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December 15, 2016

U.S. EPA Region 5  
Attn: Mr. Matthew Didier  
77 West Jackson Blvd., Mail Code SE-7J  
Chicago, IL 60604

**RE: Application for U.S. EPA Community-Wide Assessment Grant for Petroleum and Hazardous Substance Brownfields for Fiscal Year 2017 by the City of Mankato, Minnesota**

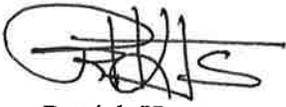
Dear Mr. Didier,

The City of Mankato, Minnesota requests that the United States Environmental Protection Agency (U.S. EPA) fund the enclosed application for a Community-Wide Site Assessment Grant for Hazardous Substances and Petroleum in the amount of \$300,000 as part of the U.S. Fiscal Year 2017 Brownfield Grant Competition. Funding will be expended during a project period of three years (2017-2020 anticipated) to address brownfield properties located within the City. Information to be included in this cover letter is presented below.

<b>Applicant ID</b>	Mankato, Minnesota	
<b>Applicant DUNS No.</b>	010340099	
<b>Funding Requested</b>	Community-Wide Assessment; \$300,000 in total funding, including \$200,000 for hazardous substance brownfields and \$100,000 for petroleum brownfields	
<b>Location</b>	Mankato, Blue Earth County, Minnesota	
<b>Project Contact Info.</b>	<b>Highest Ranking Elected Official</b>	<b>Project Director</b>
Name and Title	Eric Anderson, Mayor	Kristin Prosofski, Economic Development Specialist
Address	City of Mankato 10 Civic Center Plaza Mankato, Minnesota 56002	City of Mankato 10 Civic Center Plaza Mankato, Minnesota 56002
Phone Number	(507) 387-8693	(507) 387-8687
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Email Address	<a href="mailto:eanderson@mankatomn.com">eanderson@mankatomn.com</a>	<a href="mailto:kprosofski@mankatomn.com">kprosofski@mankatomn.com</a>
<b>Date Submitted</b>	December 21, 2017 (via www.grants.gov)	
<b>Project Period</b>	3 years	
<b>Population</b>	39,871	
<b>Is the jurisdiction in a County experiencing "persistent poverty"</b>	No, but a part of our target area is a Census Tract that has experienced "persistent poverty".	
<b>Regional Priorities/Other Factors Checklist</b>	Attached as Attachment A	
<b>Letter from State authority</b>	Attached as Attachment B	

We look forward to working with the U.S EPA on this project. If you have any questions relating to the City's proposal, please contact me at your earliest convenience at 507-387-8695.

Sincerely,

A handwritten signature in black ink, appearing to read 'PH', enclosed within a hand-drawn oval.

Patrick Hentges  
City Manager

**1. COMMUNITY NEED****1.a. Targeted Area and Brownfields**

**i. Community and Target Area Descriptions:** The City of Mankato, Minnesota (City) is a “general purpose unit of local government” as defined in 2 CFR 200.64 and is therefore eligible to receive US Environmental Protection Agency (EPA) funds. The City, with a population of 39,871, is the county seat for Blue Earth County (County) and the regional hub for southcentral Minnesota. Mankato was settled in 1852 and the railroads arrived in 1868. A variety of business operations, including mining, manufacturing, and agriculture, capitalized on the easy transport of goods via the Minnesota River (River) or rail by locating along the riverfront. Throughout the late 1800s and early 1900s, buildings were continually constructed and demolished resulting in many sites with buried debris from past industrial activity. During this time, Mankato’s downtown, located near the intersection of major highways, railways, and the River and adjacent to the industrial activity, thrived.

After transportation and land uses became more automobile oriented, the downtown fell into decades of decline. In a 1970s’ effort to reverse the decline, the City began an urban renewal project. While it first brought new life to downtown, the effects were short-lived and the area again became underutilized with many buildings in disrepair. The City has worked for years to revitalize the target area, which includes the commercial/industrial/residential areas along the River of the Downtown, Old Town and Sibley Park neighborhoods. While there has been some success, there is still a great deal of redevelopment opportunity and it is important to determine what, if any, contamination exists at sites within the target area to allow redevelopment to proceed.

**ii. Demographic Information and Indicators of Need:** The target area, approximately 350 acres, is comprised of portions of Census Tracts (CTs) 3, 6, 7, and 8. Demographic indicators for the target area based on CT data are outlined below. Although the City has a substantial Somali refugee population, most of them live outside the target area as newer developments are more likely to have units with more than 2 bedrooms.

Table 1 – Census Data

<b>Demographic Indicators</b>	<b>Target Area</b>	<b>City</b>	<b>MN</b>	<b>US</b>
Population	1,433	39,871	5.38M	314.11M
Hispanic Population	134	1,220	264,265	53.07M
People with Disability	371	3,496	547,424	37.8M
People with Disability in Poverty	136	927	114,277	8.42M
<b>Income and Poverty</b>				
Poverty Rate	30.9%	26%	11.5%	15.6%
People with Disability Poverty Rate	36.7%	26.5%	20.9%	22.3%
Hispanic Poverty Rate	46.4%	43.1%	24.4%	24.8%
Single Female w/Children Poverty Rate	76.6%	58.4%	35.9%	40.5%
Children under 5 Poverty Rate	37.7%	19.3%	17.2%	24.9%
Adults over 65 Poverty Rate	16.6%	8.4%	7.8%	9.4%
Disability Poverty Rate based on Total Population	9.5%	2.3%	2.1%	2.7%
Unemployment	5.0%	6.4%	6.5%	9.2%
Families Receiving Food Stamps/SNAP benefits	18.0%	10.4%	8.8%	14.0%
Working Families Receiving Food Stamps/ SNAP benefits	89.1%	73.7%	80.0%	76.9%
Median Household Income	\$27,740	\$42,929	\$60,828	\$53,482
Per Capita Income	\$19,315	\$23,249	\$31,642	\$28,555
<b>Quality of Life</b>				
No Vehicle in Household	23.2%	9.0%	7.3%	9.1%
Rental Homes	68.6%	45.9%	27.9%	35.7%
Housing Built Prior to 1970	85.0%	46.1%	42.3%	40.5%

M = Million. Unless noted, data is from the 2010-2014 US Census - American Community Survey. Accessed on [www.policymap.com](http://www.policymap.com) 11/29/16.

The target area has much higher poverty levels among sensitive populations (Hispanic, single female with children, children under 5, adults over 65 and disabled persons) than the remainder of the City, Minnesota and the US as a whole. While the target area has 3.6% of the City’s population, it has 10.6% of the City’s disabled population. The median household income in the target area is \$15,189 less than the City average and the per capita income is \$3,834 less than the City average.

iii. **Brownfields and Their Impacts:** The City is applying for EPA Community-Wide Assessment grant funding to address long term contamination issues. Based on listings in the Minnesota Pollution Control Agency’s (MPCA) What’s in My Neighborhood tool (<https://www.pca.state.mn.us/data/whats-my-neighborhood>), there are 278 brownfield sites in Mankato, 74 of which are in the target area. Based on Sanborn maps, past land uses within the target area include gas stations, automobile maintenance, underground/above-ground storage tanks (gasoline, oil, heating oil), stone cutting, tanneries, linseed oil factories, dry cleaners, foundries, mills, a dump, warehouses (including petroleum), lumber yards, machine shops, a concrete plant, coal sheds, junk and scrap iron yards, a plating company, paint shops, and cigar factories. Given the past uses and the site assessments that have been completed to date in the target area, the potential for contamination exists, including but not limited to petroleum hydrocarbons, heavy metals, dry cleaning and other solvents, and asbestos-containing materials. There is also the potential for buried debris throughout the target area as buildings were continually constructed and demolished as the City grew.

The target area is situated in or directly adjacent to the Sibley Park, Tourtellotte Park, Washington Park, Lincoln Park, and Germania Park neighborhoods which encompass Mankato's oldest housing stock, as well as high concentrations of poverty. These are the residential neighborhoods that are most heavily impacted by the brownfields in the target area and would benefit the most by having the area cleaned up and redeveloped. During past planning efforts, such as the City’s development of the Old Town Master Plan and the Sibley Parkway Redevelopment Plan, community input on reuse was sought. Based on this input and likelihood of redevelopment, priority sites were selected. The selected priority sites and the possible impacts are outlined below.

Table 2 Priority Brownfield Sites

Site	Past Uses	Possible Contaminants	Possible Health Impacts <sup>1</sup>	Distance to Sensitive Area
507 N. Riverfront	Drycleaner	Volatile organic compounds (VOCs), chlorinated solvents	Liver, kidney, and nervous system damage; anemia; developmental (dev.) delays	400' to homes, 950' to bike trail, 1000' to River, 1400' to park
634 Front Street (Built in 1876)	Vacant -retail, commercial and residential	Asbestos and Lead-Based Paint	Lung tissue scarring; lung, larynx, and ovarian cancer; mesothelioma, anemia; and neurological, kidney or liver damage.	1000' to park, 1200' to homes, 1800' to bike trail, 1850' to River
818 Willow Street	Stone quarry mining	Polycyclic aromatic hydrocarbons (PAHs), Polychlorinated biphenyls (PCBs), Metals	Cataracts, kidney, and liver damage; cancer; heart malformations; dev. delays.	600' to Zonta Gardens, 625' to bike trail, 650' to park, 1100' to River, 1900' to Franklin Elementary school
100 Owatonna Street	Concrete manufacturing	PAHs, PCBs, Metals	Cataracts, kidney, and liver damage; cancer; heart malformations; dev. delays.	600' to bike trail, 700' to homes, 900' to River
120 Patterson Court	Petroleum Storage and Distribution	PVOCs and PAHs	Cataracts, kidney, and liver damage; cancer; heart malformations; dev. delays.	700' to Children's Museum, 1200' to River, 1300' to homes
1021 South Front Street	Vacant - former gas station	PVOCs and PAHs	Cataracts, kidney, and liver damage; cancer; heart malformations; dev. delays.	75' to a food pantry, 600' to homes, 700' to Children's Museum

Agency for Toxic Substances and Disease Registration <https://www.atsdr.cdc.gov/index.html>. Accessed 12/15/2016.

Current conditions vary greatly in the target area with properties nearest the River having the greatest opportunity for redevelopment. Many of these parcels are vacant or underutilized and, in many cases, the buildings are in substandard condition. While developers have shown interest in redevelopment projects within the target area, the unknown of whether the sites were contaminated has delayed or stalled some projects. Perception alone has been a factor, whereas properties where the extent of contaminants had been determined were able to proceed with redevelopment. Once the developer knew what they were dealing with, they could work with the City and the MPCA to formulate an acceptable cleanup plan and secure resources to assist with the cleanup costs.

**2.b. Welfare, Environmental, and Public Health Impacts**

**Welfare Impacts:** The biggest social challenge is the disproportionate effect that brownfields have on the poor, as demonstrated by the demographics provided in Table 1. The target area has a disproportionate poverty rate compared to Minnesota and the US, as depicted in Table 1 with CT 7 being considered a “persistent poverty tract” ([www.policymap.com](http://www.policymap.com)). The Minnesota Department of Health (MDH) released a report on "Advancing Health Equity in Minnesota " in February 2014 which found that transportation barriers contributed to disparities in access to employment for low-income households. There is a higher percentage of low income households living in the target area without a vehicle making it especially important to redevelop brownfields within walking distance of their homes. Redevelopment of brownfield sites will bring additional services and employment opportunities that are closer in proximity to the homes of low-income households. The MDH report also found many health disparities associated with poverty including higher rates of infant mortality, limits on choices in education, employment and living conditions. The report found that children raised in families experiencing chronic stress from long-term poverty are at a greater risk of significant and long-term deficits in health.

The target area also has a disproportionate number of police calls. Although the target area is approximately 350 acres compared to the City’s 11,700 acres (3% of the total area) and has only 3.6% of the City’s population, it has generated up to 33% of the arson-negligent police calls, up to 38% of the drug calls, 43% of the trespassing calls, and up to 30% of the theft calls over the last 4 years (<https://www.mankatomn.gov/city-services-a-z/maps/police-calls-for-service> ).

ii. **Cumulative Environmental Issues:** In addition to CT 7 being considered a “persistent poverty tract” ([www.policymap.com](http://www.policymap.com)), the City’s legacy of heavy industrial activity and associated historic and ongoing pollution has resulted in a disproportionate burden to sensitive populations. Within the 350-acre target area, a smelting plant, a foundry, a quarry, two metal fabricators, three milling operations and a concrete plant are all in operation adjacent to or near residential neighborhoods. The railroad still has lines operating along the River in the target area. Additionally, this area has a disproportionate number of brownfield sites when compared to an area of the same size in the rest of the City. These industries impact the daily lives of all target area residents, especially in air quality, when compared to other Minnesota and US residents. As shown below, residents in CT 7, the heart of the target area, rank in the 90<sup>th</sup> percentile or greater for ozone and diesel particulate matter. Their cancer risk based on air toxics is the 93<sup>rd</sup> percentile for Minnesota and in the 90-95<sup>th</sup> percentile for the US.

Table 3 - Environmental Justice Indicators

Indicator	CT 7 Value (Raw score)	MN Average (Raw score)	Percentile in State	Percentile in US
Ozone	47.3 parts per billion (ppb)	44.2 ppb	90	44
Diesel Particulate Matter	1.52 ppb	0.753 ppb	92	80-90 <sup>th</sup>
Cancer Risk <sup>1</sup>	54	36	93	90-95 <sup>th</sup>
Lead Paint Indicator <sup>2</sup>	78%	33%	90	91
Superfund Proximity <sup>3</sup>	0.37	0.18	89	93

<sup>1</sup>Risk established by the National-Scale Air Toxics Assessment. <sup>2</sup>Housing built before 1960. <sup>3</sup>Sites/distance. EPA <https://www.epa.gov/ejscreen>. Accessed on 12/6/2016.

It also ranks in the 89<sup>th</sup> percentile for proximity to a Superfund site (Lehillier/Mankato and Heartland Express sites when compare to Minnesota residents and in the 93<sup>rd</sup> percentile for US residents.

The City sources the major volume of its drinking water from two, separate, shallow-aquifer wells located beneath the River. The River has been cited as one of the most polluted rivers in Minnesota (<http://mrbdc.mnsu.edu/minnesota-river-basin-water-quality-overview-home>). The *City of Mankato Source Water Assessment* (<http://www.health.state.mn.us/divs/eh/water/swp/swa/swainfo/surfwaterFile/1070009.pdf>) identified 348 potential contaminant sources including pipeline, highway, railroad river crossings; petroleum storage tanks;

agriculture chemical facilities; animal feedlots; and hazardous waste storage facilities. As many target area brownfield sites are located near/adjacent to the River and adjoining railroad corridors, groundwater and surface water discharges from these properties have contributed to poor water quality in the River, fish advisories, and degradation of ecosystem services.

iii. **Cumulative Public Health Impacts:** Although data for the target area or the associated census tracts is not available, <http://www.countyhealthrankings.org/> ranks the County 81 out of the 87 counties for health behaviors and 83 out of the 87 counties for physical environment. The study noted access to exercise opportunities in the County is significantly less compared to the State average which may explain why adult obesity in the County is greater than the State average. The study also noted that air pollution-particulate matter, drinking water violations, and the severe housing problems are having a negative effect on residents.

Although data is not available at the City or block group level, the MDH Environmental Public Health Tracking Program (2015) indicates COPD and heart attack hospitalizations, cancer rates (breast, esophagus, kidney, and larynx) and infant mortality in the County are greater than Minnesota. Between 2011 and 2014, 0.85% of tested children in the County had blood levels of lead greater than or equal to 5 microgram/deciliter (ug/dL) (lead poisoning) compared to 0.99% in Minnesota ([https://apps.health.state.mn.us/mndata/lead\\_query](https://apps.health.state.mn.us/mndata/lead_query)). During the same period, **5.6% of tested children in CT 6 had lead poisoning**. As a higher percentage of the population in the target area rent (68.6% compared to 45.9% in the City, 27.9% in Minnesota and 35.7% in the US); painting/lead abatement is left to the responsibility of absentee landlords.

The American Lung Association (ALA) State of the Air 2015 report ([www.stateoftheair.org](http://www.stateoftheair.org)) identifies the number of individuals with health condition likely attributable to poor air quality in the County as well as the Mankato-New Ulm-North Mankato, MN Combined Statistical Area.

Table 4: ALS State of the Air 2015 Data

	<b>Pediatric Asthma</b>	<b>Adult Asthma</b>	<b>Chronic Obstructive Pulmonary Disease</b>	<b>Cardiovascular Disease</b>
Blue Earth County (includes Mankato)	1,159	4,080	2,008	3,036
Mankato-New Ulm-N. Mankato, MN	2,259	7,570	4,003	6,310

Radon is also serious public health issue in Minnesota, where 2 in 5 homes tested have radon levels that are a major health risk. According to EPA's 2003 report *Assessment of Risks from Radon in Homes* (<https://www.epa.gov/sites/production/files/2015-05/documents/402-r-03-003.pdf>), epidemiological evidence shows a link between lung cancer and high concentrations of radon. In the County, 82.1% of the tested homes have radon concentrations above 2 picocuries per liter of air (pCi/L) compared to 74.5 % of tested homes in Minnesota. The disparity is even greater for concentrations above 4 pCi/L – 62.6% of tested homes in the County compared to 45.3% of tested homes in Minnesota (<https://apps.health.state.mn.us/mndata/profiles>). As a higher percentage of the population in the target area rent, radon abatement is left to the responsibility of absent landlords.

**2.c. Financial Need**

i. **Economic Conditions:** The City does not have the financial resources to assess existing brownfield sites without additional support, as revenue reductions have strained the City’s ability to self-fund brownfield projects. The City has dealt with declining revenues through efficiency implementations and cost reductions, but the limits of utilizing these options have been reached. Increased revenues through redevelopment that expands the tax base remains the best option for maintaining budget revenues and avoiding reductions in municipal services. The City faces several obstacles in addressing brownfield assessment and redevelopment, including tight budgets at the state level, which has resulted in declining levels of state government aid to the City. With more than 30% of the population of Mankato living in poverty, it is difficult to find the resources in the budget to address brownfield assessment/redevelopment as basic needs, including adequate shelter and food, often take priority.

In the Mankato area, 52.3% of renters spend at least 30% of their income on housing (“cost-burdened” renters) - the highest percentage in Minnesota (<http://partnersforhousing.org/in-the-news-low-wages-high-housing-costs-squeeze-mankato-renters/>.) More than a third of renters, or 36.5%, spend more than half of their income on housing, also the highest figure statewide. According to a 2013 study of City housing stock (<https://www.mankatomn.gov/home/showdocument?id=284>), 1,505 rental properties were available for \$500 a month or less. An estimated 3,624 of City households, however, cannot pay more than \$500 a month without becoming cost-burdened. Raising property taxes would result in landlords increasing rent in order to pay the higher taxes resulting in higher rents and more “cost-burdened” renters.

The City has experienced economic challenges over recent decades associated with globalization and its impact on the manufacturing sector which historically provided the foundation for the City’s prosperity. Rising global competitiveness and off-shoring to reduce labor costs, resulted in major job losses. Since 2008, the City has lost over 750 manufacturing jobs, most of which were within a walkable distance from the target area. Another 86 jobs will be lost in early 2017 when Imperial Plastics Inc. shuts down their 2-year old manufacturing plant due to a major customer moving production outside the US for lower labor and assembly costs. Even the health care sector has been impacted with over 160 jobs lost.

Severe storms and flooding impacted the City in September 2016. President Obama issued a major disaster declaration (DR-4290) on November 2, 2016. The City and the Federal Emergency Management Agency are still determining what will be covered by the Federal government and which items the City and residents will be responsible for. The City has estimated that it will cost \$28.1M to address critical infrastructure needs for regional flood control, stormwater and wastewater treatment systems, and protection of municipal water sources. While the City is looking for support from funding agencies, they are aware that we may have to fund the entire cost through a bond request.

The City has also chosen to be proactive with regards to lead pipes. The MDH requires that the City test drinking water for lead and copper every three years. When lead was tested for in 2013, no homes were over the 15 ppb action level. Nevertheless, Mankato is removing lead water service lines whenever a street, boulevard, avenue, lane, or any designated public thoroughfare undergoes reconstruction which further impacts their budget.

**ii. Economic Effects of Brownfields:** Vacant commercial/industrial and underutilized properties located within the target area have created significant economic and social challenges including lost jobs, depressed property values, and reduced tax revenues. Based on census data, the target area has higher concentrations of poverty compared to the City. To exacerbate these issues, local taxpayers are incurring direct costs to maintain and secure vacant or abandoned properties. These costs include mowing weeds, disposing of illegally dumped waste, providing security, utilities, and fire/police response at these sites.

As previously discussed, 30% to 43% of the police calls over the last 4 years have been in response to the target area. Using the City’s 2016 police department budget of \$7,762,000, approximately \$2,328,000 to \$3,338,000 is spent providing public safety services to the target area. For example, the 100 Owatonna Street priority site has had 189 police calls over the last 10 years and an arson fire in 2015. Assuming that each police call costs the City \$75/call, the cumulative cost to the City is \$14,175. Using an estimated 150 hours for firefighting and investigation at \$125/hour (including equipment), the cost to the City for the arson fire was \$18,750.

Another concern related to the economic effects of brownfields in the target area is that buildings in the target area are four times more likely to be in substandard condition, as compared to similarly zoned properties in the Hilltop neighborhood, which is shown by data from the County Assessor’s office. The Assessor’s office uses eight different ratings for building conditions, as depicted in the table below. Approximately 28% of the buildings in the target area are below normal condition or worse, compared with 7% of the buildings in the Hilltop area.

Table 5: Assessor Data

	Observed	Very Poor	Poor	Below Normal	Normal	Above Normal	Very Good	Excellent
<b>Target Area</b>	5.4%	6.9%	6.9%	9.2%	50.8%	7.7%	8.5%	4.6%
	28% of target area buildings				71% of target area buildings			
<b>Hilltop</b>	0.0%	0.0%	1.0%	6.1%	69.7%	14.1%	8.1%	1.0%
	7.1 % of Hilltop buildings				92.9% of Hilltop buildings			

<https://beacon.schneidercorp.com/Application.aspx?AppID=387&LayerID=5678&PageTypeID=2&PageID=3065>. Accessed on 12/12/2016.

Substandard buildings lower property values which have a resulting impact on the tax base and the funds available to the City.

**2. PROJECT DESCRIPTION AND FEASIBILITY OF SUCCESS**

**2.a Project Description, Timing, and Implementation**

**i. Project Description and Alignment with Revitalization Plans:** The project will include completing Phase I and Phase II environmental site assessments (ESAs), as well as response action plans (RAPs), which will address

how the cleanup will be completed on sites where contamination is discovered. All sites will be enrolled in the appropriate MPCA voluntary brownfield or remediation program. If contaminants of concern are discovered in a Phase II ESA, a RAP can then be prepared to address the contamination issues in conjunction with the redevelopment plan.

The City intends to complete most assessment activities within the target area. This area has the highest concentration of brownfield sites and has been and continues to be the redevelopment focus area for the City. Beginning about 30 years ago, the Mankato community came together on a long-range strategic plan called Riverfront 2000, which provided a new direction for downtown Mankato and concluded with the formulation of the downtown vision, revitalization plan as well as implementation program. The Riverfront 2000 plan was completed and presented to the Mankato City Council in December of 1990. A significant amount of progress was made over the next fifteen years, including millions of dollars invested by both the public and private sector.

The City renewed their strategic plan in 2005 as much remains to be completed. Downtown revitalization was identified as a goal in the strategic plan. Strategies to support this goal were based on the premise that a continuation of the commitment to revitalization and beautification was essential to ensure the viability of downtown. Priority items included:

***Promoting equitable, affordable housing*** – As mentioned in Section 1.a.i, the City is struggling to provide affordable housing. The residential and commercial developments will support equitable housing by providing additional services and employment opportunities within walking distance of the target area, helping to minimize the combined costs of housing and transportation for these residents.

***Enhancing economic competitiveness*** – The ongoing and planned redevelopment efforts in the target area will enhance the economic competitiveness of the City by providing commercial, residential, and recreational amenities in a walkable neighborhood.

***Coordinating policies and leverage investment:*** A goal of this project is to coordinate public, non-profit, and private sector resources towards achieving a shared revitalization goal for the target area. The current and planned initiatives include coordination between the City, the County, EPA, US Department of Housing and Urban Development (HUD), Minnesota Department of Employment and Economic Development (DEED), and MPCA. In alignment with the US Economic Development Administration (EDA) Investing in Manufacturing Communities in Partnership (IMCP) program (<https://www.eda.gov/imcp/files/2nd-round/IMCP-2-Pager-Handout-minnesota.pdf>), brownfields redevelopment in Mankato will support the growing medical manufacturing sector.

***Supporting existing communities*** – As previously noted, the target area is an area easily accessible by all residents. The development of the prioritized sites will support residents in adjoining neighborhoods with increased recreational, commercial, and employment opportunities.

***Connectivity to the River*** – Much of the target area is along the River. Assessing possible brownfield properties is the first step toward remediating and redeveloping these properties and reducing the amount of contaminated groundwater discharged or contaminated stormwater run-off into the River.

In early 2006, a community visioning process called Envision 2020 began. Over the next six months, with 140 stakeholders, a vision and plan for the Mankato region emerged. In the summer of 2006, the City Center Renaissance Task Force, which included a cross-section of 26 stakeholders from throughout the community, began to work collaboratively with City staff to look at past practices and devise a plan moving forward. In 2007, the City Center Renaissance (CCR) plan (<http://mankatomn.gov/home/showdocument?id=1934>) was completed. The plan provided a vision and twelve planning principles, the first of which was to identify redevelopment areas. Three redevelopment areas were defined, including Old Town, Downtown, and Sibley Parkway, along with scattered site redevelopment. All three areas comprise the target area. Future land uses within the target area vary, but generally, a mix of commercial and residential use is planned.

The Sibley Parkway Redevelopment Plan was completed in the mid-2000s with the input of over 50 stakeholders. Implementation of the plan is ongoing. The City, with DEED assistance, installed a new road and public infrastructure necessary to support redevelopment. While the completion of the public improvements was successful, the timing of the project was less than ideal. Once the improvements were completed, the economic recession hit in 2008 and dramatically slowed the redevelopment of the Sibley Parkway area.

Over the past three years, there has been a renewed interest in redevelopment of the Sibley Parkway area, with four projects completed and two others underway. Three were brownfield sites and the City struggled to secure

resources to investigate two of the sites and cleanup the site in which there were contaminants of concern. Developers have shown interest in additional redevelopment projects, but the unknown soil and groundwater condition is always a consideration. Having assessments completed would eliminate the questions and allow developers to factor cleanup into their development plans. If EPA grant funds are awarded, the redevelopment strategy would continue to follow the Sibley Parkway plan, which would include a mix of residential uses, mostly medium density, and a mixture of rental and ownership units nearest the River and a combination of light industrial, commercial, and higher density housing closer to Riverfront Drive.

The redevelopment of the Downtown area has arguably been the most successful, with some large-scale building renovations completed and new buildings constructed, including two five-story buildings, a seven-story building, and a parking ramp in an area that had previously housed two small single story buildings and a surface parking lot. The three new buildings and parking ramp were constructed on a brownfield site, with DEED providing cleanup funding resources to allow the project to proceed. The planned land use in this area is Central Business District, which includes a mix of commercial/residential uses. While there has been success, many opportunities remain. As assessment activities and reuse planning occurs, concurrence with the CCR plan will be ensured.

**ii. Timing and Implementation:** Building on the momentum of the 2016 Old Town Master Plan, the City has established a draft screening level and ranking criteria for use in prioritizing and selecting sites for possible assessment based on public input received during the Plan development. The criteria include: (1) eligibility for assessment based on the requirements of EPA and/or MPCA; (2) property significance relative to achieving existing planning priorities; (3) willingness of property owners to partner with the City on environmental studies and provide access; (4) marketability of the site and the potential for redevelopment emphasizing job creation; (5) extent and/or perception of contamination threatening public health and the environment and hindering development; and (6) potential positive impact on the surrounding community to be realized via site reuse. The City will create a Brownfields Advisory Committee (BAC) to provide public input into the grant program.

**The City has already procured the services of an environmental consultant in accordance with 2 CFR 200.317 - 200.326 requirements, so work on this grant can begin immediately following notification of award and approval by EPA of the grant workplan.** The following table summarizes the timing of key project activities and responsibilities:

Table 6: Project Description

Project Activities	Timing/Implementation	Responsibility
Consultant Procurement	Completed per 2 CFR 200.317 - 200.326	City
Brownfield Inventory and Site Selection	Selection of priority sites for assessment has been completed as part of reuse discussions. Additional site selection will be ongoing.	City and BAC
Eligibility Determination	Concurrent with Site Selection and Prioritization	City with input from Consultant
Secure Site Access	Concurrent with EPA and/or MPCA approval of Eligibility Determination (est. 2 wks. after approval)	City
Phase I ESA, Phase II ESA, RAP	Adjustable to meet redevelopment timelines / needs (est. 2-4 wks. after site access secured)	Consultant with input from City and committed organizations
Community Outreach	Start within 2 months of Cooperative Agreement	City, BAC and committed organizations
Grant Reporting	Ongoing for performance period	City

The process for securing site access will vary depending on whether sites are currently owned by the City or by a willing private party, whether sites are currently tax delinquent, and whether sites are subject to development proposals or sales agreements at the time of assessment. In all instances, it is anticipated that the City will retain primary responsibility for negotiating/securing site access. For sites that are tax delinquent, the City will work with the County to obtain an environmental inspection warrant to secure access for testing in circumstances where the current property owner is unwilling to provide access. The preferred option for all sites will be to secure the consent of the property owner through execution of an access agreement. The City has an access agreement that has been used in other circumstances which can serve as a starting point, with EPA review and acceptance.

**2.b. Task Descriptions and Budget Table**

**i. Task Description:** The scope of work for the project has been organized into four tasks as described below. Please note that all sites assessed using EPA grant funds during implementation of Tasks 2 and 3 *will meet the site-specific eligibility requirements as confirmed by EPA and/or the MPCA* All contracted services will be procured in accordance with 2 CFR 200.317-326, in addition to any more stringent City or state requirements.

EPA grant funds will not be used for administrative costs as defined in the Proposal Guidelines. The total grant-funded budgets for petroleum and hazardous substance assessment activities are shown on lines 4 and 8. Unless stated, it is assumed that all activities and budget items will be divided 2/3<sup>rd</sup> towards hazardous substance and 1/3<sup>rd</sup> towards petroleum funding.

Task 1: Supplemental Brownfields Inventory and Site Prioritization (\$9,000) – Task 1 will include a detailed review and assessment of the previously identified sites as well as other sites within the target area to ensure they meet the EPA and MPCA eligibility criteria to assist in the prioritization of sites by the BAC. This may also include a review of tax delinquent property records to identify other potential properties that the City may be interested in acquiring in the future. These properties will be integrated into the City’s geographic information system (GIS) database. *The budget for contractual services includes \$9,000 for 90 hours of work by the consulting firm assisting with the updated inventory at an average billing rate of \$100/hour. In-kind staff time voluntary match is estimated at 80 hours \* \$60/hour (including fringe benefits) = \$4,800, for City staff assisting with identifying and locating sites and GIS entry.*

Task 2: Phase I ESA (\$45,000) – Under the direction of the City, the environmental consulting firm will complete Phase I ESAs at 10 high priority brownfield sites. Prior to performing Phase I ESAs, eligibility determination request forms will be prepared and submitted to EPA (for hazardous substance brownfields) or MPCA (for petroleum brownfields) for approval. Upon confirmation of eligibility, Phase I ESAs will be completed in accordance with 40 CFR Part 312, the All Appropriate Inquiries Final Rule, and the standards set forth in the ASTM E1527-13 Phase I ESA process. Printed copies of reports will be prepared on double-sided recycled paper and electronic reports (e.g., Adobe Acrobat files) will be generated for all Phase I ESA reports, and linked to the City’s GIS. *This assumes that 10 Phase I ESAs will be completed at an average cost of \$4,500 (\$45,000 total), including time for preparation of eligibility determinations for each site.*

Task 3: Phase II ESAs, Environmental Site Investigations, and Remedial Planning (\$237,000) – Under the direction of the City, the environmental consulting firm will perform Phase II ESAs, supplemental assessment activities, site investigations and/or RAPs on priority sites that meet the site-specific eligibility requirements. A quality assurance project plan (QAPP) will be prepared and approved by the EPA as part of this assessment grant award and will be submitted to EPA for approval prior to conducting any Phase II ESA or other sampling activities. Site-specific sampling and analysis plans (SAPs) and health and safety plans (HASPs) will be prepared for each site and submitted to EPA prior to initiating field work. **It is proposed that 79% of the grant funds will be used for Phase II ESAs, Environmental Site Investigations, and RAPs.** Reports will be submitted electronically or on double-sided recycled paper. The anticipated scope of work, budget and deliverables are summarized below:

- Develop QAPP at an estimated cost of \$10,000;
- Completion of two (2) asbestos/lead paint surveys at an average cost of \$5,000 (\$10,000);
- Completion of six (6) Phase II ESAs at an average cost of \$20,000 (assumed small sites) and two (2) Phase II ESAs at an average cost of \$30,000 (assumed large sites) (\$180,000 total);
- Preparation of three (3) RAPs at an average cost of \$9,000 (\$27,000 total); and
- Assistance from consultant completing updates to Assessment, Cleanup and Redevelopment Exchange System (ACRES) and preparing quarterly and annual reports (\$10,000 total).

*Note that the budget for the Phase II ESAs and asbestos/lead surveys include costs for preparation of the site-specific SAPs and HASPs for each site.*

Task 4: Community Outreach and Involvement (\$9,000) – The City will conduct continued community outreach, which will include a basic educational component about the program, its applicability, and fund availability, as well as real world examples. Subsequent community participation will focus on information dissemination and input solicitation for assessment and redevelopment activities at specific sites. The City will solicit information from residents and the County Health Department regarding their known or perceived health threats associated with brownfield properties. Input from residents will be sought as part of the site inventory and prioritization process, and during the remedial planning phase for any sites where RAPs will be developed. *The budget for travel includes \$6,000 for attendance by the City project manager and one other staff person at two 3-day EPA-sponsored National Brownfields conferences. Travel costs are estimated on airfare costs of \$525/person/conference (\$525 x 2 x 2 = \$2,100 for 4 tickets), hotel/meal costs of \$200 per person/day/conference (\$200 x 2 x 3 x 2 = \$2,400 for 12 days), conference registration (\$300 x 2 x 2 = \$1200) and costs for incidentals of \$25/person/day (\$25 x 2 x 3 x 2 = \$300 for 12 days). Supply costs for Task 4 of \$1,200 include \$800 for printing*

costs and \$400 for postage. The budget for contractual services includes \$1,800 for 18 hours of work by the consulting firm assisting with the preparation of outreach materials at an average billing rate of \$100/hour.

Table 7: Budget

Line #	Budget Categories	Task 1	Task 2	Task 3	Task 4	Totals
		Brownfields Inventory	Phase I ESAs	Phase II ESAs and RAPs	Community Outreach	
<b>Budget for Petroleum Assessment Funding</b>						
1	Travel				\$2,000	\$2,000
2	Supplies				\$400	\$400
3	Contractual	\$3,000	\$15,000	\$79,000	\$600	\$97,600
4	<b>SUBTOTALS (PETRO.)</b>	<b>\$3,000</b>	<b>\$15,000</b>	<b>\$79,000</b>	<b>\$3,000</b>	<b>\$100,000</b>
<b>Budget for Hazardous Substance Assessment Funding</b>						
5	Travel				\$4,000	\$4,000
6	Supplies				\$800	\$800
7	Contractual	\$6,000	\$30,000	\$158,000	\$1,200	\$195,200
8	<b>SUBTOTALS (HAZ.)</b>	<b>\$6,000</b>	<b>\$30,000</b>	<b>\$158,000</b>	<b>\$6,000</b>	<b>\$200,000</b>
9	<b>TOTALS</b>	<b>\$9,000</b>	<b>\$45,000</b>	<b>\$237,000</b>	<b>\$9,000</b>	<b>\$300,000</b>
<b>Estimated # of Sites to Be Assessed</b>			<b>10</b>	<b>8</b>	<b>N/A</b>	<b>N/A</b>

**2.c. Ability to Leverage:** The City leverage numerous resources to assist with the assessment, cleanup, and redevelopment of brownfield sites. The City is adamant about having developers pay a fair share of cleanup and infrastructure improvement costs, and has a track record of successfully negotiating development agreements that fairly and appropriately split these costs with developers. Below is a summary of several resources that exist, how they've been utilized in the past, and how they will be utilized in the future. While these resources have been extremely helpful in the progress that has been made, the work has been done one project at a time. EPA assessment grant funds would allow the City to complete assessments in a comprehensive manner, which would allow the City to then work with developers and seek out cleanup and redevelopment funding for the parcels that have been assessed. This comprehensive approach will have the biggest impact to the target area. Leveraging documentation provided in Attachment B.

- MPCA Targeted Brownfield Assessment Funds – This program has helped to complete three site investigations in the City, two of which were on sites owned by non-profits and one owned by the County. This program is direct assistance with the assessment performed by a MPCA’s contractor. The focus of this program is on publicly or nonprofit-owned properties, especially those that will become green space. As brownfield redevelopment continues, the City will seek assessment funding through the MPCA Targeted Brownfield Assessment program for sites that meet their requirements. The likelihood of receiving assistance for an eligible site that meets their program priorities is good.
- Minnesota DEED Contamination Cleanup Grant Program (CCGP) – The program can provide a grant for up to 75% of eligible cleanup costs. DEED has been highly supportive of brownfield redevelopment in Mankato, having already provided grants to four sites in Mankato for cleanup, including three that are listed in the table on page 15. It is extremely likely that the City will be able to leverage funds through the CCGP program in the future, as there has been strong support in the past and because the program has a statutory requirement to spend at least 35% of their funds outside of the Minneapolis-St. Paul metropolitan area.
- HUD Community Development Block Grant (CDBG) – The City receives an annual appropriation of CDBG funds through HUD. Most CDBG resources are directed to assist low to moderate income households. A small portion of the funds can be used to eliminate slum and blight. Contamination cleanup is an eligible expense and the City can use the CDBG funds for cleanup once a project is considered eligible by HUD. The City has used the funds for building demolition and building rehabilitation for eligible projects. These uses will continue, as they were both needs identified in the City Consolidated Plan.
- Tax Increment Financing (TIF) – The City has used these funds to help with site redevelopment costs, including brownfield sites. Most often these funds have been directed toward site preparation, including building demolition and infrastructure needs for specific sites and/or projects. The likelihood of using TIF funds for brownfield redevelopment in the future is extremely high as they fit well within City policy.

- Economic Development Authority (EDA) funds – These are tax levied funds that are directed toward commercial building rehabilitation in the form of 0% deferred loans. These funds have been allocated annually by the Mankato EDA for approximately eight years. Funding of \$75,000 has been allocated in 2017 for building rehabilitation. Over 95% of the past funding has been directed toward projects within the target area and it is likely that this trend will continue.
- CCR Revolving Loan Funds – This is a City low interest loan program to help with property redevelopment costs, including acquisition of buildings for redevelopment activities, building renovation, and demolition/removals necessary for redevelopment. This program has been very successful on several past projects and will serve as a source of leverage funds for brownfield redevelopment projects.

### **3. COMMUNITY ENGAGEMENT AND PARTNERSHIPS**

#### **3.a. Engaging the Community:**

i. Community Involvement Plan: In January 2016, the City started developing a master plan for the Old Town neighborhood. Stakeholders were invited to participate in meetings, planning charrettes, and an open house, to discuss redevelopment opportunities including existing and future land use. Stakeholders included area developers, property owners, residents, the neighborhood associations, and Old Town business owners. The City had an online survey available on the City's website, Facebook page, and e-mail listserv to provide input on reuse planning. The redevelopment of possible brownfield sites was discussed during these meetings.

This brownfield assessment project will use a similar approach. It is anticipated that most of project communications will be in English. As the brownfield redevelopment projects may affect the population with English as a second language, such as the Hispanic population or Somalian refugee population, translations of project materials will be developed in coordination with partners in the BAC. The City will implement a variety of community involvement techniques during the planning and implementation of the project. This will be completed through community meetings, which will be communicated through a press release, as well as on the City's website, social media outlets and sent to Greater Mankato Growth, Water Resources Center, Washington Park Neighborhood Association, Coalition for a Clean Minnesota River, and Minnesota River Congress.

Project meetings will be held in the evenings to accommodate work schedules of stakeholders. In addition, meetings will be held at locations within walking distance of the target area and will utilize public facilities (i.e. senior centers; places of worship/etc.) that are American with Disabilities Act (ADA) compliant to accommodate needs of sensitive populations (i.e. disabled or elderly). Somali and Spanish translators will be available. Printed materials will be placed in locations in the neighborhoods frequented by these target groups (community centers, grocery stores, farmer's markets, laundromats, churches, mosques, large retail outlets [ex. Walmart]). Hard copies of all project outputs will be made available at the City Intergovernmental Center to ensure access to stakeholders with limited information technology access, knowledge, or experience.

ii. Communicating Progress: Working with the BAC and building on the engagement procedures implemented during the 2016 Old Town Master Plan, public meetings will be held following the notice of award to present general information on the grant and to solicit input from the community to provide opportunity for stakeholders to provide input into the project. Announcements to immigrant/minority communities will be made through existing information distribution networks by BAC members. The City anticipates these meetings will enhance the project by: 1) identifying overlooked local knowledge or ideas about future land-use 2) providing the City with improved understanding of resident concerns, and 3) gaining public acceptance of future projects through contributions to the process. The City will hold public meetings when sites are selected for assessment and/or redevelopment and when additional information regarding the project is requested. Following completion of an assessment, the primary information flow will be outward to the community, notifying stakeholders about assessment activities that have occurred, providing results of the assessments, and explaining health/environmental impacts of findings. Working through the BAC, City representatives will attend community organization and neighborhood association meetings to discuss the project and/or specific site assessments. Periodic updates will be posted on the City's website and will be distributed as flyers to locations frequented by community members described above. BAC members will facilitate translation as needed. The City will issue status updates to the media, website, Facebook, e-mail listserv, and a list of stakeholders that include property owners, community groups, investors & economic development leaders.

#### **3.b. Partnerships with Government Agencies**

i. Local/State/Tribal Environmental Authority: The MPCA is the state environmental authority and has been a strong partner with the City for brownfield redevelopment. Building on existing relationships, the City will work

closely with MPCA on property eligibility determinations for brownfield sites. The City will work with MPCA Project Managers throughout the assessment, investigation, and remedial planning process to help expedite closure of properties. The MPCA will review and approve RAPs as they are developed. In addition, the City will rely on MPCA staff expertise for acquisition technical support, resolution of regulatory or procedural issues, liability protections, and interpretation of rules and guidance documents. The MPCA also operates the voluntary cleanup programs, including the Voluntary Investigation and Cleanup program for hazardous substance and the Petroleum Brownfields program for petroleum. All assessment activities completed under an EPA assessment grant would be done so through the appropriate MPCA voluntary cleanup program and the City looks forward to continuing their partnership with the MPCA. A letter of support from the MPCA is included in Attachment C.

**ii. Other Governmental Partnerships:**

- **EPA** – As the granting agency, EPA will be involved with each step of the assessment project. City staff look forward to building a relationship with EPA staff and having an additional resource to assist with brownfield redevelopment.
- **HUD** – The City is an entitlement community and receives an annual appropriation of CDBG funds. If a brownfield redevelopment project were to come about that appeared to work within the parameters of the CDBG program, City staff would work with HUD staff to ensure eligibility and then proceed, with City Council approval, to direct resources toward the cleanup or redevelopment expenses.
- **MDH** – MDH will help identify/verify off-site health threats posed by identified contamination; identify related toxicological issues and perform risk evaluations with further assistance from the Blue Earth County Human Services/Social Services Department Division of Public Health.
- **Minnesota DEED** – DEED has been and will continue to be a vital part of brownfield redevelopment in Mankato. DEED not only provides much needed cleanup funding for brownfield sites, but DEED staff are excellent resources for discussing brownfield issues in general.
- **County Health Department** - The Blue Earth County Human Services/Social Services Department Division of Public Health will provide their public health expertise and assist with lead and asbestos exposures, leverage their capabilities for outreach/education into the community, and leverage relationships with health agencies; a letter of commitment is provided in Attachment C.
- **County Environmental Services Department** - The Blue Earth County Environmental Services will serve on the BAC to provide expertise in waste minimization and disposal options and work with City on informing the public through the County’s website as well as social media outlets.; a letter of commitment is provided in Attachment C.

**3.c. Partnerships with Community Organizations:**

**i. Community Organization Description & Role:** The BAC is a natural extension of the community outreach efforts chartered during the development of the Old Town Master Plan. Building on the existing community outreach network, community based organizations were targeted to address community needs discussed in Section 1.b; specifically, the needs for affordable homes, neighborhood stabilization, economic growth, and sustainable redevelopment while protecting and improving the River. Letters from community based organizations (CBOs) listed below, affirming their support for and the roles that they will be undertaking under this grant, are provided in Attachment C.

Table 8: CBOs

Organization Name	Organization Description	Role
Water Resources Center	Regional center for environmental research/information exchange. Mission is to gather, interpret, and distribute data of environmental significance to help citizens enhance the quality of regional lakes, rivers, wetlands, and groundwater.	<ul style="list-style-type: none"> <li>• Technical review Phase II ESAs to determine impacts to River</li> <li>• Post grant info on website</li> <li>• Advise the BAC</li> </ul>
MSU - Geography	Mankato State University – Geography Department	<ul style="list-style-type: none"> <li>• Assist with locating and identifying past land use hazards</li> <li>• Serve on the BAC</li> </ul>
Washington Park Neighborhood Association	Community neighborhood organization adjacent to target area	<ul style="list-style-type: none"> <li>• Post grant info on website</li> <li>• Serve on the BAC</li> </ul>

Old Town Collaborative Association	Community organization to promote a thriving business community and neighborhood in the target area.	<ul style="list-style-type: none"> <li>• Share brownfield information to membership and residents</li> <li>• Serve on the BAC</li> <li>• Provide ADA accessible meeting space</li> </ul>
Coalition for a Clean Minnesota River	Advocate for improving surface water quality in the Minnesota River Watershed.	<ul style="list-style-type: none"> <li>• Post grant info on website</li> <li>• Provide grant materials/reports at the Riverside History and Nature Learning Center</li> </ul>
Greater Mankato Growth	* Founding partner of <a href="#">EDA IMCP MN Medical Manufacturing Partnership</a> ; focused on economic development efforts in Mankato.	<ul style="list-style-type: none"> <li>• Assist with public outreach</li> <li>• Provide input on redevelopment plans</li> </ul>
Minnesota River Congress	Grass roots organization focused on improving the environmental and economic health of the River system.	<ul style="list-style-type: none"> <li>• Post grant info on website</li> <li>• Provide grant materials/reports at Minnesota River Congress events</li> </ul>
Greater Mankato Diversity Council	Non-profit to enhance the Mankato area’s commitment to creating a more inclusive and welcoming community through diversity education.	<ul style="list-style-type: none"> <li>• Serve on the BAC</li> <li>• Post grant info on website</li> <li>• Translate brownfield materials into other languages</li> </ul>

ii. Letters of Commitment: Please see the letters of commitment in Attachment C.

**d. Partnerships with Workforce Development Programs:** City procurement policy states that contractors are required to provide opportunities for employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to low-income residents. To accomplish this, the City contacted all public housing residents who are interested in employment opportunities and keeps their resumes on hand for review by contractors who are looking to hire. Additionally, all the contractors in the area were surveyed and the ones interested and who qualified were certified onto a list. Each contractor on the list is included in the bidding list. All request for proposals or bids also require that contractors contact the Workforce Center in Mankato, which helps to connect area residents who are seeking employment to area businesses who are hiring, and MRCI WorkSource which provides assistance to individuals who have a mental illness, physical disabilities, or developmental disabilities and need help in finding a job.

**4. PROJECT BENEFITS**

**4.a. Welfare, Environmental, and Public Health Benefits:**

The redevelopment areas which are the focus of this application have some of the City’s highest numbers of minority and low income residents. The greatest needs in these areas are for jobs and improved housing options. Therefore, the assessment and removal of blighted and dangerous sites will greatly benefit this existing underserved portion of the community. Redevelopment of sites within these neighborhoods will remove environmental hazards where residents have a combination of the lowest incomes, highest unemployment rates and highest poverty rates. The redevelopment will provide needed housing options and bring jobs, allowing residents to live and work in their existing neighborhoods

The City has begun the process of characterizing brownfields that may pose a threat to human health, then mitigating those threats through remediation and redevelopment. The following health and welfare benefit outcomes are expected from the remediation and redevelopment of sites to be assessed under this grant:

- Elimination of health/safety threats to sensitive populations (children, elderly, disabled) from brownfield properties,
- Hazardous building materials (e.g. asbestos and lead-based paint) will be identified and abated reducing the number of children with lead poisoning,
- Soil and groundwater contamination will be identified and cleanup begun to address potential vapor intrusion, inhalation, and direct contact concerns for residents – improving indoor air quality,
- Elimination of potential health threats to vulnerable minority populations who do not often fully understand the risks posed by brownfield properties,
- Increase in employment opportunities within a walkable distance from the target area resulting in a reduction of poverty levels,

- Improved water quality in the River by reducing contaminated groundwater discharges and stormwater runoff from contaminated properties, and
- Creation of safer neighborhoods with reduced police calls by eliminating vacant properties that harbor criminal activity.

Redevelopment of brownfield properties will result in a vibrant community characterized by mixed-use, appropriate density, housing choice, and walkability, providing significant health/welfare/social benefits. The target area and nearby neighborhoods will benefit the most from this grant, as these funds will be a catalyst for redevelopment that will help to improve their environment. Redevelopment will bring about numerous benefits for those who live in the area. As redevelopment occurs, new jobs will become available at properties that are currently vacant or underutilized. An increase in the number of jobs in the target area could provide employment opportunities for families living nearby who could walk or bike to work. This removes the transportation barrier to work and can allow those who could not afford a car an opportunity for employment that may not exist today.

Redevelopment of brownfields will improve resident's health and welfare by reducing sources of contamination, thereby reducing inhalation, ingestion, and direct contact exposures, while also potentially decreasing blood lead levels in children and asthma rates. As noted in Section 1.b., physical health concerns are a challenge in the City; by increasing economic opportunities by redeveloping brownfield properties, more workers will choose to walk/bike to work, which has been shown to increase the overall physical and mental health of the community. Expanded greenspace within target neighborhoods will increase physical activity in children. Redevelopment of brownfield sites located near the riverfront and existing bike trails, in addition to offering alternative transportation choices, will further provide the community with opportunity to exercise on the way to work and school.

Redevelopment of priority brownfield sites in the target area will limit uncontrolled, potentially contaminated groundwater discharges and stormwater runoff to the River. Global climate change is expected to increase the frequency and intensity of storms in the City, thus increasing the flooding frequency of the River. Redeveloping brownfield properties will integrate long-term sustainable stormwater management systems into the urban infrastructure, such as rain gardens, infiltration basins, green roofs, and pervious pavement.

#### **4.b. Economic and Community Benefits:**

The economic benefits of redeveloping brownfield sites in the target area include increases to employment and the tax base. Removal and/or redevelopment of abandoned commercial/industrial sites will improve property values and homeowner equity in the area, and increase the tax base. Minnesota Brownfields, a non-profit organization focused on promoting cleanup and reuse of contaminated property, released a paper called "Benefits of Brownfield Redevelopment in Minnesota", ([http://mnbrownfields.org/wpcontent/uploads/2014/02/2015\\_Benefits\\_of\\_Brownfield\\_RedevelopmentMN1.pdf](http://mnbrownfields.org/wpcontent/uploads/2014/02/2015_Benefits_of_Brownfield_RedevelopmentMN1.pdf)) which indicates that every public dollar spent on brownfield cleanup returns \$31 in private investment. In looking at three recent brownfield projects in Mankato, public investment in cleanup totaling \$1,458,627 returned over \$34,600,000 in private investment, which represents a \$1 to \$23 ratio. As noted in Section 5.d.1, the Tailwind redevelopment project resulted in the creation of 250 new full time jobs with benefits (average wage estimated \$16/hour) and a \$273,952 increase to the tax base. Assessment grant funds would allow work to begin on brownfield redevelopment and bring a similar level of investment to the target area. If similar results were achieved for the six target properties outlined in Section 1.a.iii, an estimated 400 new full time jobs are expected with an annual payroll of more than \$13M. As a founding member of the EDA IMCP, Mankato is well suited to facilitate redevelopment of brownfield properties into medical manufacturing.

There is believed to be widespread contamination associated with historic property use along the bank of the River. Assessment grant funding would enable the City to proceed with assessment and remedial planning activities. The assessment of sites along the River will allow the City to determine the extent more fully of the contaminated soil and groundwater impacting the surface/groundwater and sediment quality.

The City is committed to sustainable development principles, including infilling neighborhoods, matching land uses to available infrastructure, protecting natural resources and green space, and reducing waste generation. Because most brownfields are abandoned/underutilized manufacturing/commercial buildings served by existing infrastructure, the reuse of these sites epitomizes sustainable redevelopment. Keeping development activities within areas of existing infrastructure saves money, limits the use of construction materials, and reduces the generation of infrastructure construction related air emissions. Several brownfield sites within the target area are currently serviced by sufficient water, sewer, electricity, natural gas, and roads to support their

redevelopment/reuse and would need minimal upgrades or extensions when compared to green space development. The previous investment in infrastructure can be leveraged through redevelopment of these areas.

**5. PROGRAMMATIC CAPABILITY AND PAST PERFORMANCE**

**5.a. Audit Findings:**

The City was recently audited by the Minnesota DEED and had no adverse findings.

**5.b. Programmatic Capability:**

Kristin Prososki, economic development specialist, will serve as the project manager. Ms. Prososki has more than ten years of extensive experience with federal, state and local grant and loan funds. Although the City has not received past EPA funding, Ms. Prososki has helped to administer EPA Revolving Loan Funds through her previous job as a project manager at the Minnesota DEED in the Office of Brownfields and Redevelopment. This previous role, held for seven years, helped Ms. Prososki to gain significant experience in brownfield redevelopment and the management of federal and state funds. Ms. Prososki is currently managing seven state grants. All requirements for the grants are being satisfied and reporting is timely. Additionally, Ms. Prososki has experience with administering federal CDBG funding. Should an assessment grant be awarded, Ms. Prososki would be responsible for grant contract requirements, communication with appropriate EPA staff, securing site access, communication with MPCA staff, and completing required reporting.

Courtney Kramlinger, planning assistant, will be involved in numerous aspects of the project, including leading the community outreach process. Ms. Kramlinger has been involved in the City Center revitalization efforts, including the Old Town Master Plan and the Front Street Connectivity Plan. Ms. Kramlinger also has experience with administering federal CDBG funds, as well as funding through the Minnesota Historical Society. Ms. Kramlinger and Ms. Prososki have worked together on several brownfield redevelopment sites in Mankato. The two will work with the BAC to complete the site selection part of the process. Additionally, Ms. Kramlinger will assist with reuse planning throughout the process and communicating progress to the community.

Procurement of the environmental consultant compliance with federal regulation and the City procurement policy has already occurred.

**5.c. Measuring Environmental Results: Anticipated Outputs/Outcomes:**

The City’s goals for its brownfield program are to reduce environmental threats to the community, improve surface water and groundwater discharged to the River, reduce poverty, and improve economic conditions. The City will track the progress of their brownfields program by measuring the following:

<b>OUTCOMES</b>
1) Minimized exposure to hazardous substances and other contamination to sensitive populations especially children.
2) Increased affordable housing for local residents.
3) Increased employment opportunities within a walkable distance from the target area.
4) Increased City tax base.
5) Reduced contaminated groundwater/stormwater impacts to the River.
6) Reduced poverty levels in sensitive populations.
<b>OUTPUTS</b>
1) Number of potential brownfield sites evaluated as part of the inventory/prioritization task.
2) Number of Phase I ESAs, Phase II ESAs, SIs and RAPs completed.
3) Number of meetings conducted to educate and inform the public.
4) Number of jobs created.
5) Acres of land ready for reuse.
6) Number of affordable housing constructed.
7) Number of existing homes with lead-based paint removed.
8) Number of properties back on the City’s tax rolls.

Progress towards achieving these outcomes and outputs will be reported to EPA as part of the required quarterly and annual progress reports and entered ACRES, as appropriate.

The MPCA’s GreenStep Cities program has recognized the City as a Step Two GreenStep City. To achieve this, the City implemented best practices that help achieve sustainability goals and cost savings, reduce energy use, and encourage innovation. Public policy initiatives the City undertakes to support sustainability include promoting multi-modal transportation, building rehabilitation programs to improve energy efficiency and to maintain the City’s existing building supply, preserving natural areas (including woodlands, ravines, and wetlands) and providing spaces for community gardens in vacant City land. The City’s dedication to revitalizing the target area is also a measure of sustainability, given the environmental benefits of reusing existing infrastructure versus extending infrastructure to greenfields.

As previously stated, the target area for the brownfields assessment is adjacent to neighborhoods with a high concentration of poverty. Addressing brownfields in the target area will support redevelopment and improve employment opportunities for residents. Since 2010, the City has been an entitlement community that receives CDBG funds. CDBG funds have been used to abate lead and asbestos from 51 owner-occupied housing units and 10 rental units in neighborhoods adjacent to the target area. Not only does this help to continue to provide safe, decent affordable housing, but it encourages investment in existing neighborhoods. The City has used CDBG funds for public services (Open Door Health Clinic, ECHO Food Shelf and the Backpack Food Program), rehabilitating the homeless shelter, commercial rehabilitation addressing slum/blight and park improvements to neighborhood parks adjacent to the target area.

Currently Mankato is experiencing growth in commercial and industrial uses on the eastern side of the City. Employment within the growth areas of Mankato may not be viable to low income households due to transportation barriers. By addressing brownfields in the target area, residents living in adjacent neighborhoods will have reduced transportation barriers to employment opportunities. The target area for the brownfields assessment will also assist with redevelopment of blighted and vacant properties.

**d. Past Performance and Accomplishments** ii. The City has not received an EPA brownfields grant but has received other federal or non-federal assistance agreements:

1. Purpose and Accomplishments: Table 9: Past Project Performance

Grant	Awarding Agency	Amount of Funding	Purpose	Accomplishments
Civic Center cleanup and construction	MN DEED	\$289,492	Contamination cleanup	Remediation and construction of 60,000 square feet, construction cost over \$30 million. Ten new jobs.
	MN DEED	\$14,000,000	Renovation and construction	
Children’s Museum cleanup	MN DEED	\$307,909	Contamination cleanup	Building renovation completed, over \$2.5 million in private investment. Five new jobs.
Tailwind cleanup and redevelopment	MN DEED	\$935,100	Contamination cleanup	Cleanup and all necessary infrastructure completed. 7-story and 5-story office buildings and 5-story mixed use building completed. Over \$30 million in private investment. Over 250 jobs and a \$273,952 tax base increase.
	MN DEED	\$2,221,500	Infrastructure necessary for redevelopment	
CDBG	HUD	\$2,591,317 since 2010	Develop viable urban communities principally for low- and moderate-income persons	Abate lead and asbestos from housing units, rehabilitating homeless shelter, commercial rehabilitation addressing slum/blight and park improvements to neighborhood parks

2. Compliance with Grant Requirements: Mankato provides the public and HUD with yearly assessment progress updates through the Consolidated Annual Performance and Evaluation Report. The City maintains timeline reporting through HUD’s Integrated Disbursement and Information System and completes federal audits and monitoring visits for CDBG-funded projects. Sufficient progress is being made towards achieving the expected results per the workplan, schedule, and terms and conditions.

For new grants, staff ensures compliance with the grant requirements by becoming familiar with the grant contract. For example, the City was awarded \$14M for renovation and construction of an addition to the City-owned civic center from the state of Minnesota. This type of grant is not common for the City, so to become familiar with it, City staff thoroughly reviewed the contract and went over the contract requirements at a pre-construction meeting so that all involved were aware of the requirements. City staff also met with grantor staff to ask questions about certain provisions to ensure that there was clear understanding of requirements. City staff have ensured timely submittal of required reporting by finding out due dates and setting calendar reminders to ensure that reports are started early enough to be submitted on time. Progress is being achieved on all grants listed above on schedule or ahead of schedule.

**ATTACHMENT A – Regional Priorities/Other Factors Checklist**

**Regional Priorities Other Factor**

If your proposed Brownfields Assessment project will advance the regional priority(ies) identified in Section I.E, please indicate the regional priority(ies) and the page number(s) for where the information can be found within your 15-page narrative. Only address the priority(ies) for the region in which your project is located. U.S.EPA will verify these disclosures prior to selection and may consider this information during the selection process. If this information is not clearly discussed in your narrative proposal, it will not be considered during the selection process.

Regional Priority Title(s):

Coordinated Public Funding for Brownfields

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Page Numbers(s): 9, 10 and 11

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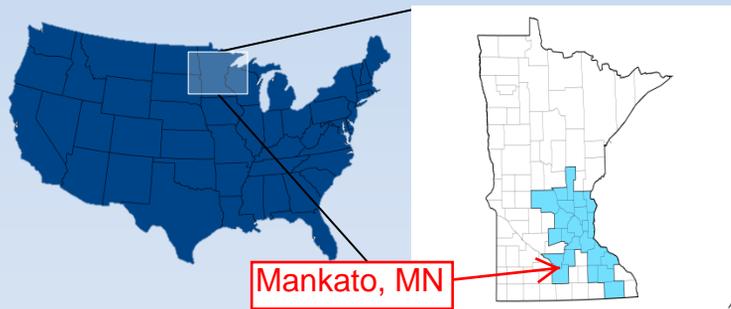
### Other Factors Checklist Assessment Grants

Please identify (with an **x**) which if any of the below items apply to your community or your project as described in your proposal. To be considered for an Other Factor, you must include the page number where each applicable factor is discussed in your proposal. EPA will verify these disclosures prior to selection and may consider this information during the selection process. If this information is not clearly discussed in your narrative proposal or in any other attachments, it will not be considered during the selection process.

Other Factor	Place an X if applicable	Page #
<i>None of the Other Factors are applicable.</i>	<input type="checkbox"/>	
Community population is 10,000 or less.	<input type="checkbox"/>	
Applicant is, or will assist, a federally recognized Indian tribe or U.S territory.	<input type="checkbox"/>	
Targeted brownfield sites are impacted by mine-scarred land.	<input type="checkbox"/>	
Project is primarily focusing on Phase II assessments.	<input checked="" type="checkbox"/>	8
Applicant demonstrates firm leveraging commitments for facilitating brownfield project completion by identifying amounts and contributors of funding in the proposal and have included documentation.	<input type="checkbox"/>	
Recent (2008 or later) significant economic disruption has occurred within community, resulting in a significant percentage loss of community jobs and tax base.	<input checked="" type="checkbox"/>	5
Applicant is one of the 24 recipients, or a core partner/implementation strategy party, of a “manufacturing community” designation provided by the Economic Development Administration (EDA) under the Investing in Manufacturing Communities Partnership (IMCP). To be considered, <b>applicants must clearly demonstrate in the proposal the nexus between their IMPC designation and the Brownfield activities. Additionally, applicants must attach documentation</b> which demonstrate either designation as one of the 24 recipients, or relevant pages from a recipient’s IMCP proposal which lists/describes the core partners and implementation strategy parties.	<input checked="" type="checkbox"/>	6
Applicant is a recipient or a core partner of a HUD-DOT-EPA Partnership for Sustainable Communities (PSC) grant that is directly tied to the project area, and can demonstrate that funding from a PSC grant has or will benefit the project area. To be considered, <b>applicant must attach documentation.</b>	<input type="checkbox"/>	
Applicant is a recipient of an EPA Brownfields Area-Wide Planning grant.	<input type="checkbox"/>	
Recent natural disaster(s) (2012 or later) occurred within community, causing significant community economic and environmental distress	<input checked="" type="checkbox"/>	5

# Investing in Manufacturing Communities Partnership

## Minnesota Medical Manufacturing Partnership



### The Community

Minnesota, one of the world's largest medical device clusters, is recognized as a leading innovator in cardiac, neurology, urology, orthopedic, spine, audiology, and combination devices. Medtronic, the world's largest medical technology company, has its U.S. headquarters in Minneapolis. The Minnesota Medical Manufacturing Partnership (MMMP) region also contains a rich ecosystem of talented professionals and academics, resulting in numerous start-ups that spur the local economy.

### The Vision

To build on its comparative advantages and the foundational strengths of its medical technology sector, MMMP has crafted a strategy to strengthen the ecosystem for entrepreneurship, globally brand and market Minnesota's medical and life sciences cluster, and optimize the regional talent base via training and educational programs focused on medical devices and medical manufacturing. In addition, the MMMP region will maintain and widen the region's competitive advantage in operational costs to continue and strengthen its ecosystem.

### The Strategy

**Workforce and Training:** The overall medical device ecosystem requires a highly specialized workforce, with strong and active partnerships across government, academic, private, and non-profit sectors. The MMMP region has a strong educational foundation, with 18% of all degrees in STEM fields. Ensuring a competitive workforce for the medical device/life sciences industry will involve a strategy focused on engaging communities of color and immigrant populations, college-ready high school graduates, and training for the future workforce.

**Supplier Networks:** Minnesota functions as one of a handful of international hubs for the medical device industry and is one of the largest medical device and life sciences manufacturing clusters. However, challenges include seeking ways to commercialize and produce medical products with local Minnesota-based firms. To maximize this market opportunity, MMMP proposed to establish more regional outreach centers to strengthen the supplier network and cultivate manufacturing suppliers that are capable of meeting the production needs of the evolving medical device industry.

**Research and Innovation:** Although Minnesota has an already robust ecosystem for innovation, the medical device industry is rapidly and constantly changing. In order to ensure continued success, the region proposes establishing educational and mentoring

programs to educate employees and students in the field. In addition, the region proposes a heightened level of interaction and collaboration among all three sectors (public, private, and academic), including funding, to address the area's current challenges.

**Infrastructure and Site Development:** Medical device manufacturers require: sites that are served with high quality, reliable power, Internet, telecommunications, and municipal utilities; accessibility to a skilled production workforce; and accessibility to an efficient highway system to receive supplies and ship finished goods. The region's rural workforce is no longer able to meet the needs of manufacturers in these areas. The region proposes a strategy to include increasing affordable housing near the existing operations, creating quality employment opportunities in low-income neighborhoods, and redeveloping brownfields for medical innovation and manufacturing.

**Trade and Investment:** With a growing global market, the United States – and Minnesota in particular – have lost the clear competitive edge in the medical device industry. The public sector, in partnership with the non-profit and academic sectors, can play a significant role in helping companies prepare for growth through international trade. The region proposes increased levels of state investments in trade promotion that are better matched by the needs of the medical technology and life sciences industries to establish the region as a leading center for the medical device industry.

**Operational Improvement and Capital Access:** The Greater MSP region boasts the second lowest operating costs among the top 15 life science markets in the U.S. It should continue to improve their resource efficiency as well as reduce the environmental and social footprint of manufacturing and supply chain activities. Due to a long history of medical device innovation in Minnesota and the presence of several corporate headquarters of medical device companies, the region is already equipped with an ecosystem of legal, accounting, financing, and management professionals. The MMMP proposes a comprehensive assessment to identify the financing issues, as well as an approach involving investment tax credits and guaranteed loan programs.

### **The Partnership**

**Nonprofit:** Enterprise Minnesota; Greater MSP; Initiative Foundation; LifeScience Alley; Rochester Area Economic Development Inc. **Chamber of Commerce:** Greater Mankato Growth. **Private Collaboration:** Greater St. Cloud Development Corporation.

**Government Entity:** Metropolitan Council; Minnesota Department of Employment & Economic Development. **Higher Education Institution:** Minnesota State Colleges & Universities; South Central College of Mankato; University of Minnesota, Office of Economic Development. **Nonprofit Government Agency:** Saint Paul Port Authority.

Member of Brownfields  
Advisory Committee

**ATTACHMENT B – Letter from the State**



# Minnesota Pollution Control Agency

520 Lafayette Road North | St. Paul, Minnesota 55155-4194 | 651-296-6300

800-657-3864 | Use your preferred relay service | [info.pca@state.mn.us](mailto:info.pca@state.mn.us) | Equal Opportunity Employer

December 13, 2016

Ms. Kristin Prososki  
Economic Development Specialist  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: City of Mankato's FFY2017 Brownfield Community-wide Assessment Grant Application  
FFY2017 Letter of Support from the MPCA's Brownfield Programs

Dear Mr. Prososki:

On behalf of the Minnesota Pollution Control Agency (MPCA), we are writing to acknowledge and support the City of Mankato's proposed assessment activities in fulfillment of the criteria of the United States Environmental Protection Agency (EPA) Federal Fiscal Year 2017 Brownfields Community-wide Assessment Grant application guidelines.

The City of Mankato has informed the MPCA that they intend to conduct petroleum and hazardous substances assessment activities primarily in the downtown and immediate surrounding neighborhoods.

The City of Mankato has shown that they can work closely with the MPCA to successfully complete Brownfields projects. The MPCA is supportive of the City of Mankato's application for the Brownfields Assessment Grants. Should the grant be awarded, the MPCA will continue its partnerships with the City of Mankato to help them revitalize the environmental and economic climate in the city.

If you have any questions, please call Shanna Schmitt at 651-757-2697 ([shanna.schmitt@state.mn.us](mailto:shanna.schmitt@state.mn.us)) or Stacey Hendry-Van Patten at 651-757-2425 ([stacey.vanpatten@state.mn.us](mailto:stacey.vanpatten@state.mn.us)).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Shanna Schmitt'.

Shanna Schmitt, PG, CPG  
Hydrogeologist  
Site Remediation & Redevelopment Section  
Remediation Division

A handwritten signature in blue ink, appearing to read 'Stacey Hendry-Van Patten'.

Stacey Hendry-Van Patten  
Project Manager  
Petroleum Remediation & Redevelopment Section  
Remediation Division

SS:SHV:bhj

cc: Keary Cragan, EPA Region 5  
Lindsey Christopherson, Stantec Consulting Services, Inc.

**ATTACHMENT A – Threshold Documentation**

## **THRESHOLD CRITERIA FOR BROWNFIELDS ASSESSMENT GRANTS**

**1. Applicant Eligibility:** Mankato, Minnesota is a “general purpose unit of local government” as that term is defined in 2 CFR 200.64 and is therefore eligible to receive EPA funds for Brownfields Assessment.

**Applicant DUNS # 010340099**

**2. Community Involvement:** In January 2016, the City started developing a master plan for the Old Town neighborhood. Stakeholders were invited to participate in meetings, planning charrettes, and an open house, to discuss redevelopment opportunities including existing and future land use. Stakeholders included area developers, property owners, residents, the neighborhood associations, and Old Town business owners. The City had an online survey available on the City's website, Facebook page, and e-mail listserv to provide input on reuse planning. The redevelopment of possible brownfield sites was discussed during these meetings.

This brownfield assessment project will use a similar approach. It is anticipated that most of project communications will be in English. As the brownfield redevelopment projects may affect the population with English as a second language, such as the Hispanic population or Somalian refugee population, translations of project materials will be developed in coordination with partners in the Brownfield Advisory Committee. The City will implement a variety of community involvement techniques during the planning and implementation of the project. This will be completed through community meetings, which will be communicated through a press release, as well as on the City's website, social media outlets and sent to Greater Mankato Growth, Water Resources Center, Washington Park Neighborhood Association, Coalition for a Clean Minnesota River and Minnesota River Congress.

Project meetings will be held in the evenings to accommodate work schedules of stakeholders. In addition, meetings will be held at locations within walking distance of the target area and will utilize public facilities (i.e. senior centers; places of worship/etc.) that are American with Disabilities Act compliant to accommodate needs of sensitive populations (i.e. disabled or elderly). Somali and Spanish translators will be available. Printed materials will be placed in locations in the neighborhoods frequented by these target groups (community centers, grocery stores, farmer's markets, laundromats, churches, mosques, large retail outlets (ex. Walmart). Hard copies of all project outputs will be made available at the City Intergovernmental Center to ensure access to stakeholders with limited information technology access, knowledge, or experience.

### **ADDITIONAL THRESHOLD CRITERIA FOR SITE - SPECIFIC PROPOSALS ONLY**

Not applicable for proposals for community-wide assessment grants.

**ATTACHMENT B – Documentation Indicating Leveraged Funds**

	2016 Revenue	2016 Expense	2017 Revenue	2017 Expense	% Change Revenue	% Change Expense	Net Income (Loss)
RLF - CITY	132,111	0	133,238	56,000	0.9	0.0	77,238
NEIGHBORHOOD IMPROVEMENT	10,017	0	4,992	4,492	(50.2)	0.0	500
COMMUNITY INVESTMENT	2,000	0	3,200	0	60.0	0.0	3,200
Subtotal	991,618	702,907	1,371,363	1,241,629	38.3	76.6	129,734
ENTERPRISE FUNDS							
CIVIC CENTER							
SALES TAX	5,025,000	4,977,825	7,240,000	6,015,000	44.1	20.8	1,225,000
CIVIC CENTER OPERATIONS	4,726,900	4,725,986	5,662,379	5,722,330	19.8	21.1	(59,951)
CIVIC CENTER CAPITAL IMPR	750,000	600,000	655,800	577,000	(12.6)	(3.8)	78,800
SALES TAX CAPITAL	200,000	200,000	0	0	(100.0)	(100.0)	0
Subtotal	10,701,900	10,503,811	13,558,179	12,314,330	26.7	17.2	1,243,849
COMM DEV-ECON DEV							
EASTWOOD INDUSTRIAL PARK	0	0	1,425	1,425	0.0	0.0	0
ECONOMIC DEVELOPMENT	1,459,638	1,469,947	1,386,399	1,311,152	(5.0)	(10.8)	75,247
COMMUNITY BLOCK GRANT	419,480	419,480	555,796	555,575	32.5	32.4	221
EDA BUILDINGS	708,382	698,920	1,356,000	1,022,400	91.4	46.3	333,600
MHFA SITES	25,000	16,050	26,500	16,100	6.0	0.3	10,400
Subtotal	2,612,500	2,604,397	3,326,120	2,906,652	27.3	11.6	419,468
COMM DEV-HOUSING							
MANKATO EDA - PUBLIC HOUSING	509,757	509,757	849,901	782,071	66.7	53.4	67,830
MANKATO EDA - ORNESS PLAZA	433,000	358,445	739,500	739,249	70.8	106.2	251
MANKATO EDA - CFP	251,794	251,794	525,906	525,906	108.9	108.9	0
MANKATO EDA - VOUCHER	2,672,798	2,672,798	2,883,363	2,882,884	7.9	7.9	479
MANKATO EDA - SHELTER PLUS	45,000	45,000	80,651	80,651	79.2	79.2	0
Subtotal	3,912,349	3,837,794	5,079,321	5,010,761	29.8	30.6	68,560
COMM DEV-HOUSING BEC							
BEC EDA - PUBLIC HOUSING	391,857	316,190	521,450	521,334	33.1	64.9	116
BEC EDA - BRECKENRIDGE PH	69,681	47,244	128,482	121,318	84.4	156.8	7,164
BEC EDA - BRECKENRIDGE MR	58,500	51,844	124,260	124,219	112.4	139.6	41
BEC EDA - CFP	113,321	113,321	118,431	118,431	4.5	4.5	0
BEC EDA - VOUCHERS	438,000	438,000	476,757	476,625	8.8	8.8	132
BEC EDA - BRIDGES	49,000	49,000	25,015	25,015	(48.9)	(48.9)	0
Subtotal	1,120,359	1,015,599	1,394,395	1,386,942	24.5	36.6	7,453
COMM DEV-TRANSIT							
TRANSIT FACILITIES	0	299,043	0	454,772	0.0	52.1	(454,772)
TRANSIT OPERATIONS	1,113,120	1,027,786	799,500	1,069,399	(28.2)	4.0	(269,899)
TRANSIT FIXED ROUTES	1,620,600	1,050,917	2,084,500	973,338	28.6	(7.4)	1,111,162
TRANSIT MOBILITY BUS	218,250	295,488	161,000	350,560	(26.2)	18.6	(189,560)
TRANSIT UNIVERSITY ROUTE 1	298,000	222,650	208,500	226,948	(30.0)	1.9	(18,448)
TRANSIT LATE NIGHT EXPRESS	24,500	34,067	23,500	13,517	(4.1)	(60.3)	9,983
TRANSIT MSU SHUTTLE PARKING LO	141,000	151,520	153,000	184,704	8.5	21.9	(31,704)
TRANSIT MRCI SERVICE	11,000	71,296	15,000	58,256	36.4	(18.3)	(43,256)
TRANSIT MSU STOMPER EXPRESS EV	61,000	135,239	106,000	41,869	73.8	(69.0)	64,131
TRANSIT UNIVERSITY EVENT SERVI	10,000	1,151	9,000	4,738	(10.0)	311.6	4,262
TRANSIT STADIUM HEIGHTS RT 9	35,100	63,201	40,100	27,629	14.2	(56.3)	12,471
TRANSIT JAMES AVENUE ROUTE 12	36,100	98,320	39,000	17,974	8.0	(81.7)	21,026

Budget Detail

	2015 Actuals	2016 Actual thru 6/16	2016 Budget	2017 Proposed Budget	% Change 16 to 17
<b>REVENUES</b>					
<b>TAXES</b>					
TAX INCREMENT	18,647	0	19,000	19,000	0.0
TAX LEVY	225,000	0	225,000	225,000	0.0
TIF-BV HABITAT FOR HUMANITY	5,717	0	17,379	5,430	(68.8)
TIF-BX VOLK TRANSFER	73,254	0	125,186	69,591	(44.4)
TIF-BZ IMPERIAL PLASTICS	176,232	0	0	167,421	0.0
Subtotal	498,850	0	386,565	486,442	25.8
<b>FEDERAL GRANTS</b>					
FEDERAL AID	0	0	0	100,000	0.0
Subtotal	0	0	0	100,000	0.0
<b>STATE GRANTS</b>					
STATE AID-CONTAMINATION INVEST	19,573	0	0	0	0.0
STATE AID-DEED GRANT	51,134	0	0	100,000	0.0
Subtotal	70,707	0	0	100,000	0.0
<b>CHARGES FOR SERVICES</b>					
SERV CHG-TIF	0	0	7,500	7,500	0.0
Subtotal	0	0	7,500	7,500	0.0
<b>INVESTMENT INCOME</b>					
INTEREST ON INVESTMENTS	44,635	0	0	45,000	0.0
Subtotal	44,635	0	0	45,000	0.0
<b>MISCELLANEOUS</b>					
LEASE PYMT-MIDTOWN SQUARE	11,875	0	11,875	11,875	0.0
LOAN INT-BLETHEN, GAGE, & KRAU	307	0	0	0	0.0
LOAN INT-CCR ATWOOD	457	115	129	0	(100.0)
LOAN INT-CCR BRENNAN CONST	1,559	815	1,354	1,143	(15.6)
LOAN INT-CCR GMS INDUSTRIAL	911	481	802	1,417	76.7
LOAN INT-CCR KATO GLASS	656	1,119	0	1,786	0.0
LOAN INT-CCR MCCLURE	1,406	648	1,030	682	(33.8)
LOAN INT-CCR MEYER	3,964	2,136	3,580	3,185	(11.0)
LOAN INT-CCR NEUBAU BLDG IMP	4,518	2,467	4,151	3,774	(9.1)
LOAN INT-CCR NEUBAU HOLDINGS	3,742	2,003	3,351	2,949	(12.0)
LOAN INT-CCR NEUBAU TENANT IMP	6,228	3,182	5,243	4,209	(19.7)
LOAN INT-CCR NORWESTERN BLDG	2,034	1,117	4,548	4,182	(8.0)
LOAN INT-CCR NWOB	4,904	2,697	0	0	0.0
LOAN INT-CCR STRANGE DEVELOP	4,309	2,362	3,869	3,549	(8.3)
LOAN INT-CCR TAILWIND	25,463	10,372	17,561	16,093	(8.4)
LOAN INT-CCR WENDY ANDERSON	593	210	282	31	(89.0)
LOAN INT-NW OFF BLDG RAMP	2,021	0	2,500	0	(100.0)
LOAN INT-SIF 210 WALNUT FRENTZ	143	75	123	104	(15.4)
LOAN INT-SIF BARKHADLE	237	122	224	192	(14.3)
LOAN INT-SIF COFFEE HAG	0	0	139	119	(14.4)
LOAN INT-SIF EAGLES CLUB	128	44	149	140	(6.0)
LOAN INT-SIF MARBLE	152	80	132	112	(15.2)
LOAN INT-SIF MOCOL SUPERMARKET	142	74	122	102	(16.4)

## Budget Detail

	2015 Actuals	2016 Actual thru 6/16	2016 Budget	2017 Proposed Budget	% Change 16 to 17
<b>REVENUES</b>					
<b>FEDERAL GRANTS</b>					
FEDERAL AID	360,710	326,407	419,480	555,221	32.4
Subtotal	360,710	326,407	419,480	555,221	32.4
<b>MISCELLANEOUS</b>					
CDBG PROGRAM INCOME	30,527	0	0	575	0.0
Subtotal	30,527	0	0	575	0.0
Total Revenues	391,237	326,407	419,480	555,796	32.5
<b>EXPENDITURES</b>					
<b>OTHER SERVICES</b>					
CONTRACTUAL	22,753	3,061	11,200	10,000	(10.7)
CONTRACTUAL-GRANTS	36,430	48,500	55,500	293,000	427.9
LEGAL	0	54	0	0	0.0
POSTAGE	0	0	0	25	0.0
PRINTING & PUBLISHING	0	0	0	100	0.0
TRAINING	0	0	0	50	0.0
TRAVEL	328	0	0	250	0.0
Subtotal	59,511	51,615	66,700	303,425	354.9
<b>OTHER CHARGES</b>					
CONSTRUCTION	111,354	0	150,000	0	(100.0)
CONSTRUCTION - COMM REHAB	11,468	1,537	0	25,000	0.0
CONSTRUCTION - OWNER OCCUPIED	113,215	116,770	117,000	126,150	7.8
CONSTRUCTION - RENTAL REHAB	47,163	25,650	35,800	51,000	42.5
MISCELLANEOUS	7,000	0	0	0	0.0
Subtotal	290,200	143,957	302,800	202,150	(33.2)
<b>TRANSFERS OUT</b>					
OPERATING TRANSFER OUT	0	0	49,980	50,000	0.0
Subtotal	0	0	49,980	50,000	0.0
Total Expenditures	349,711	195,572	419,480	555,575	32.4



**TAX INCREMENT  
FINANCING DISTRICT  
NO. 39-1 PLAN  
(South Front Street  
Redevelopment Project)**

**ADOPTED:  
JULY 8, 2013**

**MODIFIED:  
JUNE 9, 2014**

**CITY OF  
MANKATO,  
MINNESOTA**

**Business Finance and  
Economic Development  
Specialists**

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**TAX INCREMENT FINANCING DISTRICT NO. 39-1 PLAN  
MANKATO, MINNESOTA  
(South Front Street Redevelopment Project)**

**Adopted: July 8, 2013  
Modified: June 9, 2014**

*PREPARED BY*

*Advance Resources for Development, Inc.  
201 N. Front St. Suite 310  
Mankato, Minnesota 56001-3569*

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## **INTRODUCTION**

### **OVERVIEW OF 2013 PROJECT**

On July 8, 2013, the City of Mankato approved Tax Increment Financing District No. 39-1 in support of a two-component, development proposal from Tailwind Group, Inc. (the “Developer”). The two components consisted of a 7-story, 72,200-ft.<sup>2</sup> office building at the corner of Warren Street and Riverfront Drive and a four-story, mixed-use building facing South Front Street. The additional parking required by the new commercial/retail activities is provided via a new public parking lot and ramp. Private ramp spaces are provided to meet the demands for residential parking. Redevelopment activities included demolition of the Miller Motors and Red Sky buildings and dedication of land to meet public parking requirements. All public and private activities approved as part of the 2013 project are under construction in accordance with the terms of the Tax Increment Plan and Development Agreement between the City and Developer.

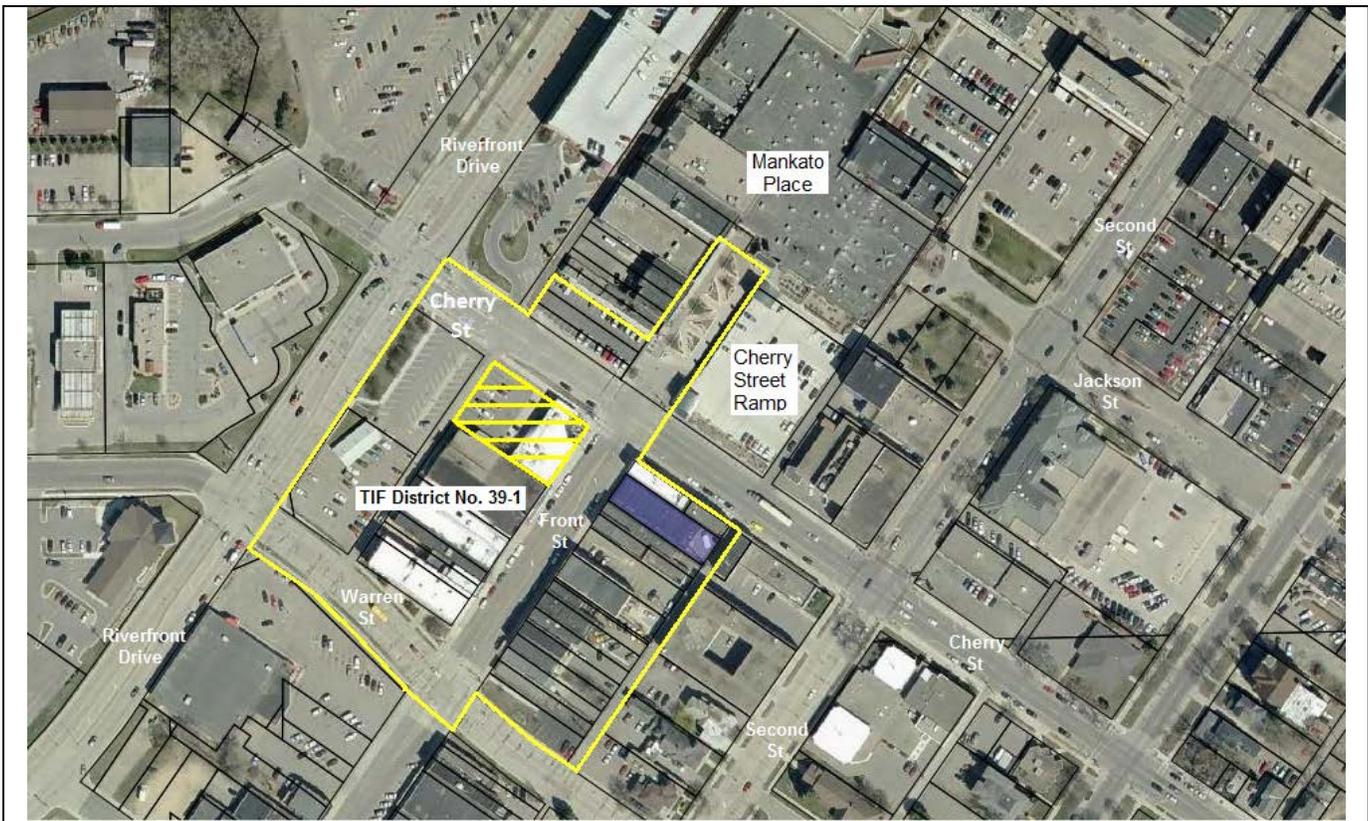
### **OVERVIEW OF 2014 PROJECT MODIFICATION**

On March 24, 2014, City staff reported to the City of Mankato Economic Development Authority (the “EDA”) that the Developer submitted a letter to the City stating their intention to exercise the option for Lot 4, Block 1, City Center Addition (115 East Cherry Street) located behind Pub 500. The Developer’s proposal is to construct a 5-story office building (with private parking on the ground floor). At least three tenants would be located in the building with an estimated employee count of 80-100. Construction of the building would begin in August of 2014 with completion in October 2015. The EDA ordered a feasibility study to expand the South Front Street Parking Ramp and a proposed budget identifying costs and funding sources.

The feasibility study reported that the South Front Street ramp, currently under construction, was designed for expansion to meet additional parking demand in the area. The estimated employee count totals 240 between the 7-story office building and the proposed 5-story office building.

The ramp configuration that is under construction can accommodate 162 public parking stalls. The guaranteed maximum price, under the construction manager at risk contract, is \$4.9 million. Access controls (gates) and the security system adds approximately \$130,000 of cost that will be installed by City vendors after construction. The ramp can be expanded to 296 stalls by adding approximately 134 stalls. The estimated expansion cost is approximately \$2.5 million, provided the ramp is expanded during the current construction. If the ramp expansion occurs after ongoing construction is completed, the cost increases by \$420,000 because remobilization is required and supports must be erected during expansion, which also will require closing the ramp during construction. In summary, if the ramp is going to be expanded it is most cost effective to do it during the initial construction phase.

This original redevelopment and current modification are consistent with the City's planning and zoning regulations. The aerial photograph, on page 2, shows the location of the Tax Increment Financing District No. 39-1. Creation/modification of the District enables use of tax increment financing to fund eligible redevelopment costs.



**Tax Increment Financing District No. 39-1**  
(South Front Street Redevelopment Project)

**Note:** Crosshatched area is not included in the tax increment financing district.

DEFINITIONS

For the purpose of the Tax Increment Financing Plan, the following terms shall have the meanings specified below, unless the context otherwise requires.

“Bonds” means any bonds or other obligations as defined in Minnesota Statutes, section 469.174, subdivision 3, including pay-as-you-go tax increment financing revenue notes.

“City” means the City of Mankato, Minnesota.

“Council” means the City Council of the City of Mankato, Minnesota.

“County” means the County of Blue Earth, State of Minnesota.

“Development District” means a specific area within the corporate limits of a municipality that has been so designated and separately numbered by the governing body. “Development District” also means Development District No. 39 established July 8, 2013.

“Project” means a development district as defined in Minnesota Statutes, section 469.125, subdivision 9.

“Redevelopment District” means a type of tax increment financing district consisting of a project, or portions of a project, within which the City finds by resolution that the following conditions, reasonable distributed throughout the District, exists: Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

“Tax Increment Financing District No. 39-1” or “District” means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by Minnesota Statutes, section 469.175, subdivision 1, for the purpose of financing redevelopment, housing, or economic development in municipalities through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

“Tax Increment Financing Plan” or “Plan” means the plan for Tax Increment Financing District No. 39-1 prepared pursuant to the provisions of Minnesota Statutes, sections 469.174 to 469.179, which provides a statement of objectives, the development program, a list of development activities, project timing, budget estimates, estimated impact on affected taxing jurisdictions, identification of studies or analysis used to determine need for financing and identification of parcels to be included in the District.

#### DEVELOPMENT STRATEGY

The proposed modification of the South Front Street Redevelopment Project requires a public/private financing strategy that includes the following:

1. Modification of Tax Increment Financing District No. 39-1 pursuant to Minnesota Statutes, sections 469.174 to 469.179.
2. Authorization of tax increment financing to pay eligible Project costs. The City proposes issue bonds to finance the capital and administrative costs of a development district.

#### PURPOSE OF TAX INCREMENT FINANCING PLAN

The District was established and is modified pursuant to Minnesota Statutes, Chapter 469, in order to give the City Council the authority to use tax increment financing as a funding source. Under Chapter 469, a tax increment district has to be established/modified as a housing district, a redevelopment district, a renewal and renovation district, a soils condition district or an economic development district. Because this area qualifies as a redevelopment district, pursuant to Minnesota Statutes, section 469.174, subdivision 10(a)(1), it will have duration of not greater twenty-five years from the date of receipt by the City of the first tax increment.

## **TAX INCREMENT FINANCING PLAN**

### **STATUTORY REQUIREMENT TO MODIFY DISTRICT**

Modification of this District is subject to the provisions of Minnesota Statutes, section 469.175, subdivision 4 because the City proposes an increase in bonded indebtedness to finance an increase in the estimated cost of the project, including administrative expenses, that will be paid or financed with tax increment from the District.

### **INCORPORATION OF PREVIOUS PLAN**

The City approved the establishment of the District on July 8, 2013, as a redevelopment district. The current modification constitutes the first amendment of the Plan. All provisions of the Plan adopted on July 8, 2013 are hereby incorporated by reference except to the extent that Minnesota statutes, sections 469.174 to 469.179, inclusive and amended, requires changes and except to the extent that any such provision is explicitly contrary to a provision of this modification. Except as so modified, the previous Plan is hereby adopted and incorporated by reference.

### **RELATIONSHIP OF TAX INCREMENT DISTRICT TO DEVELOPMENT DISTRICT NO. 39**

Development District No. 39 was formed in order to promote development of certain property, secure additional housing, commercial and office development opportunities, increase property subject to taxation, provide improvements to development properties, and designate methods for the financing of activities in the Development District.

Development District law authorizes the use of tax increment funds to pay for these Project activities and improvements. When using tax increment funds, it is necessary to establish/modify a tax increment financing district according to Minnesota Statutes, sections 469.174 to 469.179, inclusive. Approval of this Plan results in the modification of Tax Increment Financing District No. 39-1, the purpose of which is to finance the development activities authorized by the creation of Development District No. 39.

### **DEVELOPMENT PROPOSAL**

In 2013, the City received the original two-component development proposal from Tailwind Group, Inc. (the "Developer"). The first component comprised a 7-story, 72,200-ft.<sup>2</sup> office building at the corner of Warren Street and Riverfront Drive. The second component was redevelopment of the Miller Motors and Red Sky properties with a four-story, mixed-use building facing South Front Street, and dedication of land behind the new building for the construction of a public parking ramp that extended across the alley to Riverfront Drive.

The Developer's current proposal adds a 5-story office building on Lot 4, Block 1, City Center Addition (115 East Cherry Street) located behind Pub 500. At least three tenants would be located in the building with an estimated employee count of 80-100. Construction of the building would begin in August of 2014 with completion in October 2015. The level of private investment associated with the 5-story office building is approximately \$5.1 million. In addition to the private construction, the Developer is requesting that the City expand the public parking ramp to accommodate the parking needs of the additional office building. The South Front Street ramp, currently under construction, was designed for expansion to meet additional parking demand in

the area. The estimated employee count totals 240 between the 7-story office building and the proposed 5-story office building.

The ramp configuration that is under construction can accommodate 162 public parking stalls. The guaranteed maximum price, under the construction manager at risk contract, is \$4.9 million. Access controls (gates) and the security system adds approximately \$130,000 of cost that will be installed by City vendors after construction. The ramp can be expanded to 296 stalls by adding approximately 134 stalls. The estimated expansion cost is approximately \$2.5 million, provided the ramp is expanded during the current construction. If the ramp expansion occurs after ongoing construction is completed, the cost increases by \$420,000 because remobilization is required and supports must be erected during expansion, which also will require closing the ramp during construction. In summary, if the ramp is going to be expanded it is most cost effective to do it during the initial construction phase.

Success of the South Front Street Redevelopment Project is dependent on the Developer and City continuing its partnership to finance a new parking ramp. To this end, the Developer is requesting City support of the modified redevelopment proposal by expanding the public parking ramp serving the proposed development and other area businesses. Large-scale City Center redevelopment, such as the Developer is proposing, only can be accomplished by providing increased parking. The Developer's proposal supports City Center redevelopment, encourages continued reinvestment in other City Center properties and provides additional parking capacity for Civic Center events.

The City believes in implementing urban core best practices to provide parking including the concept of shared parking. The City has found that two primary factors drive parking supply and demand in the downtown core – office employment and residential units. Basing parking on net leasable area of office results in a consistent daytime demand of parking for a variety of uses in a defined core area. The office demand for parking offsets and reduces retail/service demands as the office employees use the service areas in the City Center during the day.

In addition, retail/service demands during the day are often satisfied by on-street parking because of shorter daytime customer visits. In the evenings, as demand for the office parking is reduced, the parking demand associated with retail/service increases. Parking resources are effectively shared and revolve between the daytime office demands and the evening hospitality demands.

It should also be noted that the operation and maintenance costs associated with the parking ramp would be funded via a special service district assessment – similar to the other ramps in the City Center Core. The new development will certainly be part of this district and possibly other benefitting properties as well.

Financing of specific public and private development activities with tax increment revenues and other public sources of funds will occur following the review and modification of the South Front Street Redevelopment Project by the City Council. Overall development financing consists of a combination of public and private sources of funds including tax increment financing. In creating/modifying the District, the City has estimated project costs, including administrative expenses that are to be paid or financed with tax increment from the District. The City has determined, in order to provide assistance to redevelop the area, it must incur project costs that will be paid or financed with tax increment from the District. Tax increment generated by redevelopment in the District may be used to acquire property, demolish or rehabilitate structures, clear land and install utilities, roads, sidewalks and parking facilities. The City proposes to issue bonds in order to finance redevelopment costs within the District.

## PROPERTY/PARCELS IN DISTRICT

Exhibit A, following page 12 of this Plan, provides a list of the District parcels that have been certified by the county.

## FINDINGS

Minnesota Statutes, section 469.175, subdivision 4, provides that a tax increment financing plan shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan. The findings of the original plan are modified and approved as follows:

1. FINDING. That the proposed tax increment financing district is a redevelopment district.

SUPPORTING FACTS. Minnesota Statutes, Chapter 469, provides for five types of districts -- a redevelopment district, renewal and renovation district, soils condition district, a housing district, and an economic development district -- each serving a well-defined need and each having different qualifying standards. Tax Increment Financing District No. 39-1 is established as a "Redevelopment District". Minnesota Statutes, section 469.174, subdivision 10(a)(1), defines "Redevelopment District". This definition is also set forth on page 3 of this Plan. In order to qualify as a "Redevelopment District" the property must meet the following requirements:

A. *Parcels consisting of 70 percent of the area of the District must be occupied by buildings, streets, or other improvements.* The District consists of 26 parcels, which are 100% occupied by buildings, streets, or other improvements; thus exceeding the statutory requirement of 70%.

B. *More than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.* The District contains 18 buildings not including outbuildings. The City has conducted surveys and inspections of the buildings located within the District. 11 or 61% of the buildings have been found to be substandard to a degree requiring substantial renovation or clearance; thus exceeding the statutory requirement of 50%. The City used its building inspection department, CDBG building survey and County records to examine the buildings in accordance with the requirements of Minnesota Statutes, section 469.174, subdivision 10(c) and has retained written documentation thereof.

2. FINDING. That, in the opinion of the City:

A. The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

B. The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Plan.

SUPPORTING FACTS. *In the opinion of the City, the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.* This finding is supported by the fact that the District is comprised of numerous properties in an area of the City in

need of redevelopment. These properties contain substandard buildings. In addition, the overall area lacks sufficient off-street public parking to meet the needs of area businesses. In order to remedy this situation, the City proposes redevelopment of the area as generally described in the Development Proposal on pages 4 and 5 of this Plan. Without tax increment financing assistance, neither the City nor Developer would be able to undertake the necessary activities to redevelop the area.

*[This finding is modified and discloses the market value effect of the 5-story office building on the District]. Furthermore, the City has determined that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the Plan. The City supports this finding because the redevelopment costs increase total project costs to an unworkable level. The City recognizes the impediments to redevelop in the absence of public assistance, and therefore agrees that tax increment assistance is reasonably necessary for the redevelopment to proceed. Based on this analysis, the City reasonably determines that no other development of any kind is anticipated in this area without substantially similar assistance being provided to the redevelopment project. Accordingly, the increased market value anticipated without tax increment assistance is \$0.*

A comparative analysis of the estimated market values both with and without establishment of the District and the use of tax increments has been performed. If all proposed development that is to be assisted with tax increments occurs in the District, the total increased market value would be up to \$14,987,078. The estimated present value of tax increments from the District is \$4,095,359. It is the City's finding that no development with a market value of greater than \$10,036,319 would occur without tax increment assistance in the reasonably foreseeable future. This finding is based upon general past experience wherein the extraordinary costs of redevelopment hamper and discourage public/private redevelopment efforts. The City of Mankato believes this project qualifies for tax increment financing and is prepared to commit this resource to the project.

3. FINDING. That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

SUPPORTING FACTS. The tax increment financing plan conforms to the general plan of the City of Mankato for the following reasons:

A. The City supports the South Front Street Redevelopment Project because it will eliminate blight, provide needed public parking, create employment and housing opportunities, strengthen the tax base and promote the health, safety and welfare of the community through planned development within the District.

B. The project conforms to the City's comprehensive plan and zoning ordinance.

4. FINDING. That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

SUPPORTING FACTS. By adopting the Development District No. 39 development program, the City approved a blueprint for development and redevelopment within this area of the community. The Development

District plan encourages cooperation with private enterprise. Information contained in the development program along with other City plans and reports has been used in the preparation of this Plan. Based upon the objective of cooperation and upon the guidance provided by City plans and ordinances, the City has determined Project costs that will be paid for by tax increment revenues. As the Financial Plan, on pages 9 through 12 of this Plan, indicates the City intends to concentrate the use of tax increment revenue on those improvements that would not reasonably be expected to occur solely through private action. Private enterprise will be responsible for the vast majority of the expenses and activities normally associated with land development.

#### DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 39

Minnesota Statutes, section 469.175, subdivision 1(2) requires “A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire”. The Development Program for Development District No. 39 is delineated in a report entitled “Development District No. 39” adopted July 8, 2013, copies of which are on file in the City Manager’s office. By this reference, said Development Program is incorporated as part Plan.

#### TAX INCREMENT DISTRICT DEVELOPMENT ACTIVITIES

Development activities to be financed completely or in part because of the implementation of this Plan include:

1. The Developer proposes construction of a 5-story, office building on Lot 4, Block 1, City Center Addition. The development will occur according to the guidelines in this Plan and the terms and conditions of a redevelopment contract by and between the City and Developer.
2. The City will expand the public parking ramp that is currently under construction in the District.
3. The Developer will finance private development costs.
4. The City will fund eligible redevelopment costs.
5. The City will issue bonds for the redevelopment costs of the District. The City and Developer will execute a development agreement providing for the financing of redevelopment costs.

The above proposed activities and improvements are within the boundaries of Tax Increment Financing District No. 39-1. The above developments will commence upon securing tenant commitments and City approval of the specific project design. For the purposes of budgeting within this Plan, it is anticipated that construction begins in summer 2014 and concludes by December 31, 2015.

The above activities are, at the time of preparation of this Plan, the only activities proposed for the Development District because of the modification of the District.

#### PROCEDURE FOR MODIFYING AN APPROVED TAX INCREMENT PLAN

The District may be modified, provided the modification shall be approved by the City Council under provisions of the Minnesota Statutes, section 469.175, subdivision 4.

PROPERTY ACQUISITION AND DISPOSITION

This Plan modification does not anticipate that any property will be acquired to implement the development. If future development activities require the use of tax increment funds for property acquisitions, this Plan shall be modified and the City will follow its policies and procedures for property acquisition.

RELOCATION

This Plan modification does not envision that the relocation of persons or businesses will be required to implement the development. However, if in the future the City determines that relocation is required, the City shall implement procedures that comply with the Uniform Relocation Act and any person or business affected shall be treated according to those laws, rules and regulations.

NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to Minnesota Statutes, section 469.177 the City requested the County to certify the original net tax capacity of the District. On March 19, 2014 the County certified the most recent tax capacity at 17,219.

METHOD OF FINANCE

The City Council elects to use tax increment financing pursuant to Minnesota Statutes, Chapter 469, to finance all or part of the costs of the Project. By electing this method of financing, the City Council is not precluding the use of other methods provided by State law.

FINANCIAL PLAN

ESTIMATE OF PUBLIC COST

Following is an estimate of capital and administrative costs including cost of District indebtedness, source of revenue, most recent tax capacity, and estimate of captured tax capacity.

1. Uses of funds. The City has analyzed redevelopment within the District and concluded that it is feasible. To facilitate District redevelopment, this Plan authorizes the use of tax increment financing to pay certain eligible redevelopment expenses. The following summarizes estimated public costs associated with the District:

	Original Plan Budget	Modified Plan Budget Increases	Cumulative Plan Budget
A. Site improvements	\$695,000	\$0	\$695,000
B. Public parking ramp/lots	1,801,702	1,379,833	3,181,535
C. Interest	2,000,300	1,159,843	3,160,143
D. Administration	236,684	133,670	370,354
<b>TOTAL USES OF FUNDS</b>	<b>\$4,733,686</b>	<b>\$2,673,346</b>	<b>\$7,407,032</b>

Financing of Project expenses is by means of Developer equity and private debt and public funds. Tax increments will pay for interest and capitalized interest on any indebtedness incurred in connection with tax increment eligible activities in the District; provided the cost for interest and capitalized interest does not exceed

\$3,160,143. The total cost for all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to applicable statutory requirements. However, the City reserves the right to reduce or reallocate the budget expenses within the identified line items.

2. Source of funds. Costs outlined in the Uses of funds will be financed via increments generated in the District as follows:

	Original Plan Budget	Modified Plan Budget Increases	Cumulative Plan Budget
A. Tax increment revenues (TIF No. 39-1)	\$4,733,686	\$2,673,346	\$7,407,032
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$4,733,686</b>	<b>\$2,673,346</b>	<b>\$7,407,032</b>

### FINANCING ASSUMPTIONS

Tax increment will finance activities in the Project area. The following information and assumptions were used to calculate financing costs for the activities in the Project area.

1. Demolition of the substandard structures occurred in 2013. Redevelopment of the site including parking improvements began in 2013 and finishes by December 31, 2015.

2. Pursuant to Minnesota Statutes, section 469.176, subdivision 1b.(3) the City is basing the District duration on the requirements for statutory decertification of a tax increment financing district. Receipt of the first tax increment begins in 2016 payable from the 2015 tax levy. Increment collections occur over 26 years (2016 through 2041) as per Table 2.

3. Pursuant to Minnesota Statutes, section 469.176, subdivision (b) the City specifies 2016 as the first year which it elects to receive increment from this District.

4. The first tax increment in the estimated amount of \$161,367 collected from the District will be in 2016 payable from 2015 property assessments. Table 2, on page 1, shows the estimate of market value and tax increment used to establish a budget in this Plan.

5. The estimate of increment in this Plan uses 2014 estimated market values, 2014 certified local tax rate of 106.1777% and class rates for taxes payable 2014.

6. Annual tax increments as per Table 2 in 2016 through 2041, generated from the District, will finance eligible tax increment financing redevelopment costs.

7. Increment revenues will be used to finance capital and administrative costs resulting from the Project activities. All tax increment generated within the District is available to finance costs identified in the Plan. The City elects to use 100% of the available tax increment over the duration of the District to finance Project costs.

8. The City will use annual tax increments as per Table 2 in 2016 through 2041 to finance Project costs. "Project costs" means all expenditures of the City or reimbursement of eligible Developer costs for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District,

including interest thereon. Project costs also include all administrative expenses as defined in Minnesota Statutes, section 469.174, subdivision 14. An estimate of the present value of the District's annual tax increments was calculated by applying a discount rate of 4.20%. Based upon the receipt of \$7,407,082 tax increment, the City estimates that it would fund capital costs of \$3876585, interest (including capitalized interest) of \$3,160,143, and administrative costs of \$370,354. The first increment would be available to the City in 2016 and would continue through 2041.

**TABLE 2 TAX INCREMENT CALCULATIONS**

Local Tax Rate = 106.1777% (Mankato Pay 2014 Local Tax Rate)						
Property Classification: Class 4a Residential Rental (four or more units) and Class 3a Commercial						
Completion Prior to Jan. 1, 2016						
Estimated Completion Market Value: \$14,987,078						
YEAR TAXES PAYABLE	BASE TAX CAPACITY	PROJECT TAX CAPACITY	CAPTURED TAX CAPACITY	ANNUAL TIF	LESS ADMIN. OF 5.00%	NET ANNUAL TIF
2014	71,219	0	0	0	0	0
2015	71,219	0	0	0	0	0
2016	71,219	223,747	152,528	161,950	8,068	153,299
2017	71,219	345,171	273,952	290,876	14,491	275,337
Continuing through taxes payable						
2041	71,219	345,171	273,952	290,876	14,491	275,337
<b>TOTALS</b>				<b>\$7,407,082</b>	<b>\$370,354</b>	<b>\$7,036,728</b>
Present value of annual tax increment discounted at 4.2%				<b>\$4,080,616</b>		<b>\$3,876,585</b>

**BONDED INDEBTEDNESS**

Upon approval of this Plan and execution of a development agreement, the City may issue bonds up to \$3,876,585 to finance the redevelopment costs identified in this Plan.

**BUSINESS SUBSIDY**

The project is exempted from the provisions of the Minnesota statutes, sections 116J.993 to 116J.985 (The Business Subsidies Act) pursuant to section 116J.993, subdivision 3(17).

**IMPACT OF THE USE OF TAX INCREMENT OF TAXING JURISDICTIONS**

Minnesota Statutes, section 469.175, subdivision 1(6), requires, “statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict”.

Table 3 shows the impact of tax increment financing on the tax capacity of the affected taxing jurisdictions assuming (1) none of the increment would be available, and (2) the increment would be available to the tax jurisdictions.

**TABLE 3  
MANKATO, MINNESOTA  
TAX INCREMENT FINANCING DISTRICT NO. 39-1**

	<b>WITHOUT PROJECT</b>		
	2014 Tax Capacity	Ad Valorem Taxes Generated	2013 Tax Rate
Mankato	33,307,530	\$14,506,868	43.5543%
Blue Earth	74,753,370	\$28,965,958	38.7487%
ISD 77	43,324,958	\$10,270,368	23.7054%
Other	74,753,370	\$126,547	0.1693%
<b>TOTALS</b>			<u>106.1777%</u>

	<b>WITH PROJECT</b>							
	2014 Tax Capacity	Projected Captured Tax Capacity	Projected Tax Capacity	Ad Valorem Taxes Generated	Adjusted Local Tax Rate	Tax Rate Impact	Projected Captured Tax Capacity	Projected Increment Income
Mankato	33,307,530	273,952	33,581,482	\$14,506,868	43.199%	0.355%	273,952	\$119,318
Blue Earth Co.	74,753,370	273,952	75,027,322	\$28,965,958	38.607%	0.141%	273,952	\$106,153
ISD 77	43,324,958	273,952	43,598,910	\$10,270,368	23.556%	0.149%	273,952	\$64,941
RDC	74,753,370	273,952	75,027,322	\$126,547	0.169%	0.001%	273,952	\$464
<b>TOTALS</b>					<u>105.531%</u>	<u>0.646%</u>		<u>\$290,876</u>

Statement 1: The current tax capacity times the local tax rate produces current taxes generated. If the captured tax capacity were available to each taxing jurisdiction, the result would be a lower or adjusted local tax rate to produce the same amount of taxes. Thus, with the addition of captured value of 273,952 the overall local tax rate would be reduced by 0.646% to a level of 105.531% the captured tax capacity times the original local tax rate of 106.1777% would generate \$290,876 in increment income, which represents the loss of new tax revenues if the development had occurred without inclusion in a tax increment district.

Statement 2: If no captured tax capacity is available to each of the taxing jurisdictions without creation of the District, there is no impact on the taxes heretofore levied and therefore no impact on local tax rates. The captured tax capacity at the original local tax rate would generate \$182,130 in increment income annually.

**EXHIBIT "A"**

**TAXABLE PARCELS OF REAL PROPERTY WITHIN  
TAX INCREMENT FINANCING (REDEVELOPMENT DEVELOPMENT) DISTRICT NO. 39-1  
CITY OF MANKATO, MINNESOTA**

Parcel Number	Estimated Market Value	Tax Capacity Value (*)
R01.09.18.105.001 018**	109,400	-
R01.09.18.105.017 021**	618,700	11,624
R01.09.18.105.016	7,200	-
R01.09.18.105.012	612,600	9,665
R01.09.18.105.013	172,400	2,698
R01.09.18.105.008 019**	453,600	7,393
R01.09.18.105.015 020**	113,000	1,695
R01.09.18.104.018	38,000	-
R01.09.18.104.017	37,900	-
R01.09.18.104.016	37,900	-
R01.09.18.104.057	136,800	-
R01.09.18.106.001	248,300	3,477
R01.09.18.106.002	252,300	3,438
R01.09.18.106.003	290,300	5,056
R01.09.18.106.004	116,900	1,754
R01.09.18.106.005	150,200	2,066
R01.09.18.106.006	71,500	1,073
R01.09.18.106.007	296,400	5,178
R01.09.18.106.015	150,200	2,389
R01.09.18.106.016	206,500	2,896
R01.09.18.106.017	162,300	2,094
R01.09.18.106.018	180,700	2,539
R01.09.18.106.019	182,800	1,747
R01.09.18.106.020	82,700	1,241
R01.09.18.106.021	157,900	2,408
R01.09.18.106.022	25,100	502
R01.09.18.105.022**	14,300	286

Total Original Tax Capacity

71,219

\* As assessed in 2013 for taxes payable in 2014.

\*\* R01.09.18.105.001, .008, .015 and .017 became R01.09.18.105.018 through .022 in 2013 assessment.

## Policy guidelines

Need assistance? [Chat live](#), [contact customer service](#) at 311 or 507-387-8600, or [submit online request](#).  
*Live chat is available 8 a.m. to 6 p.m., Monday through Friday. [View city staff list](#).*

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### Introduction



*Sunset on the water tower by Melanie Bengtson, Mankato.*

The city Mankato provides economic assistance to business and industry locating or expanding in the city. Types of assistance includes, but is not limited to: tax increment financing, low interest loans, deferred loans, land sales below market or appraisal rates and space rental rates below market rates. Economic incentives have been instrumental in developing Mankato's regional diversified economy. Until now, such incentives were considered and awarded on a case-by-case basis and always in reaction to a specific proposal. This, in part, has led to conflicting precedents requiring redress through policy. The development and adoption of formal economic development policy guidelines will ensure a uniform and coordinated approach to economic development activities and incentive awards.

Moreover, the development of economic development policy is a continuation of the formalization of city program practices and is consistent with recent adoption of city policies governing housing strategies and business subsidies.

### 1. Purpose

The purpose of these guidelines is to establish policies and procedures for regulation and coordination of economic development funds. These policies and procedures shall be used as a guide for the orderly review and disposition of applications requesting economic development incentives.

### 2. Mission

The mission Mankato's economic development policy is to:

- ensure the long-term well-being of Mankato citizens and community by ensuring the city's ability to expand its diversified economy well into the future.
- create employment opportunities for its citizens by retaining and expanding existing business base and attracting new businesses to the city.
- build a diverse tax base.
- sustain orderly growth and development in and around Mankato.

### 3. Guiding principles

In carrying out its mission, Mankato will adhere to the following guiding principles for economic development activities. Through its economic development policy, Mankato is committed to:

- 3.01** Retaining, expanding and attracting businesses that provide jobs, sustain investment and bring new wealth to the community.
- 3.02** Maintaining a top-tier workforce through coordination among community institutions including: economic development organizations, employment and training agencies, technological colleges and vocational schools, colleges and universities and the business community.
- 3.03** Ensuring growth areas continue to receive infrastructure improvements necessary to attract major new business investment.
- 3.04** Strengthening the ability of older commercial and industrial areas to support new and expanded business activity.
- 3.05** Nurturing small and startup businesses.
- 3.06** Promoting the development of technology-based products and services.
- 3.07** Promoting high quality design in expansion and renovation of facilities.
- 3.08** Promoting and encouraging environmentally sound planning and development standards for the community.
- 3.09** Fostering the successful redevelopment of vacant and under utilized commercial and industrial properties.
- 3.10** Addressing identified housing needs of the community.

## 4. Incentives

Incentives are provided to fill gaps in private development project financing that make the project improbable without public support to fill those financing gaps. Under state laws, tax increments are subject to a "but for" clause that requires a Tax Increment Financing (TIF) recipient to certify that the development would not take place without incentive assistance. Mankato requires security against the provision of incentives in the forms or tax levies, mortgages (primary and secondary positions are used) against real estate or capital equipment, or letters of credit.

The following economic development incentives are available for use by the city of Mankato for certain economic development projects. Not all incentives are available for each project and projects may be offered more than one incentive. The type and number of incentives is the sole discretion of the Mankato Economic Development Authority (EDA). Incentives:

**4.01** *Tax Increment Financing*—A development tool whereby the taxes generated by a development or redevelopment project are used to pay the costs of the project incurred by the city. The additional taxes generated by development are used to reimburse the city's costs in the project. Four types of tax increments districts are used for different projects:

**4.01.1** *Economic Development District*—for new industrial expansion and job creation purposes. Increments are limited to 10 years (8 years of increment production) and must be matched by a 10 percent public contribution to avoid Local Government Aid reduction penalties.

**4.01.2 *Redevelopment District***—to redevelop or reuse previously developed land and/or buildings. Usually used for building code issues, base value purchase, demolition and/or infrastructure purposes.

**4.01.3 *Soils Condition District***—used to make land with unstable soils usable for development. Also used to address situations involving pollution.

**4.01.4 *Housing District***—used to develop affordable housing by acquiring land, buildings and or funding infrastructure.

**4.02 *City Loan Fund***—Provides low interest loans to small and medium size businesses for economic development projects requiring public assistance but that also provide added value.

**4.03 *Department of Trade and Economic Development loans/grants***—Numerous grant and loan programs are available from the Minnesota Department of Trade and Economic Development for the purpose development and redevelopment. The city must serve as the applicant in partnership with a company or developer.

**4.04 *Conduit bonds***—City issued bonds on behalf of a private developer. Liability of the bonds is solely that of the developer. Conduit feature is used to obtain rates in the tax exempt market. City charges 1 percent fee for service provided and pays its costs from that fee. Any remainder after payment of fees is used to promote the city's housing program goals. Issues for nonprofit entities may be charged a discounted fee under section 5.05.C of these policy guidelines.

**4.05 *Land sale writedowns***—Land owned by the city, acquired either through purchase or through property tax default, is occasionally sold at less than what an appraisal determines to be is estimated market value. This can be done either because of unique conditions on a site, such as soils, rock, pollution, wetland, or it can be done purely as an incentive.

**4.06 *Special assessment***—The levying of a charge for public costs against property that has received a benefit from a particular project or activity undertaken by the city. The special assessment becomes a part of the funding mechanism to defray the cost of the project.

**4.07 *Small Cities Development Program (SCDP)***—The SCDP program, which requires an application be prepared and administered by the city, provides grants to cities to undertake housing development or rehabilitation to eliminate slum and blight.

**4.08 *Downtown land leases***—income generated from numerous city land leases are placed in the economic development revolving loan fund for redistribution. The formula generally used for determining lease values expects a fixed rate of return for the city on the value of the land investment.

**4.09 *Riverfront 2000***—Funding stream generated by half percent city sales tax. Funds may be used to fund improvements and development in the downtown.

**4.10 *Incubator space writedowns***—Below market lease rates available to qualifying companies or tenants in city owned incubator space. Other options include trading or graduating incubator rents in exchange for stock, future dividends, or deferred payments.

**4.11 *Economic development revolving loan fund***—Provides gap financing through low interest loans to low to small and medium size businesses for a variety of economic development activities.

**4.12 *Downtown redevelopment fund***—Capitalized through revenues generated from the downtown tax increment finance district. Funds may only be used within the boundaries of the TIF district for TIF eligible activities including public infrastructure.

**4.13 *Industrial revenue bonds***—Bonds issued by the City, the proceeds from which are used to construct facilities for private business enterprise. Lease payments made by the business enterprise to city government are used to service the bonds.

**4.14 *Tax abatement***—Abatement is a relatively new concept in which property taxes are redirected to pay for public infrastructure improvements beyond the amounts assessable on a project.

**4.15 *Job Opportunity Building Zone (JOBZ)***—A tax free development program for companies that start up, expand in, or relocate to Greater Minnesota.

## 5. Domains

There are numerous domains under the auspices of economic development for which public funds may be awarded for the various economic development activities. For each domain there are different goals, incentives and eligible activities. Mankato will consider using incentive funds for projects proposed under one of the following domains.

### 5.01 Manufacturing:

1. *Profile*: Companies in the manufacturing domain typically produce a finished product or engage in a value added production process.
2. *Goal*: Expand the city's industrial base by using incentives to assist expanding businesses or to attract new manufacturing businesses.
3. *Incentives*: Tax increment financing, DTED loans/grants, City loan fund, industrial development and conduit bonds, special and deferred assessments and JOBZ.
4. *Eligible activities*: Funds may be used for landwrite downs, equipment and infrastructure costs.
5. *Priority*: expand existing industries and create jobs within existing companies, promote wireless technology development and applications industries, promote technology based processes, distribution.

### 5.02 Retail and service:

1. *Profile*: A company or individual whose primary business is the direct selling of merchandise or service to consumers.
2. *Goal*: Utilize incentives to assist blighted retail and commercial businesses in city designated redevelopment zones as part of a redevelopment project.
3. *Incentives*: Small cities grants, tax increment financing, city loan fund, special assessments, DTED grants/loans and JOBZ (only applies to certain service uses as approved by EDA).
4. *Eligible activities*: Facade and store front restoration, energy efficiency and code compliance issues.
5. *Priority*: Priority will be given to projects in the Downtown Core, along South Front Street and North Riverfront/Old Town corridors in downtown Mankato.

### 5.03 Redevelopment:

1. *Profile:* Developing an existing vacant or blighted property again at a higher use.
2. *Goal:* Utilize incentives to redevelop vacant and underutilized commercial and industrial properties.
3. *Incentives:* Tax increment financing, downtown redevelopment funds, downtown land leases, city loan funds, Small Cities grants, brownfield grants, special assessments, parking fund, Riverfront 2000 funds and JOBZ.
4. *Eligible activities:* Slum and blight in the downtown, downtown streetscape, and infrastructure improvements for underutilized industrial and commercial sites, and contamination investigation and cleanup funds.
5. *Priority:* Patterson Street area redevelopment district including reuse of public works buildings after move to MnDOT building, core downtown redevelopment, Third Avenue and Riverfront Drive areas

#### **5.04 Housing:**

1. *Profile:* Develop single family owneroccupied housing units, multi family units for owner occupied or rental markets, and senior transition housing that are affordable to individuals and families with incomes between 80 percent 115 percent Adjusted Median Income (AMI) for Blue Earth County.
2. *Goal:* Utilize incentive funds to address community housing needs identified in the Mankato housing study in coordination with city housing strategy principles. Sustain and encourage single family use of neighborhood housing.
3. *Incentives:* Tax increment financing, Sewer Availability Charge (SAC)/Water Availability Charge (WAC) fee waiver, deferred assessments, city loan fund, tax credits, small cities grants, Minnesota Housing Finance Agency grants/loans, Greater MN Housing fund grants/loans.
4. *Eligible activities:* Deferred loans, repayable upon change of ownership or forgivable after ten years, to homeowners, infrastructure, interim construction financing, and leveraging other funds.
5. *Priority:* Priority will be given to project addressing needs classified by the Mankato housing study as a high priority such as affordable owneroccupied single family home development and increasing percentage of homeowner households vs. renter households.

#### **5.05 Nonprofit agencies:**

1. *Profile:* A nonprofit agency is one whose primary business is service to the community with a public purpose.
2. *Goal:* Utilize incentive funds to assist nonprofit agencies fulfill their public purpose.
3. *Incentives:* Conduit bonds, certain fee waivers<sup>1</sup>, in-kind contributions, grants and city loan fund.
4. *Eligible activities:* Leveraging other funds and mortgaging facility construction
5. *Priority:* Nonprofit agencies with a clearly defined public purpose and an established record of service to the community will receive priority over nonprofit agencies that are part of a larger private for profit corporation.

#### **5.06 Emerging small business:**

1. *Profile:* Technology related industries doing research on applications of technology or manufacturing products and services applying technology to process and products.
2. *Goal:* Providing both incentive funds for startups and assisting in the recruiting and training processes for workers in technology related industries.

3. *Incentives*: Grants through DTED, loans through MIF and City revolving funds, training partnerships with local institutions, incubator space and services through Technology Plus and JOBZ.
4. *Eligible activities*: Technology incubator at Technology Plus, loans for attachable capital facilities and equipment.
5. *Priority*: Start-up companies in technology application fields.

#### **5.07** Soils conditions:

1. *Profile*: Sections of Mankato that are more difficult to access for development because of soils conditions, rock, access to infrastructure or transportation routes.
2. *Goal*: Develop infrastructure, assessing those costs normally associated with development to the benefiting properties and supplementing extraordinary costs for rock excavation and infrastructure extension through other revenue sources.
3. *Incentives*: Tax increments, DTED funds.
4. *Eligible activities*: Infrastructure expansion to serve industrial and housing expansion.
5. *Priority*: Third Avenue area

## **6. Evaluation criteria**

In addition to meeting basic funding parameters cited above in Section V, projects submitted to the Mankato EDA for funding incentives will also be subject to review against certain quantitative and qualitative measures and criteria. These measures and criteria will be used to judge the soundness of the project, fiscal solvency of the company requesting incentives, probability of success, impact on the community, and return on investment. Criteria that will be used to measure these attributes include but are not limited to:

**6.01** Optimal development. All proposals should optimize the development or redevelopment of a site.

**6.02** Financial statements. Proforma financial statements that accurately represent company revenues, expenditures, and fund balances.

**6.03** Wage stipulations. Concurrence with wage stipulation requirements set forth in city of Mankato business subsidy guidelines.

**6.04** Job creation. Concurrence with job creation requirements set forth in city of Mankato business subsidy guidelines.

**6.05** City contribution versus total project costs. Total combined financial incentives shall not exceed 30 percent of total project costs.

**6.06** Equity share. A minimum ten percent equity investment by developer or company is required.

**6.07** Tax base. To the greatest extent possible, the project should increase in the city's tax base.

**6.08** Planning and zoning. Projects must conform to all city of Mankato ordinances and plans.

**6.09** Gap Financing. Incentive funds shall not be used as a primary funding source but only as gap financing.

## 7.0 Application procedures

**7.01** Premeeting. Interested parties shall meet with appropriate city staff to discuss the scope of the project, amount of incentive funds to be requested, timetable and other pertinent project information.

**7.02** Preapplication. All parties seeking incentive funding for economic development projects must submit a pre application for review by city staff. Preapplication forms may be obtained from community development department.

**7.03** Initial review. The preapplication form will be reviewed by city staff on a preliminary basis to assess project feasibility. Staff may approve the preapplication or request additional information.

**7.04** EDA Agenda. The staff approved preapplication will be placed on the EDA agenda for preliminary concept review. The EDA may approve or deny the preapplication or request additional information. If the EDA approves the pre application the applicant may file a formal application and project proposal.

**7.05** Denial. If the EDA denies the preapplication applicants will receive written notice of the denial of the preapplication and the reason(s) for the determination within 14 days of the denial of the preapplication. Applicants aggrieved by the board's decision may submit another preapplication after 30 days if the reasons given for the denial have been adequately and appropriately addressed.

**7.06** Zoning and planning. If the proposed project plan requires zoning and planning commission action, the applicant is responsible for meeting all commission requirements and assuring compliance with all city ordinances and plans.

## 8.0 Other economic development criteria

**8.01** *Assistance agreement*: Terms of assistance granted, whether direct benefit or indirect benefit, will be delineated in an "Assistance Agreement" which will conform in all respects to [Minnesota statute 116J.994 subdivision 3](#).

Included in such conformance will be stipulations that grants must be forgivable loans, amortized over a period not to exceed 15 years. Such forgivable loans must be repaid on a prorated basis calculated to include a five year commitment beyond the amortization period.

In addition a monitoring mechanism for compliance with goals and guidelines will be created with each agreement contemplated under the Act.

**8.02** *Wage stipulations*: The city's goal in this area is to assist in the creation of jobs at wage and benefit levels that will support families. The minimum job creation requirement is one full-time position. "Livable" wages are expected to be strongly considered in any job creation portion of an assistance project. Primary wage stipulations (wages plus benefits) for Direct Benefit Assistance will be based on a range established between 80 percent of the median household income for Blue Earth County, as determined by the U. S. Census Bureau, and 110 percent of the federal poverty level for a family of four, as determined annually by the U. S. Department of Health and Human Services.

Secondary wage stipulations, in projects where the assistance will be provided by another agency, will involve the use of wage guidelines set by that agency, such as the state of Minnesota or federal government.

**8.03 *Housing opportunities:*** Businesses receiving direct benefit assistance shall, during the job creation period of the assistance, demonstrate the existence of a program to meet the needs of employees for affordable, appropriate housing. This assistance may be in the form of advances for down payments or closing costs, grants for house or property acquisition, or other program reviewed and approved by the EDA. The amount of this assistance will be at least 5 percent of the assistance value and may be administered by either the city or the employer. Funds must be available to the general employee population.

**8.04 *Failure to meet goals:*** The Assistance Agreement must specify the recipient business' obligation if the recipient does not fulfill the agreement. At a minimum, the Agreement must require a recipient failing to meet Assistance Agreement goals to pay back the assistance plus interest to the city of Mankato provided that repayment may be prorated to reflect partial fulfillment of the goals. The interest rate must be set at the implicit price deflator defined under [Minnesota statute 275.70, subdivision 2](#). The city may, after a public hearing, extend the period for meeting the goals provided for in the Assistance Agreement for up to one year. A recipient failing to meet the terms of the Assistance Agreement may not receive economic development assistance from the city of Mankato for a period of five years from the date of failure or the date the recipient fulfills its payment obligation, whichever occurs first.

**8.05 *Public hearing requirements:*** Under [Minnesota statutes 116J](#), award of assistance in excess of \$25,000 in value must be subject to a public hearing held at the EDA or City Council level after proper notification.

**8.06 *Job Opportunity Building Zones (JOBZ):*** Proposals and agreements for Job Opportunity Building Zone designation for a qualified business shall conform to the standards of this policy and the applicable sections of Minnesota Statutes 469 as amended from time to time.

*Adopted: 10 April 2000*

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<sup>1</sup> *Only nonprofit agencies whose primary business is service to the community for a public purpose will be eligible for fee waivers.*

# Commercial Rehabilitation Program City of Mankato Guidelines & Policies

## SECTION A

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### PROGRAM OBJECTIVES

The Mankato Commercial Rehabilitation Program is undertaken for the purposes of:

1. Providing financial assistance for local businesses to rehabilitate their property, their neighborhoods, and the community as a whole.
2. Increasing the financial involvement of public agencies and private lending institutions in the improvement of the commercial building stock in the targeted areas.
3. Making a visible and substantial impact upon building conditions, community appearance, and overall quality of life in the area.

## SECTION B

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### PROGRAM DEFINITIONS

#### B.1 — Administrator.

"Administrators" of the Program shall be the City Manager, or designee. It shall be the responsibility of the Administrator to coordinate all aspects of the Program.

#### B.2 — Applicant.

"Applicant" means any business seeking to obtain assistance under the terms of this Program.

#### B.3— Building Standards.

The "Mankato Rehabilitation Building Standards" used for the Mankato Commercial Rehabilitation Program shall be followed in conducting inspections, determining deficiencies, and evaluating the quality of workmanship on a rehabilitation project. These Standards incorporate the Mankato City Code and Charter, Example Minnesota Standard and the Building Officials Code Administrators (BOCA) Property Maintenance Code. The Uniform Federal Accessibility Standards, American Disabilities Act (ADA) Accessibility Guidelines, and Minnesota Energy Efficiency Standards shall also be used as appropriate to a rehabilitation project. In addition the Urban Design Standards adopted by the City shall also be applied in determining the scope of work of all projects.

#### B.4 —Deferred Loan.

A "Deferred Loan" is financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. A Deferred Loan must be repaid in the event the property which is rehabilitated is sold, transferred, or conveyed, within ten (10) years from the date of the Repayment Agreement. Deferred Loans cannot exceed 50% of the project cost, up to a maximum of \$25,000. The repayment amount will be pro-rated as stated in Section O.1 Program Income. Under

extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified, or restructured.

#### B. 5 — Installment Loan.

An "Installment Loan" is financing which requires full repayment and is secured by a Repayment Agreement and lien against the property. Installment Loans carry a 2% interest rate and a ten (10) year term. Installment Loans cannot exceed 20% of the project cost, up to a maximum of \$10,000.

#### B.6 — Principal Place of Business.

"Principal Place of Business" means that building which the Applicant uses year-round for the operation of his/her business. The building must be the primary structure which houses the majority of the business's sales stock, office space, or manufacturing equipment and which provides the central focus of the business's day-to-day operation.

#### B.7 — Rehabilitation Advisor.

The "Rehabilitation Advisor" for the Program shall be a designated employee of the Administrator. It shall be the responsibility of the Rehabilitation Advisor to provide technical expertise relating to building inspections, construction quality, code compliance, and scope of work write-ups.

#### B.8 — Section 3 Business

As defined by the Department of Housing and Urban Development (HUD), a Section 3 business is a business that:

- Is 51 percent or more owned by Section 3 residents;
- Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or
- Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

#### B. 9 — Section 3 Resident

As defined by HUD, a Section 3 resident is

- a public housing resident; or
- a low- or very low-income person residing in the metropolitan area or non-metropolitan County in which the Section 3 covered assistance is expended.

## SECTION C

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### GENERAL ELIGIBILITY FOR ASSISTANCE

#### C.1 — Eligibility Qualifications.

To be eligible for commercial rehabilitation assistance, the applicant must meet the eligibility qualifications set forth in Section I. All buildings assisted by commercial rehabilitation with Community Development Block Grant (CDBG) funds must meet the CDBG program's federal objective of "prevention or elimination of slums and blight," as defined in Section I.6.

## C.2 — Status & Location of Applicant.

To be eligible for commercial rehabilitation assistance the applicant must:

1. Be owner/occupant or renter/occupant of a building used for commercial purposes.
2. The building must be the applicant's principal place of business, as defined in Section B.6.
3. Be located in that designated Slum & Blight Target Area within the city limits of Mankato, as identified in the City's Determination of Blighting Conditions resolution and any subsequent revisions thereto. This area is identified in Exhibit A, which is attached to and incorporated into these Guidelines and Policies.

## C.3 — Floodplain.

1. The Administrator shall determine the location of each applicant's commercial building in relation to any floodplains as identified by a Flood Insurance Rate Map (FIRM) and, should a building be located in such a floodplain, take such actions as are required by CDBG Program regulations.

## C.4 — Historical Society Review

1. All rehabilitation projects will comply with the historical review requirements of the financing source used. Properties receiving CDBG funds will be reviewed by the Minnesota State Historic Preservation Office (SHPO) and properties receiving city funds will be reviewed by the Mankato Heritage Preservation Commission (MHPC) to determine if the structure is historically significant before any rehabilitation occurs.
2. After the initial property inspection has been completed by the Rehabilitation Advisor, the following will be submitted to the SHPO or MHPC.
  - a. A summary of the work to be done at the property;
  - b. Photographs of the structure;
  - c. Property description;
  - d. Any other information requested by the SHPO or MHPC.
3. Any changes in the scope of the project requested by the SHPO or MHPC will be initiated.

## SECTION D

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### EQUAL OPPORTUNITY

It is the policy of this Commercial Rehabilitation Program to work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, sexual orientation, gender identity, or reliance on public assistance, will be treated fairly and equally in their participation in the Program.

The City will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods that may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap, sexual orientation, gender identity, or reliance on public assistance. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in similar programs.

In order to develop or maintain an effective affirmative promotion effort, the City shall review its promotion methods from time to time during the course of the Program to determine how the methods used can be improved to increase the participation of persons who otherwise might not apply for assistance under the Program, such as single female heads of households, racial minorities, or persons with handicaps or disabilities.

The City shall encourage participation by women-and minority-business enterprise (W/MBE) parties, as well as Section 3 businesses in the Commercial Rehabilitation Program. W/MBE contractors, materials suppliers, vendors, and others engaged in rehab-related enterprises shall be encouraged to seek inclusion in the rehab program.

## SECTION E

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### DATA PRIVACY

Information obtained regarding program applicants (including, but not limited to, names, credit reports, financial statements, income calculations and asset information) is private data which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Personal financial data needed to evaluate the applicant's ability to access other funds will be evaluated by the Administrator and upon approval of the project and securing of the private financing; the personal financial data will be forwarded in its entirety to the private lender for retainage in their loan files.

Solely for the purpose of administering the Program, information obtained by permission may be made available to the staffs of the following agencies or organizations: the Mankato Economic Development Authority (EDA), the Economic Development Division of the City of Mankato, , the Mankato City Council, banks and lending institutions participating as Financing Sources, and the United States Department of Housing & Urban Development.

## SECTION F

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### CONFLICT OF INTEREST

Federal regulations (24 CFR 570.611) and Minnesota Statutes 471.87-471.88 specify that elected officials, employees of the City of Mankato, and others who are in a position to participate in the decision-making process of the Program may not:

1. Obtain personal or financial interest or benefits, including money, favors, gratuities, entertainment or anything of value that might be interpreted as conflict of interest.
2. Obtain a direct or indirect interest in any contract, subcontract, or agreement for any activity. This prohibition extends to contracts in which a spouse, minor child, or business associate may have personal or financial interest.

Questions concerning conflict of interest shall be resolved by a written legal opinion from the City Attorney who shall, if necessary, seek further assistance from the Minnesota Attorney General's Office. HUD staff shall be contacted if such a situation arises that involves CDBG funds.

## SECTION G

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### EVIDENCE OF MISCONDUCT

Any party participating in the Program shall refer any evidence of fraud, misrepresentation, or other misconduct

in connection with the operation of the Program to the Minnesota Attorney General's Office for appropriate investigation and legal action.

## SECTION H

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### PARTICIPATING FINANCING SOURCES

Each Financing Source (CDBG, the City of Mankato, bank, other lender, etc.) shall provide its rehabilitation assistance according to its own rules, regulations, requirements, and procedures. This shall apply to applicant eligibility, the type of repairs which can be made, and loan repayment requirements. Each Financing Source shall maintain its own fiscal systems. No funds from one Financing Source shall be co-mingled with funds from any other Financing Source. Where needed or desired, the services of the Rehabilitation Advisor shall be made available to the other Financing Sources.

## SECTION I

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### ELIGIBLE PROPERTIES TO BE REHABILITATED

#### I.1 — Type of Ownership.

1. An owner/occupant applicant for commercial rehabilitation must possess at least a one-third interest in one of the following types of ownership in the property to be rehabilitated:

- A fee title, or
- A life estate, or
- A fee title or life estate subject to a mortgage or other lien securing a debt, or,
- A mutually binding contract for deed, where the borrower is rightfully in possession and the purchase price is payable in installments. In the event that a contract for deed arrangement is present, the City Attorney shall be consulted to determine: (a) if the contract vendee's participation in the commercial rehabilitation program is compatible with the terms of the contract for deed, (b) if permission from the contract vendor is needed before undertaking rehab, and (c) if the contract vendor needs to be a party to the rehab mortgage/repayment agreement.

2. As regards a renter/occupant Applicant:

- The renter/occupant must be the renter of a building used for commercial purposes.
- The length of the lease on the property and security for Program assistance will be reviewed on a case-by-case basis. Assistance may be denied if the lease is of such a short term as to: (1) question the viability of the business, and/or (2) risk vacancy in the immediate future.
- The property owner must join in the application and must co-sign all documents securing financial assistance from the Program.
- Renter/occupants shall be provided with the appropriate anti-displacement notices and shall be protected for displacement due to the building owner's participation in the rehabilitation Program.

#### I.2 — Suitable for Rehabilitation.

1. A determination of the structural suitability of a commercial building for rehabilitation shall be made by the Rehabilitation Advisor, based on the Rehabilitation Standards. Poor-and Very Poor-condition structures (described below) shall be considered to be substandard, based upon the following criteria and individual inspections by the Rehabilitation Advisor.
  - Poor Condition: No major structural defects. However, the structure has more than one sign of major exterior deterioration.

- Very Poor Condition: Structure has either: (a) No more than one structural defect and more than one sign of major exterior deterioration; or, (b) More than one structural defect.

2. Poor- and Very Poor-condition buildings may be suitable for rehabilitation when:

- The building is still structurally sound on an overall basis. The building should be vertically plumb within three degrees and shall have no significant rot on the majority of the floor joists, studs, or rafters that are weight-bearing. Foundations and basement walls shall not be deteriorated to the extent, or so far out of alignment, that they do not adequately support the building and cannot be corrected without complete replacement.
- The benchmark amount of funding for rehabilitation is the average for rehabilitation projects established by the Program. The use of Program funds shall not exceed the amount specified in Section J.1.
- The total cost of the rehabilitation shall not exceed seventy-five (75) percent of the structure's replacement cost.

I.3 — Not Suitable for Rehabilitation.

1. Some commercial buildings may be in good condition and will not need rehabilitation assistance. Although an Applicant may be otherwise eligible for assistance, the Program will not assist any buildings which are not in need of significant repairs. Following a detailed inspection of the property, the Rehabilitation Advisor shall make a determination of the structural suitability of a building for rehabilitation, on the basis of provisions noted in Section I.2, above. The Rehabilitation Advisor shall have authority to determine whether a commercial building is not in need of repair. If a building is determined to be in structurally good condition, it shall be excluded from participation in the Program, based upon the following criteria:
  - Good Condition: Structure is less than 10 years old, or there are no indications of exterior deterioration, or energy efficiency measures were incorporated in the original construction.
  - Fair Condition: Structure displays some exterior deterioration, but of minimal severity. Energy efficiency improvements may be required to comply with standards. Fair condition properties shall only be considered as budgets may allow and only after substantial progress has been made toward meeting higher-priority improvements for "poor" quality buildings.
2. Some buildings may have deteriorated to a point where rehabilitation is structurally not feasible. Following a detailed inspection of the property by the Rehabilitation Advisor as described above, the Rehabilitation Advisor shall have authority to determine whether a commercial building is not feasible for repair. If a building is determined to be structurally "beyond hope" of repair, it shall be excluded from participation in the Program, based upon the following criteria:
  - Beyond Repair Condition: Structure has more than one structural defect and indications of extensive major exterior deterioration.

I.4. — Property Tax and Utility Bill Delinquency.

No commercial building shall receive rehabilitation assistance if property taxes or city utility bills are delinquent and unpaid. Applicants may apply for the program and have their eligibility determined, but no

rehabilitation work shall be placed under contract unless property taxes and city utility bills are paid in full as of the most recent billing period.

#### I.5 — Default, Bankruptcy, Judgments.

No commercial building shall receive assistance if: (1) the owner is in default of a mortgage, contract for deed, or comparable obligation; (2) the owner is currently engaged in bankruptcy proceedings; or (3) there are unpaid or pending court judgments filed against the property or the owner.

#### I.6 — Commercial Rehabilitation Slum & Blight Conditions

1. Activities undertaken utilizing CDBG funding must support the federal objective of aiding in the prevention or elimination of slum and blight conditions, as set forth in 24 CRF 570.208(b), and further defined in the City of Mankato's Determination of Blighting Conditions resolution.
2. Repaired properties must be identified as substandard and repairs must be necessary for elimination of the substandard conditions, consistent with the City of Mankato's Determination of Blighting Conditions resolution.

#### I.7 — Mixed-Use Buildings.

A mixed-use building that is partially utilized for commercial purposes and partially utilized for residential purposes may be assisted by the Commercial Rehabilitation Program. However, those improvements that benefit only the commercial portion of the building must be paid for with commercial rehabilitation Program funds. Similarly, improvements that benefit the residential portion of a mixed-use building must be paid for with the City's separate owner occupied housing or rental rehabilitation program funds. In the event a mixed-use building is proposed for rehabilitation, the Administrator shall seek such additional guidance as may be necessary to administer the Program funds.

#### I.8 — Vacant Buildings.

Vacant commercial buildings may be eligible for rehabilitation with Program funds, at the discretion of the Rehabilitation Advisor if there is a commitment from a tenant to occupy the building.

#### I.9 — Other Ineligible Buildings.

Only permanent structures shall be assisted. The following are not eligible for assistance:

- Temporary or movable structures or out-buildings.
- Satellite buildings used primarily for storage.
- Secondary commercial buildings which serve only to complement the primary facilities constituting the applicant's principal place of business.
- Detached garages or garage door openers.
- Other structures which do not meet the test of a principal place of business
- Exceptions for secondary commercial buildings may be granted only when these conditions are met: (1) the applicant utilizes more than one building, each of which could be structurally considered suitable as a separate principal place of business, (2) the secondary building demonstrates greater need for repair than the applicant's primary building, and (3) the secondary building is not ineligible on the basis of other requirements or limitations of the Program.

## I.10 — Priority of Applicants Receiving Rehabilitation Assistance.

1. Applications for commercial rehabilitation shall be accepted at any time during the lifetime of the program, or until all available funds are committed to rehabilitation projects. Applicants who qualify for commercial rehabilitation assistance shall be processed and inspected on a "first-come, first-served" basis.
2. Several factors may affect the order or sequence by which Applicants may receive commercial rehabilitation assistance. Furthermore, assistance may become unavailable for certain Applicants who may therefore be unserved by the Program. Applicants shall be notified that the availability of commercial rehabilitation assistance depends upon:
  - A detailed inspection of the building.
  - The types of repairs which are needed and allowable under the program's guidelines.
  - The cost of the repairs, based on bids.
  - The financial and structural feasibility of undertaking a repair job for the building.
  - The Applicant's own initiative and diligence in obtaining bids within the allotted 60 days.

## SECTION J

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### SCOPE AND NATURE OF REHABILITATION REPAIRS

#### J.1 — Maximum Financing.

Commercial Applicants are eligible for:

- A Deferred Loan of up to 50% of the total project costs with a maximum loan amount of \$25,000; An Installment Loan of up to 20% of the total project costs with a maximum loan amount of \$10,000. The Installment Loans will be provided through the Revolving Loan Fund, as described in Section J.2.3;
- The Applicant must finance 30% of the project costs and the additional project costs in excess of the above maximums, if applicable.

#### J.2 — Levels & Mix of Commercial Rehabilitation Program Financing.

1. Leverage Requirement: Applicants will be required to provide a minimum of 30% of the project costs. Applicants qualifying for other deferred loans or grants shall utilize these funds to the maximum.
2. Leverage Sources: Leverage funds shall be any funds used to provide for rehabilitation activities performed at an eligible applicant's property other than the funds provided by the CDBG or Storefront Improvement Program (SIP). Leverage sources will be determined by Applicant's debt and debt carrying capacity, Applicant's credit worthiness and property eligibility. Leverage will be based on the Applicant's income and ability to meet the debt service requirements of any loan and the funding source limitations. Staff works to assist clients in obtaining the best leverage source available.
3. Mankato RLF Leverage Fund: The City of Mankato will provide funds from the "Storefront Improvement Fund" (SIF) for the purpose of assisting applicants. These funds will be provided as Installment Loans with a ten (10) year term and an interest rate of 2%.

### J.3 — Leverage Sources and Types

1. Deferred Loans and Grants. These will be provided by the following programs and sources: Minnesota Housing, Department of Energy Weatherization, Energy Assistance Repair Program Grant/Loan, and where applicable, client contributions.
2. Subsidized and Unsubsidized Loans. These loans will be provided by the following programs and sources: the City of Mankato, Minnesota Housing, Local Bank Loans, and where applicable, client contributions.
3. The Administrator will supply specifications and bidding documents or any other documentation required by the funding source. The Administrator will also coordinate contractor activities and payments with the other agency.
4. When an applicant does secure funds from a lending institution, the Administrator will provide specifications, bidding documents, warranties or any other documentation required by the lending institution before loan closing. Before any proceed to work is sent to a contractor, the Administrator will establish and coordinate the payment process with the lending institution.
5. In some cases, Applicants may wish to use liquid assets for leverage funds. When this occurs, Applicants will be required to provide a check for the leverage funds and place the check on file with the Administrator before any proceed to work is sent to a contractor.
6. Loan proceeds from all sources will be held until the improvement has been completed to the satisfaction of the applicant and the Rehabilitation Advisor. The funds will not be released until a certificate of completion has been signed by the Applicant, the contractor and the Administrator.

### J.4 — Final Condition.

Upon completion of work and final inspection, all commercial buildings assisted under the Program shall meet or exceed the Rehabilitation Standards

### J.5 — Eligible Commercial Rehabilitation Improvements.

1. Each commercial rehabilitation improvement must support these two criteria:
  - Upon completion of repairs, the building will have a remaining useful life such that the amount of funds invested in the structure may be amortized over its remaining useful life in an economically prudent manner.
  - Upon completion of repairs, the building will be safe, functional, and usable.
2. Any commercial rehabilitation improvement must be physically attached to the property and must be a permanent general improvement. Such improvements shall include alteration, renovation, or repairs which correct defects and deficiencies which directly affect the safety, habitability, energy consumption, or aesthetics of the property. For the purposes of commercial rehabilitation assistance under the Program, only the following types of improvements are eligible:

- Correction of code violation, and,
- Exterior improvements
- Energy related improvements
- Accessibility improvements
- Roof repairs will be eligible activity when incorporated with other exterior improvements.

For the purposes of commercial rehabilitation assistance under the CDBG Program, only the following types of improvements are eligible:

- Correction of code violation, and,
- Exterior improvements

#### J.6 — Ineligible Commercial Rehabilitation Improvements.

The following improvements are not eligible for financing with Program funds:

- Repairs which do not correct code violations, do not constitute exterior improvements, or are not energy related or accessibility improvements.
- New construction or additions to buildings.
- Improvements which are limited solely to roof repairs
- The payment, in whole or in part, of assessments for public improvements

#### J.7 — Ineligible Improvements Allowable with Other Funds.

The Applicant may use bank loans, his/her own funds on hand, and other funds in order to finance those improvements which are not allowed with Program funds and the costs may be counted toward the required match, at the discretion of the Rehabilitation Advisor.

#### J.8 — Labor Standards

All commercial rehabilitation projects funded with CDBG funds with a total cost in excess of \$2,000 must comply with federal labor standards requirements, including the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Federal Fair Labor Standards Act. All commercial rehabilitation projects funded with Storefront Improvement Program funds with a total cost in excess of \$2,000 must comply with the state prevailing wage requirements.

#### J.9 — Lead-Based Paint

All commercial rehabilitation projects completed for mixed-use buildings that include a residential component will be evaluated for the necessity of a lead hazard assessment for the components of the project which would affect the residential portion of the building. Should a lead hazard assessment be determined necessary, all HUD requirements related to lead-based paint will be followed.

## SECTION K

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### PROGRAM ADMINISTRATION

The following administrative procedures shall govern operation of the Commercial Rehabilitation Program, unless otherwise provided for by the procedures of another participating Financing Source.

## K.1 — Implementation Responsibilities.

### 1. The Administrator shall:

- Coordinate all rehabilitation work delivered through the various Financing Sources.
- Collect and process applications and approve applicants as being eligible for rehabilitation assistance.
- Obtain clearance from the SHPO or MPHC regarding historic preservation requirements before rehabilitation work begins.
- Administer all other phases of the commercial rehab effort, including the procedures and steps listed below.
- Review all applications for consistency with these policies and approve or deny individual projects. An applicant may appeal any decision as provided for in Section N. The Administrator will use the following guide to assess the preliminary eligibility of the applicant.
  - a. Whether or not the applicant is eligible for a Commercial Rehabilitation loan and what leverage package the applicants are eligible for.
  - b. Location of the applicant's property in the Targeted Area.
  - c. Property ownership and debt load capacity.

The Administrator shall provide regular reports to the City Council on the program status, but City Council approval of individual projects is not required,

### 2. With regard to Marketing, the Administrator shall:

Conduct outreach and will solicit applications for the program as needed in the following ways:

- a. Notify all applicants on the Commercial Rehabilitation Program waiting list.
- b. Issue press releases advertising community meetings on the Commercial Rehabilitation Program application both to local newspapers and to the local broadcast media.
- c. Make direct mailings of program information to owners in the targeted area if necessary to generate additional applicants.
- d. Develop brochures and send them out in the city's utility billing statements.
- e. Develop posters and post them in prominent areas in the community.

### 3. With regard to the Mankato City Council):

- The City Council shall be responsible for setting overall program policy, including approval, amendment, and adoption of these Guidelines.
- All checks issued under the Commercial Rehabilitation Program shall be issued by the City.

## K.2 — Application and Process.

1. Applicants shall complete the Commercial Rehabilitation Program application. This form shall request applicable information and further provide a "Notice to Applicant" informing the applicant of data privacy, misrepresentation, inspection considerations and other matters.

Upon receipt of a completed Commercial Rehabilitation Program application, the Administrator shall:

1. Review the application to ensure all required information and documentation is provided, including but not limited to:
  - Completed Commercial Rehabilitation Application
  - Data Privacy Warning and Release Form
  - Signed Release for Mortgage Verification
2. Verify that the following requirements have been satisfied:
  - Applicant possesses valid ownership in the property or has a long term lease with property owner
  - Property is located within a designated targeted area
  - Property taxes are current
  - Property insurance is current
  - Any and all mortgages on the property are current
  - All city utilities are current
  - The amount of outstanding mortgages on the property combined with the requested deferred loan amount will not exceed 90% loan to value ratio of the property
3. Issue an initial approval or denial letter based on the findings of the information above. An initial approval letter shall provide a preliminary estimate of funding available for the project. A denial letter shall cite the reasons for the denial and notify the applicant of their right to appeal.

## 2. Verifications

All applicable information which is relevant to the Applicant's eligibility shall be independently verified. The Administrator shall, with written permission of the Applicant, obtain verification from the appropriate sources and shall use the verified information to determine an applicant's eligibility for rehabilitation assistance.

## 3. Displacement.

The Administrator shall work with the Applicant to determine if the possibility exists of displacement from the building. If the potential for displacement appears likely, the Administrator shall provide to the Applicant such written notices as are required. If displacement shall occur, the Administrator shall work with the Applicant to assure that the Applicant's displacement and relocation rights are protected.

## 4. Authorization for Initial Inspection.

After an initial approval letter has been issued, the Rehabilitation Advisor shall conduct an initial inspection. This inspection shall be thorough, complete, and shall identify all rehabilitation needs of the commercial building.

## 5. Scope of Work Write-Up and Bid Specifications.

Following initial inspection, the Rehabilitation Advisor shall prepare a written scope of work write-up for the commercial building. This work write-up shall specify reasonable, workmanlike means by which rehabilitation needs are to be corrected and the structure brought up to the Rehabilitation Standards and shall suggest materials and methods for making necessary repairs and improvements; and shall be prepared in sufficient detail so as to allow contractors to base their bids upon. Drawings and sketches shall be provided where they will be necessary or helpful. Applicants may wish to use architectural services, not provided by the Administrator, in developing their scope of work. The Rehabilitation Advisor will incorporate these architectural documents into the bid documents if desired. Costs for architectural services are the applicant's responsibility and may count towards the private match requirements.

## 6. Bidding and Contracting Procedures.

1. After receiving the Rehabilitation Advisor's scope of work write-up, the Applicant shall solicit bids from contractors. Every Applicant will be encouraged to solicit bids from Section 3 contractors. A minimum of two bids per trade shall be required. Bids shall be submitted by the Applicant to the Rehabilitation Advisor within 60 days of the receipt of the scope of work write-up. All bids will be reviewed by the Rehabilitation Advisor to determine that the bids are comparable. In seeking the minimum of two bids, one general contract bid can be compared against the sum of individual bids by trade. One bid can be accepted if no other bids can be obtained and the bid amount is consistent with this Rehabilitation Advisor cost estimate. Bids will only be accepted from contractors meeting the following qualifications and documentation of qualification must accompany the bids:
  - A. Contractors must complete the "Contractor's Qualification Statement" and return it to the Administrator.
  - B. Contractors must be bona fide tradesmen. Contractors must meet State licensing requirements where such requirements apply, including residential building contractor and residential remodeler license requirements.
  - C. Contractors must possess insurance coverage which meets or exceeds these requirements:
    - Manufacturers and Contractor/Independent Contractors. Bodily Injury: \$300,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$100,000 (each occurrence).
    - Auto (Owned, Hired, or Leased). Bodily Injury: \$100,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$100,000 (each occurrence).
    - Worker's Compensation. The contractor shall obtain and maintain Worker's Compensation Insurance for all of his/her employees, according to State law and regulation.
  - D. In cases where any work is sublet, the Contractor shall also require the subcontractor(s) to comply with the insurance requirements set forth above.
  - E. If CDBG funds will be utilized, contractors or sub-contractors must be listed in an acceptable status in the System for Award Management (SAM). A contractor's SAM status will be verified by Rehabilitation Advisor prior to issuance of a Notice to Proceed.
  - F. Contractors may be disqualified from contracting under the following circumstances: Failure to keep the required insurance in force; Failure to complete work in a timely manner; Performance of substandard work; Failure to correct deficiencies in substandard work; or Collusion between two or more contractors and/or the Applicant.
2. Bids will be awarded to the lowest qualified bidder unless one of the following occurs:
  - The bid is found to be unrealistically low and the contractor agrees to withdraw the bid.
  - The contractor has failed to follow the procedures outlined in instructions to the bidders.
  - The Applicant does not want the lowest bidder to do the work. In that case, the Applicant must pay 100% of the difference between the lowest bid and the preferred contractor's bid.
  - There appears to have been collusion between two or more contractors and/or the Applicant. Collusion among contractors will result in their being barred from further participation in the Program. Collusion involving the Applicant will result in the rehab project being canceled and the Applicant being barred from the Program.

- The contractor fails to bid according to specifications and, following efforts by the Rehabilitation Advisor, it is impossible to compare that contractor's bid with those of the other bidders.
3. Contracts may be made with general contractors or individually by trade. Contracts will be let by the Applicant with a Notice to Proceed issued by the Administrator, and shall be a contract between the Applicant and the contractor. Prior to initiating work, the contractor shall attend a Preconstruction Conference with the Administrator and the property owner, to review the project and discuss various compliance issues. A standard construction contract as listed in Section K.2.9 and issued by the Rehabilitation Advisor will be utilized.
  4. Any repair work which begins before a written Notice to Proceed is issued will not be paid for by funds from any Financing Source.
  5. Projects not under contract within 60 days after the date when bids are reviewed by the Rehabilitation Advisor shall be dropped from the program.

## 7. Agreements and Contracts

Upon selection of contractors and determination of project budget, the Rehabilitation Advisor will draft the following agreements and contracts to be signed by the Applicant:

- Agency-Owner Contract
- Repayment Agreement (Promissory Note)
- Loan Security Instrument (Mortgage)
- Notice of Rights of Rescission
- Loan Term Sheet
- Truth in Lending (if applicable)
- Notice of First Payment (if applicable)
- Applicant/Contractor Construction Contracts
- Contractors Notice to Proceed

The Rehabilitation Advisor will arrange a time for the Applicant to sign the required documentation. At that time, the Applicant must provide a check written to Blue Earth County for the necessary recording fees and taxes, if applicable. If the Applicant will be paying the required matching funds through liquid assets, the Applicant must also issue checks for the required match amount. After all documents have been signed and the time frame for the Right of Rescission has expired, the Rehabilitation Advisor will record the mortgage(s) at Blue Earth County.

## 8. Change Orders.

Work which is not specified in the scope of work write-up will not be paid for by the Program without a written change order approved by the Administrator, the Rehabilitation Advisor, the contractor, and the Applicant before the work in the change order is undertaken. Change Orders which increase costs of a project beyond the maximum amount specified in J.1 shall be paid by the Applicant.

## 9. Interim Inspections.

The Rehabilitation Advisor may conduct interim or progress inspections for each commercial building assisted by the Program. The interim inspections shall be used: To monitor the work in progress and the quality of work being performed, and to determine the completeness and quality of repairs prior to any payments to contractors or subcontractors.

#### 10. Partial Payments to Contractors.

No interim or partial payments will be made without prior inspection by the Rehabilitation Advisor and approval by the Administrator. No partial payment or sum total of partial payments shall exceed 80% of the total contract amount. No pre-payment or advance of Program funds is allowed.

#### 11. Final Inspection and Acceptance of Work.

The Rehabilitation Advisor shall conduct a comprehensive final inspection of all repairs upon completion of all work. This final inspection shall be used to determine the completeness and quality of repairs prior to the final payment to contractors or subcontractors. Substandard or incomplete work identified by the Rehabilitation Advisor will not be paid for. Prior to payment, a "Completion Certificate and Acceptance of Work" form shall evidence satisfaction with the work and shall be signed by the Applicant, the contractor and/or subcontractor, the Rehabilitation Advisor and the Administrator.

#### 12. Payment and Lien Waivers.

Commercial Rehabilitation Program funds shall be disbursed to the contractor upon approval and acceptance of the work as noted in Section K.2.10. Appropriate lien waivers must be provided by the contractor prior to the release of checks.

#### 13. Time for Completion.

1. A maximum of 90 calendar days will be allowed for completion of contracted work on a commercial building, beginning as of the date of the contract for the repairs, or as of the date proposed by the contractor (when provided). Failure to begin work by the completion date shall be grounds for termination of the contract.
2. This time period shall not be exceeded except by a written Change Order, which shall outline the circumstances which require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.

#### 14. Termination of Contract.

Rehabilitation contracts may be terminated for convenience or for cause. The provisions contained in Section K.2.13 shall be a basis for termination for cause.

#### 15. Permits and Fees.

Payment of local building permit fees will be the responsibility of the Contractor. State inspection fees should be included in the contractor's bid.

#### 16. Appeals Procedure and Resolution of Disputes.

All Applicants and contractors shall have full right to appeal any decision or action relating to the administration of the Program. Such appeals shall be made in accordance with SECTION N.

## 17. Close-Out.

Upon completion of all rehab activities and acceptance of the work by all parties, the Rehabilitation Advisor will coordinate a Certificate of Completion, which must be signed by the Applicant and each contractor.

## SECTION L

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### OTHER PROGRAM PROVISIONS

#### L.1 — Refinancing and Work In Progress.

No funds from this Program shall be used to refinance existing indebtedness. No funds shall be used to pay for any repairs or improvements which may be in progress or may have begun prior to the Administrator issuing a written Notice to Proceed.

#### L.2 — Financing: Security Position

The Commercial Rehabilitation Program will not require a first-position security interest for Deferred Loan or Installment Loan financing. Upon request from a bank or other lender, the Program may subordinate its security interest to another party, at the discretion of the Administrator. Taking into consideration all outstanding loans, including the Commercial Rehabilitation Deferred Loan and/or Installment Loan, that are secured against the property, the amount of outstanding loans should not exceed 90% of the estimated market value of the property as determined by the County Assessor or a certified professional appraiser.

#### L.3 — Fees to the Applicant.

Neither the Administrator nor the City of Mankato shall charge the Applicant an origination fee, inspection fee, or fee of any kind, other than building permit fees noted in Section K.2.15.

#### L.4 — Contractor's Warranty.

1. The Contractor shall defend, indemnify, and hold harmless the Applicant, Administrator, Rehabilitation Advisor, the City of Mankato and its officers, and the officers of any other Financing Source from all liability and claims for damages arising from bodily injury, death, property damage, sickness, disease, or loss and expense resulting from or alleged to result from a Contractor's operations under this Program.
2. The Contractor shall warrant to the Applicant and subsequent owners of the property that:
  - All materials, hardware, fixtures, and utilities of whatever kind used in making repairs are of good quality and free from defects in workmanship or material.
  - The Contractor shall repair, correct, or replace at no cost to the Applicant or subsequent owners any defective workmanship or materials or deficiencies subject to warranty, upon written notice within two years from the date of completion and acceptance of work.

SECTION M

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PROGRAM INCOME & REVOLVING LOAN FUND

M.1 — Program Income

Program income may be generated from commercial rehabilitation through the repayment agreements. The agreements will stipulate that if an applicant sells the property within ten (10) years after receiving a commercial rehabilitation deferred loan, he/she/they must repay a portion of the deferred amount, as shown in the table below:

<b>Date property is sold, transferred or conveyed</b>	<b>Percent to be repaid</b>
Within 0-12 months of repayment agreement	100%
Within 13-24 months of repayment agreement	90%
Within 25-36 months of repayment agreement	80%
Within 37-48 months of repayment agreement	70%
Within 49-60 months of repayment agreement	60%
Within 61-72 months of repayment agreement	50%
Within 73-84 months of repayment agreement	40%
Within 85-96 months of repayment agreement	30%
Within 97-108 months of repayment agreement	20%
Within 109-120 months of repayment agreement	10%

Any program income generated in this manner from a project that was initially financed with CDBG funds will be immediately dedicated to CDBG Program activities. Any program income generated from a project that was initially financed with non-CDBG funds will be dedicated to a revolving loan fund set up by the City of Mankato.

M.2 — Revolving Loan Fund

A revolving rehabilitation loan fund shall be established to collect any repayments of non-CDBG monies. Such repayments shall be used for eligible uses under commercial, owner occupied or rental rehabilitation programs.

The revolving loan funds will be held in a separate account and will be made available to qualified Applicants in the City of Mankato. Use of the revolving rehabilitation loan funds will be consistent with these guidelines.

SECTION N

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COMPLAINTS AND APPEALS

N.1 — Client Complaint Process

1. Initial client complaints about any aspect of: the City's service delivery; the City's staff; Program restrictions; or contractor relations/workmanship, may be pursued verbally or in writing to the City Manager and shall be responded to by either the Housing Rehabilitation Advisor who shall work with the staff, the

contractor, and the client to resolve the problem within two (2) weeks. Additionally, if the rehabilitation project includes CDBG funds, the Client may contact the Minneapolis HUD Office at any time to file a complaint. If the applicant is still dissatisfied, the client may further pursue the complaint as follows:

- a. A complaint may be filed with the City Manager who shall provide a response within two weeks.
- b. If the Client is still dissatisfied, they may be asked to be placed on the next regular agenda of the City Council for action at its next regularly scheduled meeting.
- c. If the client is still unsatisfied and CDBG funds were utilized in the rehabilitation project, the complaint will be forwarded to the Minneapolis HUD Office along with the following information:
  - 1) A copy of the written complaint and request for satisfaction under the appeals process.
  - 2) A copy of all correspondence between the Administrator and the appealing client concerning the appeal disposition.
  - 3) The final appeal disposition.

## N.2 — Project Appeal Process

1. If an applicant's application for any reason is denied or an applicant is dissatisfied with the level of assistance they have received, the following procedure is to allow for a standardized appeal/complaint process to all applicants of the Commercial Rehabilitation Program. Upon complaint, an applicant will be informed of the following procedure:

- a. That a written procedure for appeal is available.
- b. In the case of denial of assistance or service, a written notice shall be sent to the applicant clearly stating under what condition that application was denied and also a copy of this appeal process.
- c. Initial client appeals about any aspect of service delivery expressed verbally or in writing shall be responded to within two (2) weeks. If the applicant is dissatisfied with the response, then the client shall be informed of the following procedure.
- d. All appeals should be addressed to:

City of Mankato  
Economic Development Specialist  
10 Civic Center Plaza  
PO Box 3368  
Mankato, Minnesota 56002-3368  
Attention: Commercial Rehabilitation Appeal

- e. The applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal.
- f. The applicant may appeal to the City Manager within fifteen (15) working days. At that time, the applicant will be notified that he/she has the right to appeal to the City Manager. The Manager will respond with a written decision within fifteen (15) working days.
- g. The applicant may appeal to the EDA within fifteen (15) working days following the Manager's decision. At that time, the applicant will be notified that he/she has the right to appeal before the City Council. The City Council will respond with a written decision, *which shall be final*, within thirty (30) working days.
- h. In cases where CDBG funds are the Financing Source, any further appeal actions will be forwarded to the Minneapolis HUD Office, along with the following information:

- 1) A copy of the written complaint and request for satisfaction under the appeals process.

- 2) A copy of all correspondence between the Administrator and the appealing client concerning the appeal disposition.
- 3) The final appeal disposition.

SECTION O

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AMENDMENTS / APPROVAL

O.1 — Amendments

These procedural guidelines may be amended or supplemented from time to time by the City of Mankato by issuance of revised pages to be effective on the date of City Council approval.

O.2 — City Council Approval

Upon a motion made and seconded, the "Guidelines & Policies" for the Commercial Rehabilitation Program are hereby approved and adopted, subject to any changes recommended by HUD in their capacity as funding agency for the Community Development Block Grant Program.

Adopted by the City Council of the City of Mankato on this \_\_\_\_ day of January, 2013.

Signed:

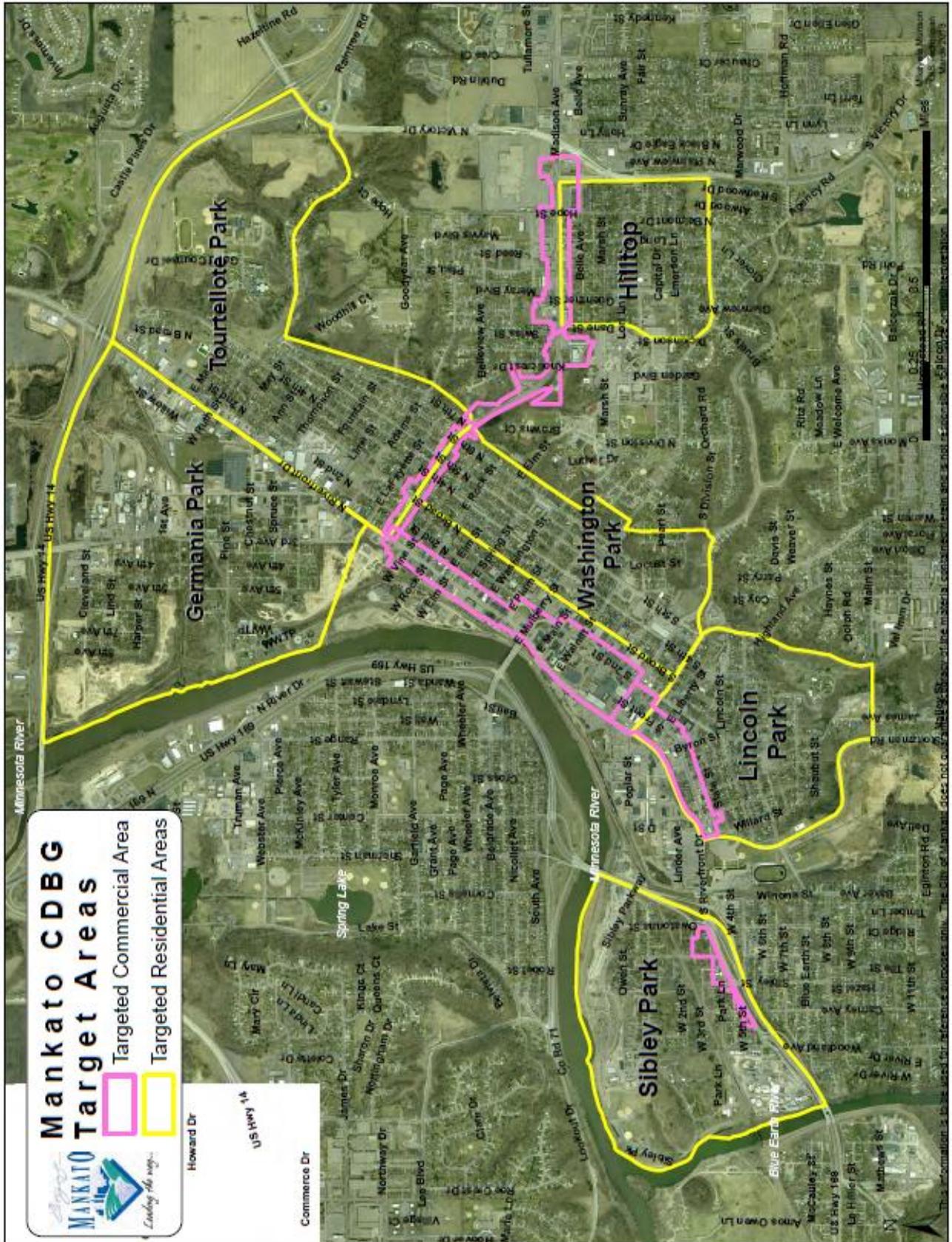
Witnessed:

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Mayor

City Manager

# Exhibit A



**ATTACHMENT C – Letters of Commitment**

## Community Based Organizations



December 14, 2016

Kristin Prosocki  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Prosocki,

The Coalition for a Clean Minnesota River (CCMR) would like to offer our full support to the City of Mankato's pursuit of a USEPA Brownfield Community-wide Assessment grant. The CCMR serves as a unifying advocacy and action oriented organization open to all citizens' groups, business, faith communities, youth organizations, families, and individuals who are interested in improving surface water quality in the Minnesota River Watershed – which includes this grant's target area. CCMR serves as a catalyst, advocate, coordinator, and supporter of environmental initiatives.

The activities and programs we advocate for align with what the City's goals are for the grant funding. The CCMR has been focused on cleaning up the Minnesota River and its tributaries for over 25 years. Assessing brownfield properties is the first stage of remediating and redeveloping these properties and eliminating a source of stormwater pollution to the River. We remain the only basin-wide 501 c3 federal tax exempt organization working exclusively on river clean up. We know how important clean up to the River and the land in Mankato is and fully support the City and this grant.

We support the City's Assessment grant activities by:

- Sharing grant activity information via our website; and
- Providing materials about the grant at our Riverside History and Nature Learning Center facility.

We fully support the City's applications and view the possibility of receiving the grant as an opportunity to enhance the environmental safety of our community as well as enhancing our efforts to make the Minnesota River clean.

Most Sincerely, Scott E. Sparlin, Executive Director  
The Coalition for a Clean Minnesota River



127 South Second Street, Suite 110  
Mankato, MN 56001

PH: 507.385.6652  
[www.mankatodiversity.org](http://www.mankatodiversity.org)

December 19, 2016

Kristin Prososki  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Prososki,

The Greater Mankato Diversity Council (GMDC) would like to offer our full support to the City of Mankato's pursuit of a USEPA Brownfield Community-wide Assessment grant. The GMDC's mission is to enhance the Mankato area's commitment to creating a more inclusive and welcoming community through diversity education. GMDC strives to give people an understanding of diversity and build their cultural competence through promoting respect workshops, multi-cultural activities, diversity events and more.

We are a non-profit organization that actively affirms and promotes the full participation of all people and emphasizes respecting differences. A Board of Directors governs our organization and represents a wide array of governmental units, businesses and local organizations.

We know how important redevelopment can be to City and to all citizens and we fully support the City and this grant. We support the City's Assessment grant activities by:

- Providing a member to serve on the Brownfield Advisory Committee,
- Sharing grant activity information via our website and other events; and
- Providing materials in other languages to be inclusive to all.

We fully support the City's application and view the possibility of receiving this grant as an opportunity to enhance the environmental safety of our community as well furthering our efforts to bring together all citizens of Mankato.

Sincerely,

A handwritten signature in black ink that reads "Bukata Hayes".

Bukata Hayes  
Executive Director  
Greater Mankato Diversity Council

December 16, 2016

Patrick Hentges, City Manager  
City of Mankato  
10 Civic Center Plaza  
PO Box 3368  
Mankato, MN 56002-3368

Re: Letter of Support - EPA Brownfields Assessment Grant Application

Dear Mr. Hentges:

Greater Mankato Growth (GMG) is pleased to provide support for the city of Mankato's application to the Environmental Protection Agency (EPA) for Assessment Grant funding. We understand this grant would provide an opportunity to conduct environmental site assessments and cleanup planning on brownfield sites throughout Mankato, but particularly within Mankato's City Center. With the renewed interest in investment within Mankato's City Center, this grant would facilitate further redevelopment of Mankato's brownfields and continue the efforts already underway. Programs such as these are necessary to continue the momentum in redevelopment that has reenergized our community's urban core.

It is the mission of Greater Mankato Growth to support and promote the economic growth and vitality of our members and the regional marketplace, and as such, GMG strongly supports efforts to revitalize Mankato's City Center.

The leveraging of capacity and strengths through partnership is critical to economic development success. This program would facilitate key partnerships in that same way. Greater Mankato Growth is part of multiple collaborations in economic development. An excellent example is the Minnesota Medical Manufacturing Partnership (MMMP). The U.S. Department of Commerce designated a Minnesota Coalition as one of 12 new manufacturing communities under the Investing in Manufacturing Communities Partnership Program (IMCP.) The Minnesota Medical Manufacturing Partnership was awarded the designation in 2015 based on the strength of its development plans, the potential for impact in its communities and the depth of partnerships between public and private sectors. The IMCP is designed to encourage investment in designated communities.

Greater Mankato Growth commits to assisting the city of Mankato with public outreach by notifying our members about the opportunities to provide input on redevelopment plans and report progress and outcomes. The city of Mankato and GMG have long been partners in strengthening the economic conditions in Mankato and GMG looks forward to continuing this relationship.



Please feel free to contact me at (507) 385-6640, or [jconsidine@greatermankato.com](mailto:jconsidine@greatermankato.com) if you have any questions.

Sincerely,



John F. Considine III  
Director of Regional Business Intelligence

507.385.6640  
800.697.0652



[info@greatermankato.com](mailto:info@greatermankato.com)  
[greatermankato.com](http://greatermankato.com)



Greater Mankato Growth, Inc.  
1961 Premier Drive, Suite 100  
Mankato, MN 56001





December 14, 2016

Kristin Prosocki  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield  
Community-wide Assessment Grant Application

Dear Ms. Prosocki,

As Coordinator of the Minnesota River Congress I would like to offer my full support to the City of Mankato's pursuit of a USEPA Brownfield Community-wide Assessment grant.

The activities and initiatives we advocate for align with what the City's goals are for the grant funding. The Minnesota River Congress is focused on improving the environmental and economic health of the entire Minnesota River System. We are a grass roots citizen driven entity which practices a democratic approach to citizen engagement. Assessing brownfield properties is the first stage of remediating and redeveloping these properties and eliminating a source of stormwater pollution to the River. We know how important clean up to the River and the land in Mankato is and fully support the City and this grant.

We support the City's Assessment grant activities by:

- Sharing grant activity information via our website; and
- Providing materials about the grant at our Minnesota River Congress events

We support the spirit and intent of the City's applications and view the possibility of receiving the grant as an opportunity to enhance the environmental safety of our community as well as enhancing our efforts to improve the Minnesota River System.

Most Sincerely, Scott E. Sparlin  
Coordinator/Facilitator  
Minnesota River Congress

A handwritten signature in black ink, appearing to read "Scott E. Sparlin". The signature is written in a cursive, somewhat stylized font. The first name "Scott" is written in a larger, more prominent script, followed by "E." and "Sparlin".



December 14, 2016

Kristin Proski  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Proski:

This letter is in support of the City of Mankato grant application for a U.S. Environmental Protection Agency (EPA) brownfield assessment grant. I am happy to offer my professional services as a historical geographer to assist in any way that I can to the success of this brownfield initiative. My colleagues and I in the Geography Department at Minnesota State University, Mankato have had a long and productive relationship with the city of Mankato while working on numerous civic projects.

Every semester, I teach geospatial interpretation and mapping techniques to students which enable them to conduct effective Phase 1 Environmental Site Assessments, so my students and I can certainly lend assistance with the location and identification of past land use hazards in the city. In fact, I use several of the city's successful brownfield remediation projects as case study examples of how the process should work. We have the requisite state of the art GIS and Remote Sensing software in our labs and access to all necessary historical aerial photos, Sanborn Maps, city directories and Minnesota Pollution Agency/EPA databases to perform quality Phase 1 assessments. I would also be willing to serve on an advisory committee to facilitate outreach to local stakeholders.

We all benefit from the superb redevelopment efforts that you and your colleagues have achieved in the past few years in Mankato's Old Town and downtown core, so I look forward to helping with brownfield endeavors that can be brought to fruition with this grant.

If you have any questions please do not hesitate to contact me at (507) 382-9820 or by email at [cynthia.miller@mnsu.edu](mailto:cynthia.miller@mnsu.edu).

Sincerely,

A handwritten signature in black ink that reads "Cynthia A. Miller".

Cynthia A. Miller, Ph.D.  
Associate Professor of Geography

**DEPARTMENT OF GEOGRAPHY**

206 MORRIS HALL • MANKATO, MN 56001

PHONE 507-389-2617 (V) • 800-627-3529 OR 711 (MRS/TTY) • FAX 507-389-2980

*A member of the Minnesota State Colleges and University System. Minnesota State University, Mankato is an Affirmative Action/Equal Opportunity University*

Old Town Collaborative Association  
Tony Friesen, President  
515 N. Riverfront Dr. c/o Friesen's  
Mankato, MN 56001

December 19, 2016

Kristin Prososki  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56001

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Prososki,

On behalf of the Old Town Collaborative Association, I want to provide support for the City of Mankato's application to the USEPA for a Brownfield Community-wide Assessment grant.

The Old Town Collaborative Association was created to promote a better neighborhood and business community through group action. Our member group is located within the targeted Old Town and could greatly benefit from the project through the revitalization and renewal of this area. The proposed assessment would provide valuable information to the community and developers interested in investing in downtown Mankato.

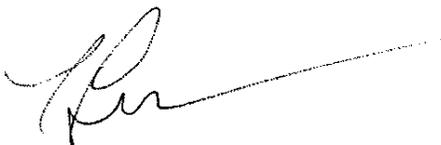
The Old Town Collaborative is a neighborhood association recognized by the City of Mankato as part of the neighborhood association program. The Old Town Collaborative is focused on promoting a thriving business community, fostering a community for families to live in, fostering and promoting a better neighborhood and community, and participating in community activities and associations.

We can provide considerable support the City's Assessment grant activities by:

- Providing a member to serve on the Brownfield Advisory Committee;
- Sharing grant activity information with the Old Town neighborhood and community; and
- Providing ADA accessible meeting spaces for community outreach.

We fully support the City's application for assessment funding and believe it is an important step in the City's efforts to revitalize the targeted area.

Sincerely,



Tony Friesen, President  
Old Town Collaborative Association



## Washington Park Neighborhood Association

---

December 7, 2016

Courtney Kramlinger  
Planning Assistant  
City of Mankato  
10 Civic Center Plaza  
P.O. Box 3368  
Mankato, MN 56002-3368

Dear Ms.Kramlinger,

The Washington Park Neighborhood Association (WPNA) would like to endorse the City of Mankato's application for a U.S EPA Brownfields Community-Wide Assessment grant.

The Washington Park neighborhood is adjacent to the targeted area and could benefit greatly from the study and through the revitalization and renewal of this area. The WPNA has worked with the City in the past with community outreach of special projects and issues. If the grant is awarded we will appoint a representative to the advisory committee and assist in distributing relevant information through our newsletter.

We believe that this assessment is an important step in the City of Mankato's efforts to revitalize the targeted area.

Sincerely,

Patty Salmon  
Washington Park Neighborhood Association



December 14, 2016

Kristin Prososki  
Economic Development Director  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Commitment for the City of Mankato's USEPA Brownfield  
Community-wide Assessment Grant Application

Dear Ms. Prososki,

On behalf of the Water Resource Center (WRC), I want to provide our support for the City of Mankato's application to the USEPA for a Brownfield Community-wide Assessment grant.

The WRC serves as a regional center for environmental research and information exchange. The mission of the Water Resources Center is to: gather, interpret, and distribute data of environmental significance to help citizens enhance the quality of regional lakes, rivers, wetlands, and groundwater. The WRC provides training opportunities for working professionals and students to advance decision making and technical skills. The WRC works cooperatively with Minnesota State University, Mankato faculty and students conducting applied research in areas of water and land resources.

We believe we can provide support to the City's Assessment grant activities by:

- Sharing grant activity information with the local community via our website,
- Providing information to the Brownfield Advisory Committee and technical review for Phase II environmental site assessment reports as needed to determine possible impacts to the Minnesota River.

We are excited about the City's application for assessment funding. This will continue the welcome trend of the City's focus on embracing the Minnesota River that runs through the heart of Mankato. Recent city-sponsored projects like the development of Riverfront Park and the River Mural have restored community focus on the Minnesota River. The Brownfields Assessment project has dual benefits - the opportunity to revitalize and re-use parcels along the river as well as to better understand and address existing water quality threats. We believe this project will help to bring significant environmental advancements to the greater Mankato area.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kimberly Musser', written in a cursive style.

Kimberly Musser  
Acting Director

## Blue Earth County Departments



# BLUE EARTH COUNTY

Effectively and Efficiently  
Delivering Essential Services

www.blueearthcountymn.gov

## COMMISSIONERS

- District 1 Drew Campbell
- District 2 Vance Stuehrenberg
- District 3 Mark Piepho
- District 4 Will Purvis
- District 5 Kip Bruender

**Environmental Services Department**  
**410 S. 5<sup>th</sup> Street – P.O. Box 3566**  
**Mankato, MN 56002-3566**  
**(507) 304-4381**

December 21, 2016

Kristin Prososki  
 Economic Development Director  
 City of Mankato  
 10 Civic Center Plaza  
 Mankato, MN 56002

RE: Letter of Support for the City of Mankato’s USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Prososki,

The Blue Earth County Environmental Services Department is committed to developing and administering programs to protect ground water and surface water and the management of solid waste in Blue Earth County. The commitments we strive to achieve in our Department align very well with the City’s pursuit of a USEPA Brownfield Community-wide Assessment grant application.

The Blue Earth County Environmental Services Department is made up of the following three divisions: Land Use Division, Environmental Health Division, and Waste and Recycling Division. Each of these Divisions would have a role to play in the brownfields program if funding is received from the USEPA. We recognize that revitalization of sites in or near existing neighborhoods will help to clean up hazardous wastes. We have the staff and expertise to assist with disposal options for hazardous waste in a safe and affordable manner.

We are fully committed to supporting this project if funding is awarded. We are willing to have a staff member serve on the Brownfield Advisory Committee to provide assistance in waste minimization and disposal options. We will also work with County administration to put information on our website and social media outlets as a way of informing residents. By working together, we strongly believe we can make the City of Mankato, along with Blue Earth County, a safer place for all residents.

Sincerely,

Scott W. Fichtner  
 Director - Environmental Services Department

## Historic Courthouse

204 S. Fifth St.  
 PO Box 8608  
 Mankato, MN 56002

**Administration**  
 TEL: 507-304-4150  
 FAX: 507-304-4344

**Extension**  
 TEL: 507-304-4325  
 FAX: 507-304-4059

**Finance**  
 TEL: 507-304-1182  
 FAX: 507-304-4077

**Physical Plant**  
 TEL: 507-304-4249  
 FAX: 507-304-4203

**Taxpayer Services**  
 PO Box 3567  
 TEL: 507-304-4251  
 FAX: 507-304-4075

## Government Center

410 S. Fifth St.  
 Mankato, MN 56001

**Human Services**  
 PO Box 3526  
 TEL: 507-304-4319  
 FAX: 507-304-4379

**Environmental Services**  
 PO Box 3566  
 TEL: 507-304-4381  
 FAX: 507-304-4431

**Taxpayer Services/  
 License Center**  
 PO Box 3524  
 TEL: 507-304-4340  
 FAX: 507-304-4396

**Veterans Services**  
 PO Box 8608  
 TEL: 507-304-4246  
 FAX: 507-304-4379

**Information Technology**  
 PO Box 8608  
 TEL: 507-304-4204  
 FAX: 507-304-4355

## Public Works

35 Map Dr.  
 PO Box 3083  
 Mankato, MN 56002  
 TEL: 507-304-4025  
 FAX: 507-304-4049

## Justice Center

401 Carver Road  
 PO Box 8608  
 Mankato, MN 56002

**Sheriff’s Office**  
 PO Box 228  
 TEL: 507-304-4800  
 FAX: 507-304-4818

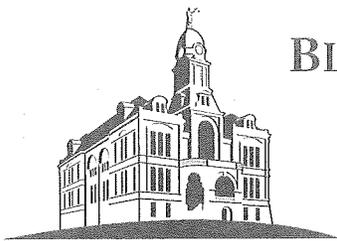
**County Attorney**  
 PO Box 3129  
 TEL: 507-304-4600  
 FAX: 507-304-4620

**Probation**  
 PO Box 3543  
 TEL: 507-304-4750  
 FAX: 507-304-4710

## Library

100 E. Main St.  
 Mankato, MN 56001  
 TEL: 507-304-4001  
 FAX: 507-304-4009

www.beclibrary.org  
 TDD: 507-304-4399



# BLUE EARTH COUNTY

*Effectively and Efficiently  
Delivering Essential Services*

[www.co.blue-earth.mn.us](http://www.co.blue-earth.mn.us)

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PO Box 3567  
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FAX: 507-304-4075

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## Library

100 E. Main St.  
Mankato, MN 56001  
TEL: 507-304-4001  
FAX: 507-304-4009

TDD: 507-304-4399

December 15, 2016

Kristin Prosocki  
Economic Development Coordinator  
City of Mankato  
10 Civic Center Plaza  
Mankato, MN 56002

RE: Letter of Support - City of Mankato's USEPA Brownfield Community-wide Assessment Grant Application

Dear Ms. Prosocki,

Blue Earth County Public Health is committed to promoting, protecting, and preserving the health of county residents. We collaborate with community partners in variety of efforts to promote healthy community and healthy behaviors, prevent the spread of infectious disease, and prepare for and respond to disasters. Additionally, we engage in supporting families across the life span including working closely with the Minnesota Department of Health to provide support, education, and coordinate medical services for children who have significantly elevated lead levels.

A portion of the grant deals with lead exposures which is a public health concern. Resident's exposure occurs through hazardous building materials such as lead based paint, water supplied through old pipes containing lead, and environmental sources such as contaminated surface soil. An inventory and assessment of Brownfield sites in the City would align well with Blue Earth County's goals and initiatives.

We fully support the City of Mankato's application for a Community-wide Brownfield Assessment Grant. We believe that our goals align with the USEPA Brownfield grant program's efforts to identify and assess sites with hazardous substance or petroleum contamination that represent a potential threat to the health and well-being of area residents. We also recognize that revitalization of sites in or near existing neighborhoods, would create additional accessibility through development of recreational trails for biking and walking and other venues for community activities thereby enhancing the physical and mental health of area residents.

By working in partnership we are confident that the City of Mankato will be a healthier and safer place to live, work, and play.

Sincerely,

Phil Claussen  
Director/CHS Administrator  
Blue Earth County Human Services  
[Phil.Claussen@blueearthcountymn.gov](mailto:Phil.Claussen@blueearthcountymn.gov)