



# Ramsey County Environmental Response Fund

## RAMSEY COUNTY'S ENVIRONMENTAL RESPONSE FUND A Small Investment but a Huge Impact

- Removes unsafe and unhealthy property
- Converts environmentally unsound sites to productive use
- Attracts business and creates jobs
- Increases tax base with new higher value property investment
- Provides more efficient buildings and operations
- Leverages private re-investment
- Efficiently uses existing infrastructure
- Reduces sprawl
- Improves air and water quality
- Revitalizes neighborhoods

### ENVIRONMENTAL RESPONSE FUND - In a Nutshell

Total Funds Collected	\$6,842,294
Total Funds Awarded	\$5,970,564
Total Permanent Jobs Created	4,759
Total New Housing Units	1,592 new housing units, of those 36% (571) are <i>affordable</i>
Land Cleaned Up	233.5 acres
Funds for Administration	Less than 2%, including costs to leverage \$200,000 in EPA Assessment funding

<u>2006 Receipts</u>	<u>2007 Receipts</u>	<u>2008 Receipts</u>	<u>2009 Receipts</u>	<u>2010 Receipts</u>	<u>2011 Receipts</u>	<u>2012 Receipts</u> (through October)
\$908,446.19	\$734,001.17	\$265,963.00	\$518,963.00	\$441,332.25	\$408,015.64	\$450,767.05
Monthly Average 2006	Monthly Average 2007	Monthly Average 2008	Monthly Average 2009	Monthly Average 2010	Monthly Average 2011	Monthly Average 2012
\$75,703.85	\$61,166.76	\$37,091.34	\$43,244.31	\$36,777.69	\$34,001.30	\$45,077.00

Reviving the urban/first-ring suburban core is crucial to the viability of the Twin Cities Metropolitan Area. The ability to generate revenue through property transactions demonstrates visible results of public investment in reclamation and environmental protection, including jobs and increased tax base.

*Ramsey County Commissioner Janice Rettman, Chair  
Ramsey County Housing and Redevelopment Authority*

January, 2013



Ramsey County is fully developed and the most densely populated Minnesota county. It also has some of the most polluted property. Environmental Response Funds captioned below, leveraged an investment of \$29,558,189 in clean-up costs. Total proposed development costs of \$868,680,738 are expected to result in an increased market value of \$407,272,387. Without the ERF, projects such as those described below would not be possible. Ramsey County could not achieve this level of success without authorization from its forward-looking legislature.



### **2004 Great Northern Business Center, St. Paul (\$1,007,000 ERF)**

Impetus for establishing ERF, the former Maxon Steel/Dale Street Shops dominated the impoverished and ethnically diverse Frogtown Neighborhood in Saint Paul along Minnehaha Avenue and Dale Street. Reclamation of nearly 11 acres polluted with petro and other contaminants made redevelopment possible. Today, the new business park is home to 4 thriving businesses, 334 jobs paying at least \$10.50 hour with benefits and \$535,717 in property taxes.



### **2005 Carleton Place Artist Lofts, St. Paul (\$235,000 ERF)**

Formerly home to Johnson Brothers Liquor Warehouses, this 6-acre site was plagued with lead, asbestos and petroleum contaminants. Today the historic landmark building has been transformed into 168 new 1 and 2 BR loft apartments with communal studio and performance space. All are affordable units and located on the Green Line/Central Corridor Light Rail transitway.



### **2005 Village at Little Canada, 125 Little Canada Road, Little Canada (\$46,725 ERF)**

A gas/service station for more than 50 years, this 1/2 acre site was prime for redevelopment but despite prior tank removal and some clean-up efforts, serious petro contamination left the site untouchable. Investment of brownfields clean-up funds made construction of a 25,000 square foot business center possible. The corner anchor complements a newer senior residential complex on the opposite corner.



### **2006 Traverse Business Center, Arden Hills (\$50,000 ERF)**

Significant structural damage to existing buildings, the result of a tornado in 2005, rendered the 261/2 acre site virtually unuseable and economically infeasible. Additionally, concentrations of DROs and PAHs were found throughout the site as well as beneath the buildings. Traverse Business Center is one of the last remaining large, undeveloped spaces along the I494/694 loop at I35W. Up to 495,000 square feet of office space will be constructed in three phases. The first building, a 203,000 square foot, 6-story building has been completed.



### 2006 New Brighton Exchange (\$725,000 ERF)

Formerly the Northwest Quadrant, and consisting of approximately 100 acres, the redevelopment site once housed an oil refinery, solvent and asphalt plants, rendering plants, a gas station and private dumps. Clean-up of the entire site has been estimated in excess of \$21M and is being completed in stages as projects are approved. API Group Inc., Data Sciences International (DSI) and Shavlik Technologies have constructed new buildings resulting in 2,800 new/retained jobs. A 100 unit market rate rental property has been completed and development of up to 85 “move-up” single family homes and townhomes have been proposed for 2013 construction.



### 2007 Sholom East Campus, St. Paul (\$147,000 ERF)

The site of the former Koch Fuels/Flint Hills fuel distribution center has been cleaned up and transformed into a 92-unit/bed facility offering needed long-term care, short-term rehab and a memory care unit. Sholom relocated 1,225 staff positions and initially created 26 new jobs at start up. Rental units are affordable to very low-income seniors; the nursing home and Johnston Hospice Center accept patients receiving Medical Assistance.



### 2007 - 2009 NE Quadrant, Vadnais Heights (\$500,000 ERF)

Development opportunities in the NE quadrant of the intersection of 35E and County Rd E in Vadnais Heights have lagged due to buried materials from the demolition of Anker Hospital. ERF funding is helping identify contaminants and containment options in advance of development.



### 2007 Globe/Beacon Bluff, East Seventh Street, St. Paul (\$350,000 ERF)

The 6-acre former Globe Building Materials site, now part of the Beacon Bluff Redevelopment project, housed a century-old asphalt shingle and tar paper manufacturing business until it went bankrupt and closed its doors leaving the site vacant in 2001. One of the dirtiest sites in the Port Authority’s 75 year clean-up history, the site epitomized the economic and emotional decay plaguing the east side neighborhood. Now ready for redevelopment, the site is expected to add 90,000 square feet of light industrial space, employ more than 100 workers and generate at least \$175,000 annually in new property taxes.



### 2009 - 2010 Twin Lakes Redevelopment, County Road C/Cleveland Avenue, Roseville (\$265,000 ERF)

Since 1988, the City of Roseville has worked toward redevelopment of the 275-acre Twin Lakes Redevelopment Area. Today, about 170 acres remain to be redeveloped. Envisioned as a mixed-use business park that includes a variety of office, retail, and residential uses, the first phase of infrastructure improvements has been completed. Construction of roadways and roundabouts and installation of utilities has been completed and the new Metro Transit Park-and-Ride facility has opened.



### **2009 Birch Lake Commerce Park, 1201 Birch Lake Boulevard North, White Bear Township (\$71,951 ERF)**

Despite promising redevelopment potential, clean-up cost uncertainty had prevented new investment. ERF gap financing allowed the city to revitalize the site as a new headquarters business center for Tecweigh, Inc./Tecnetics Industries, a leading designer of in-motion weighing and metering products for a variety of industries. The international business moved into new buildings in May and has retained 45 jobs and is expected to add 18 new ones. With new construction, the estimated market value of the site has increased from \$295,700 to \$1,311,200.



### **2009 King's Crossing at Frogtown Square (\$97,500 ERF)**

Located at the corner of University and Dale in Saint Paul in the heart of the Frogtown neighborhood, the site has been transformed into a three-story, 50 unit senior apartment building with 11,000 square feet of retail space. The original buildings were once home to businesses and workers building the streetcar and railroad system in the late 1860s; today they will support the Central Corridor's Green Line. Apartment units are heated and cooled by 72 geothermal wells drilled under the surface parking lot.



### **2010 Reflex Medical Molding, 2480 Seventh Avenue East, North St. Paul (\$191,987 ERF)**

Formerly the location of a fueling station, Reflex Medical specializes in plastic injection molding of medical components. The state-of-the-art facility handles full production runs as well as prototype molds needed for project development /trial stages. Eleven jobs were retained and 5 new ones have been created.



### **2010 Total Tool Supply, Inc., St. Paul (\$40,000 ERF)**

Total Tool Supply, Inc., outgrew its St. Paul distribution center, and was considering leaving the state to expand. Funding to help clean-up contaminated soil on the adjacent properties allowed Total Tool to remain in St. Paul, retaining 47 jobs and adding 22 jobs to the tax base through facility expansion and enhancing higher market value.





**REAL LIFE EXAMPLE OF ERF COSTS TO A FIRST-TIME HOMEBUYER**

In 1997, the Minnesota legislature enacted State Statute 383A.80 enabling Ramsey County to impose mortgage registration and deed taxes of 1/100% on most property sale transactions. The tax of .0001 on the principal amount of a mortgage and .0001 on the value of the property provide revenue for Ramsey County’s Environmental Response Fund for clean-up of contaminated land.

This represents a miniscule amount in the typical closing for a homebuyer. Below is a summary of closing costs, fees, and prepaid expenses on a recent FirstHOME (Ramsey County down payment assistance program) closing. On a typical sale, mortgage deed and revenue charges would add \$33.41 to the Environmental Response Fund. In this case, the low income buyer used FirstHOME assistance, so the mortgage registration fee is exempt. ERF supports brownfields redevelopment in Ramsey County, the only kind of development likely to happen in this fully developed county. If there are to be new businesses to create jobs and bring new homebuyers to the area, it will be through redevelopment of brownfield sites. Without that, the amount of buying and selling in Ramsey County will be stagnant.

Purchase price of home in White Bear Lake : \$170,000  
First Mortgage: \$164,050

**ERF Mortgage and Deed Registration Tax: \$33.41**



**CLOSING COSTS**

Origination	1,640.50
Processing	350.00
Underwriting	250.00
Doc Prep	175.00
<b>Sub Total</b>	<b>2,415.50</b>

**FEES**

Appraisal	490.00
Credit Report	11.75
Fed Flood Cert	17.00
Title Co. General	820.00
Title Ins. Permanent Lender	538.15
Title Ins. Permanent Owner	235.85
Recording	42.00
<b>State Mortgage Registration Tax</b>	<b>397.66</b>
Conservation Fee	5.00
RE Buyer Broker Commission	395.00
<b>Sub Total Fees</b>	<b>2,952.41</b>

**TOTAL CLOSING**

5,367.91

**PREPAID ITEMS**

Homeowners Ins	1,000.00
4 Month Taxes	939.25
ProRata Taxes	490.97
Interest 3 Days	70.36
<b>Sub Total Prepays</b>	<b>2,500.58</b>

**Prepays plus closing**

**7,868.49**

**BUYER CASH INVESTMENT**

Earnest \$\$	(500.00)
RC FirstHOME	(5,250.00)
Seller Paid Closing	(6,600.00)
Cash at Closing	1,568.49
Cash Previously Deposited	12,350.00

**Total Buyer Cash Investment**

**13,918.49**



# \$1 of ERF funding generated \$145 in new development!

<b>SUBURBAN RAMSEY COUNTY ERF PROJECTS</b>				
<u>Location</u>	<u>Approval date</u>	<u>Cleanup activity</u>	<u>Source of funds</u>	<u>Funding level</u>
<b>City of Little Canada</b> Little Canada Business Center Rice Street/Little Canada Rd.	August 2005	Petroleum contaminants	DEED Guerin Family Met Council TBRA ERF <b>TOTAL</b>	150,000 200,000 50,092 31,759 <b>431,851</b>
<b>City of Arden Hills</b> Traverse Business Center NE Quadrant 694/35W	June 2006	Industrial contaminants	DEED Met Council TBRA PetroFund Private ERF <b>TOTAL</b>	600,000 200,000 4,300 3,630,500 50,000 <b>4,484,800</b>
<b>City of New Brighton</b> NW Quadrant East OLD Hwy 8/694/35W	June 2006	Methane/VOC vapors from dumpsite	US EPA DEED GO Bonds ERF <b>TOTAL</b>	500,000 2,000,000 6,500,000 725,000 <b>9,725,000</b>
<b>City of Vadnais Heights</b> City Center Redevelopment Co Rd D/35E	May 2007	Removal of construction debris and contaminants	City of Vadnais Heights TIF GO Revenue Bonds ERF <b>TOTAL</b>	400,000 500,000 250,000 500,000 <b>1,650,000</b>
<b>City of North St Paul</b> Reflex Medical 2483 Seventh Avenue	August 2009	Petroleum and other contaminants	City of North St Paul ERF <b>TOTAL</b>	25,252 191,987 <b>217,239</b>
<b>City of Roseville</b> Twin Lakes Infrastructure 35 W/Cleveland/Co. Rd C/C2	November 2009 May 2010	Petro contaminants	ERF <b>TOTAL</b>	263,570 <b>263,570</b>
<b>City of Maplewood</b> E. Metro Training Center Century Avenue and Hwy 5	May 2009	Petro contaminants	City EUF/CIP Funds ERF <b>TOTAL</b>	500,000 450,000 <b>950,000</b>
<b>White Bear Township</b> White Bear Business Park North Birch Lake Boulevard	June 2011	Petro contaminants, well	DEED Met Council TBRA ERF <b>TOTAL</b>	672,210 71,951 71,951 <b>816,112</b>
<b>North St Paul</b> Commerce Park Redevelopment 2710 13 <sup>th</sup> Ave E/2501 Henry	February 2011	Soil and well contamination/storage tank removal	Met Council TBRA ERF <b>TOTAL</b>	478,170 356,949 <b>835,119</b>
<b>CITY OF SAINT PAUL ERF PROJECTS</b>				
<b>Maxson Steel</b> Saint Paul Port Authority	October 2004	Heavy Industrial contaminants	ERF <b>TOTAL</b>	1,007,000 <b>1,007,000</b>
<b>West Side Flats</b> Sherman Development 84 Wabasha Street at Water	September 2005	Heavy Industrial contaminants	Other ERF <b>TOTAL</b>	3,993,180 300,000 <b>4,293,180</b>
<b>Case Street Redevelopment</b> Twin Cities Habitat for Humanity 1611 Case Street	May 2007	Asbestos, Diesel Range Organics (DROs)	EPA Payne Lake Private ERF <b>TOTAL</b>	233,300 20,000 175,000 180,000 <b>608,300</b>



# \$1 of ERF funding generated \$68 in increased market value!

<b>Multi-Family Development</b> Timbercraft Homes Dale Street and Dayton Avenue	May 2005	Petro-related contaminants	DEED Met Council TBRA Developer Equity ERF <b>TOTAL</b>	200,250 34,710 398,000 22,360 <b>655,320</b>
<b>Johnson Liquor/Carleton Place Lofts</b> Dominium University & Carleton	May 2005	Asbestos and Petro-based contaminants	Met Council TBRA Developer ERF <b>TOTAL</b>	65,496 43,664 235,000 <b>344,160</b>
<b>Continuum Senior Housing</b> Sholom Community Alliance West 7 <sup>th</sup> and Otto	November 2007	Lead and Petro-contaminated soils	Met Council TBRA St Paul HRA SHOLOM Capital ERF <b>TOTAL</b>	150,000 658,000 44,449 293,948 <b>1,146,397</b>
<b>Globe Building Materials Facility/Beacon Bluff</b> Saint Paul Port Authority 1107-1130 East 7 <sup>th</sup> St.	October 2006	Deisel Range Organics, PAH, lead, mercury, GRO, solid waster	DEED Met Council TBRA EPA St Paul STAR ERF <b>TOTAL</b>	1,200,000 600,000 1,500,000 163,260 350,000 <b>3,813,260</b>
<b>Winnipeg Apartments</b> SPARC Rice Street at Winnepeg	May 2007	Petro-contaminants from former gas station	DEED Met Council TBRA SPARC ERF <b>TOTAL</b>	108,644 18,832 540,000 17,382 <b>684,858</b>
<b>Frogtown Square Senior Housing</b> NEDU University Ave. and Dale Street	July 2005	Asbestos and other soil contamination	DEED City of St Paul Met Council TBRA ERF <b>TOTAL</b>	174,500 112,253 123,845 97,500 <b>508,098</b>
<b>Penfield</b> City of St Paul 10 <sup>th</sup> Street	July 2005	Building Debris and related contaminants	DEED Met Council TBRA Private Match ERF <b>TOTAL</b>	573,881 350,000 96,794 168,500 <b>1,189,175</b>
<b>Former 3M-Beacon Bluff</b> Saint Paul Port Authority Front and E. 7 <sup>th</sup> Street	June 2011	Petro Contaminants	DEED EPA Assessment EPA RLF ERF <b>TOTAL</b>	950,000 344,237 400,000 100,000 <b>1,794,237</b>
<b>West 7<sup>th</sup> Housing</b> Project for Pride in Living	June 2011	Petro Contaminants	PPL Tax Credits ERF <b>TOTAL</b>	60,000 13,737 <b>73,737</b>
<b>Total Tool Expansion</b> Saint Paul Port Authority Snelling Ave/HY 94	February 20122	Asbestos and other contaminants	DEED Met Council TBRA ERF <b>TOTAL</b>	699,575 128,193 40,000 <b>867,768</b>
<b>Schmidt Brewery Redevelopment</b> Seventh Street, Saint Paul	January 2012	Industrial waste	Met Council ERF DEED RLF Developer <b>TOTAL</b>	591,534 302,680 412,521 145,294 <b>1,452,029</b>



STAR TRIBUNE  
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Owen Metz, left, of Dominion and Steve Jansen of Peer Engineering inside the former Schmidt Brewery.

Photos by JOEL KOYAMA • jkoyama@startribune.com

## Where beer was brewed apartments will soon be

- The Schmidt Brewery is having lead paint and asbestos removed in preparation for construction.

By DON JACOBSON • Special to the Star Tribune

The first — and perhaps most important — phase of the long-awaited transformation of the former Schmidt Brewery in St. Paul kicked off this month: a multimillion-dollar cleanup to remove asbestos and lead paint.

Before the developer can turn the brewery's historic, medieval revival-style structure into scores of affordable housing units for artists, it must mount a massive remediation effort, which is getting underway this month.

It will be no small task for Dominion, the Minneapolis-based owner and developer. Given floor upon floor of asbestos-covered pipes and boilers and thick layers of peeling paint throughout the sprawling former Jacob Schmidt Brewing Co., remediation will cost more than \$3 million.

A key piece in moving the \$100 million project forward was Dominion's ability to cobble together clean-up grants from the Metropolitan Council, Ramsey County and the Minnesota Department of Employment and Economic Development to perform the necessary work — which is prodigious, says Steve Jansen, president of Peer Engineering, whose firm is spearheading the work for Dominion.

"Not only is this a decontamination of a former industrial site, but it's also one that's going from industrial to residential," he said while conducting a tour of the frigid, long-idled brew house building this week. "That means it's going to have to meet the highest of all standards of abatement."

In the work now getting underway at the former brewery, teams of workers are using the



Beer was brewed here until 2002, but inside the brewery is floor after floor of asbestos-wrapped pipes and peeling lead paint, which must be removed at a cost of nearly \$3 million before construction can begin.

"full containment" method of asbestos removal, in which small sections of the old buildings are totally sealed off with heavy plastic sheeting, creating a "negative air pressure zone," inside the containment area with a special machine.

Workers move around inside the zone wearing full decontamination suits with masks while operating the "negative air machine," which is equipped with a HEPA filter that is nearly 100 percent effective at removing even the smallest floating asbestos particles from the air.

In the laborious and time-consuming process, the asbestos waste is sealed into bags and moved outside, where it is placed inside a covered dumpster, eventually to be disposed of at a designated landfill.

A key part of the clean-up financing was a \$300,000 "environmental response fund" grant from Ramsey County — a program, Jansen noted, that has since been shelved after the state Legislature opted in the last session not to renew authority for it.

Under its provisions, Ramsey and Hennepin counties had been allowed to assess mortgage registry and deed fees amounting to 0.01 percent of a property's assessed value to pay for en-

vironmental clean-up projects. But the program was opposed by the residential real estate industry, which argued the fees are a burden to financially strapped home buyers at a time when the home market is struggling to recover.

At this early stage, it remains hard to imagine that the post-industrial shell of what was once one of the Twin Cities' oldest businesses will eventually be turned into 248 units of affordable rental housing for artists, but to Owen Metz, Dominion senior development associate, the future is clear.

As he led a tour onto the rooftop of the brew house, Metz pointed out where the apartment units would be and marveled at the views of downtown St. Paul and the Mississippi River valley from the site, which continued to pump out beer until 2002.

In addition to the building conversions, Dominion will construct 13 new affordable rental townhomes for families on a vacant parcel on the east end of the site. The project has an 18-month construction schedule.

Don Jacobson is a freelance writer in St. Paul.