of the financing gap based on commitments of other sources of funds; and
- The capacity of the developer/property owner to complete the project as proposed in a timely manner.
- How quickly the project will result in increased tax capacity and generate revenue for Ramsey County
- Expenditure of funds within 18 months from HRA approval of the project.
- The short-term and long-term financial benefit of Ramsey County's ERF investment in the project.

Staff will coordinate project evaluation with other funders and may modify requested financing with other sources as appropriate. It is intended that the ERF be used as the fund of last resort. Proposals that meet the criteria outlined in these guidelines will be presented to the HRA Board for approval.

The Ramsey County Housing and Redevelopment Authority will have final approval of projects recommended for ERF funding.

ERF applicants may apply for loan funding at their discretion. The Ramsey County HRA reserves the right to require repayment of ERF funds.

Administration

The Ramsey County Housing and Redevelopment Authority will administer the Ramsey County ERF. Staff will work directly with proposers and in cooperation with municipalities who may be proposing projects in Ramsey County suburban communities. For sites that are located within Saint Paul, Ramsey County HRA staff will work with Saint Paul Planning and Economic Development or Port Authority staff to provide technical assistance and assure that proposals meet ERF program guidelines.

Staff will coordinate review of project proposals and recommendations with other funding agencies. It is the intent that the ERF be used as the fund of last resort.

Ramsey County HRA/Community and Economic Development will bill the ERF for administrative costs that cannot be recovered through administration of federal entitlement funds. ERF administrative costs will be limited to 3% of receipts as permitted under enabling legislation.

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Implementation and Accountability

The HRA will execute agreements with the recipient agency that will detail roles, responsibility, accountability for the expenditure of funds and repayment, where applicable. Funds may be awarded as grants, deferred loans, and/or amortized loans or loans repayable upon sale of cleaned-up land at a price no less than the original purchase price plus the actual cost of clean-up. The HRA may negotiate ERF awards and repayment as appropriate. Repayment or recapture of ERF funds will be returned to the Fund for future use.

HRA staff will monitor funded projects to assure that funds are expended appropriately and that the project is completed as proposed.

All projects that receive ERF funding will be required to submit quarterly progress reports until the outcomes identified in the proposal and subsequent agreement have been met.

If a funded project fails to proceed as proposed, Ramsey County reserves the right to require repayment of all grant and /or loan funds.

For additional information, contact the HRA Staff at 651-266-8000.