



**Humboldt Industrial Park  
Tax Increment Finance Plan**

**December 16, 2005**

Prepared by:

Development Finance Division  
Finance Department, City of Minneapolis  
105 5th Avenue South, Minneapolis, Minnesota 55401

**Humboldt Industrial Park Tax Increment Finance Plan  
December 16, 2005**

**TABLE OF CONTENTS**

Introduction

- I. Tax Increment District Boundary
- II. Statement of Objectives
- III. Development Program
  - A. Description of Development Program
  - B. List of Property That May Be Acquired
  - C. Development Activity for Which Contracts Have Been Signed
  - D. Other Development Activity
- IV. Description of Financing
  - A. Project Costs
  - B. Bonded Indebtedness to be Incurred
  - C. Sources of Revenue
  - D. Original Net Tax Capacity
  - E. Estimated Captured Net Tax Capacity
  - F. Duration of District
  - G. Fiscal Disparities Election
  - H. Original Tax Capacity Rate
  - I. Permit Activity and Prior Planned Improvements
- V. Type of Tax Increment Finance District
- VI. Estimated Impact on Other Taxing Jurisdictions
- VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

*Exhibits*

- # 1 Boundary Map
- # 2 Project Area Report
- # 3 Site Plan
- # 4 Humboldt Industrial Park 49<sup>th</sup> Avenue North and Osseo Road Response Action Plan

# **Humboldt Industrial Park Tax Increment Finance Plan**

**December 16, 2005**

---

---

## ***Introduction***

Two plan documents have been prepared that are related to a proposed industrial project: the Humboldt Industrial Park Redevelopment Plan, and this Humboldt Industrial Park Tax Increment Finance Plan (the "Plans").

Real Estate Recycling (RER) has proposed development of a 10-acre parcel of land in the northwest corner of the Canadian Pacific Railroad's (CPR) Humboldt Yards as an industrial park (Humboldt Industrial Park). The proposal for this site, which has not been developed before, is for construction of one multi-tenant building totaling 125,000 square feet. RER projects generation of 190 new jobs for the project. The project requires both Brownfield remediation grants and tax increment financing.

Anticipated public and private redevelopment activities include acquisition, demolition, site preparation, pollution remediation, new construction, public improvements, project administration, and other related activities. These actions are being undertaken for the purpose of removing blight, pollution remediation, enhancing the tax base, and creation of jobs.

This plan document, the Humboldt Industrial Park Tax Increment Finance Plan, authorizes the creation of a new soils condition tax increment financing district to finance the anticipated costs of public redevelopment activities and establishes a preliminary budget for the project.

## **TAX INCREMENT FINANCE PLAN**

### **I. Tax Increment District Boundary**

This plan establishes a new soils condition tax increment financing district to be designated as the Humboldt Industrial Park Tax Increment Financing (TIF) District. The proposed TIF District is located in the Shingle Creek Neighborhood and Camden Community in Ward 4 of North Minneapolis. The Humboldt Industrial Park TIF District consists of one tax parcel (identified below) located at the northwest corner of the CPR Humboldt Yards.

<b>Property Identification Number</b>	<b>Address</b>
11-118-21-32-0048	2601 49 <sup>th</sup> Avenue N.

The property will be replatted into two parcels. The redevelopment parcel will be approximately 10 acres.

Proposed Metes & Bounds Legal Description of parcel to be included in Humboldt Industrial Park Tax Increment Financing District:

All that part of Lot 6, AUDITOR'S SUBDIVISION NUMBER 208, Hennepin County, Minnesota, lying westerly of the following described line and its southerly extension.

Commencing at the Northeast corner of said Lot 6; thence North 89 degrees 53 minutes 35 seconds West an assumed bearing along the North line of said Lot 6, a distance of 221.62 feet to the point of beginning of the line to be described; thence South 0 degrees 00 minutes 00 seconds West, 383.59 feet to the South line of said Lot 6.

Subject to Osseo Road easement per Doc. No. 4927040

Site area Parcel A = 438,280 square feet = 10.062 acres.

A map showing the boundary of the proposed TIF District has been attached as Exhibit #1 to this Plan. The Project Area Report, which provides a more detailed description of the site and documents the eligibility of the site for the establishment of a Soils Condition TIF District, is attached as Exhibit #2 to this Plan.

## **II. Statement of Objectives**

The City of Minneapolis seeks to achieve the following objectives through the Humboldt Industrial Park Redevelopment and TIF Plans:

- 1) Eliminate blighting influences which impede potential development.
- 2) Eliminate or correct physical deterrents to the development of the land.
- 3) Remediate site pollution and contamination in accordance with state and federal regulations.
- 4) Participate in partnerships to achieve common community development objectives.
- 5) Provision of an industrial park consisting of one 125,000 square foot building.
- 6) Job creation of 190 jobs.

### III. Development Program

#### A. Description of Development Program

The purpose of this plan is to authorize the use of tax increment revenue to pay for public redevelopment activity - including acquisition, pollution remediation, project administration, and other related activities.

These public redevelopment activities are necessary to facilitate the pollution cleanup of the site for new development. The new development will require higher level of public financial assistance because it is burdened by a substantial contamination cleanup cost. The developer, Real Estate Recycling, has submitted applications for contamination cleanup funding to the State Department of Employment and Economic Development (DEED), the Metropolitan Council, and Hennepin County to help fund approximately \$880,000 in contamination cleanup costs. Tax increment assistance will be in the form of a pay-go note that the developer plans to use as an additional revenue source for acquisition.

Real Estate Recycling (RER) has proposed development of a 10-acre parcel of land in the northwest corner of the Canadian Pacific Railroad's (CPR) Humboldt Yards as an industrial park (Humboldt Industrial Park). The proposal for this site, which has not been developed before, is for construction of one multi-tenant building totaling 125,000 square feet. RER projects generation of 190 new jobs for the project. The project requires both Brownfield remediation grants and tax increment financing.

#### B. List of Property That May Be Acquired

No property within the Project Area has been identified for acquisition by the City of Minneapolis. The developer has site control through a purchase agreement with the CPR.

#### C. Development Activity for which Contracts Have Been Signed

As of the date of the preparation of this plan, the City of Minneapolis has not yet entered into any redevelopment contracts related to these activities. It is anticipated that the City will enter into a redevelopment contract with Real Estate Recycling or its development subsidiary. Humboldt Industrial Park will be owned by a MN LLC to be formed by the three principals of RER. Until the development LLC is formed, the project is run by RER Acquisitions LLC, which is also owned by the three principals of RER. RER Acquisitions LLC is a MN LLC used to put properties under contract during the due diligence phase of the project. RER Acquisitions LLC will assign the Purchase Agreement of the to-be-formed development LLC once the project is approved and the necessary public funding is in place.

D. Other Development Activity

No other future redevelopment activity has been identified at this time. Any activities or expenditures not identified in this plan, or consistent with the plan objectives and budget included herein, would require a modification of this plan, pursuant to Minnesota Statutes Section 469.175, Subdivision 4.

IV. Description of Financing

The purpose of this plan is to authorize the use of tax increment revenue to pay for public redevelopment activity - including acquisition, pollution remediation, project administration, and other related activities. It is anticipated that public redevelopment costs will be financed in part with pay-as-you-go tax increment financing.

The figures, sources and methods of financing identified in this preliminary finance plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the project costs or bonded indebtedness of this project beyond the amounts listed herein, a modification to this plan might be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan.

A. Project Costs

Total up-front project costs for the Humboldt Industrial Park TIF District are estimated at \$8,768,026. These costs include acquisition, demolition, site preparation, pollution remediation, new construction, public improvements, project administration, and other related activities. Total estimated tax increment expenditures over time are estimated at \$900,000, which include Pay-As-You-Go Note Principal, Pay-As-You-Go Interest and Administration.

**Humboldt Industrial Park Tax Increment Financing Budget**

<b>Sources</b>	<b>Up Front</b>	<b>Over Time</b>
Developer Funds	\$500,000	---
Tax Increment	---	\$900,000
Other	---	0
<b>Total Sources</b>	<b>\$500,000</b>	<b>\$900,000</b>
<b>Uses</b>		
Acquisition	\$500,000	---
Pay-As-You-Go Note Principal	---	\$500,000
Pay-As-You-Go Note Interest	---	310,000
Administration	---	90,000
<b>Total Uses</b>	<b>\$500,000</b>	<b>\$900,000</b>

B. Bonded Indebtedness to be Incurred

It is anticipated that public redevelopment costs will be financed through the City's issuance to the developer of a pay-as-you-go tax increment financing note. It is not anticipated that any tax increment bonded indebtedness will be issued by the City for the Humboldt Industrial Park project.

With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City, in exchange for a note that pledges repayment of these costs, with interest, out of the tax increment revenue generated by the project. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

#### C. Sources of Revenue

Tax increment generated within the TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the Humboldt Industrial Park Project. Other sources of funds available to pay project costs may include contamination cleanup funding from the State Department of Employment and Economic Development (DEED), the Metropolitan Council and Hennepin County, or other sources of revenue legally applicable to the Project and TIF District.

#### D. Original Net Tax Capacity

The Estimated Market Value (EMV) of taxable property in the TIF District is currently \$1,938,500. The Original Net Tax Capacity of the TIF District is therefore \$38,020.

#### E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the development, it is anticipated that the estimated market value of taxable property in the District will increase from \$1,938,500 to approximately \$5,800,000. This represents an increase of 3,861,500; and will generate a total net tax capacity of approximately \$115,250, and an estimated captured net tax capacity of \$77,230.

#### F. Duration of District

The Humboldt Industrial Park TIF District is a Soils Condition Tax Increment Financing District. Tax increment can be paid to the City for up to twenty years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

#### G. Fiscal Disparities Election

It is the intent of the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the Humboldt Industrial Park TIF District. The election provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

#### H. Original Tax Capacity Rate

It is anticipated that the Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2005. For tax increment projection purposes, a tax rate of 128.000% has been used. For impact purposes (see Section VI), the tax rate (133.761%) has been used.

#### I. Permit Activity and Prior Planned Improvements

The TIF District does not include any "prior planned improvements" as that term is described in Minnesota Statutes, Section 469.177, Subd. 4.

The letter requesting certification by Hennepin County of the TIF District will be accompanied by a list of all of the building permits issued for the property included in this TIF District during the eighteen months immediately preceding approval of this TIF Plan, as mandated by Minnesota Statutes, Section 469.175, Subd. 3.

### V. Type of Tax Increment Financing District

The proposed Humboldt Industrial Park TIF District is a soils condition district pursuant to Minnesota Statutes Section 469.174 Subdivision 19. Additional information about the physical conditions in the District and the eligibility of this area for inclusion within a soils condition TIF district can be found in the Project Area Report and Documentation of Eligibility, which is attached as Exhibit #2 to this Plan.

### VI. Estimated Impact on Other Taxing Jurisdictions

It is the position of the City of Minneapolis that the redevelopment of the property included in this TIF District would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for the purpose of analysis that the proposed development described herein would occur without tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

	<b>Tax Capacity Rate Payable 2005</b>	<b>Property Tax Revenues Resulting from \$ 77,230 Captured Tax Capacity</b>
City of Minneapolis	61.932%	\$ 47,830
Hennepin County	39.152	30,237
Special School District #1	26.833	20,723
Other Taxing Jurisdictions	<u>5.844</u>	<u>4,513</u>
<b>Total</b>	<b>133.761%</b>	<b>\$ 103,304</b>

### ***Fiscal and Economic Implications of Proposed TIF District***

The estimated amount of total tax increment that would be generated over the life of the district is \$1,967,200 (using the 128% constant tax capacity rate).

A description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district is projected to be minor due to the small size of the project.

The estimated amount of tax increment generated over the life of the district that would be attributable to school district levies, assuming the school district's (19.65%).share of the total local tax rate for all taxing jurisdictions remained the same is \$386,555.

The estimated amount of tax increment generated over the life of the district that would be attributable to county levies, assuming the county's share (28.69%) of the total local tax rate for all taxing jurisdictions remained the same is \$564,390.

As of the date of this TIF Plan, neither the County or School District have requested any additional information which could assist them in determining additional costs that may accrue due to the development in the TIF district.

Fiscal calculations contained in this Plan are based upon the current property tax formulas and property values, and an estimate of the likely assessed market value of the proposed new development. The assumptions utilized for this analysis are shown on the schedules presented in this plan document for the Market Value test. This was the best information available at the time that this plan was prepared.

### **VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance**

Minnesota Statutes, Section 469.175, Subdivision 3, provides that prior to the approval of a tax increment financing plan, the City Council must find that the proposed development or redevelopment would not reasonably be expected to

occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance needed because of the extraordinary pollution remediation costs. This conclusion is based upon the following factors.

DEED, Metropolitan Council grants and tax increment financing are necessary to remediate the DRO impacts to soil and groundwater at the site. DRO impacts result from City of Minneapolis street sweeping debris deposited on the property. Pesticides are also present in groundwater resulting from the Howe Chemical Fire that occurred in 1979. The property has been a magnet for illegal dumping and vandalism over the years.

The site has a history of environmental impacts from numerous sources that have resulted in its current undeveloped condition. The site has been owned for over 93 years by the Canadian Pacific railroad (formerly the Soo Line Railroad). The site originally contained marshy areas that have now been filled. Ryan Creek originally ran through the middle of the site, but was relocated near the southern boundary of the site sometime between 1965 and 1971. The relocation of the creek is undocumented.

The property is surrounded by a number of sites with known or suspected environmental impacts. From 1945 until the 1960s a service station was in operation just west (up gradient) of the site. The Howe Chemical Company, a distributor of pesticide and fertilizer chemicals, also operated immediately west of the site across Osseo Road. Southwest of the site, the BJ Carney wood treating site (a state superfund site) operated from 1923 to 1973.

In January 1979 there was a fire at the Howe Chemical Company. It was estimated that the warehouse which burned contained over 100 different pesticides totaling 80 tons of active ingredients. Water used to extinguish the fire washed massive amounts of pesticides and fertilizer into Ryan Creek and ultimately onto the site. As a result of the runoff from the fire, site soils and groundwater were highly impacted with pesticides and fertilizer. In order to prevent the impacted runoff from traveling further into the watershed and potentially impact other areas, a series of berms were constructed at the site which resulted in ponding of the pesticide-impacted water over a large portion of the property.<sup>1</sup>

---

<sup>1</sup> A limited response action was conducted by MDH in 1979. The response action involved the limited excavation and off-site disposal of the top one to two feet of sediment from the Ryan Creek bed. After the surficial sediments were removed, a liner was placed over the remaining impacted soils beneath the creek bed and the liner was covered with clean fill. In addition, site groundwater was pumped for 6 months before the pumping was discontinued. Pesticide impacted soil and groundwater remained at the site after the limited response action was completed. The low portions of the site, including the original Ryan Creek bed before it was relocated, have been filled over time by fill from various sources, including street sweepings from

A potential tax increment financing district site must also pass a "market value" test in order to make a finding that development could not occur without tax increment assistance. The calculations necessary to pass this test are contained on page 12 of this plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the development that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the Humboldt Industrial Park TIF District could not occur without public participation and financial assistance within the foreseeable future.

---

the City of Minneapolis. Sometime in the 1990s a portion of the site was paved for use as an outside storage lot for semi-trailers.

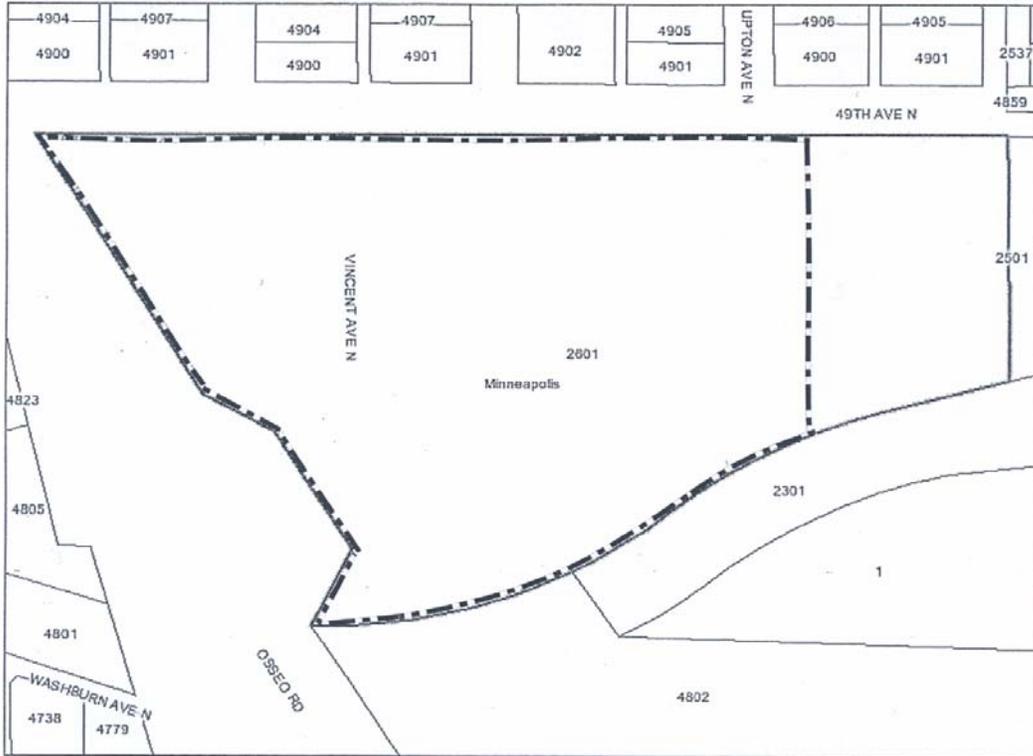
## Humboldt Yards TIF District

Valuation and Tax Increment Assumptions			
	Pay 2008	Pay 2009	Pay 2010
Total Estimated Market Value (EMV)	\$5,800,000	\$5,800,000	\$5,800,000
Less: Original EMV	1,938,500	1,938,500	1,938,500
Captured EMV	<u>\$3,861,500</u>	<u>\$3,861,500</u>	<u>\$3,861,500</u>
Total Net Tax Capacity (NTC)	\$115,250	\$115,250	\$115,250
Less: Original NTC	38,020	38,020	38,020
Captured NTC	<u>\$77,230</u>	<u>\$77,230</u>	<u>\$77,230</u>
Times: Projected Total Tax Rate	128.000%	128.000%	128.000%
Gross Tax Increment	<u>\$98,854</u>	<u>\$98,854</u>	<u>\$98,854</u>
Less: State Auditor's Fee (.5%)	494	494	494
Tax Increment Distributed to the City	<u>\$98,360</u>	<u>\$98,360</u>	<u>\$98,360</u>

20 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To The City
---	2006	\$0
---	2007	0
1	2008	98,360
2	2009	98,360
3	2010	98,360
4	2011	98,360
5	2012	98,360
6	2013	98,360
7	2014	98,360
8	2015	98,360
9	2016	98,360
10	2017	98,360
11	2018	98,360
12	2019	98,360
13	2020	98,360
14	2021	98,360
15	2022	98,360
16	2023	98,360
17	2024	98,360
18	2025	98,360
19	2026	98,360
20	2027	98,360
21	2028	0
22	2029	0
23	2030	0
24	2031	0
25	2032	0
26	2033	0
		<u>\$1,967,200</u>
P.V. @	5.00%	\$1,167,412

Market Value Test	
<b>Analysis Required by M.S. Section 469.175, Subd. 3 (2)</b>	
(1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":	
(a) Projected estimated market value without the use of tax increment	\$1,938,500
(b) Original estimated market value	<u>1,938,500</u>
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0
(2) "... increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan.":	
(d) Increase in the estimated market value of the completed development.	\$5,800,000
(e) Present value of the projected tax increment for the maximum duration of the district	<u>1,167,412</u>
(f) Difference = (d) - (e)	\$4,632,588
(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.	

### Humboldt Industrial Park Site



### Humboldt Industrial Park Tax Increment Financing District Boundary Map December 16, 2005

Boundary



Prepared by Development Finance Division  
105 5<sup>th</sup> Avenue S., Minneapolis, Minnesota

**Exhibit # 2**

**PROJECT AREA REPORT  
AND DOCUMENTATION OF ELIGIBILITY**

**Humboldt Industrial Park Redevelopment Plan and Humboldt Industrial  
Park Tax Increment Financing Plan**

**December 16, 2005**

---

The conditions that qualify the Humboldt Industrial Park site for inclusion in a redevelopment project area and tax increment financing district are described herein.

The Humboldt Industrial Park Redevelopment Project was found to be a blighted area, as defined in Minnesota Statutes §469.002, Subd. 11 and Subd. 14:

“any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

"Redevelopment project" means any work or undertaking:

- (1) to acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight;
- (2) to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan . . .

**Description of the Site**

The site of the proposed development is a 10-acre site at the northwest corner of the Canadian Pacific Railroad's Humboldt Yards, north of a large railroad switching yard which has been in operation since at least 1938. The site is bordered by 49<sup>th</sup> Avenue North on the north, Thomas Avenue North on the east, and Osseo Road on the west and is primarily a vacant lot with a portion of the site paved for a semi-trailer parking lot and a CP Rail access road. The property has been a magnet for illegal dumping and vandalism over the years.

The site has a history of environmental impacts from numerous sources that have resulted in its current undeveloped condition. The site has been owned for

over 93 years by the Canadian Pacific railroad (formerly the Soo Line Railroad). The site originally contained marshy areas that have now been filled. Ryan Creek originally ran through the middle of the site, but was relocated near the southern boundary of the site sometime between 1965 and 1971. The relocation of the creek is undocumented.

The property is surrounded by a number of sites with known or suspected environmental impacts. From 1945 until the 1960s a service station was in operation just west (up gradient) of the site. The Howe Chemical Company, a distributor of pesticide and fertilizer chemicals, also operated immediately west of the site across Osseo Road. Southwest of the site, the BJ Carney wood treating site (a state superfund site) operated from 1923 to 1973.

In January 1979 there was a fire at the Howe Chemical Company. It was estimated that the warehouse which burned contained over 100 different pesticides totaling 80 tons of active ingredients. Water used to extinguish the fire washed massive amounts of pesticides and fertilizer into Ryan Creek and ultimately onto the site. As a result of the runoff from the fire, site soils and groundwater were highly impacted with pesticides and fertilizer. In order to prevent the impacted runoff from traveling further into the watershed and potentially impact other areas, a series of berms were constructed at the site which resulted in ponding of the pesticide-impacted water over a large portion of the property.<sup>2</sup>

Currently the site remains undeveloped, except for the semi-trailer storage lot and a paved access road to the railroad switching yard to the south. The site has been tested and a Phase I and Phase II investigation have been completed. The investigations revealed soil and groundwater contamination with Diesel Range Organics (DRO) exceeding state standards and semi volatile organic compounds/polyaromatic hydrocarbons (PAH's) and pesticides. The environmental engineers believe the DRO contamination results from grease and motor oil from street sweeping debris used to fill the site. The contamination from the soil has made its way into groundwater on the site. The investigation also revealed a pesticide in the groundwater in excess of state standards. The developer is currently conducting additional investigation to clarify the extent of the contamination in preparation for submittal of a remedial action plan to MPCA.

## **Site Redevelopment**

---

<sup>2</sup> A limited response action was conducted by MDH in 1979. The response action involved the limited excavation and off-site disposal of the top one to two feet of sediment from the Ryan Creek bed. After the surficial sediments were removed, a liner was placed over the remaining impacted soils beneath the creek bed and the liner was covered with clean fill. In addition, site groundwater was pumped for 6 months before the pumping was discontinued. Pesticide impacted soil and groundwater remained at the site after the limited response action was completed. The low portions of the site, including the original Ryan Creek bed before it was relocated, have been filled over time by fill from various sources, including street sweepings from the City of Minneapolis. Sometime in the 1990s a portion of the site was paved for use as an outside storage lot for semi-trailers.

The site is bordered by residential homes on the north, an operating rail yard to the south, Brooklyn Boulevard/Osseo Rd Bridge on the west, and older industrial buildings to the east. The remediation and redevelopment of the site will dramatically upgrade the image of this visible property by screening the operating rail yard from the residential neighborhood across the street, removing the blight presented by the semi-trailers being stored on the site, and upgrading the image of the area from which is highly visible from the Brooklyn Boulevard/Osseo Rd Bridge. Further, the proposed development represents the first significant private investment in commercial buildings in the area for many years. The proposed high quality development is the highest and best use for the site and stands in stark contrast to alternative developments proposed for the site. It is believed that these benefits will lead to further redevelopment of this older industrial area which is in need of new investment, and the proposed development complements the landmark community investment in the new housing along the Humboldt Greenway.



### TIF Eligibility Findings

The parcel is found to contain soil and groundwater contamination in accordance with Minnesota Statutes Section 469.174, Subdivision 19.

"Soils Condition" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exists:

- (1) the presence of hazardous substances, pollution, or contaminants, requires removal or remedial action for use;
- (2) the estimated cost of the proposed removal and remedial action exceeds the fair market value of the land before completion of the preparation, or

- (3) the cost of remediation exceeds \$2.00 per square foot of the parcel.

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds \$2 per square foot for the area of the parcel.

The parcel is 10.062 acres or 438,280 square feet. Therefore to qualify, remediation costs must exceed \$876,560. The Remedial Action Plan for the property includes \$650,000 in soil remediation and installation of a vapor barrier under the building that is estimated to cost \$312,000 to \$375,000. The proposed remedial action is therefore projected to cost between \$962,000 and \$1,016,000 and therefore meets the \$2.00 per square foot requirement for a soils district.

### **Environmental Impacts**

The sources of the identified contamination include 1) pesticide-laden water that was released to and ponded on the site as a result of a fire at a neighboring facility, and 2) miscellaneous and undocumented fill deposited across much of the central portion of the site. Pesticides have been detected in groundwater at the site and in soils. Elevated concentrations of petroleum (reported as diesel range organics), polyaromatic hydrocarbons (PAHs), and metals have been detected in fill soils. Due to the variable nature of the fill soils, much of the chemical characterization of soils will be conducted during the RAP implementation. The RAP proposes to excavate the soils impacted with metals, DRO and pesticides as necessary, sample them and depending on the level of impacts, either place them under the building and pavement cap created by the new development or dispose them off-site. The RAP also proposes installation of a vapor barrier under the building. Green space areas and utility corridors will be constructed of confirmed clean soils to prevent exposure to humans and future leaching to groundwater. Residual peat and/or organic soils from the former Ryan Creek will be removed to ensure the integrity of the cap. Groundwater will be monitored to ensure that the removal of the sources improves groundwater quality. Finally, Ryan Creek will be protected from runoff from the new industrial park by using the new storm water pond. The storm water pond will be constructed with a liner to prevent further infiltration from impacted soils and to minimize the effects on the local groundwater system. A small portion of the creek on the east side of the site will be run through a pipe to prevent any impacts from the new development.

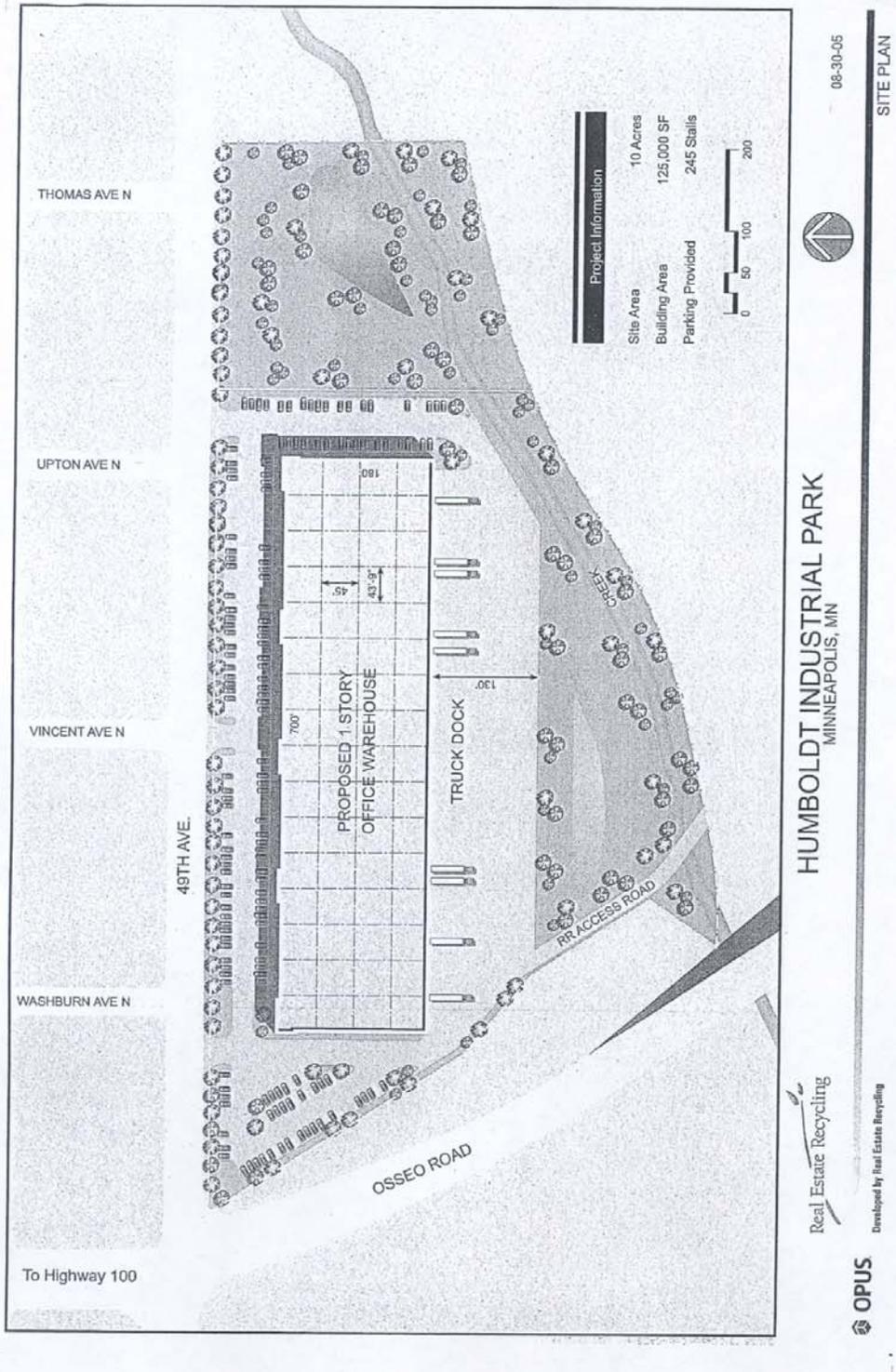
### **Documentation**

The Minnesota Pollution Control Agency (MPCA) Voluntary Investigation and Cleanup (VIC) Program reviewed the Response Action Plan (RAP) dated April 14, 2005 to respond to identified and potential releases at the site<sup>3</sup>. Geomatrix

---

<sup>3</sup> See attached approval letters dated April 29, 2005 and October 24, 2005.

Consultants, Inc. conducted two rounds of investigation to investigate and identify potential impacts to soil, groundwater, and soil gas from on and/or off-site sources. Results from the initial site investigation were reported to the MPCA in March 2005. The scope of work for the supplemental site investigation was reviewed and approved by the MPCA. Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Room 575, 105 5<sup>th</sup> Avenue South, Minneapolis, Minnesota.





## Minnesota Pollution Control Agency

October 24, 2005

Mr. Paul Hyde  
RER Acquisitions, LLC  
333 South 7<sup>th</sup> Street, #3060  
Minneapolis, MN 55402

Re: Approval of Voluntary Response Actions for Petroleum Contamination  
Site: Humboldt Industrial Park, 2601 49<sup>th</sup> Avenue North, Minneapolis  
Petroleum Brownfields Site ID#: NT3601

Dear Mr. Hyde:

The Minnesota Pollution Control Agency (MPCA) Petroleum Brownfields Program staff has reviewed the following documents regarding your intent to manage petroleum contaminated soils and/or ground water at the above-referenced site:

- "Results of Additional Fill Sampling and Analysis and Response Action Plan Addendum No. 1" dated October 7, 2005, prepared by Geomatrix.

Based on the information provided, the MPCA staff is approving the above-referenced plan, including the reuse of the identified petroleum impacted soils on-site as controlled fill, as proposed in the plan, with the following modifications listed.

1. Petroleum contaminated soils encountered at the site, at or greater than 200 parts per million (PPM) (PID), should be excavated and properly managed at an MPCA approved off-site treatment/disposal facility.
2. Petroleum contaminated soils encountered at the site, less than 200 PPM (PID) may be used as controlled fill and thinspread under newly constructed roadways and parking surfaces.
3. Petroleum contaminated soils at or greater than 10 PPM (PID) encountered in the building footprints/foundations should be removed and properly managed as part of the development plan. If contaminated soils remain, a vapor barrier and/or vent system should be installed. Results of the excavation should be forwarded to the MPCA for additional approvals. If petroleum contaminated soils remain above 10 PPM (PID) a vapor barrier will be required.
4. Petroleum contaminated soils at or greater than 10 PPM (PID) encountered during the installation of underground utilities should be removed and properly managed as part of the development plan. If PID readings are above 10 PPM, a vapor barrier should be installed.

520 Lafayette Rd. N.; Saint Paul, MN 55155-4194; (651) 296-6300 (Voice); (651) 282-5332 (TTY); [www.pca.state.mn.us](http://www.pca.state.mn.us)  
St. Paul • Brainerd • Detroit Lakes • Duluth • Mankato • Marshall • Rochester • Willmar  
Equal Opportunity Employer • Printed on recycled paper containing at least 20 percent fibers from paper recycled by consumers.

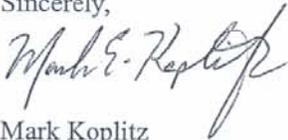
5. Petroleum contaminated soils that exhibit PID headspace readings in "green space" areas should be removed and properly managed. A minimum four-foot buffer of clean soil should exist in all "green space" areas, along with a vegetative cover.
6. Appropriate permits for the discharge and treatment of petroleum contaminated ground water should be acquired, if necessary.
7. Follow-up soil sampling should be conducted upon the completion of petroleum contaminated soil excavation.

Approval assumes that an implementation report will be provided to the MPCA summarizing the voluntary cleanup work once completed. If subsequently obtained information indicates that the proposed activities are inappropriate or inadequate, the MPCA may request modifications in the proposed work.

This letter does not apply to other types of contamination, if present, at the site. Approval of this plan does not suggest that any of the costs incurred will be eligible for reimbursement from the PetroBoard.

If you have any questions regarding this letter, please call me at 651/296-7999.

Sincerely,



Mark Koplitz  
Project Leader  
Petroleum Remediation Program  
Petroleum and Closed Landfill Section  
Remediation Division

MK:ls

cc: Chris Thompson, Geomatrix, Minneapolis



# Minnesota Pollution Control Agency

April 29, 2005

Mr. Paul Hyde  
RER Acquisitions, LLC  
333 South Seventh Street, #3060  
Minneapolis, MN 55402

RE: Humboldt Yards  
MPCA Project Number 19660  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
Response Action Plan Approval

Dear Mr. Hyde:

This Minnesota Pollution Control Agency (MPCA) staff in the Voluntary Investigation and Cleanup (VIC) Program has reviewed your report for the above referenced site (the Site) entitled "Response Action Plan Humboldt Industrial Park 49<sup>th</sup> Avenue North and Osseo Road " dated April 14, 2005, which was submitted by Geomatrix on behalf of RER Acquisitions, LLC (Response Action Plan) to respond to identified and potential releases at the Site.

Based upon the review of the Response Action Plan, it is hereby approved pursuant to Minn. Stat. § 115B.17, subd. 14. subject to the disclaimers found in Attachment A and modifications found in Attachment B. Please also see the comments found in Attachment C. If you have any questions about the contents of this letter, please contact me at (651) 297-1459, or John Betcher at (651) 296-7281.

Sincerely,

Gerald Stahnke  
Project Manager  
Voluntary Investigation and Cleanup Unit  
Superfund and Emergency Response Section  
Remediation Division

GS/ais

Enclosures

cc: Chris Thompson Geomatrix Consultants, Inc  
David Jaeger, Hennepin County Solid Waste Officer

520 Lafayette Rd. N.; Saint Paul, MN 55155-4194; (651) 296-6300 (Voice); (651) 282-5332 (TTY); [www.pca.state.mn.us](http://www.pca.state.mn.us)  
St. Paul • Brainerd • Detroit Lakes • Duluth • Mankato • Marshall • Rochester • Willmar

Equal Opportunity Employer • Printed on recycled paper containing at least 20 percent fibers from paper recycled by consumers.

ATTACHMENT A  
DISCLAIMERS  
Humboldt Yards  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
MPCA Project Number 19660

1. Reservation of Authorities

The MPCA Commissioner reserves the authority to take any appropriate actions with respect to any release, threatened release, or other conditions at the Site. The MPCA Commissioner also reserves the authority to take such actions if the voluntary party does not proceed in the manner described in this letter or if actions taken or omitted by the voluntary party with respect to the Site contribute to any release or threatened release, or create an imminent and substantial danger to public health and welfare.

2. No MPCA Assumption of Liability

The MPCA, its Commissioner and staff do not assume any liability for any release, threatened release or other conditions at the Site or for any actions taken or omitted by the voluntary party with regard to the release, threatened release, or other conditions at the Site, whether the actions taken or omitted are in accordance with this letter or otherwise.

3. Letter Based on Current Information

All statements, conclusions and representations in this letter are based upon information known to the MPCA Commissioner and staff at the time this letter was issued. The MPCA Commissioner and staff reserve the authority to modify or rescind any such statement, conclusion or representation and to take any appropriate action under his authority if the MPCA Commissioner or staff acquires information after issuance of this letter that provides a basis for such modification or action.

4. Disclaimer Regarding Use or Development of the Property

The MPCA, its Commissioner and staff do not warrant that the Site is suitable or appropriate for any particular use.

5. Disclaimer Regarding Investigative or Response Action at the Property

Nothing in this letter is intended to authorize any response action under Minn. Stat. § 115B.17, subd. 12.

ATTACHMENT B  
MODIFICATIONS  
Humboldt Yards  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
MPCA Project Number 19660

**Section 5.1 Demolition and Site Preparation**, pg. 11 –The MPCA Pre-Demolition Environmental Checklist should be filled out during a site visit to make certain that materials which may present an environmental problem during demolition or disposal are removed and handled properly prior to and during demolition. A copy of the report shall be included in the RAP Implementation Report including discussion of the proper disposal of any problem materials.

**Section 5.1 Demolition and Site Preparation**, pg. 11, para. 3 – The recycling of asphalt pavements to be used with underlying gravel base materials is approved for areas where pavement for parking lots will be installed.

**Section 5.4 Excavation/Place/Compact Soils Previously Impacted By Pesticides**, pg. 13 – It is anticipated that pesticide impacted soil may be encountered along the former alignment of Ryan Creek, along excavated utility corridors and in the excavation area of the storm water pond. The sampling and management of these soils shall be outlined in a similar manner to the section written for Organic Silt in Section 5.6. The standards to be used in decision making regarding management of soils should be identified. Please modify this section.

**Section 5.5 Excavation/Place/Compact Soils Impacted With Petroleum Compounds**, pg. 13 – On-site soil reuse of petroleum contaminated soils shall be in accordance with the guidelines set forth in the MPCA Petroleum Guidance. Although the MPCA VIC program does not regulate petroleum impacted soil it is suggested that the Petroleum Brownfield's Program Development Response Action Plans Guidance Document 5-03 should be consulted regarding the use of petroleum impacted soil on site.

**Section 5.7 Temporary Stockpile Management**, pg. 14 – The section shall be modified to state that stockpile areas will either be protected with a temporary under-liner or that areas will be scraped to insure that any impacted material that was stored there will be removed and properly handled.

**Section 5.8 Construction of Non-Impacted Green Space Areas and Utility Corridors**, pg. 15 – This section shall be modified to state how soil removed from utility corridors will be sampled and managed. The management of these soils should be outlined in a similar manner to the section written for Organic Silt in Section 5.6. The standards used to make decisions regarding the management of excavated soils shall be identified.

ATTACHMENT C  
COMMENTS  
Humboldt Yards  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
MPCA Project Number 19660

**Comments:**

1. As a result of a fire in 1979 at the Howe Chemical Company, formerly located on the west side of Osseo Road, the Site was inundated with pesticide laden water. The Response Action Plan indicates the water sprayed on the burning facility picked up significant amounts of agrichemicals and migrated to the Site through Ryan Creek. The pesticide laden water was partially contained onsite by two surface water berms constructed in the bed of Ryan Creek south of 49<sup>th</sup> Avenue North. It was estimated that the warehouse, which caught fire contained over 100 different pesticides totaling 80 tons of active ingredients. The largest volume of pesticides (approximately 75%) was Atrazine and Alachlor. A study conducted in 1979 indicated a number of pesticides were present in groundwater and soil at concentrations above MDH standards. Corrective actions at the Site included removal of pesticide impacted soil, lining of the Ryan Creek bed to minimize recharge through pesticide impacted soils and operation of a groundwater extraction system that discharged to the sanitary sewer to capture pesticide impacted ground water. The Site is also bounded on the south by the B.J. Carney Superfund Site, which was the location of a wood treating operation. Additionally, the Site also received street sweeping fill from the City of Minneapolis.

Based on these historic conditions, an extensive investigation of Site soils and ground water was conducted on the Site by RER in 2004 and 2005. The results of these current investigations, to date, indicate an exceedance in groundwater of the pesticide Alachlor above the Health Risk Limit (HRL) and a release of the pesticide metribuzin in soil. Metribuzin does not have a health based value. The soil beneath Ryan Creek was not sampled. It was determined the liner should not be breached during the RER investigation because of concerns about potential infiltration of contaminants downward. Due to the history of Site activities, the potential exists that, during soil excavation, additional impacted soil and ground water may be encountered. How this potential impacted material should be addressed is outlined in the Contingency portion of the RAP as per modifications requested in Attachment B of this letter.

2. The following is a list of documents and submittals that are identified in the RAP to be provided to the MPCA at a latter date prior to construction:
  - QAPP – referenced on page 10.
  - Construction Site Storm Water Management Plan (SWMP) – referenced on page 12.
  - Minnesota Department of Natural Recourses Water Appropriation Permit – referenced on page 13.
  - Metropolitan Council of Environmental Services permit to discharge pumped ground water to the sanitary sewer – referenced on page 13.
  - Design of Storm Water Pond – referenced on page 16.
  - Construction Details of covers and utilities by Ryan Company – referenced on page 17.
  - Institutional Controls – referenced on page 17.



## Minnesota Pollution Control Agency

October 27, 2005

Mr. Paul Hyde  
RER Acquisitions, LLC  
333 South Seventh Street, #3060  
Minneapolis, MN 55402

RE: Humboldt Yards  
MPCA Project Number 19660  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
Response Action Plan Addendum Approval

Dear Mr. Hyde:

This Minnesota Pollution Control Agency (MPCA) staff in the Voluntary Investigation and Cleanup (VIC) Program has reviewed the report for the above referenced site (the Site) entitled "Review of Results of Additional Fill Sampling and Analysis and Response Action Plan Humboldt Industrial Park Site, 49<sup>th</sup> Avenue North and Osseo Road Minneapolis, Minnesota" dated October 7, 2005, which was submitted by Geomatrix on behalf of RER Acquisitions, LLC (RAP Addendum #1).

Based upon the review of RAP Addendum #1 it is hereby approved pursuant to Minn. Stat. § 115B.17, subd. 14 (2004). Please be advised that RAP Addendum #1 is subject to the disclaimers found in Attachment A and modifications found in Attachment B. Please note that this approval is only for potential and identified hazardous substance, pollutants or contaminants releases found at the Site. If you have any questions about the contents of this letter, please contact me at (651) 297-1459, or John Becher at (651) 296-7281.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerald Stahnke".

Gerald Stahnke  
Project Manager  
Voluntary Investigation and Cleanup Unit  
Superfund and Emergency Response Section  
Remediation Division

GS/ais

Enclosures

cc: Chris Thompson Geomatrix Consultants, Inc  
David Jaeger, Hennepin County Solid Waste Officer  
Mark Koplitz MPCA

520 Lafayette Rd. N.; Saint Paul, MN 55155-4194; (651) 296-6300 (Voice); (651) 282-5332 (TTY); [www.pca.state.mn.us](http://www.pca.state.mn.us)  
St. Paul • Brainerd • Detroit Lakes • Duluth • Mankato • Marshall • Rochester • Willmar

Printed on recycled paper containing at least 20 percent fibers from paper recycled by consumers.

ATTACHMENT A  
DISCLAIMERS  
Humboldt Yards  
SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
MPCA Project Number 19660

1. Reservation of Authorities

The MPCA Commissioner reserves the authority to take any appropriate actions with respect to any release, threatened release, or other conditions at the Site. The MPCA Commissioner also reserves the authority to take such actions if the voluntary party does not proceed in the manner described in this letter or if actions taken or omitted by the voluntary party with respect to the Site contribute to any release or threatened release, or create an imminent and substantial danger to public health and welfare.

2. No MPCA Assumption of Liability

The MPCA, its Commissioner and staff do not assume any liability for any release, threatened release or other conditions at the Site or for any actions taken or omitted by the voluntary party with regard to the release, threatened release, or other conditions at the Site, whether the actions taken or omitted are in accordance with this letter or otherwise.

3. Letter Based on Current Information

All statements, conclusions and representations in this letter are based upon information known to the MPCA Commissioner and staff at the time this letter was issued. The MPCA Commissioner and staff reserve the authority to modify or rescind any such statement, conclusion or representation and to take any appropriate action under his authority if the MPCA Commissioner or staff acquires information after issuance of this letter that provides a basis for such modification or action.

4. Disclaimer Regarding Use or Development of the Property

The MPCA, its Commissioner and staff do not warrant that the Site is suitable or appropriate for any particular use.

5. Disclaimer Regarding Investigative or Response Action at the Property

Nothing in this letter is intended to authorize any response action under Minn. Stat. § 115B.17, subd. 12.

ATTACHMENT B  
MODIFICATIONS  
Humboldt Yards

SE Corner of 49<sup>th</sup> Ave. N and Osseo Road, Minneapolis  
MPCA Project Number 19660

- 1.) Page 4 – Item 3 and **Appendix C, Section 5.4** – The response states that “no work is anticipated within the storm pond area”.. and that no pesticide impacted soils are anticipated to be encountered. It is the understanding of the MPCA that significant amounts of soil will be excavated to construct the pond. It is possible that pesticide impacted soil may be encountered from documented past releases on the site. As per the original MPCA modification to the original RAP report, a sampling and contingency plan shall be included for characterizing the soil to be removed and the decision making process regarding the disposition of any impacted soil.
- 2.) Page 5 – Item 6 and **Appendix 5.8 Construction of Non-Impacted Green Space Areas And Utility Corridors** – As per the original MPCA modification to the original RAP report, a sampling and contingency plan should be included for characterizing the soil to be removed in utility corridors and the decision making process regarding the disposition of any impacted soil.
- 3.) Page 5 – Item 8 and **Appendix 5.8 Construction of Non-Impacted Green Space Areas And Utility Corridors** – Imported fill soil from a miscellaneous off-Site source shall be sampled at a rate of 1 sample for every 500 cubic yards of soil (as per the MPCA Risk-Based Site Evaluation Manual – October 1998). Sampling parameters should at a minimum include known Humboldt Site contaminants but should also include parameters that correspond to the nature of contamination that may exist at the source of the potential fill. No fill accepted on the Humboldt Industrial Park Site should exceed Tier I residential Soil Reference Values (SRV's) or Soil Leaching Value's (SLV's) and should be free of debris and asbestos containing materials. Please modify the RAP accordingly.
- 4.) **General Modification** – Impacted fill material at the site and ground water have been characterized using DRO/GRO analysis. It is recommended that an application to the MPCA Petroleum Brownfield program be made regarding these issues. Decisions based on soil and ground water DRO/GRO data and head space data from DRO/GRO impacted soil will be made by the Petroleum Brownfield program. Petroleum Brownfield requirements may be in agreement with portions of the proposed RAP. It is possible that additional RAP requirements may be added by the Petroleum Brownfield program.
- 5.) **General Modification** – The MPCA has issued an update to the Soil Reference Values (SRVs). The memo dated September 7, 2005 is posted on the MPCA website. The RAP shall be updated to include any updated SRVs that might impact the soil remediation at this site.