



City of Duluth
Don Ness, Mayor

411 West First Street • Room 403 • Duluth, Minnesota • 55802-1199
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An Equal Opportunity Employer

November 28, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

Ms. Deb Orr
USEPA-Region 5 Brownfield Program
77 West Jackson Blvd. Mail Code SM-7J
Chicago, IL 60604-3507

RE: Brownfield Revolving Loan Fund Grant Application for the City of Duluth, Minnesota

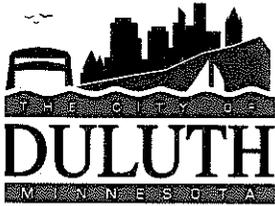
Dear Mr. West and Ms. Orr:

The City of Duluth is pleased to submit this application for a Brownfield Revolving Loan Fund Grant for hazardous substances for \$1,000,000. We intend to use the grant to make low interest loans to support the cleanup of brownfield sites in the City, with special emphasis on the St. Louis River/Lake Superior Shoreline Corridor Project Area. The City's loan program will target properties whose cleanup will attract new and existing businesses to build and/or expand in Duluth.

Duluth, located at the western tip of Lake Superior and along the St. Louis River Estuary, sits at the threshold of the Boundary Waters Canoe Area Wilderness and is the source and headwaters of the Laurentian Great Lakes Ecosystem. The St. Louis River Estuary is the largest freshwater estuary in the world. Lake Superior serves as Duluth's drinking water source and as a popular recreational destination, and has been named a zero-discharge demonstration project by the International Joint Commission (IJC) for eliminating inputs of toxic chemicals to the Great Lakes System. This is one of the reasons why this RLF grant application is focused on the Corridor Project Area. That corridor extends from the far western end of our 28-mile long city and eastward to our downtown waterfront.

It is not surprising that Duluth has brownfield legacy issues to address. Our historic economic base revolved around our access to Great Lakes shipping and linked rail transport, associated with mining, timber and heavy manufacturing. Many of these industries experienced a significant decline several decades ago, leaving acres of vacated and underutilized industrial land and abandoned rail infrastructure. In fact, 87% of the industrially-zoned land within city limits lies within this application's project area. Sadly, this includes two of the state's largest Superfund sites.

I am proud to point to the economic growth and revitalization of Duluth over the past 20 years. That strategy has revolved around sectors that include higher education, tourism (we welcome 3.5 million tourist visitors each year!), health care, high-tech manufacturing—with an emphasis upon aviation, and light industry. At the same time, we are blessed with one of the most extensive park systems in the nation, a system that includes 129 municipal parks and playgrounds, two golf courses, 22 neighborhood community recreational centers, and much more. Forty-two streams flow into the St. Louis River and Lake Superior, 12 of which are cold-water trout streams. We love our community's built- and natural resources.



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This is why my administration must—and does—take seriously its environmental stewardship role. In fostering our ongoing economic growth, we must grapple with the brownfield sites that possess the potential for buildable industrial sites, and we must do so in harmony with our unique green spaces and our precious water resources. Previous EPA Assessment Grant funds were immensely helpful in identifying sites that have since been remediated for projects such as the Clyde Park/Duluth Heritage Sports Center, and the Epicurean firm whose product is sold in over 5,000 stores globally. In both of those cases, we leveraged the EPA's investment with the state's contamination cleanup program, with well over 100 jobs already or projected to be created.

The EPA RLF Grant program plays a critical role in our plans. The driving factor in seeking these funds to cleanup Sites so that they can be shovel-ready to accommodate job-creating businesses that seek to expand or re-locate in Duluth.

The following information is provided as required in the Grant Guidelines:

- a. **Applicant Identification:** The City of Duluth; City of Duluth, 402 City Hall, 411 West First Street, Duluth, MN 55802
- b. **DUNS Number:** 07-7627883; the City is already registered with CCR.
- c. **Funding Requested:** i) Revolving Loan Fund Grant; ii) \$1,000,000; iii) hazardous substances funds; no waiver requested.
- d. **Location:** The City of Duluth, St. Louis County, State of Minnesota
- e. **Contacts:** Project Director: Ms. Heidi Timm-Bijold, Manager, Business Resources. Address: City of Duluth, 402 City Hall, 411 West First Street, Duluth, MN 55802. Phone: (218) 730-5324; Fax: (218) 730-5904; E-mail: htimm@duluthmn.gov.
Chief Executive: Mayor Don Ness. Address: City of Duluth, 403 City Hall, 411 West First Street, Duluth, MN 55802. Phone: (218) 730-5230; Fax: (218) 730-5904; E-mail: dness@duluthmn.gov.
- f. **Date Submitted:** November 28, 2011
- g. **Project Period:** September 1, 20012 – August 31, 2017
- h. **Population of Duluth:** 86,265 (Census 2010)—entire City of Duluth
- i. **Special Consideration Checklist** is attached as Attachment F.

Thank you for your consideration of the grant application. Please do not hesitate to contact Ms. Timm-Bijold at the number listed herein if you have any questions.

Sincerely,

Don Ness
Mayor

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FY 2012 EPA Brownfield Revolving Loan Fund Grant City of Duluth, Minnesota

1a. Health, Welfare and the Environment (8): Duluth is located at the western tip of Lake Superior in northeast Minnesota. It is a linear city spread out along the lake and the banks of the St. Louis River. Duluth's Saint Louis River Corridor (the Corridor) is home to sensitive natural resource communities and human residential neighborhoods that are adversely affected by an undue burden of brownfield properties. The City's goals for the Corridor are dependent upon brownfield redevelopment.

The St. Louis River Corridor extends from downtown to the far western reaches of the city and northwest ("uphill") to Skyline Parkway. The St. Louis River flows into Lake Superior within the Corridor, forming the world's largest freshwater estuary. The City's western half, within the Corridor, has been largely bypassed by the City's economic rebound as described in 1b. However, in many ways, Duluth's future lies within the Corridor. While the Corridor houses most of Duluth's industrial acreage, it also embraces high-quality plant and animal communities and an abundance of valuable natural areas, some in near pristine condition, others in need of restoration. There are approximately 12 miles of Lake, estuary and river shoreline and 28 freshwater streams that flow into the estuary within the Corridor; 10 of the streams are designated trout streams.

The City's Comprehensive Plan identifies 900 acres of industrial brownfield land in the Corridor. This is approximately half of Duluth's total of 1,846 acres of current and former industrial land and does not include commercial brownfield acreage (e.g. former gasoline stations, drycleaners). With their 2003 EPA Assessment Pilot, the City inventoried potential brownfield sites within one 600-acre area of the Corridor: the Rice's Point/Bayfront area, which encompasses the Port Terminal, rail yards, and parkland immediately west of downtown. Over 50 potential brownfield properties were identified, ranging in size from 1 to 22 acres, including an old abandoned railway corridor, a former railyard area, an abandoned waterfront property, and former manufacturing operations. Additionally, within the Corridor, there are 20 sites registered in the Minnesota Pollution Control Agency (MPCA's) voluntary cleanup program, 162 total leak sites, 6 RCRA cleanup sites, and 9 unpermitted dumps; all of these are potential brownfield sites (MPCA "What's In My Neighborhood" database).

The City has identified several priority brownfield properties within the Corridor where the RLF Grant funds may be used:

1. Bayfront Lots B, C, D and the Former LaFarge Properties (Bayfront): these four properties are the last available waterfront properties near Downtown Duluth. Development plans for these properties, scheduled to commence in 2012, include a Transient Boat Facility and a mixed commercial development with hotel, condominiums, restaurants, and retail stores consistent with the Bayfront District Small Area Plan. Former uses include the storage and handling of bulk chemicals and petroleum substances and placement of imported fill of unknown origin. Contaminants of concern include Polynuclear Aromatic Hydrocarbons (PAHs), metals including chromium and mercury, and petroleum compounds. Preliminary estimates of the cleanup costs for these four properties are in excess of **\$4 Million**.

2. Oneota Mixed Use Development: (West Duluth) this 8.7-acre site consists of 21 vacant or underused office, retail and commercial parcels. The plan for this site is a mixed-use development (retail, office and commercial) consistent with the City's Comprehensive Plan. The property has been developed since the late 1880s and has been used for residential and various commercial, retail, railroad, and industrial purposes. This is the largest commercial property available for redevelopment in the near-downtown area. Contaminants of concern include PAHs, metals, petroleum compounds and volatile organic compounds (VOCs). Remaining cleanup costs in this area are estimated to be in the **\$500,000** range.

3. The Universal Atlas Cement Site: This site was operated by a subsidiary of US Steel and was vacated in 1976. Soils at this site are contaminated with PAHs, arsenic and lead as well as high pH fill and surface water. An 11-acre parcel on the southwestern corner of the former plant site has been remediated and redeveloped with an industrial warehouse/manufacturing building and is now owned by IKONICS Corporation. Redevelopment planning is underway for the remaining 51 acres of the property, which contain rail spur beds, and concrete pads and footings from the former buildings and storage silos. The City plans to cleanup and redevelop this site in phases; the 2012 phase of cleanup is already planned for 16 acres to accommodate the construction of underground utilities and roadways for the entire site and is inclusive of two parcels (4 and 5 acres) that will be made ready for redevelopment. Preliminary cleanup cost estimates for the remaining 51 acres exceed **\$3.5 million**.

4. LISC Neighborhood Plan-Identified Sites: The City's Partner, LISC-Duluth (described in 3c), has developed neighborhood revitalization plans for four neighborhoods within the Project Area (Central Hillside, Lincoln Park, West Duluth, Morgan Park). These neighborhood plans were developed as part of LISC's *At Home in Duluth - Creating Neighborhoods That Work* Program. Planning involved 24 diverse organizations that have been working together on affordable housing, blight removal, streetscape improvements, storefront renovations, and other neighborhood issues for over ten years. The neighborhood plans each identify several key sites within each neighborhood whose redevelopment would foster the goals of *At Home in Duluth* and the needs of the neighborhoods. Two specific brownfield projects that will be active in the next three years are the entire Western Waterfront Area and a large affordable housing project in the Central Hillside Neighborhood. We do not have a current cost estimate for these projects. Typical contaminants include PAHs, metals, VOCs and petroleum products.

Human health risks associated with the contaminants found at priority sites 1 – 3 include those in the following table:

PAHs	Probable carcinogenic effects (select PAHs, lung, skin, stomach), and probable reproductive system effects.
Petroleum	Headaches, dizziness, nervous system effects, peripheral neuropathy, and effects to the blood, immune system, lungs and eyes.
Lead	Multiple effects. Infants and children: delays in physical or mental development, premature birth, decreased birth weight. Adults: high blood pressure, kidney problems, nervous system effects.
Chromium	Possible carcinogenic effects, asthma, other respiratory effects, reproductive system effects, and ulcers (Cr VI form).
VOCs	Multiple effects – VOC-dependent; carcinogenic effects (benzene), nervous system effects, nausea, numbness in arms and legs, and respiratory system effects.

Brownfields aren't the only environmental issue affecting the Corridor. The Corridor houses 87% of the industrial land in the City. Interstate Highway 35 runs through the eastern two-thirds of the Corridor and involves multiple exchanges within this stretch. There are 44 active air discharge permits issued by the MPCA in the Corridor, with the most visible being a large paper mill on the shores of the river. The Corridor Project Area is also home to two of the State's largest Federal Superfund sites (US Steel and the Interlake/Duluth Tar Sites), totaling 850 acres of contaminated land and sediments. The Minnesota Department of Health (MDH) identifies housing stock built before 1950 as being a high risk factor for elevated blood lead levels, especially for young children. The MDH Public Health Data Access database indicates that 43.9% of all houses in St. Louis County are built before 1950; the median year that housing structures were built in the Corridor is 1939 (ACS 2005-2009).

The St. Louis River is designated as a Great Lakes Area of Concern (AOC) because of pollution problems remaining from past industrial practices. AOCs are severely degraded geographic areas within the Great Lakes Basin as identified by the U.S.-Canada Great Lakes Water Quality Agreement. Unlike many of the other 41 AOCs, the St. Louis River features extensive high quality habitat for plants and animals. Nine "Beneficial Use Impairments" were identified for the St. Louis River AOC including: a) Fish and wildlife consumption restrictions; b) loss of fish and wildlife habitat, c) degradation of fish and wildlife population, d) fish tumors and other deformities, e) degradation of benthos, and others.

Health and Welfare of Sensitive Populations: The Corridor contains the highest unemployment and poverty rates in the City (see 1b). In addition, minorities live in greater numbers in the Corridor than in the rest of the City, and suffer greater poverty than the white population. Whereas nearly 22.8% of the Project Area population lives below the poverty level (more than twice the State rate), 40.6% of Native Americans and 69.3% of Blacks have incomes below the poverty level. In general, people in poverty have compromised access to health care and thus are less likely to be diagnosed and treated for any health effect related to exposure to contaminants from brownfield sites. The following additional sensitive populations are present within the Corridor: 1,812 children under the age of five (2010 Census); 1,920 children under the age of 18 who live in poverty, 5,388 women of child bearing age, and 358 foreign-born, non-citizen residents (ACS 2005 - 2009 5-Year Estimates; U.S. Census Bureau). These vulnerable populations are exposed to the soil contaminants present at brownfield sites within the Corridor via dust inhalation, dermal contact and ingestion pathways.

Local Health Data: Based on MDH 2004-2008 cancer data, St. Louis County has elevated cancer-incidence rates for the following cancer types: brain and central nervous system (115% of State rate), breast in the age range 0-49 (114%), lung and bronchus (107%) and mesothelioma (200%). Asthma hospitalization rates for the County are 110% of the State rate (MDH Health Access Data 2006-2008). The most recently compiled data on elevated blood lead levels (EBLLs) in MN show that the rate of EBLLs in children under 36 months of age for St. Louis County is 24% greater than the State rate (MDH 2005-2006 data). Finally, low-birth weight rates and pre-term birth rates also exceed the State rates (MDH County Health Tables, 2010). The CDC and the MDH cite poverty as a risk factor for asthma, low birth-weight and blood lead levels (MDH Health Access Data), and so it is likely that the Corridor rates for these health indicators are greater than the County rates (2005-2009 ACS - County poverty rate 14.6%). The City is aggressively pursuing ATSDR funding to conduct a Health Impact Assessment to provide data that clarifies the relationship between brownfield presence and public health in the Corridor. The Corridor Advisory Committee (3a) will be adding a public health professional to its membership in December 2011.

In sum, brownfields in the Corridor are located near residential neighborhoods, schools and public parks and present a threat to human health via the exposure pathways described above. Sensitive populations are directly and disproportionately affected within the Corridor. The St. Louis River watershed is also threatened by the migration of contaminants from brownfields via stormwater runoff and/or ground water.

1b. Financial Need (7): Duluth's historic economic base was comprised of Great Lakes shipping, linked rail (intermodal) transport, and steel and associated manufacturing. Duluth's economic downturn began in the 1960s and paralleled the decline of domestic steel production. Major industrial employers, such U.S. Steel, Interlake Steel, Universal Atlas Cement, Clyde Iron, and the Coolerator Plant, closed their Duluth operations in the 1970s, taking jobs and leaving behind acres of vacant, blighted land and abandoned rail infrastructure. The City's population fell 30% from its all time high of over 106,000 in 1960 to a low in the early 1980s (estimated population 82,000 in 1983). By 1983, the unemployment rate in Duluth reached approximately 16% at a time when the State unemployment was 7.5%; these effects were most strongly felt on Duluth's West Side within the Corridor.

However, Duluth has - since the 1980s - methodically worked toward reinvigorating the City's economic base and the health of its neighborhoods. During a period when Duluth was experiencing negative growth (loss of jobs and population), the City deliberately chose to make it a better place than it had been during its boom phase. The City created a strong sense of place and strengthened its economic base. The strategy involved rehabilitating the City's lakeshore (especially near downtown), creating a new City presence on the Lake Superior Waterfront, expanding trail networks, and bolstering the economic sectors of higher education, tourism, health care, and value-added manufacturing. This strategy has worked, even in the face of the recent economic stagnation: population has stabilized to 86,265 (2010 Census) and Duluth attracts 3.5 million tourist visitors each year (Duluth Area Chamber of Commerce). From a low of 39,110 in 2005, the labor force rose through July 2011 to an all-time high of 47,510. (Source: MN DEED Local Area Unemployment Statistics). This success has not come easily, and the City had to triage its neighborhoods, focusing on one area at a time in a rebuilding and redevelopment effort akin to a chess game.

The problem is that Duluth's rising tide has not yet reached the Corridor. The Corridor unemployment rate exceeds the State and City rates, as illustrated by the Demographic Information Table. The Corridor poverty rate is more than twice the State rate. The rate of households receiving public assistance is more than twice the State and National rates. Disparities exist: unemployment rates for Blacks (45.9%) and American Indians (26.7%) are much greater than the Corridor rate, as are poverty rates (69.3% for Blacks, 40.6% for American Indians). Continued economic development and associated job creation will benefit the Corridor populations.

Demographic Information for Target Community in Context with City, State and Nation

	St. Louis River Corridor*	Duluth	State	Nation
Population ¹	26,869	86,265	5,303,925	308,745,538
Unemployment 2005-2009 ave ²	9.4%	8.1%	5.8%	9.6%
Unemployment Sept. 2011 ³	-	6.6%	5.9%	8.8%
Percent of Population Living Below Poverty Rate ²	22.8%	20.1%	10%	13.5%
Percent Minority ¹	11.8%	9.6%	14.7%	27.6%
% Black ¹	2.7%	2.3%	5.2%	12.6%
% American Indian ¹	3.3%	2.5%	1.2%	1.0%
Per Capita Income ²	\$19,193	\$29,939	\$29,431	\$26,530
Households with public assistance income ²	7.6%	4.4%	3.0%	2.4%

* The Corridor is represented by 2010 Census Tracts 18, 19, 20, 24, 25, 26, 27, 28, 29, 30, 33, 34, 36, 37, 38, 156, 158. ¹ Data from 2010 U.S. Census data. ² 2005-2009 American Community Survey (ACS) as summarized by Social Explorer (SocialExplorer.com). ³ MN Department of Employment and Economic Development Local Area Unemployment Statistics for September 2011; this data is not available at the census tract level.

Limitations of Other Funding Mechanisms - Need for Additional EPA Funds: The City does not have the resources to assess the identified brownfield sites in the Corridor without EPA support. Like many municipalities in the country, Duluth has been experiencing an unprecedented and ongoing fiscal emergency. The City has had to overcome revenue shortfalls in the amounts of \$4.42 million in 2008, \$8.36 million in 2009, \$2.4 million in 2010, and \$4.7 million in the current year. These deficits were due to many factors, including reductions in various revenue streams, with the largest decline coming in the form of decreased Local Government Aid (state funding). All budgets have been balanced, but at great expense: reduction of the workforce by 4.5% in 2008; drastic reductions in parks and library services;

deferred purchases of critical equipment and maintenance of property and facilities. In addition, the City has raised its property tax levy and fees for services to fund its core services. Although a contingency plan was implemented for the 2011 shortfall and the 2012 proposed budget is balanced (at lower levels than previous years' budgets), the City continues to be at risk for further reductions in Local Government Aid given the State's projected shortfall of \$6 billion.

The City of Duluth was awarded a FY2010 Petroleum Assessment Grant and an FY2011 Hazardous Substance Assessment Grant; these grants do not provide cleanup funding. The City's partner, DEDA, was awarded a FY2010 Cleanup Grant for a portion of the Atlas Industrial Site. DEDA is currently seeking Hazardous Substance Cleanup Funds for Bayfront Lot D. While the cleanup grants are helpful, they will contribute only a portion of the cleanup funding needed for the priority sites.

2ai) Program Description (10): The City has developed an effective Brownfield Program within their Business and Community Development Department (BCDD) over the past 11 years. The City's Business Resources Manager leads the Brownfield Program, or as she affectionately refers to it, "the dirty dirt program." The goals of the program are the revitalization of the City's tax base, the creation of jobs for City residents, the creation of affordable housing, and the expansion and improvement of the City's network of recreational trails, park-land and open spaces. Most program activity is in the Corridor, since most brownfields are located there. The City focuses on two types of projects: City-led projects that result in the preparation of a redevelopment-ready site, and developer-initiated projects that are consistent with the above goals and consistent with the City's Comprehensive Plan. The BCDD aggressively seeks funding to support individual projects of both types. The BCDD staff has managed the current EPA grants and 22 State brownfield grants and has managed several large-scale, award-winning projects. At this point, the City is ready to manage its own RLF Brownfield loan program that would further promote the redevelopment of high priority sites.

Plans for a sustainable program, prudent lending: In order to keep the program robust and sustainable, the City plans to only offer loans (no sub-grant products), and to be careful in selecting projects and borrowers that have a strong likelihood of full loan repayment in the shortest time possible. The City will review financial and environmental information submitted by the borrowers, to include financial statements, project proformas, market studies, primary loan documentation, documentation of brownfield-site and -ownership eligibility consistent with EPA guidelines, and environmental assessment reports and cleanup plans. This information will be reviewed to ensure that the project: a) is economically viable, b) will produce the cash flow and revenue stream sufficient to repay the loan, c) is supported by sufficient capital for completion, d) is an eligible brownfield site being cleaned up by an eligible borrower, and e) has environmental remediation needs sufficient to match the size of the requested loan. The City will also vet the projects for consistency with the City's Comprehensive Plan, Unified Development Code, and zoning. Projects will also be assessed for job creation or retention, creation of parkland, open space or trails, or affordable housing. Finally, incorporation of sustainability components and reuse of infrastructure will also be assessed. If the proposed loan passes this review, the BCDD will prepare a summary statement and recommendation that will be passed to an authorized Loan Review Committee for final approval.

Loan size will likely range from \$100,000 to the full amount available to loan (\$900,000). Interest rates will range from 0% to prime rate. Loan terms will likely be amortized over 15 years with a 5-year term and will factor in variables such as project revenue streams, credit-worthiness of the borrower, and the degree to which the loan is subordinated. The City will consider repayment terms to accommodate the use of tax increment revenues for repayment. Loan security will be required to protect the City in the event of loan default; loan guarantees, mortgages or other collateral will be required. Based upon the City's experience with redevelopment projects, it is most likely that an RLF loan will be one piece of the cleanup

funding and will need to help leverage additional funding sources; the City will help borrowers leverage additional funds as described in 2biii.

2aii) Types of applicants (5): The City is targeting projects that will reduce human- and environmental- health risk in the Corridor Project Area and that will either: a) increase tax-base; b) create/retain jobs for City residents; c) create affordable housing; or d) expand and connect the existing City park, open-space and trail networks. Highest priority will be given to the Priority Sites listed in 1a, and to properties whose cleanup will attract new and existing businesses to build and/or expand in Duluth. The City has targeted the following applicant-types for loans: 1) public partners with projects that accomplish one of the above and/or create re-developable sites that can be marketed to responsible developers for commercial/industrial projects or affordable housing projects; 2) private for-profit developers whose projects accomplish one of the above; and 3) non-profit entities (such as the Northern Communities Land Trust) whose projects create affordable housing or otherwise benefit the community.

Marketing strategy: The mission of the BCDD is to strategically invest resources contributing to the prosperity, growth and development of the City of Duluth. This requires partnering with both private developers as well as the rich tapestry of public and private non-profit organizations in this community and region. The Mayor convenes a monthly *Economic Development Coalition* meeting comprised of staff from the Duluth Seaway Port Authority, APEX, the Duluth Airport Authority, St. Louis County, the Chamber of Commerce and Northspan. This coordinated approach to development positions the City to work with a potential remediation-related project early on to assess its fit for the loan program. For the public/non-profit sector, the City already meets quarterly with the Corridor Advisory Committee (CAC) whose membership is comprised of governmental- and non-profit- partners. BCDD staff and the membership of the CAC are well connected with public and non-profit entities involved with brownfield redevelopment. Program material will be prepared and will be distributed through our economic development- and community- partners and through broad-based events, such as “Connecting The Dots,” an annual celebration of community progress and community heroes for Duluth’s “At Home” neighborhoods. Finally, the City will include a RLF Program page on its website which will provide program guidelines, information on loans, loan project updates, and interactive fields which allow interested parties to contact City staff.

2aiii) Team Structure (5): The RLF Program team will be comprised of BCDD staff with supportive roles filled by the City’s legal, financial and engineering staff. For each project, the City will select one of their three environmental consultants to fill the role of Qualified Environmental Professional (QEP) from the early review stages through the completion of the cleanup. The environmental consultants were procured in a 2010 competitive process consistent with the City’s policies and with 40 CFR 31.36.

The Manager of Business Resources (Ms. Timm-Bijold) will be the Program Director. Ms. Timm-Bijold and the Director of the BCDD (Mr. Hanson) will review prospective projects in the manner described in 2ai. Mr. Hanson will lead the financial review while Ms. Timm-Bijold will lead the review of the project’s environmental viability and consistency with program goals. Support for the environmental review will be provided by the selected QEP. Projects that pass the review will be recommended to the Loan Review Committee for final approval. Following approval, Ms. Timm-Bijold, with support from the City’s legal staff and the QEP, will negotiate the loan agreement, promissory note and security agreement with the borrower. Loan agreements will address Cross-Cutting requirements, such as Davis Bacon wages, and Section 106 of the National Historic Preservation Act (NHPA). The QEP, City engineering and legal staff will review borrower’s bid specifications for the cleanup contract associated with the loan for consistency with environmental expectations and legal aspects of the program.

Appropriateness and Safety of Cleanups/Community Involvement: Ms. Timm-Bijold will direct the environmental oversight and community involvement aspects of the program. The

City will require that all sites that are being cleaned up with RLF funds be enrolled in the MPCA's Voluntary Investigation and Cleanup (VIC) Program. The QEP will coordinate with the assigned MPCA staff to ensure that cleanup plans are appropriate and safe and meet the voluntary cleanup program guidelines and approval. Ms. Timm-Bijold will coordinate public participation and community involvement and will work with the appropriate neighborhood group to engage and inform the community. Finally, the QEP will prepare Action Memorandums, Analysis of Brownfield Cleanup Alternatives (ABCA), Community Relations Plans, and Public Notices. These documents will be placed in the Administrative Record for each site.

Management of the Loan Fund: The City of Duluth Finance Department (Adele Hartwick, City CFO and Wayne Parson, City Auditor) will be responsible for setting up the management and servicing of the loan and directing any necessary collection actions. The Finance Department will also perform the day-to-day fund management, including disbursement and repayment. Ms. Hartwick (or designee) will be the designated Fund Manager. Ms. Timm-Bijold and/or the QEP will review and approve draw requests and associated invoices to make sure costs are program eligible and reasonable.

2bi. Budget Table – City of Duluth Hazardous Substances RLF (5)

Budget Categories	Project Tasks for Loans				
	Task 1: Establish Program, Market RLF	Task 2: Project Review, Loan Execution, Community Involvement	Task 3: Environmental Cleanup and Monitoring	Task 4: Eligible Programmatic Expenses and Loan Management	Total
Personnel	12,105	12,105	12,105	12,105	48,420
Fringe Benefits	2,895	2,895	2,895	2,895	11,580
Travel				4,500	4,500
Equipment					
Supplies					
Contractual	2,500	10,000	13,000	10,000	35,500
Loans			900,000		900,000
Sub-total	17,500	25,000	928,000	29,500	1,000,000
Cost Share			200,000		200,000
Total	17,500	25,000	1,128,000	29,500	1,200,000

***Cost Category Notes:** a) **Contractual line items:** The City has procured environmental consultant services in 2010 using City procurement procedures that are conducted competitively and are consistent with competitive procurement provisions of 40 CFR31.36. b) **Personnel and fringe benefits:** These amounts are based upon a very conservative estimate of the amount of time that the project manager (Ms. Timm-Bijold) will spend on the grant at a rate of \$57.00 per hour (\$46 salary plus \$11 fringe benefits). We have estimated approximately 228 hours per year (19 hours per month) over the five-year project period. These hours have been divided evenly across the tasks. The City will pay for other contributing staff time. c) No grant funds will be spent on **supplies or equipment**. These costs will be borne by the City.

Task 1 = Establish and Market the RLF: Task 1 involves: a) the development of program documents such as loan applications, program information sheets and fliers, and loan agreement and promissory note templates; b) the development and documentation of policies and procedures for review of borrowers and loan projects, and expectations for environmental

oversight; and c) marketing the program through sharing of program information with community partners, meeting with developers, and presentations to appropriate groups. Costs for these activities will be \$15,000 in staff time and \$2,500 in environmental consultant support. The City will pay for additional staff time (legal counsel, supervisory staff, support staff). Outputs will include development of loan marketing materials, loan application form, loan document templates, and program policies and procedures.

Task 2 = Project Review, Loan Execution, Community Involvement: Task 2 involves review of loan applications, project summaries, site environmental reports and associated MPCA letters, project financial statements and project proformas. This task also involves the preparation of eligibility determinations for submittal to the U.S. EPA, preparation of ABCAs and Community Relation Plans, and creation of the administrative record. Community involvement elements are described further in 3.a. The costs for this task are \$15,000 for lead staff time, and \$10,000 for contractual environmental services (preparation of the ABCA, CRP, Action Memo and eligibility determination). Task outputs include the execution of 1-3 loans totaling to \$900,000, execution of related loan documents, completion of community involvement activities for all projects, and completion of supporting documents (ABCA, CRP, Action Memo, eligibility determinations).

Task 3 = Environmental Cleanup and Monitoring: Task 3 involves the oversight and monitoring by the City, its consultants and the MPCA of the cleanup of the selected loan sites by the Borrower and its contractor. This task also involves review and approval of draw requests and invoices, and review of cleanup plans and reports. The MPCA staff assigned to each site will be primarily responsible for overseeing the cleanup to ensure compliance with relevant and appropriate requirements; the City's environmental consultant will keep in close communication with the MPCA staff. The Borrower's contractors will be responsible for Davis Bacon reporting, but the City will be responsible for Davis Bacon compliance interviews. The City will pass the required cost share on to the Borrowers in the form of a required cost match; on a loan of \$900,000, for instance, a minimum match of \$200,000 of eligible expenses would be required (\$66,667 on a \$300K loan).

Task 4 = Eligible Programmatic Expenses: Task 4 involves loan management activities (review and approval of invoices and draw requests, processing draws, operating the loan fund), and grant programmatic activities (budget tracking, preparation of quarterly, annual financial and MBE/WBE reports, ACRES database entry, tracking measures of success). City staff will manage the loan fund and perform the draws; the City's environmental consultant will review draw requests to ensure costs are eligible and reasonable, and prepare the required reports. The travel line is designated for one staff to travel to the National Brownfield Conference twice in five years and to RLF-specific training once in five years (if offered by US EPA) at a cost of \$1,500 per trip.

2bii. Plan for Tracking and Measuring Progress (5): The City will report upon the outcomes and outputs associated with grant activity on a routine basis through quarterly reports and regular data input into the ACRES database. The City will also track whether they are meeting the grant work plan expectations and report upon this in the quarterly progress reports; the City will confer with the EPA Program Manager in regards to any difficulties meeting work plan goals.

The City maintains accurate accounting records of the tax-base increase, job creation/retention and private/public funds leveraged at each redevelopment project. This habit was borne of our extensive experience with the reporting requirements of the State DEED brownfield grants and the business subsidy reporting mandated by State law. We work with the businesses that develop and occupy the completed development projects to track job creation. At a minimum, based upon our stated program goals, the following outputs and outcomes will tracked for the grant:

Outputs: Loan applications reviewed, eligibility determinations prepared, number of loans made, dollars loaned, program income generated, number of cleanups completed, acres cleaned up, number of jobs created/retained, and number of community meetings held.

Outcomes: redevelopments completed, acres redeveloped, acres of greenspace preserved or created, trail connections or segments completed, tax base increase, private dollars leveraged, and public dollars leveraged (local, state and federal).

The following time elements will be tracked: date of loan agreement execution, cleanup start and completion date, redevelopment start date, and redevelopment completion date.

2biii. Leveraging (5): The City recognizes that the RLF funds are a single funding tool, and that any redevelopment project will require multiple funding sources to complete the site preparation and environmental cleanup, let alone redevelopment. Additional funds are needed for acquisition, environmental assessment, site preparation, infrastructure improvements, hazardous material assessment and abatement, demolition, and construction. The City can access a variety of sources for these needs. The following is a list of funding sources that the City has used for assessment and remediation of brownfields in the past and will seek to use for RLF loan sites:

Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup Grant Program and Investigation/Response Action Plan Development Grant Programs: These competitive programs provide grants for cleanup and assessment, respectively, of brownfield sites in two funding cycles per year. Priority is placed on projects that will result in an increased tax base and job creation. The City regularly applies for, obtains and manages these grants on its own behalf and for developers whose projects align with the City Comprehensive Plan. The City, through DEDA, has obtained and used two assessment grant funds for Bayfront Lot D and for Lot C and the Former LaFarge site (total of \$98,000 grant funds and \$32,167 required local match) and has a current Cleanup Grant for a portion of the Atlas Site (\$482,000 grant funds and required \$195,000 local match). **Documentation of these committed funds, including the local match, is provided in Attachment E.**

DEED EPA Revolving Loan Fund: Minnesota DEED operates an EPA-funded RLF. They currently have approximately \$1,500,000 available to loan. These funds can be used for cleanup planning and cleanup activities and could be sought in combination with a City loan. The State is eager to loan these funds; if additional loan funds were appropriate for a project, successful application would be almost certain.

DEED Redevelopment and Infrastructure Grants: These grants are available to address costs of land acquisition, demolition, infrastructure improvements, soil stabilization, ponding/other environmental infrastructure and adaptive reuse of buildings. The City secured a \$664,780 Redevelopment Grant for the Oneota Site and the City's partner, DEDA, has a \$500,000 Infrastructure Grant for the Atlas site; both grants require a 1:1 local match. **Documentation of these committed funds, including the local match, is provided in Attachment E.**

U.S. EPA Brownfield Assessment Grant: The City currently has active Petroleum Assessment and Hazardous Substances Assessment Grants and is seeking \$200,000 in additional Hazardous Assessment Grant funds in the current grant cycle. These funds could be used for assessment of possible project sites and for cleanup planning.

The MPCA Targeted Brownfield Assessment Program: This EPA-funded program provides consulting services to perform environmental assessments at eligible brownfield properties. The City has accessed these services for work at two sites in recent years.

Development costs will be borne by the borrower/developer. In addition, by working closely with our partners (the Duluth Economic Development Authority, the Duluth Seaway Port Authority, the Northspan Group, DEED) the City can offer or have access to multiple financing and business incentive Programs including: Industrial Development Revenue Bonds, Tax Increment Financing, Regional Revolving Loan Program, Federal Economic Development

Administration (EDA), commercial financing, the Minnesota Investment Fund, and New Market Tax Credits.

2ci) Programmatic Capability (12): The City is poised and ready to manage the RLF grant, should it be awarded. The proposed staff expertise and management structure for the loan program is provided in item 2a. The Grant Manager will be Ms. Heidi Timm-Bijold, Manager of Business Resources in the City's Department of Business and Community Development. Ms. Timm-Bijold brings more than 25 years of economic development and business development experience, including grant administration experience. Ms. Timm-Bijold has worked for the City for 14 years. She is the City's acknowledged expert on Brownfield Redevelopment and is certified as an Economic Development Finance Professional by the National Development Council, from which she also received RLF training. She managed an RLF while working for a community development corporation in a previous position, and currently manages the Storefront Loan Program, which currently has a portfolio in excess of \$2 million (14 loans). Ms. Timm-Bijold has served as the project manager for several successful brownfield projects and has obtained over \$12.5 million in assessment, cleanup, infrastructure, redevelopment and business loan funding from the State since 2000. She is the individual who works with environmental consultants hired by the City to conduct assessments and cleanups. She also works directly with community groups to ensure that the community needs are met, and with developers to match their interests with the sites. She serves on the Advisory Committee of Minnesota Brownfields. Mr. Brian Hanson, the Director of the BCDD, has over 12 years of experience in the business and economic development field with six years devoted to financial analysis; he will lead the financial and economic analysis of each potential loan project. One component of his current position is staffing The 1200 Fund—a loan program established in 1985 with a current portfolio of \$1.1 million (5 loans).

The City routinely hires environmental consultants to conduct assessments and cleanups of contaminated property. Ms. Timm-Bijold and Mr. Dennis Sears, the City's purchasing manager, are familiar with the procurement provisions required by 40 CFR31.36. Should staff turnover occur, the City would place high priority on hiring a replacement for the program director. The City routinely hires skilled individuals to fill specialized knowledge niches within City government.

The City is very experienced in handling state and federal grants and complying with the reporting requirements associated with these grants. In 2010, the City administered in excess of \$24 million of county, state and federal grants, the latter of which included grants from the departments of: Commerce, Environmental Protection Agency, Health and Human Services, Homeland Security, Housing and Urban Development, Justice, Labor, and Transportation.

2cii) Adverse Audits: (2) The City is audited annually by the State Auditor's Office; the audit addresses administration of all grants. There have been no adverse audit findings regarding the EPA grants, or regarding any other grants.

2ciii) Past Performance – Currently Has EPA Brownfield Grant (6): The City of Duluth was awarded two \$200,000 Community-Wide Assessment Grants: a Petroleum grant in FY2010 and a Hazardous Substances in FY2011 (executed on September 28, 2011). Both grants target the Corridor project area. The City requested the ability to accrue specific pre-award costs under both grants. As a result, the City has a running start on the FY2011 grant. The City has met all reporting requirements for the FY2010 grant and is current on ACRES data entry for both grants. Accomplishments under these grants include:

The **FY2010 petroleum grant** has been used to conduct a Phase I for one site where a local business plans to expand their facility and the preparation of a SAP for another site to accommodate another business expansion. A \$55,000 contract will be approved in the next month for additional phase II petroleum assessment at the Bayfront properties. Approximately \$115,000 has been spent or is obligated; a balance of \$85,000 remains. To date, the **FY2011**

hazardous materials grant has been used to conduct assessment and cleanup planning for one phase of development at the Atlas Site and to conduct historic document review for the DWP Site. A \$20,000 contract will be approved next month for additional phase II non-petroleum assessment at the Bayfront properties. To date, \$115,000 has been spent or obligated under this grant, leaving a balance of \$85,000.

Previously, and under an earlier administrative organization, the City received and closed out two Assessment Grants: a FY2002 Assessment Pilot (\$250K), and a FY2006 Community-Wide Assessment Grant for petroleum and hazardous substances (\$400K). For both grants, the City met all reporting requirements. The City met and exceeded the expected outputs and outcomes for both grants. Together, these two grants were used to inventory, evaluate and prioritize over 80 brownfield sites, conduct twelve Phase I ESAs, two detailed historical/cultural reviews, and four Phase II ESAs. This activity led to the redevelopment of the Clyde Park/Heritage Center project (recognized by the Economic Development Association of Minnesota as its 2008 Redevelopment Project of the Year), and the Loll/Epicurean Manufacturing facility. Together these projects have leveraged over \$3.3 Million in State cleanup and redevelopment grant funds and over \$40 Million in private and public redevelopment capital. Unfortunately, \$133,350 of the 2006 grant funds was not spent; City staff was unable to successfully interface between the EPA staff and the State Historic Preservation Office on a target property. Eventually, as the grant period end date loomed, and EPA staff told the City that the grant wouldn't be extended, the grant was closed-out in August 2008. The City has since completely reorganized. The City no longer employs the staff directly responsible for the FY2006 grant.

3a. Plans for involving affected community (5): For this grant, the City will build upon efforts initiated in the summer of 2009 to build an alliance amongst key stakeholders involved in riverfront issues ranging from environmental- to economic development-related. In June 2009, the City and several Community Partners including Duluth Local Initiatives Support Corporation (LISC), the St. Louis River Alliance, and the West Duluth Community Development Corporation convened the "Saint Louis River Corridor Summit: Making Connections and Leveraging Resources." The Summit brought together residents, visionaries, community groups, government entities, and private and non-profit organizations. Independent of each other, these groups have been working to marshal financial and intellectual resources to forward the causes of recreation, tourism, economic development, habitat, transportation, sediment cleanup and brownfield redevelopment within the Corridor. The City organized the Summit with a goal of coordinating initiatives, energy and resources of the various groups to form a long-term Strategic Framework for the Corridor and a reuse vision for blighted properties within the Corridor. Follow-up meetings with designated working groups led to the completion of a first draft of a **Strategic Framework and Implementation Plan** for the Corridor. In May 2010, a broadly defined group of corridor partners met in Duluth with officials from the Region 5 Brownfields Program to further define goals for brownfield reuse and end-use plans.

Duluth is gaining a national reputation for comprehensive community development as Duluth LISC and its "At Home in Duluth" partners focus upon building sustainable neighborhoods. All five of LISC's At Home neighborhoods are located within the Corridor. The City of Duluth collaborates closely with LISC, which is indisputably the most networked, integrated catalyst organization in our community. Together, the City and LISC know the pulse of the Corridor neighborhoods-- their challenges, their vision, and the resources required.

With the advent of the FY2010 Petroleum Assessment Grant, the City convened a group of community partners to form a Corridor Advisory Committee (CAC). Partners were selected from those who were instrumental in the St. Louis River Summit and the formulation of the Strategic Framework (LISC, St. Louis River Alliance, West Duluth CDC). The CAC meets quarterly to inform the City's Brownfield Program in general, and the use of the EPA grant funds specifically. For this grant, the CAC membership will be reassessed, with the input of our

partners, to identify representation and expertise that might still be missing from the group. The City will seek representation to fill identified missing components such as the finance sector.

For this grant, the City will convene quarterly meetings of the CAC to: a) define neighborhood needs; b) identify potential brownfield sites within Corridor neighborhoods; c) prioritize sites for loans; d) understand market demand for properties; e) discuss and prioritize site reuse plans in the context of community need; and f) align funding resources. The City will maintain the authority to make final decisions on the use of the grant funds, but will use the Community Partners' input in shaping those decisions.

Additionally, for all cleanups funded by this grant, we will seek the community's input into cleanup and reuse decisions through the following actions: a) 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 in or near the target community; b) we will present information regarding the proposed cleanup and reuse plans at one or more community meetings in collaboration with the appropriate Community Partner; and c) we will hold a thirty-day public comment period on the cleanup plans. We will also establish an RLF Program web page and will provide updates regarding cleanup progress on our web-site. There are few non-English speakers in the Corridor project area, but the City will provide translation services when appropriate.

3b. Current efforts and/or plans to develop partnerships (5): The City of Duluth understands that brownfield redevelopment requires a cooperative effort among City, County, State and Federal governments, the business community, citizen groups, and environmental and other technical professionals.

As explained in 1b, the City has limited financial resources; by necessity we collaborate with partners to maximize and leverage resources. The City enrolls all of its brownfield sites requiring assessment and cleanup into the voluntary cleanup programs at the Minnesota Pollution Control Agency (MPCA) and works closely with their staff to ensure that sites are appropriately managed and that cleanups meet standards established by the Minnesota Department of Health. The City has recently forged a relationship with the Saint Louis County Department of Public Health in the preparation of a Health Impact Assessment (HIA) for a transportation corridor project, and plans to continue this HIA collaboration regarding Corridor issues. The City recently submitted a funding request to ATSDR for a HIA on the effects of brownfields within the Corridor. Duluth aggressively seeks cleanup, redevelopment and infrastructure grants from the State Department of Employment and Economic Development (DEED). The Minnesota Department of Natural Resources and the local US Fish and Wildlife office have been important allies in recognizing and protecting our open lands and precious waterways. The City has recently worked with the MPCA and the US EPA on the use of Targeted Brownfield Assessment (TBA) funds within the Corridor project area.

Historic preservation is important in Duluth. The City works with the State Historic Preservation Office and its own Historic Preservation Commission to ensure that historically important buildings and elements are preserved appropriately. The City has coordinated with the State Department of Health on assessing air quality risks associated with contaminated sites and on surface water quality issues. The City works with the Duluth Seaway Port Authority and the Duluth Economic Development Authority to aid businesses interested in expanding and relocating in Duluth.

The City will continue to work with the many robust job-training programs run by our partner organizations (Community Action Duluth, LISC, and the City's own Duluth Workforce Development). These local programs are diverse and seek to prepare participants for jobs suited to the Duluth economy. LISC's Duluth at Work program has, as one component, a focus on green jobs. CAD's Seeds of Success Program focuses on jobs associated with local food

production. The City will work with our partners' programs to encourage job training in the green economy, inclusive of brownfield-related work.

3c. Description of, and role of, key community-based organizations involved in program (5)

The City of Duluth 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 D.

1. LISC; Contact: Ms. Pamela Kramer, Sr. Program Director, 218-727-7761. **Description:** LISC helps nonprofit Community Development Corporations (CDCs) transform distressed neighborhoods into healthy communities. LISC mobilizes corporate, government, and philanthropic support to provide CDCs with: a) loans, grants, and equity investments; b) local, state, and national policy support, and c) technical and management assistance. **Role:** LISC will serve as an advisor on community needs and site prioritization. LISC will link the City through CDCs to maximize communication with communities and to provide outreach to community members.

2. St. Louis River Alliance (SLRA); Contact: Julene Boe, Executive Director. 218-733-9520. **Description:** The SLRA's goals are to restore and protect the St. Louis River by 1) fostering communication between public and tribal agencies, industry groups and community stakeholders to foster good stewardship and sound management for the St. Louis River, Lake Superior and watersheds; and 2) securing funding for the remediation of the river. **Role:** The SLRA will serve as an advisor on environmental effects of target brownfield sites to the St. Louis River and Lake Superior. They will provide advice on public and environmental health benefits to be gained by the assessment and possible remediation of candidate sites. SLRA will also provide a link for outreach to, and involvement of, tribal communities.

3. The Northspan Group; Contact: Randy Lasky, President/CEO. 218-529-7561. **Description:** Northspan is a private nonprofit economic development organization focused on development and diversification of the economy in the upper Midwest; they offer a full array services and tools to aid the development and productivity of business and community development organizations. **Role:** Northspan will advise on site prioritization in the context of market demand and economic development potential; they will also assist in marketing sites to potential developers.

4. Morgan Park-Smithville Community Club; Contact: Polly Purser, President. 218-428-3121. **Description:** The Morgan Park-Smithville Community Club has built a membership of over 100 families committed to the betterment of the Morgan Park and Smithville neighborhoods. A grass-roots non-profit group, they are volunteer-run and financed by membership fees and donations. **Role:** Will be a critical partner in involving the Morgan Park and Smithville neighborhoods in site identification and reuse decisions in their proximity.

5. The West Duluth Community Development Corporation; Contact: Kris Ridgewell, Executive Director. 218-624-2317. **Description:** Founded by West Duluth residents in 1979, WDCDC initiates housing, civic and economic development projects in West Duluth, including the overseeing the implementation of the West Duluth Plan and related plans. **Role:** WDCDC will advise the City on community needs and on site selection and prioritization for the West Duluth area. They will help involve the West Duluth community in reuse decisions and in communicating results to the community.

6. Neighborhood Housing Services of Duluth (NHS); Contact: Cliff Knettel, Executive Director. 218-727-8604. **Description:** NHS Duluth is a part of the National NeighborWorks organization. NHS is the lead agency for four of Duluth's historic, core neighborhoods with the mission of creating economically viable and healthy neighborhoods through homeownership preservation and promotion, and community stabilization activities. NHS facilitates the implementation of each Neighborhood Revitalization Plan. **Role:** As the lead agency for the

Morgan Park neighborhood, NHS will work closely with the Morgan Park Community Club and its residents to provide leadership and guidance throughout the site reuse process.

4a. Welfare and/or Public Health (5): The Corridor project area contains over 50 known brownfield sites that contribute to contamination and blight, impair human health, degrade sensitive ecosystems, and disrupt the connectivity of parks and trails, making our neighborhoods less livable. A list of priority sites is provided in Section 1a. The contaminants that are most often present at these sites include PAHs, VOCs, metals, and petroleum products. Cleanup activities will **mitigate human health risk associated with contact, inhalation, and ingestion exposure routes** to these contaminants at unsecured sites. Cleanup activities will **protect the waters of Lake Superior, the St. Louis River, and their tributary streams** within the Corridor by removing site contaminants that currently leach into area surface and ground water. Cleanup effectiveness will be ensured by participation in the MPCA's voluntary cleanup programs and the oversight conducted by the City's QEP.

The City will ensure that local residents are protected from fugitive dust, erosion run-off and soil vapors by securing the sites, monitoring project boundaries, and using dust control methods, silt fences, and more aggressive measures (such as foams to suppress odors) as necessary. A site-specific health and safety plan will be prepared for each loan site.

Within the Corridor project area, the proposed RLF loan program will contribute the following additional benefits:

Reduce the number of vacant and underused commercial and industrial properties. The City's brownfield program has been making progress toward this goal. The influx of loan money will promote remediation and move more compromised lands towards reuse.

Provide land for affordable housing, trails and parks and connecting trail features. Our loan-project selection process includes these end-uses as priority objectives. Trails and parks benefits are further described in 4b.

The City's **affordable housing redevelopment efforts** focus on sustainable communities: creating neighborhoods that are walkable and transit friendly in both design and reuse while building housing capacity for low-income communities. Most often, these efforts involve infill within existing neighborhoods and require cleanup of soil contamination as well as abatement of lead paint and asbestos.

Increase employment for local residents: This benefit is further described in 4b.

These outcomes parallel the Livability Principles of valuing and supporting the community and its neighborhoods, promoting equitable/affordable housing, and providing more transportation choices, and increasing economic competitiveness.

4b. (5) Economic Benefits: The City has identified tax base expansion and job creation as a priority for the proposed RLF program. The availability of RLF loans will enable the City to attract businesses to Duluth to provide jobs for the local population. The City's goals for the corridor have been to attract high-tech and renewable energy manufacturing operations, encourage the expansion of existing companies and increase outdoor recreation opportunities and services. These goals will drive selection of loan program sites. In regards to employment, the City will continue to encourage local businesses to expand within the City limits on brownfield property, seek to attract tourism-related businesses that are consistent with our goal to be a premier trail (terrestrial and water) town and/or that capitalize on a revitalized lake- and river-shore. The City will coordinate with local jobs training programs to prepare area residents for the jobs that are created.

The City of Duluth has documented results to support these goals. The City's recent large redevelopment projects (2004 – 2009) include the Clyde Park/Duluth Heritage Sports Center, the Epicurean/Loll Designs facility, the Ikonics expansion, and the U.S. Air Force/Cirrus Design facility. These four projects, the first three of which are in the Corridor, have retained 805 jobs

and created 424 jobs. They have leveraged over \$51M in private and public redevelopment funds (non-cleanup related). They have also reclaimed 29.1 acres of former industrial land. Environmental costs for these four projects were approximately \$3.6 M.

Greenspace: The RLF Program includes, as one of four priorities, projects that will serve to expand our extensive park and trail system. One of our Mayor's goals is for Duluth to become a Premier Trail Town. This is part of Duluth's "brand" as an outdoor town, a factor in its tourism strategy as well as in attracting young families and young professionals to live and work here. The City recently voted to pass a levy to increase funding for parks and trails. The trails planned for the Corridor include hiking and nature trails, bicycle commuting route connectors, and pedestrian connectors. When completed, children will be able to cross dangerous intersections to reach the newly opened western Duluth Middle School on foot or by bike. Some of the connectors will cross potentially contaminated lands that may require cleanup. Furthermore, several riverfront former industrial properties (e.g. 40th Avenue West) have been identified as prime bird habitat. Any of these properties and projects may be potential loan projects.

4c. Environmental Benefits from Infrastructure Reuse/Sustainable Reuse (5): The brownfield cleanups supported by RLF loans will allow the City to move unused properties back to economic use. Doing so will also encourage business expansion in the core of the city, bypassing costly infrastructure investments at the edge of the city. Brownfield reuse results in the upgrading of utilities that development projects require. At most of our completed brownfield redevelopments (Clyde Iron, IKONICS, TruRide) significant utility upgrades have been necessary and were considered part of the redevelopment project. This will be true for the Bayfront, Atlas, and Oneota sites, where utilities are currently outmoded and in poor repair. Furthermore, any reuse projects on remediated properties will trigger the City's new Uniform Development Chapter (UDC) of our zoning code, which require the incorporation of alternative energy, vegetation, transportation and other sustainability-based principles.

The City seeks out best practices. For all of Duluth, the prevailing storm water management requirements are very stringent in order to be protective of Lake Superior. On-site infiltration and treatment are required. Whenever possible, the City presses its consultants to maximize the on-site management and reuse of site soils, asphalt and concrete. This reduces mileage for trucks driving to the landfill, thereby decreasing emissions. The City requires its environmental consultants to incorporate green remediation strategies. Finally, Duluth is a member of the International Council for Local Environmental Initiatives (ICLEI) and has a greenhouse gas target reduction of 20% by 2020.

Public transit is key to our community's commitment to reducing our carbon output. Duluthians have shown a great interest in using transit for commuting as transit ridership has grown by 21.5% since 2005. The Project area neighborhoods are mostly older and closely spaced and allow walking to the City bus system and therefore will encourage use of the City transit bus network. Due to its configuration and its proximity to major transit routes, all properties within the entire Project Area are either immediately adjacent to or within ½ mile of an existing transit route.

ATTACHMENT A

Threshold Documentation

City of Duluth, Minnesota

RLF Grant

November 2011

Threshold Criteria

- 1. Applicant Eligibility:** The City of Duluth (the City) is a “General Purpose Unit of Local Government” in the State of Minnesota and is therefore eligible as per the guideline definitions. Furthermore, the guidelines indicate that no further documentation is required for municipalities.
- 2. Description of Jurisdiction:** The RLF will serve the entire City of Duluth (area 87.3 square miles) with a priority focus on the Saint Louis River Corridor, defined in ranking criteria 1.
- 3. Letter from the State Environmental Authority:** The City has received a letter from the Minnesota Pollution Control Agency (MPCA) acknowledging that the City plans to establish a revolving loan fund and conduct cleanup activities with the City of Duluth using federal grant funds. The letter is included as Attachment B.
- 4. Oversight Structure and Legal Authority to Manage a Revolving Loan Fund:**
 - a. Describe how you will oversee site cleanups:** The City will require all borrowers and sub-grantees to enroll their loan/sub-grant properties in the MPCA Voluntary Investigation and Cleanup Program and to obtain approval of their cleanup plans from the MPCA prior to beginning cleanup. The MPCA has an established Memorandum of Understanding with the U.S. EPA regarding cleanups conducted under the MPCA VIC Program oversight; the EPA has acknowledged that assessments and cleanups conducted under MPCA VIC Program oversight are protective of human health and the environment and “are not inconsistent with CERCLA.” Furthermore, the City will acquire additional technical expertise through procurement of qualified environmental consultants that can provide technical review, cleanup implementation oversight, and communication with the MPCA, City, stakeholders, borrowers, and the community to ensure that appropriate requirements are met to protect human health and the environment. Pending award of the RLF grant, the City will retain one or more qualified environmental consultants in compliance with applicable federal procurement regulations (40 CFR 31.36).
 - b. Legal authority to access and secure sites:** The legal opinion from the City’s legal counsel is included in Attachment C. The opinion affirms that: a) the City has the legal authority to access and secure sites in the event of an emergency, loan default, or non-performance under a sub-grant; and b) that the City has the legal authority to manage a loan fund.
- 5. Cost Share:** The City will pass the required cost share on to the Borrowers in the form of a required cost match. The City’s grant budget predicts that \$900,000 will be available to loan. On a loan of \$900,000, for instance, a minimum match of \$200,000 of eligible expenses would be required (\$66,667 on a \$300K loan). The match must be comprised of RLF-program eligible costs. Eligible sources for the match will include private funds or non-federal public funds. The City will require match information to be submitted with each draw request and will ensure that the match represents eligible costs under the RLF Program

ATTACHMENT B

**Letter from State Environmental Authority
(Minnesota Pollution Control Agency)**



Minnesota Pollution Control Agency

520 Lafayette Road North | St. Paul, Minnesota 55155-4194 | 651-296-6300
800-657-3864 | 651-282-5332 TTY | www.pca.state.mn.us | Equal Opportunity Employer

November 18, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

Ms. Heidi Timm-Bijold
City of Duluth
402 City Hall, 411 West First Street
Duluth, MN 55802

RE: The City of Duluth's FY 2012 Brownfield Hazardous Substances Community-wide Assessment and Revolving Loan Fund Grants Application
Letter of Support from MPCA's VIC Program

Dear Mr. West and Ms. Timm-Bijold:

On behalf of the Minnesota Pollution Control Agency (MPCA), we are writing to acknowledge and support the City of Duluth's proposed assessment and revolving loan fund in fulfillment of the Threshold Criterion 2 of the U.S. Environmental Protection Agency (EPA) FY2012 Brownfields Grant Guidelines.

The City of Duluth has informed the MPCA that they intend to conduct the following brownfields-related activities in association with the grants, if awarded:

1. Hazardous Substances Assessment Grant: Perform hazardous substances assessment activities on sites throughout Duluth, with special emphasis on Duluth's St. Louis River/Lake Superior Shoreline Corridor area; and
2. Revolving Loan Fund Grant: Provide loans to support the cleanup of Sites in Duluth (again with a focus on the St. Louis River/Lake Superior Shoreline Corridor area) that are contaminated with hazardous substances.

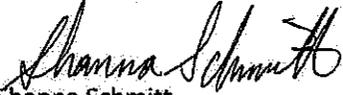
The City of Duluth has worked in partnership with the MPCA on brownfields assessment and cleanup work since 1999. The resulting redevelopment projects include the TrueRide/Epicurean manufacturing facility (former Polaris/Wilbert Vault site), the Clyde Iron/Heritage Park redevelopment, Cirrus Designs, and IKONICS, among others. The City has worked as a voluntary party or sponsor for the above projects with the MPCA and understands how to use the technical oversight and liability protection tools available through our Petroleum Brownfield and Voluntary Investigation and Cleanup Programs in an effective manner. Most recently, the MPCA has coordinated with the City of Duluth and the U.S. EPA on assessment activities at the Bayfront Site using EPA Targeted Brownfield Assessment funds. The MPCA has also worked with the City to use the MPCA's Minnesota Targeted Brownfield Assessment Program funds at the Oneota Mixed Use Site in West Duluth.

The MPCA is supportive of the City of Duluth's application for assessment and revolving loan fund grants. Should these grants be awarded, the MPCA will continue to partner with the City of Duluth to revitalize the economy and environment health of the City.

Mr. Don West
Ms. Heidi Timm-Bijold
Page 2
November 18, 2011

We deeply value EPA's continued support of Brownfield efforts in Minnesota. If you have any questions, please call Shanna Schmitt at 651-757-2697. Thank you for your consideration.

Sincerely,


Shanna Schmitt
Hydrogeologist
VIC and Emergency Response Section
Remediation Division

SS:jmp

cc: Ms. Deborah Orr, EPA Region V

ATTACHMENT C
Required Legal Opinions



City of Duluth
Attorney's Office

411 West First Street • Room 410 • Duluth, Minnesota • 55802-1198
218-730-5490 • Fax: 218-730-5918 • www.duluthmn.gov

An Equal Opportunity Employer

October 21, 2011

Ms. Heidi Timm-Bijold
Manager, Business Resources
City of Duluth
402 City Hall
Duluth, MN 55802

RE: EPA Revolving Loan Fund Grant

Ms. Timm-Bijold:

The City is applying for a Brownfields Revolving Loan Fund Grant from the U.S. Environmental Protection Agency to make loans and sub-grants to entities to fund the cleanup of contaminated lands within the City of Duluth (the "City").

You requested an opinion regarding the City's legal authority to perform the actions necessary to manage a revolving loan fund and to access and secure sites in the event of an emergency or default of a loan agreement or non-performance under a subgrant.

Duluth is a Minnesota home rule charter city. Pursuant to its broad "all powers" clause contained in Section 1 of the Duluth City Charter, the City has the legal authority to manage the proposed revolving loan fund; it has the authority to hold funds, make loans, enter into loan agreements, collect repayments, and, generally, to manage a revolving loan fund. Additional authority is found under Minnesota Statutes Section 469.192 and Minnesota Statutes Section 116J.993 et. seq. Note that the City has been making Minnesota Investment Fund Loans for a number of years.

You also requested an opinion on the City's ability to access and secure sites. The City has legal authority to access and secure sites in the event of an emergency or default of a loan agreement or non-performance under a subgrant. The loan and/or grant documentation used by the City will include the authority of the City to secure a project site in the event of an emergency or default of a loan agreement or non-performance under a subgrant of all cleanup activities. Additional authority is found at Minnesota Statutes Section 117.041.

Additionally, in the event of default or non-performance, a project may be accessed and secured, if required, by the Minnesota Pollution Control Agency pursuant to Minnesota Statutes Section 115B.17, subd. 1, and 115B.02, subd. 17.

If you have any questions regarding this opinion, please feel free to contact me.

Sincerely,



Joan M. Christensen
Assistant City Attorney

JMC:dma



November 18, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue – Suite 500
Silver Spring, MD 20910

Re: The City of Duluth's US EPA FY 2012 Applications for a Community-Wide Hazardous Substances Assessment Grant and for a Revolving Loan Fund Grant

Dear Mr. West:

This letter is to express the Duluth Local Initiatives Support Corporation's (Duluth LISC) support of the City of Duluth's applications for: 1) a \$200,000 Assessment Grant to conduct hazardous materials assessments at site within the Project Area (St. Louis River/Lake Superior Shoreline Corridor); and 2) a \$1 million RLF grant to establish a RLF for loans and/or subgrants to private, nonprofit, or public parties to complete cleanup activities.

Local Initiatives Support Corporation (LISC) is the nation's largest nonprofit community development intermediary. Our mission is to help transform distressed communities into healthy, sustainable neighborhoods of choice and opportunity to live, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with grants, loans and equity investments; technical and management support; local, statewide and national policy assistance and convening assistance to meet local needs and priorities.

Duluth LISC is one of the 30 local LISC sites around the country and we have been actively working to revitalize Duluth's neighborhoods for more than 13 years. Our efforts to build healthy, sustainable communities includes expanding investment in housing and other real estate, stimulating economic development, and supporting healthy environments and life styles. Through our 27 member *At Home in Duluth* collaborative, we have a special focus on carrying out these goals in five older, core neighborhoods including Lincoln Park, West Duluth, and Morgan Park, which are the targeted areas for these projects.

For the above RLF and Assessment Grants, Duluth LISC will serve as an advisor on community needs, site selection and prioritization. Duluth LISC will help link the City and local Community Development Corporations to maximize communication with the affected communities, provide outreach to ensure involvement of community members.

Duluth LISC strongly encourages the EPA to award these funds to the City of Duluth. The approval of federal Assessment Grant funds to Duluth will be a wise investment that will attract substantial state, local, and private funds for cleanup and redevelopment of this critical area. Thank you for your consideration of this extremely important funding request that will help Duluth continue to build a strong, sustainable economy, and a high quality of life.

Sincerely,

A handwritten signature in black ink, appearing to read "Pam Kramer".

Pam Kramer
Executive Director

Cc: Ms. Deb Orr, EPA Region 5



St. Louis River Alliance
394 Lake Avenue S, Suite 321
Duluth, Minnesota 55802-2338
Phone: 218-733-9520
Fax: 218-723-4794
E-mail: slrcac@StLouisRiver.org

November 22, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

RE: The City of Duluth US EPA FY2012 Applications for a Community-Wide Hazardous Substances Assessment Grant and for a Revolving Loan Fund Grant

Dear Mr. West:

This letter is written to express our support for the City of Duluth's application for a Brownfield Assessment Grant (\$200K) to conduct hazardous substances assessment for sites within Duluth's St. Louis River/Lake Superior Shoreline Corridor area and for its RLF Grant application (\$1 million) to establish a Revolving Loan Fund for cleanup of hazardous waste sites.

The St. Louis River Alliance is nonprofit citizens-based organization that has been working on the issues and concerns of the St. Louis River Area of Concern since 1996. Our mission is to protect, restore, and enhance the St. Louis River. Our goal is to achieve the delisting of the river as an Area of Concern on the Great Lakes. To help achieve this goal, we recognize the need to be successful in removing contaminants from the river as well as from the brownfields that are within the watershed. These efforts will have a positive impact on the water quality of the river as well as the fish and wildlife habitat on and along the river.

The St Louis River Alliance is an active partner working together with local, state, and federal agencies to implement the Remedial Action Plan for the Area of Concern. Our efforts include restoring the river's beneficial uses. We believe that cleaning up and re-developing existing brownfields is a vital component in helping to restore and protect those beneficial uses.

We support the City's effort to assess and cleanup the brownfields within the St Louis River/Lake Superior Shoreline Corridor for contaminants. Assessments are necessary to determine if and what contaminants are present in these areas so that efforts can then be made to remove them. Cleanup removes ongoing contaminant sources from further endangering the St. Louis River.

ATTACHMENT D

Letters of Support from Community Partners

For the above listed grants, our organization will help the City by serving as an advisor on possible environmental effects of potential target brownfield sites on the St. Louis River and Lake Superior. We will provide information on potential public and environmental health benefits that would be gained by the assessment and possible remediation of candidate sites. We will also provide an additional link or outreach to tribal communities and for involving tribal agencies in site selection and reuse decisions.

The City of Duluth has been an important force in the reuse and redevelopment of underused industrial and commercial land throughout Duluth and especially within the Corridor paralleling the St. Louis River/Lake Superior Shoreline from the western edge of Duluth to just east of downtown. The City has also been an active partner in helping to protect the St. Louis River and Lake Superior.

The St. Louis River Alliance has been working jointly with the City of Duluth on efforts to seek ways in which the St Louis River can be more accessible to the community for commercial and recreational purposes. The river is a tremendous asset to the community and increasing access to the river will provide economic benefits.

We look forward to working with the City of Duluth on this project. We encourage you to award these grants as they will aid the causes of brownfield redevelopment, protection of our waterways, and rejuvenation of our communities. The City of Duluth will be highly effective at using these funds in a responsible and energetic manner. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Julene Boe".

Julene Boe
Executive Director

cc: Ms. Deb Orr, EPA Region 5



THE NORTHSPAN GROUP INC.

221 West First Street

Duluth, MN 55802

218.722.5545 • Phone

1.800.232.0707 • Toll-Free

218.529.7591 • Fax

info@northspan.org • Email

November 21, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

RE: The City of Duluth's US EPA FY2012 Applications for a Community-Wide Hazardous Substances Assessment Grant and for a Revolving Loan Fund Grant

Dear Mr. West:

This letter is written in support of the City of Duluth's application for an EPA-funded Community-Wide Assessment Grant for hazardous substances (\$200K) for sites throughout Duluth, with special emphasis on Duluth's St. Louis River/Lake Superior Shoreline Corridor area. We also support the City's application to establish a Revolving Loan Fund for loans to conduct cleanup in that area (\$1 million).

The Northspan Group, Inc. is a private, non-profit development corporation created in 1985. Northspan's mission is: To improve the economic well being of our clients and their service areas. Northspan has professional staff with extensive experience in:

- Business development & finance
- Community project & funding development
- Marketing & business recruitment and retention
- Organizational development & strategic planning facilitation

Northspan has had previous project experience in the area of brownfield redevelopment with the City of Duluth dating back to 1997. Northspan staff serves as a member of the Brownfield Advisory Board for the City of Duluth's current environmental assessment grant process.

The City of Duluth is an active economic development partner. In general, in Duluth, economic development projects require re-development because of the age and lay-out of the City. Northspan has had a long history of working together with the City of Duluth on numerous economic development projects. Some of those projects include:

- Funding and support of Northspan's NorthlandConnection.com regional economic development web portal and database.
- City of Duluth, Cirrus Design Expansion – awarded a Federal Economic Development Administration Public Works Grant.

- Duluth Seaway Port Authority Airpark Expansion – awarded a \$2.1 million Federal Economic Development Administration Public Works Grant.
- Heritage Sports Center Redevelopment Project – awarded a State Redevelopment Grant and Contamination Cleanup Grant to support the Heritage Sports Center at the Clyde Industrial Park brownfield site. Award totals of \$2.9 million.
- Duluth International Airport/North Business Development Area – awarded \$1.3 million in local, state and federal funding for infrastructure development.
- Facilitation of Duluth Economic Development Authority's economic development strategic planning and framework

For the Assessment Grant, our organization will partner with the City by providing advice on site selection and prioritization. Our staff experience and real estate database resources are available through Northspan's NorthlandConnection.com web portal providing a perspective on economic development needs, market demand and market absorption rates. For the RLF Cleanup Grant, Northspan will assist in marketing the remediated sites to potential developers.

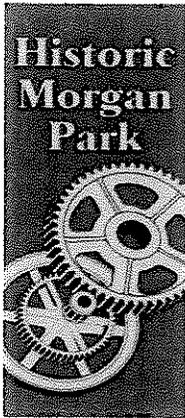
The City has demonstrated continued success in the cleanup and redevelopment of brownfield properties which have leveraged significant investment and major value for the community. Assessments are the critical first step in achieving site cleanup and redevelopment. Funds for environmental assessments aren't easy to come by. We strongly urge you to award the City both the Assessment and RLF Cleanup Grants. Thank you for your consideration.

Sincerely,



Randy Lasky
President

Cc: Deborah Orr, EPA Region 5
Heidi Timm-Bijold, City of Duluth Planning & Development Department



Morgan Park Community Club

Meets the first Tuesday of each month at 6:30pm. Sept – May

President: Polly Purser 428-3121 Vice-President: Fred Guist 626-3613

Secretary: Jackie Morris: 626-129 Treasurer: Patty Guist 626-3613

Board of Directors: Jill Eckenberg, Josie Hovevar, Amy Johnson, Lucille Kolberg,
Bill Majewski, Shari Martorelli, Brian Parenteau, Glenn Tridgell

NHS Neighborhood Coordinator: Debbie Isabell-Nelson ☎ 260-8045

Editor in Chief/Webmaster/ DVD Wizard: John Strongitharm 626-2240

NHS Board Members: John Strongitharm

Our most important member...YOU!

November 21, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

Re: City of Duluth's US EPA 2012 Applications for a Community-Wide Hazardous Substances Assessment Grant and for the Revolving Loan Fund Grant.

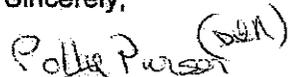
Dear Mr. West:

The Morgan Park Community Club, on behalf of the residents of Morgan Park, is pleased to offer our support of the City of Duluth's applications for the Hazardous Materials Site Assessment Grant and the Revolving Loan Fund Grant.

The Morgan Park Community Club is a 501C3 organization working with residents, businesses and other groups dedicated to the betterment of the neighborhood and the surrounding areas. The St. Louis River borders our historic neighborhood and is an important asset to our future. Morgan Park Community Leaders are excited about the prospects of cleanup of the St. Louis River and Lake Superior Shoreline Corridor. The \$200,000 grant for the assessment of the hazardous materials at the site within the Project Area – St. Louis River and Lake Superior Corridor – is crucial to all of our Riverfront Communities. The availability of financing through an RLF will be key to the full implementation of the assessment through remediation process.

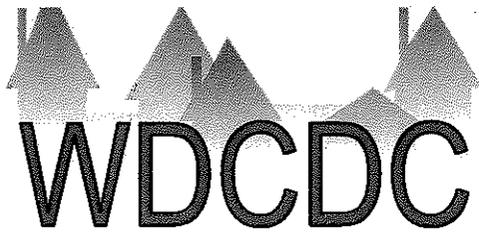
We look forward to partnering with the City of Duluth, NHS Duluth, and the At Home Collaborative on this project. We will serve as an advisor on neighborhood needs and will be a crucial partner in involving the Morgan Park neighborhood in site identification, cleanup decisions, and reuse decisions in their proximity.

Sincerely,

A handwritten signature in black ink that reads "Polly Purser" with a circled "DWN" next to it.

Polly Purser
Morgan Park Community Club President
c/o 909 89th Avenue West
Duluth, MN 55808
(218) 428-3121

"If every community member does "One Thing"...We will get over 1000 things done!"



West Duluth Community Development Corporation

"Committed to Revitalizing West Duluth"

November 17th, 2011

Ms. Heidi Timm-Bijold
City of Duluth
402 City Hall
411 West First Street
Duluth, MN 55802

RE: City of Duluth US EPA 2012 Brownfield Assessment Grant and Revolving Loan Fund Grant Applications

Dear Ms. Timm-Bijold:

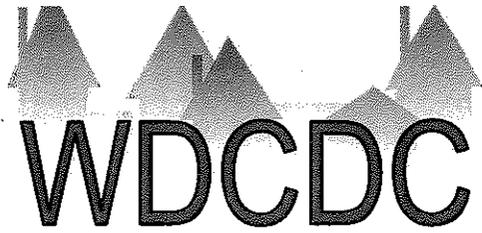
This letter is written to express support for the City of Duluth US EPA 2012 Brownfield Assessment and RLF Grant Applications.

SVCNDA dba West Duluth Community Development Corporation (WDCDC) is a non-profit organization founded by local residents in 1979. Led by a strong, grassroots volunteer board of directors, our 501(c)(3) organization has worked to ensure that the area of Duluth from the ore docks to Fond du Lac continues to be a wonderful place to live, work, own a business, and raise a family. WDCDC's mission is simply "Committed to Revitalizing West Duluth".

WDCDC recently received a grant through Local Initiative Support Corporation (Duluth LISC) and the City of Duluth Community Development Department to lead the neighborhood in a West Duluth Revitalization Plan. Over the course of 8 months, the plan was completed with neighborhood citizens, business owners, school board members, private developers, and other concerned citizens who work, live, and play in West Duluth. A strategic neighborhood action plan focus area includes the Western Waterfront area (along the St. Louis River), the Business District, and a Tourism Corridor of Western Duluth. Implementation of the plan for these areas include economic development, clean up of the river for potential developments of business and housing, and clean up of blighted and vacant properties for redevelopment as well. SVCNDA is working on better access to the St. Louis River for citizen and tourism use and how that would impact the environment.

331 North Central Avenue* Upstairs * Duluth, MN 55807
Phone: 218-624-2317* Fax: 218-624-8328 * E-mail: SVCNDA@aol.com





West Duluth Community Development Corporation

"Committed to Revitalizing West Duluth"

The City of Duluth is a driver in the reuse and redevelopment of underused industrial and commercial land throughout Duluth and especially within the Corridor paralleling the St. Louis River/Lake Superior Shoreline from the western edge of Duluth to just east of downtown. WDCDC is currently working with the City of Duluth on the Munger Trail extension which will connect West Duluth to downtown Duluth. WDCDC has been working with the City of Duluth in identifying blight and vacant properties for redevelopment. WDCDC has also worked with private developers and the City of Duluth on economic recruitment, bringing the parties together and ensuring neighborhood support and answering neighborhood concerns on potential developments.

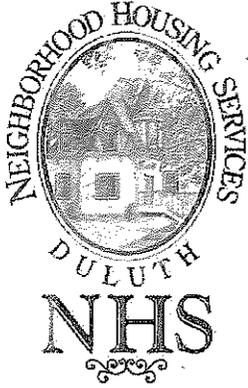
For the above listed grants, our organization will work with the City by providing advice on community needs and on site selection and prioritization within West Duluth.

We look forward to working with Duluth on this project. We encourage you to award this grant: Brownfield redevelopment and neighborhood rejuvenation require funding. We know that the City will work hard to put the funds to good use. Thank you for your consideration.

Sincerely,

Kristin Ridgewell, Executive Director





NEIGHBORHOOD HOUSING SERVICES *of* DULUTH

224 East Fourth Street • Duluth, MN 55805

Phone: (218) 727-8604 • Fax: (218) 727-9368 • Web site: www.nhsduluth.org

November 21, 2011

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

RE: City of Duluth's US EPA 2012 Applications for a Community –Wide Hazardous Substances Assessment Grant and for the Revolving Loan Fund Grant.

Dear Mr. West:

This letter is written in support of the City of Duluth's EPA 2012 Community-Wide Hazardous Substances Grant, along with the Revolving Loan Fund Grant, focusing on the St. Louis River and Lake Superior Shoreline Corridor.

For twenty-eight years, Neighborhood Housing Services of Duluth (NHS) has played a pivotal role in neighborhood revitalization by bringing together local, state and national capital, both financial and human, to focus on revitalizing Duluth's historic and most diverse neighborhoods, with the mission of creating economically viable and healthy neighborhoods through homeownership preservation and promotion, and community stabilization activities. NHS is a core member of the At Home in Duluth Collaborative. Originally organized to serve the Lincoln Park neighborhood, NHS Duluth is now the lead agency in Lincoln Park, Central Hillside, East Hillside, and the Morgan Park neighborhoods. NHS works closely with each of the Community Clubs to help with the implementation of their Neighborhood Revitalization Plans.

We look forward to the opportunity of working closely with the City of Duluth, the Morgan Park Community Club, and each of the other partners in this project, serving as an advisor on community needs and on site selection, along with helping the City with community outreach. This will include reuse decisions and communications.

Sincerely,


Debbie Isabell-Nelson
NHS Neighborhood Coordinator
224 East 4th Street
Duluth, MN 55805
(218)260-8045



EQUAL HOUSING
OPPORTUNITY



ATTACHMENT E

Documentation of Leveraged Funds

RESOLUTION 09D-43

**RESOLUTION AUTHORIZING A CONTAMINATION INVESTIGATION AND
RESPONSE ACTION PLAN (RAP) DEVELOPMENT
GRANT APPLICATION IN THE AMOUNT OF \$50,000 TO THE MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT RELATING
TO PROPERTY ADJACENT TO SLIPS 2 AND 3 AT THE BAYFRONT
AND COMMITTING A LOCAL MATCH IN THE AMOUNT OF \$16,667**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that DEDA act as the legal sponsor for the project contained in the Contamination Investigation and RAP Development Grant Application in the amount of \$50,000 to be submitted on November 2, 2009, and that the President and Secretary of DEDA are hereby authorized to apply to the Minnesota Department of Employment and Economic Development (DEED) for funding of this project on behalf of DEDA.

BE IT FURTHER RESOLVED, that DEDA has the legal authority to apply for financial assistance and the institutional, managerial and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED, that the sources and amounts of the local match identified in the application in the amount of \$16,667 are committed to the project identified, payable from Fund 865, Agency 860, Org. 8604.

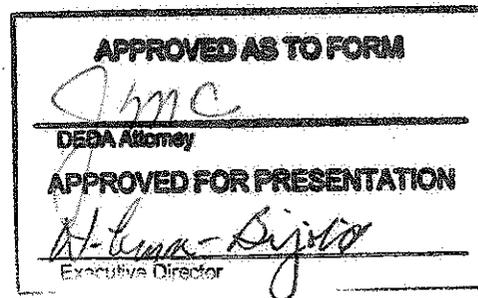
BE IT FURTHER RESOLVED, that DEDA has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kick-back, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED, that upon approval of DEDA's application by the state, the acceptance thereof shall be subject to further resolution of the DEDA authorizing such acceptance.

Approved by the Duluth Economic Development Authority this 21st day of October 2009.

ATTEST:


Interim Executive Director



STATEMENT OF PURPOSE: Property at Bayfront's Slips 2 and 3 are being considered for a potential transient small watercraft facility by the State Department of Natural Resources (DNR). DEDA is the owner of the property that is being targeted under a feasibility/planning study to be conducted by the DNR in cooperation with the DEDA. Based upon previous assessment of the overall Bayfront property conducted under a previous EPA-funded investigation, there is known contamination on the site which must be addressed before it can be developed.

The purpose of this Resolution is to authorize a state Department of Employment and Economic Development (DEED) Contamination Investigation and RAP Development Grant Application relating to the targeted site in order to secure more detailed data necessary for remediation and future development. The total investigation and RAP development costs are estimated at \$66,667. DEED is allowed to award a grant for up to 75% of the estimated cost of the investigation or \$50,000 whichever is less. DEDA's application will request \$50,000 from DEED leaving a local match in the amount of \$16,667.

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 10-0093

ADOPTED: FEBRUARY 22, 2010

BE IT RESOLVED, that the city of Duluth act as the legal sponsor for project(s) contained in the business development infrastructure application to be submitted on 02-26-2010 and that the mayor and clerk are hereby authorized to apply to the department of employment and economic development for funding of this project on behalf of city of Duluth.

BE IT FURTHER RESOLVED ,that the city of Duluth has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED, that the city of Duluth has not violated any federal, state or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED, that if approved by the state, acceptance thereof is subject to further resolution of the council accepting the grant and authorizing execution of the grant agreement with the state of Minnesota for the above-referenced project(s)and designating the sources of the matching funds and the amount to be committed from each source.

BE IT FURTHER RESOLVED, that upon approval of its application by the state, the city of Duluth will commit no less than \$500,000 towards the local match requirement, which shall be funded by the Duluth economic development authority and the Duluth seaway port authority.

BE IT FURTHER RESOLVED, the city of Duluth certifies that it will comply with all applicable laws, regulations, and rules of the Business Development Infrastructure Application.

NOW, THEREFORE, BE IT RESOLVED, that the city certifies that it will comply with all applicable laws and regulations as stated in all contract agreements it accepts.

Resolution 10-0093 was unanimously adopted.

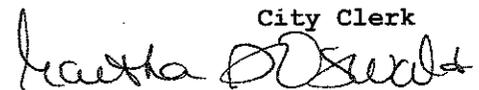
Approved February 22, 2010

DON NESS, Mayor

I, JEFFREY J. COX, city clerk of the city of Duluth, Minnesota, do hereby certify that I have compared the foregoing resolution passed by the city council on the 22nd day of February, 2010, with the original in my custody as city clerk of said city and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth, this 23rd day of November, 2011.

JEFFREY J. COX
City Clerk

by 
Assistant
CITY OF DULUTH, MINNESOTA

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 10-0399

ADOPTED: JULY 19, 2010

BE IT RESOLVED, that the city of Duluth (the city) act as the legal sponsor for the project contained in the redevelopment grant program application to be submitted no later than August 2, 2010, and that the mayor and the city clerk are hereby authorized to apply to the department of employment and economic development (DEED) for a grant in the amount of \$664,780 for funding of this project on behalf of the J&S Partnership, LLP, industrial park project, subject to receipt of a binding commitment from J&S Partnership, LLP, to fund the city's local share commitment.

BE IT FURTHER RESOLVED, that the city has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED, that the city hereby commits to provide no less than \$664,780 in a qualified matching contribution to be provided by J&S Partnership, LLP.

BE IT FURTHER RESOLVED, that the city has not violated any federal, state, and local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices.

BE IT FURTHER RESOLVED, that upon approval of its application by the state, the mayor and clerk may enter into a grant agreement with the state of Minnesota for the above referenced project, and that the city certifies that it will comply with all applicable laws and regulation as stated in the grant agreement.

Resolution 10-0399 was unanimously adopted.

Approved July 19, 2010

DON NESS, Mayor

I, JEFFREY J. COX, city clerk of the city of Duluth, Minnesota, do hereby certify that I have compared the foregoing resolution passed by the city council on the 19th day of July, 2010, with the original in my custody as city clerk of said city and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth, this 23rd day of November, 2011.

JEFFREY J. COX
City Clerk

by 
Assistant
CITY OF DULUTH, MINNESOTA

**CERTIFIED RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF DULUTH, MINNESOTA**

RESOLUTION 10D-19

ADOPTED April 21, 2010

**RESOLUTION AUTHORIZING A CONTAMINATION INVESTIGATION
AND RESPONSE ACTION PLAN (RAP) DEVELOPMENT
GRANT APPLICATION IN THE AMOUNT OF \$46,500 TO THE
MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC
DEVELOPMENT RELATING TO THE BAYFRONT LAND SITE
BETWEEN SLIPS 2 & 3
AND COMMITTING A LOCAL MATCH IN THE AMOUNT OF \$15,500**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that DEDA act as the legal sponsor for the project contained in the Contamination Investigation and RAP Development Grant Application in the amount of \$46,500 to be submitted on May 3, 2010, and that the President and Secretary of DEDA are hereby authorized to apply to the Minnesota Department of Employment and Economic Development (DEED) for funding of this project on behalf of DEDA.

BE IT FURTHER RESOLVED, that DEDA has the legal authority to apply for financial assistance and the institutional, managerial and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED, that the sources and amounts of the local match identified in the application in the amount of \$15,500 are committed to the project identified, with one-half of the local match provided by DEDA and payable from Fund 865, Agency 860, Org. 8604 subject to one-half of the local match provided by Pier B Holding, LLC.

BE IT FURTHER RESOLVED, that DEDA has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kick-back, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED, that upon approval of DEDA's application by the state and receipt of the local match contribution from Pier B Holding, LLC, DEDA may enter into an agreement with the State of Minnesota for the above-referenced project, and that DEDA certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the President and Secretary are hereby authorized to execute such

agreements as are necessary to implement the project on behalf of the applicant.

Vote: Yeas -Anderson, Aronson Norr, Heino, Monaco, Townsend
Absent - Cuneo

I, Brian W. Hanson, Executive Director of the Duluth Economic Development Authority, do hereby certify that I have compared the foregoing Resolution passed by the Board of Commissioners of the Duluth Economic Development Authority on the 21st day of April, 2010, with the original in my custody as Executive Director of said Authority, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Duluth Economic Development Authority, this 23rd day of November, 2011.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By 
Brian W. Hanson, Executive Director

Vote: Yeas -Anderson, Aronson Norr, Cuneo, Fedora, Heino, Townsend
Absent - Monaco

I, Brian W. Hanson, Executive Director of the Duluth Economic Development Authority, do hereby certify that I have compared the foregoing Resolution passed by the Board of Commissioners of the Duluth Economic Development Authority on the 20th day of October, 2010, with the original in my custody as Executive Director of said Authority, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Duluth Economic Development Authority, this 23rd day of November, 2011.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By 
Brian W. Hanson, Executive Director

**CERTIFIED RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF DULUTH, MINNESOTA**

RESOLUTION 10D-39

ADOPTED October 20, 2010

**RESOLUTION AUTHORIZING A GRANT APPLICATION
TO THE STATE OF MINNESOTA FOR THE CONTAMINATION
CLEAN-UP OF THE ATLAS SITE**

RESOLVED, that the Duluth Economic Development Authority ("DEDA") act as the legal sponsor for the Atlas Infrastructure and Southeast Lot Development project as contained in the Contamination Cleanup Grant Program Application to be submitted on November 1, 2010 and that the President and Secretary are hereby authorized to apply to the Department of Employment and Economic Development (DEED) for a grant in the amount of \$585,000 for funding of this project.

Be it further resolved, that the DEDA has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

Be it further resolved, that the DEDA hereby commits to provide the local match in an amount estimated at \$195,000 payable from Fund 860.

Be it further resolved, that the DEDA has not violated any federal, state and local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices.

Be it further resolved, that upon approval of its application by the state, the President and Secretary may enter into a grant agreement with the state of Minnesota for the above referenced project, and that the DEDA certifies that it will comply with all applicable laws and regulation as stated in the grant agreement.

**CERTIFIED RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF DULUTH, MINNESOTA**

RESOLUTION 11D-48

ADOPTED October 26, 2011

**RESOLUTION AUTHORIZING A SUPPLEMENTAL GRANT APPLICATION
TO THE STATE OF MINNESOTA FOR THE CONTAMINATION
CLEAN-UP OF THE ATLAS SITE**

RESOLVED, that the Duluth Economic Development Authority ("DEDA") act as the legal sponsor for the Atlas Infrastructure and Southeast Lot Development project as contained in the Contamination Cleanup Grant Program Application to be submitted on November 1, 2011 and that the President and Secretary are hereby authorized to apply to the Department of Employment and Economic Development (DEED) for a supplemental grant in the amount of \$265,072 to increase total DEED project funding to \$747,353 for a \$1,250,288 project.

Be it further resolved, that the DEDA has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

Be it further resolved, that the DEDA hereby commits to provide the local match in an amount estimated at \$502,935 payable from Fund 860 in combination with other sources of match available.

Be it further resolved, that the DEDA has not violated any federal, state and local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices.

Vote: Yeas -Anderson, Cuneo, Fedora, Heino, Monaco

I, **Brian W. Hanson, Executive Director of the Duluth Economic Development Authority**, do hereby certify that I have compared the foregoing Resolution passed by the Board of Commissioners of the Duluth Economic Development Authority on the 26th day of October, 2011, with the original in my custody as Executive Director of said Authority, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Duluth Economic Development Authority, this 23rd day of November, 2011.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By 

Brian W. Hanson, Executive Director

ATTACHMENT F

Special Considerations Checklist

Special Considerations Checklist

Please identify (with an **X**) if any of the below items apply to your community or your project as described in your proposal. EPA will verify these disclosures prior to selection of the grant.

- Community population is 10,000 or less
- Federally recognized Indian tribe
- United States territory
- Applicant assisting a Tribe or territory
- Targeted brownfield sites are impacted by mine-scarred land
- Targeted brownfield sites are contaminated with controlled substances
- Community is impacted by recent natural disaster(s)
- Community demonstrates firm leveraging commitments for facilitating brownfield project completion by identifying amounts and contributors of funding in the proposal and have included documentation
- Community experiencing plant closures (or other significant economic disruptions), including communities experiencing auto plant closures due to bankruptcy
- Applicant is a recipient of a HUD/DOT/EPA Partnership for Sustainable Communities grant