Reuse and the Benefit to Community

Joslyn Manufacturing & Supply Co. Superfund Site

Executive Summary

A legacy of contamination from 60 years of wood treating left vacant nearly 40 acres of prime property in the heart of the Minneapolis-St. Paul metropolitan area. Innovation and collaboration among the development company Hyde Development and Joslyn Manufacturing, the site's potentially responsible party (PRP), with EPA and the Minnesota Pollution Control Agency (MPCA) resulted in the reuse of this valuable area as a busy commercial and industrial park. Today, businesses at Twin Lakes Business Park employ about 291 people and the properties that make up the business park generate over $952,000 in local property taxes. This case study explores economic revitalization, including job restoration, resulting from the cleanup and redevelopment of the Joslyn Manufacturing & Supply Co. Superfund site.

Figure 1: Caribou Coffee operates their corporate headquarters on site.

Beneficial Effects

- **In 2015, businesses at Twin Lakes Business Park employed 491 people and provided nearly $36.2 million in annual income.**
- **Properties at Twin Lakes Business Park generate nearly $1.2 million in annual property tax revenues.**
- **Facilities at Twin Lakes Business Park offer commercial and industrial space with a total estimated market value of nearly $26.9 million.**
- **Hyde Development sold all three parcels and buildings associated with Twin Lakes Business Park in July 2012 for a total sum of $26.7 million.**

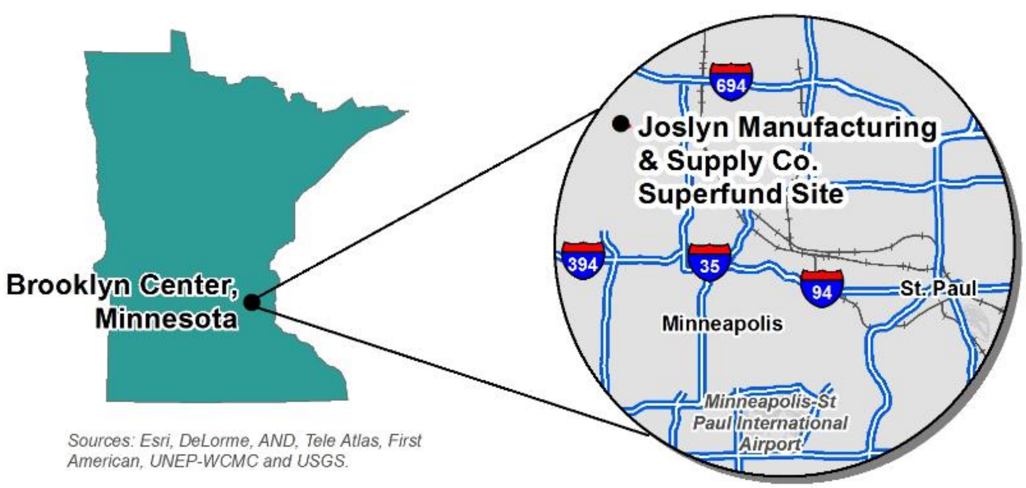

Figure 2: Site location in the Minneapolis-St. Paul metropolitan area

Introduction

Superfund site cleanup and reuse results in restored value to site properties and surrounding communities. Once a site property is ready for reuse, it can revitalize a local economy with jobs, new businesses, tax revenues and local spending. This case study describes the cleanup and captures the on-site and community impacts of development at the Joslyn Manufacturing & Supply Co. Superfund site.

Twin Lakes Business Park occupies approximately 37.5 acres in the City of Brooklyn Center, Minnesota, which is located on the northwest side of the Minneapolis-St. Paul metropolitan area. The business park is adjacent to Minnesota State Route 100, two miles south of Interstate 694. According to 2015 estimated Census data, Brooklyn Center's population is 30,770.[1]

Site History

For a 60-year span beginning in the 1920s, a succession of companies operated a wood-treating facility on the site property. The companies placed process wastes in waste disposal ponds, buried process sludge on site, and spilled wood treating solutions onto the ground. These activities contaminated site soil and groundwater.

Joslyn Manufacturing ceased wood-treating operations at the site in 1980 and removed process solutions from the site, disposing of them at a hazardous waste facility in 1981. In 1983, MPCA issued a Request for Response Action to the company, asking that it undertake cleanup to address the release of hazardous substances at the site. EPA listed the site on the Superfund program's National Priorities List (NPL) in 1984; through an agreement with EPA, MPCA continued to oversee the site's cleanup. Site cleanup began in 1988 with activities that included the excavation, treatment and disposal of contaminated soil in a hazardous waste landfill. Additional contaminated soils were treated and disposed of on site. The company installed a pump-and-treat system to clean up site groundwater in 1989. After the company finished these activities in 1996, it placed a fence around the property to protect the remedy.

Figure 3: Green areas around storm water retention ponds.

Today, groundwater cleanup is ongoing and will continue until reaching standards that allow for unlimited and unrestricted uses. EPA deleted the eastern portion of the site from the NPL in 2002. A 7-acre parcel on the western portion of the site known as the "West Area" or Operable Unit 5 consists of wetlands and flood plains. Some cleanup of the sediments in this area is planned in the near future but will not impact the developed properties at the site.

[1] U.S. Census Bureau, http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml.

Site Cleanup and Redevelopment

When Hyde Development approached Joslyn Manufacturing about potentially redeveloping the site in 1997, the property initially did not look like a promising location for commercial and industrial development. Un-compacted treated soil covered the site and monitoring wells dotted the area. The developer, however, saw opportunity in the property's size, infrastructure and direct access to highways as well as the strength of Brooklyn Center's labor force. Hyde Development leased the property from Joslyn Manufacturing and approached MPCA to enroll it in the state's Voluntary Investigation and Cleanup (VIC) program, a fee-for-service program under which participants voluntarily investigate and clean up contaminated sites. The program's purpose is to facilitate property transactions and redevelopment and mitigate environmental risks.

The property's planned redevelopment spurred additional cleanup activities. Financing for cleanup costs beyond the $17 million paid by Joslyn Manufacturing came from several sources, including grants, Hyde Development resources and tax increment financing. Hyde Development excavated and re-compacted treated soils, built a storm water pond, adjusted the pump-and-treat system to allow for planned construction, conducted Phase 1 and Phase 2 site assessments, and completed additional soil cleanup. Hyde Development also graded the property with berms to provide a buffer between the business park and its residential neighbors.

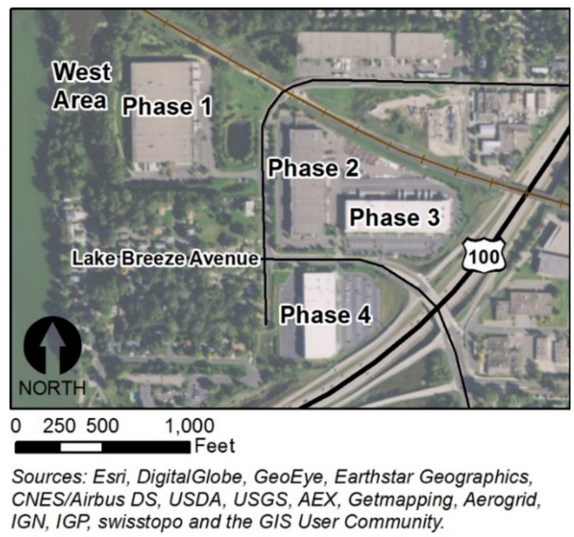

Figure 4. Site map, detailing each development phase.

The site's redevelopment proceeded in three phases. In the first phase, Hyde Development secured $2.1 million in funding from the Minnesota Department of Economic and Employment Development (DEED) for cleanup activities and completed a $12 million, 200,000-square-foot build-to-suit project (Building #1) for a furniture company in 1999. The same year, the company purchased additional parcels east of the site to accommodate additional development.

In 2000, Hyde Development completed the second phase of the site's redevelopment, a $7.5 million, 109,000-square-foot project for which the company secured $775,000 in cleanup funding from DEED. The company completed the third phase, a 109,000-square foot-facility that now houses the corporate headquarters of Caribou Coffee, in 2004. The $7.7 million project included $1.5 million in cleanup costs. DEED provided $1.1 million toward these costs.

The success of Twin Lakes Business Park also encouraged Hyde Development to expand the development with a fourth phase – a $10 million, 90,000-square-foot facility across the street from Caribou Coffee's headquarters. The firm enrolled the contaminated area – not part of the Joslyn Manufacturing & Supply Co. Superfund site – in MPCA's VIC program and filed a cleanup plan for the property with MPCA in February 2012. Cleanup included excavating contaminated low-lying construction debris and asbestos-contaminated soils, as well as remediating contaminated groundwater. Construction of the 90,000-square-foot facility began in August 2012 and was completed in December of that same year.

It was the development of the Twin Lakes Business Park that allowed the development of the fourth phase. Once prospective tenants had seen that it was possible to redevelop a formerly contaminated area, it became much easier to market these facilities as viable development opportunities. Prospective developers had previously looked past the area due to the stigma of a contaminated site, but once they had seen the results, this fourth phase had no trouble finding tenants. Currently, the facility's tenants include FujiFilm and Omnicare of Minnesota. Fujifilm manufactures camera equipment, while Omnicare is a pharmaceutical wholesaler. Together, these businesses employ about 200 people, providing nearly $24 million in annual employee income with annual sales close to $29 million. The parcel associated with the fourth phase has a present market value of $4.8 million and contributes about $211,000 in annual property tax revenues to the local government.

Figure 5: Business park directory for Phase 1 of redevelopment.

"The hardest deals are the first ones because of stigma – once you get a few tenants, then more and more are willing to lease."

-Paul Hyde, Hyde Development

According to Paul Hyde, the ultimate goal of the redevelopment project was the resale of the redevelopment following completion. In July 2012, Hyde Development sold all three buildings and five parcels associated with Twin Lakes Business Park to Artis Real Estate Investment Trust for a total sum of over $26.7 million. Hyde Development originally bought the land for about $4 million, an increase of close to $23 million. While there were significant development and cleanup costs in the development of each phase, this increase in the improvement value of the land highlights some of the economic benefits of redeveloping formerly contaminated sites.

Keys to Success

EPA, MPCA and Hyde Development cite several factors as the keys to the site's successful redevelopment.

- Deleting the soil portion of the site from state and federal Superfund lists was essential; it addressed the liability concerns of potential project funders, enabling financing of the project to move forward. It also helped in marketing the property.
- Hyde Development shared detailed site information and cleanup status updates with potential tenants. The extent of assessment and cleanup activities at the site reassured interested parties. Site tenants have not asked for indemnification; one tenant has requested an environmental insurance policy.
- The project's phased approach simplified the financing and completion of redevelopment activities.
- The collaboration of MPCA's VIC program with Hyde Development meant that all parties were on the same page regarding the site's cleanup and redevelopment, ensuring a consistent, straightforward process.

Local Impacts

The site's cleanup and subsequent redevelopment into Twin Lakes Business Park has resulted in significant economic impacts in the community. Businesses on site support about 291 jobs and provide nearly $12.5 million in annual employment income. National firms have located their corporate offices on site; other tenants have built warehouse and distribution facilities.

The location and size of the site property, its proximity to major roadways, and a good labor supply attracted Hyde Development. Large undeveloped areas well suited for commercial and industrial development are rare in the Minneapolis-St. Paul metropolitan area. For Brooklyn Center, the site's redevelopment was critically important, restoring local jobs and strengthening its tax base. The result was a development that addressed local priorities and met strong market demand. For example, when the original site tenant, a furniture company, went bankrupt in 2008, it took just six weeks to re-lease the space.

Figure 6: Caribou Coffee's on site retail location.

Caribou Coffee

Caribou Coffee is a large coffee retailer and wholesaler with almost 500 locations across 18 states, Washington, D.C. and 10 countries, and company-wide annual sales revenues of $326.5 million.[2] The firm moved its corporate headquarters into Building #3 at Twin Lakes Business Park in 2004. The facility houses administrative offices, warehouse and retail space, and coffee roasting and packaging operations. The headquarters contributes an estimated $1.6 million in annual employment income. In addition, a limited-service restaurant on site contributes $240,000 in annual employment income.

Figure 7: MTI Distributing's corporate headquarters.

Berkshire Transportation

A freight management service provider, Berkshire Transportation provides estimated annual employment income of nearly $400,000 and generates annual sales revenues of $1 million. The firm provides freight management services to Caribou Coffee.

Figure 8: Business directory sign for businesses in Phase I and II.

MTI Distributing

A distributor of landscaping products and services, MTI Distributing is a wholly owned subsidiary of Toro Company, which produces landscape maintenance and irrigation equipment.[3] MTI Distributing's corporate offices are located in Building #2 at Twin Lakes Business Park, contributing over $5.6 million in annual employment income. In addition, the firm uses a steep hill that was constructed as part of the cleanup action to test landscaping equipment and pays property taxes on that land as well.

[2] http://www.cariboucoffee.com/page/1/company-info.jsp
[3] http://www.mtidistributing.com/about-mti/, http://www.toro.com/en-us/about-us/pages/default.aspx

Wagner Spray Tech

Wagner Spray Tech produces painting tools for consumer and commercial uses, including sprayers, rollers and surface preparation tools.[4] Operations at the warehouse facility in Building #1 provides estimated annual employment income of over $77,000. Estimated 2015 sales were over $215,000.

Figure 9: FujiFilm operates out of the fourth phase of development.

Automation, Inc.

Serving six Midwestern states, Automation, Inc. is a distributor of industrial control components.[5] The firm provides over $2.3 million in estimated annual employment income of and generated over $37.3 million in annual sales in 2015.

Supply Technologies, LLC

A subsidiary of ParkOhio, Supply Technologies is a worldwide Total Supply Management™ company that provides services to manufacturers, assemblers and distributors.[6] Operations at the warehouse facility in Building #1 provides nearly $1.1 million in estimated annual employment income.

Katadyn North America, Inc.

Originally based in Switzerland, Katadyn primarily manufactures portable, personal water treatment systems and products for the outdoor and marine industries.[7] The company provides over $934,000 in annual employee income. In 2015, annual sales exceeded $3.4 million.

Titan Tool

Originally founded in 1968, Titan Tool is an international manufacturer of paint spray equipment. This branch provides nearly $130,000 in annual employee income.

Fourth Phase Offsite Businesses

The following two businesses are a part of the fourth phase of Twin Lakes Business Park. Although previous development allowed the fourth phase to occur, these businesses are not located onsite and are therefore not counted toward onsite economic data.

FujiFilm

Founded in 1934 as Japan's pioneering photographic film maker, FujiFilm has expanded its business activities to include innovation in healthcare, graphic arts, optical devices, highly functional materials and other high-tech areas.[8] This branch employs provides nearly $3.9 million in annual employment income. In 2015, sales revenue exceeded $5.4 million.

Omnicare of Minnesota

Omnicare is a national subsidiary of CVS Health Corporation and specializes in a broad array of pharmacy-related services to long-term care facilities and to other customers in the health care environment. This branch provides nearly $19.8 million in annual employment income. Annual sales in 2015 exceeded $23.2 million.

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[4] http://www.wagnerspraytech.com/portal/about_us_en_spray,421606,358970.html
[5] http://www.automationinc.com/index.php
[6] http://www.supplytechnologies.com/aboutus.asp
[7] https://www.katadyn.com/us/us/company/about-katadyn
[8] http://www.fujifilm.com/about/profile/

The Domino Effect of Redevelopment

Figure 10: Medtronic, Inc. operates on the Boise Cascade site.

When Hyde Development began to develop Twin Lakes Business Park, it was the company's second redevelopment project and first redevelopment project at a Superfund site. The company's success with the project provided the experience and track record it needed to proceed with additional Superfund redevelopment projects, including a 400,000-square-foot bulk warehouse building developed on the Boise Cascade/Onan Corporation/Medtronics Inc. site in Fridley, Minnesota; an 80,000-square-foot office/showroom building on the National Lead/Taracorp/Golden Auto site in St. Louis Park, Minnesota; and a four-phase redevelopment project, called the Northern Stacks Industrial Park, at the Naval Industrial Re serve Ordnance Plant (NIROP) and FMC Fridley sites, also in Fridley. Construction is now complete at the Boise Cascade/Onan Corporation/Medtronics Inc. site and four companies operate on site, including Cummins Power Generation, Inc., Hagemeyer North America, Inc., Medtronic, Inc., and Murphy Warehouse Company. Phases I and II are complete at the Northern Stacks park, while Phase III and Phase IV are still under construction.

Property Values and Tax Revenues

On-site properties help generate property tax revenues that support local government and public services. During the 2015-2016 fiscal year, the five site property parcels generated over $950,000 in property taxes for Hennepin County. In 2016, the site properties had a total estimated market value of over $22 million. On-site businesses that produce retail sales and services also generate tax revenues through the collection of sales taxes, which support state and local governments.[9]

Conclusion

In Brooklyn Center, Minnesota, a development company and a responsible party came together with state agencies and EPA to collaborate on the cleanup and redevelopment of the Joslyn Manufacturing & Supply Co. Superfund site. These efforts resulted in significant successes: the protection of human health and the environment and community revitalization. Today, Twin Lakes Business Park has attracted new tenants and employment opportunities, providing about 291 jobs and nearly $12.5 million in annual employee income, with 2015 sales estimated at nearly $56 million. The redevelopment has resulted in the beneficial use of a valuable property in the heart of the Minneapolis-St. Paul metropolitan area, and spurred additional development nearby. The fourth phase of development added 90,000 square feet of additional industrial space to the business park and was completed in December 2012. This successful redevelopment provides a compelling example of the kind of beneficial site reuse and redevelopment that can result from dedicated, forward-thinking stakeholders working together in innovative ways over the long term.

For more information about EPA's Superfund Redevelopment Initiative (SRI), visit:
http://www.epa.gov/superfund-redevelopment-initiative.

[9] The combined sales tax rate in Hennepin County is 7.275 percent. This combined rate includes sales tax rates for the state, county and city. For more information, see the web page: http://www.taxrates.com/state-rates/minnesota/cities/brooklyn-center/?referrer=https://www.google.com/&lastReferrer=www.taxrates.com.

Technical Appendix

Employment Information for On-site Jobs

EPA obtained the data included in this Technical Appendix directly from reputable sources, and reported the data as presented by those sources.

Information on the number of employees and sales volume for on-site businesses came from the Hoovers/Dun & Bradstreet (D&B) database. EPA also gathered information on businesses and corporations from D&B.

D&B maintains a database of over 225 million active and inactive businesses worldwide. Database data include public records, financials, private company insights, extensive global information, telephone numbers and physical addresses.

When Hoovers/D&B database research could not identify employment and sales volume for on-site businesses, EPA used the Manta database. These databases include data reported by businesses. Accordingly, some reported values might be underestimates or overestimates. While sales values typically exceed estimated totals of annual income, sales can sometimes be lower than estimated income. This could be attributed to a number of business conditions and/or data reporting.

Wage and Income Information for On-site Jobs

EPA obtained wage and income information from the U.S. Bureau of Labor Statistics (BLS). Part of the U.S. Department of Labor, the BLS is the principal federal agency responsible for measuring labor market activity, working conditions and price changes in the economy. Its mission is to collect, analyze and disseminate essential economic information to support public and private decision-making. All BLS data meet high standards of accuracy, statistical quality and impartiality.

EPA used the BLS Quarterly Census of Employment and Wages database to obtain average weekly wage data for businesses at the Joslyn Manufacturing and Supply Co. Superfund site. Average weekly wage data were identified by matching the North American Industry Classification System (NAICS) codes for each type of business with weekly wage data for corresponding businesses in Hennepin County. If weekly wage data were not available at the county level, EPA sought wage data by state or national level, respectively. In cases where wage data were not available for the six-digit NAICS code, EPA used higher-level (less-detailed) NAICS codes to obtain the wage data.

To determine the annual wages (mean annual) earned from jobs generated by each of the selected businesses at the Joslyn Manufacturing and Supply Co. Superfund site, EPA multiplied the average weekly wage figure by the number of weeks in a year (52) and by the number of jobs (employees) for each business.

Table 1. Joslyn Manufacturing & Supply Co. Superfund Site: Information for On-Site Organizations and Businesses

On-site Business	NAICS Code[a]	NAICS Title	Number of Employees[b]	Average Weekly Wage (2014)[c]	Annual Wage (Mean Annual) per Employee	Total Annual Income[d]	Annual Sales (2015)[b]
Automation, Inc.	423830	Industrial Machinery and Equipment Merchant Wholesalers	30	$1,497	$77,844	$2,335,320	$37,350,000
Berkshire Transportation Inc.	488510	Freight Transportation Arrangement	6	$1,281	$66,612	$399,672	$1,000,000
Caribou Coffee Company, Inc.	722513	Limited-Service Restaurants	16	$286	$14,872	$237,952	$858,363[e]
Caribou Coffee Company, Inc.	722513	Limited-Service Restaurants	108	$286	$14,872	$1,606,176	$5,793,953[e]
Katadyn North America, Inc.	333318	Other Commercial and Service Industry Machinery Manufacturing	12	$1,498	$77,896	$934,752	$3,430,000
MTI Distributing, Inc.	423820[f]	Farm & Garden Machinery & Equip Merchant Whlsrs	100[f]	$1,085	$56,420	$5,642,000	$2,500,000[f,g]
Supply Technologies LLC	423840	Industrial Supplies Merchant Wholesalers	16	$1,308	$68,016	$1,088,256	$4,661,760
Titan Tool	333912	Air and Gas Compressor Manufacturing	2	$1,248	$64,896	$129,792	$107,440[g]
Wagner Spray Tech Corporation	423830	Industrial Machinery and Equipment Merchant Wholesalers	1	$1,497	$77,844	$77,844	$215,600
Total			**291**			**$12,451,764**	**$55,917,116**

[a] NAICS code provided in the D&B database, unless otherwise noted.
[b] Data are from the D&B database, unless otherwise noted.
[c] Average weekly wage per employee based on BLS 2014 Average Weekly Wage data.
[d] Total annual income figures derived by multiplying "Number of Employees" by "Annual Wage (Mean Annual) per Employee."
[e] Annual sales value based on 2012 company-wide estimated sales revenue.
[f] Value provided by Manta.

[g] While sales values typically exceed estimated totals of annual employee income, annual reported sales can sometimes be lower than estimated annual income. This atypical condition of estimated income exceeding sales can be a result of business conditions, estimated business wages not accurately reflecting actual wages for the site-specific business, annual sales being under-reported, a business loss for the year, or a combination of those factors.

Table 2. Fourth Phase Development: Information for Organizations and Businesses

On-site Business	NAICS Code[a]	NAICS Title	Number of Employees[b]	Average Weekly Wage (2014)[c]	Annual Wage (Mean Annual) per Employee	Total Annual Income[d]	Annual Sales (2015)[b]
FujiFilm	423830	Industrial Machinery and Equipment Merchant Wholesalers	50	$1,497	$77,844	$3,892,200	$5,413,000[e]
Badger Acquisition of Minnesota LLC (OmniCare of Minnesota)	424210	Drugs and Druggists' Sundries Merchant Wholesalers	150	$2,534	$131,768	$19,765,200	$23,240,000
Total			**200**			**$23,657,400**	**$28,653,000**

[a] NAICS code provided in the D&B database.
[b] Data are from the D&B database.
[c] Average weekly wage per employee based on BLS 2014 Average Weekly Wage data.
[d] Total annual income figures derived by multiplying “Number of Employees” by “Annual Wage (Mean Annual) per Employee.”
[e] Value provided by the ReferenceUSA database.

Property Values and Local Tax Revenue Generated from Property Taxes

EPA obtained data on the most recently assessed values for property parcels at the Joslyn Manufacturing & Supply Co. Superfund site in July 2016 through property records accessible through Hennepin County’s online property appraisal database (https://gis.hennepin.us/property/map/default.aspx). EPA also obtained 2015 property tax information for the site parcels.

Table 3. Property Value and Tax Summary for Taxes Payable in 2016: Joslyn Manufacturing & Supply Co. Superfund Site

Parcel ID No.	Parcel Address	Total Market Value of Land and Improvements (2016)	Total Property Tax (2015)	Sale Price (July 2012)
10-118-21-31-0030	3900 Lakebreeze Ave. N Brooklyn Center, MN 55429	$6,355,000	$281,210	$7,617,586
10-118-21-24-0034	4830 Azelia Ave N Brooklyn Center, MN 55429	$5,568,000	$244,831	$6,125,214
10-118-21-24-0032	3900 Lakebreeze Ave N Brooklyn Center, MN 55429	$1,000	$44	NA
10-118-21-23-0006	4837 Azelia Ave N Brooklyn Center, MN 55429	$10,138,000	$426,788	$12,978,993
10-118-21-23-0007	22 Address Unchanged Brooklyn Center, MN 00000	$500	$22	NA
		$22,062,500	**$952,895**	**$26,721,793**

NA – Not Applicable

Table 4. Property Value and Tax Summary for Taxes Payable in 2016: Fourth Phase Development

Parcel ID No.	Parcel Address	Total Market Value of Land and Improvements (2016)	Total Property Tax (2015)
10-118-21-31-0031	4001 Lakebreeze Ave N Brooklyn Center, MN 55429	$4,813,000	$211,422
		$4,813,000	**$211,422**