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Reuse and the Benefit to Community South Andover Site

Executive Summary

This case study documents the evolution of the South Andover Superfund Site (known officially as the South Andover Site) and nearby industrial properties from waste disposal and auto salvage yards into a major shopping destination for Andover residents and explores the related benefits for the community.

Andover, Minnesota is a suburban community located about 15 miles north of Minneapolis. Until the 1980s, a number of properties in southern Andover were used to store waste and salvage materials, including numerous junked cars and over 3 million scrap tires. The enormous tire piles caught fire twice, the second of which took more than a day to extinguish. Because of ground water and soil contamination, the U.S. Environmental Protection Agency (EPA) added a 50-acre portion of this area to its National Priorities List (NPL) in 1983, referred to as the South Andover Superfund site.

Following intensive cleanup efforts, local leadership, land use planning and development have radically changed the site. Commercial shops and offices are now open in the same space that was once covered with scrap tires. Where an estimated 1,000 barrels (most containing dangerous substances) once dotted the landscape, residents from Andover and nearby communities now have access to a Target, a grocery store, a Walgreens drug store, a movie theatre and restaurants. Together these businesses make up a large portion of the redevelopment area known as Andover Station. Viewed as Andover's new downtown, this award-winning, pedestrian-oriented development is attracting shoppers, boosting the local tax base and helping to foster a more walkable and livable community.



Figure 1: Tires and auto parts littered the site in the 1980s.



Figure 2: The site is now home to Andover Station, an award-winning pedestrian-oriented retail and commercial center.

Positive Impacts

- Cleanup and redevelopment of the South Andover Superfund Site and nearby properties have transformed a heavily blighted section of Andover into Andover Station, an award-winning commercial development.
- Since 2000, over 20 retail shops, service centers and business offices have opened at Andover Station.
- Businesses in Andover Station employ approximately 500, providing nearly \$10 million in annual employee income to the community.
- Andover Station properties together generate nearly \$800,000 in property tax revenue each year.
- Walkways, open space and sitting areas create opportunities for more active lifestyles for nearby residents.

Introduction

Superfund site remediation results in restored value to site properties and the surrounding community. Making a property ready for reuse can revitalize the local economy with jobs, new businesses, tax revenues and local spending, as well as enhance recreational and ecological opportunities. This case study captures the qualitative and quantitative impacts that new development on a Superfund site and nearby area has had on Andover, Minnesota, a suburban community located about 15 miles north of Minneapolis.

The South Andover Superfund Site occupies 50 acres near the southern and eastern borders of Andover's city limits. It falls within the 90-acre area now known as Andover Station. This area is surrounded primarily by residential homes. According to 2010 Census data, approximately 3,300 people live in the surrounding census tract.

Site History and Cleanup

The South Andover Superfund site was originally comprised of several properties used for waste handling operations during the mid-1950s. In the 1960s and 1970s, solid and liquid chemical wastes were dumped at the site and burned in open pits. At one point prior to cleanup, the properties stored more than 1,000 drums of waste and 3 million scrap tires. Most auto salvage and waste disposal activity at the site ceased by 1981. However, scrap waste remained a considerable public health threat throughout the 1980s. In the late 1980s, the enormous tire piles caught fire twice, the second of which took more than a day to extinguish.

EPA became involved in the site in 1979 at the request of the Minnesota Pollution Control Agency (MPCA). The site was proposed to the NPL in December 1982 and listed in September 1983.¹ The contaminated media included debris, ground water and soil. The primary contaminants of concern included metals, polycyclic aromatic hydrocarbons, polychlorinated biphenyls and volatile organic compounds (VOCs).

Property Cleanup and Transformation

EPA completed in-depth studies to identify the nature and extent of contamination in ground water, surface water and soils in the late 1980s and early 1990s. EPA's remedies included monitoring ground water for contaminants of concern; excavating, treating and backfilling contaminated soil; and drum removal, which began in 1992. EPA negotiated an agreement with some of the site's potentially responsible parties (PRPs) to implement the remaining cleanup actions required as part of the soil cleanup remedy and in 1994 the PRP



Figure 3: Andover's location in eastern Minnesota.

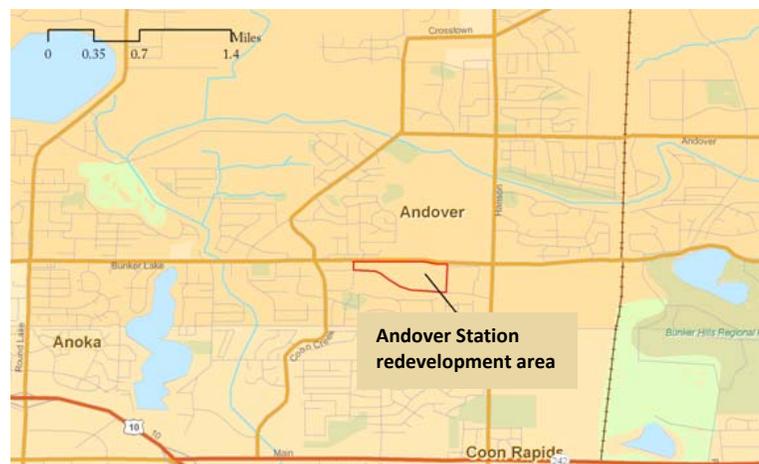


Figure 4: The boundary includes the South Andover Superfund site and the nearby properties that together make up the Andover Station redevelopment area.

¹ For more information on the site's discovery and listing, please see: <http://www.epa.gov/superfund/sites/rods/fulltext/r0588065.pdf>

group undertook the excavation and treatment of the contaminated soil. Ground water monitoring was completed in 1997. In 1998, EPA deleted the soil portion of the site from the NPL.

Some important issues continued to require additional attention. Investigations in 1997 and 1998 showed a VOC plume underneath the site that had not been identified in earlier studies. EPA, the City of Andover and the PRP group continued to investigate the ground water contamination and in December 2007, the PRP group determined that the overall plume area and its relevant contaminant concentrations had diminished. Although there has been no final resolution of ground water contamination issues, in 2007 the PRP group confirmed that all residences overlaying the plume are connected to municipal water. In addition, all property owners are required to connect to the municipal water before obtaining a Certificate of Occupancy.



Figure 5: Junkyards on part of the site that would become Andover Station.

The City of Andover first became interested in redeveloping the site and nearby industrial properties while EPA was conducting site investigation activities in the mid-1980s. The city anticipated that redevelopment of the site and nearby properties could result in a number of economic and environmental benefits. The city took out bonds to pay for additional site cleanup and established a tax increment finance (TIF) district encompassing the South Andover Superfund site and nearby properties to help pay off the bonds. In 1996 and 1997, the city acquired each of the parcels comprising the site and the nearby properties, mostly through eminent domain. Collectively these properties, totaling 90 acres, would come to be known as Andover Station.



Figure 6: Aerial image of the Andover Station redevelopment area. The area bounded by Thrush Street, Bunker Lake Boulevard, Station Parkway and Jay Street together make up Andover Station, which includes the South Andover Superfund site.

Once it acquired the properties, the City of Andover began performing additional remedial actions where necessary. The city also hired an architectural, engineering and planning firm to develop a master plan and further prepare the site for redevelopment. Other pre-redevelopment activities included street and infrastructure installation, relocation of the original wetlands and construction of storm drainage ponds. Site assembly, preparation and cleanup costs totaled \$10 million. Businesses first began locating at Andover Station in 2000. Since then, numerous businesses have followed. In 2000, the City Engineers' Association of Minnesota awarded the City of Andover its "Project of the Year" for its work at Andover Station, an award given for a project that "incorporates public benefit, design and construction innovations, environmental benefits, or significant safety improvements to a community."² In 2003 the Minnesota Shopping Center Association awarded Andover Station the STARR award for "Development Process".³

In addition to the commercial and retail space occupying much of the Andover Station redevelopment, a new major commercial development is also underway just north of Andover Station referred to as Andover Station North. Moreover, in 2003 and 2004, townhouses were constructed directly south of Andover Station that, according to a city official, likely would not have been built had it not been for the redevelopment activity at Andover Station.

Local Impacts

The remediation and subsequent redevelopment of the South Andover Superfund site and nearby industrial properties have resulted in significant economic impacts for the community. New businesses have located at the site, including: Festival Foods grocery store, Andover Cinema, Target, Walgreens, H&R Block and Wells Fargo. Restaurants, coffee shops, a bowling alley, an events center and a nail salon have also opened. The Andover Station offices, retail shops and service centers directly support over 500 jobs annually and contribute \$9.9 million in annual employment income to the community.⁴

Andover Station is also creating positive local economic impacts through the increased local tax revenue earned on sales resulting from commercial activity. Although nearly all sales taxes collected in the City of Andover and Anoka County are dedicated to the state, in July 2008 a one quarter of one percent sales and use tax became effective for the city and surrounding counties that will raise funds for improvements to the regional transit system, including light rail, commuter rail and bus rapid transit. In 2010, total annual sales reported by businesses in Andover Station were over \$3 million, with some of the largest businesses not reporting.⁵ These

Andover Station Businesses Provide Jobs and Income

- Target employs 200 and contributes \$3.9 million in annual employee income to the community.
- Festival Food grocery store employs 97 and contributes \$2.3 million in annual employee income to the community.
- Tanners Steakhouse and Bar employs 70 and contributes nearly \$1 million in annual employee income to the community.
- Walgreens drug store employs 40 and contributes nearly \$1.5 million in annual employee income to the community.

² University of Minnesota Technology Exchange. "City of Andover Project Wins CEAM Project of the Year Award: Turning Trash to Treasure." <http://arlene-ltap.software.umn.edu/Publications/Exchange/2000-2/070605.html>

³ <http://www.msca-online.com/starrAwards.html?year=2003#5>

⁴ Bureau of Labor Statistics, 2009 Quarterly Census of Employment and Wages State Occupational Employment and Wage Estimates, Anoka County, Minnesota.

⁵ Target was one of the businesses that did not report. In 2009, Target stores across the U.S. generated \$63.4 billion in sales, an average of \$36.5 million per store. The average sales at this location would have resulted in approximately \$2.6 million in additional tax revenue. See Target 2009 Annual Report.

<http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsAnnual>

sales resulted in approximately \$230,000 in tax revenue, based on the 7.125 percent combined sales and use tax in place.

Benefits from Increased Property Values

Another important way that the cleanup and redevelopment of contaminated property can have positive economic impact is through local tax revenue generated from property taxes. In 1999, a local newspaper reported that the Andover Station redevelopment had seen its property values increase from approximately 83 cents per square foot when junkyards still occupied much of the area to roughly \$2 to \$3 per square foot after most cleanup work and improvements had been completed.⁶ The estimated total (land plus improvement) value for all properties within Andover Station in 2010 is over \$43 million. In 2009, property taxes levied on these properties by Anoka County totaled nearly \$800,000.⁷

Property taxes earned on properties within the Andover Station TIF district are allocated to the City of Andover, Anoka County and the school district each year at the level these properties were paying in 1986. The TIF system requires property taxes collected that are above the 1986 property tax level (the base amount) to be used to pay back the city's debt obligations incurred from its initial site cleanup and improvement costs. Because the city's debt has been nearly paid off, excess property tax revenue is now being directed to a TIF account to pay for additional special economic development projects within the district. The city is using \$1 million of the excess TIF funding to pay for costs incurred from the development of recreational facilities in the large-scale development project located just north of Andover Station and is identifying opportunities for additional TIF projects. The Andover Station TIF district undergoes decertification in 2011. After that, all tax revenues, including those originally retained for the TIF district, will be allocated to the city, county and school district at rates proportional to current property values.

Improved Aesthetics, Walkability and Greenspace

Site cleanup and redevelopment have also resulted in considerable aesthetic improvements to the South Andover Superfund site and nearby areas, which was one of the motivations for the redevelopment. Prior to its redevelopment, Andover Station was heavily blighted, containing mostly junkyards. In their place, a number of Andover Station buildings were built in accordance with robust architectural design guidelines intended to evoke an urban-oriented commercial center. In addition, Andover Station includes walking trails and open space. The site's pedestrian-oriented

City Investment Pays Off

- Site cleanup and preparation costs of \$10 million are nearly paid off.
- \$1 million in excess TIF funds are being used for new recreational facilities at a new nearby development. Other TIF-funded projects are being explored.
- The TIF system expires in 2011, after which all taxes originally retained for the TIF district will be allocated to the city, county and school district.



Figure 7: Walkway, open space and sitting area constructed alongside a storm drainage pond at Andover Station. The Target store is visible in the background.

⁶ Shannon Hahn. (1999, October 1). "Trash to Treasure in Andover." *Minneapolis St. Paul Business Journal*. <http://twincities.bizjournals.com/twincities/stories/1999/10/04/story3.html>

⁷ Data on the most recently assessed property value for each of the properties within Andover Station was collected from property records accessible through Anoka County's online property records database.

elements, combined with the site's greenspace, further increase opportunities for recreational use of the area and more active lifestyles for shoppers and nearby residents.

Conclusion

The transformation of the South Andover Superfund site and nearby industrial properties is as impressive as it is important. Once a significant human health and environmental threat, this area is now a thriving retail and commercial center providing jobs, boosting the City of Andover's tax base and supporting revenue generation for the regional transit system. With the assistance of EPA, MPCA and a number of other partners, the site's transformation began in earnest in the late 1980s. Following cleanup work by EPA and the PRP group, city leaders made a courageous decision to assemble the many properties located within and near the South Andover Superfund site. Undaunted by the prospects of dealing with a formerly contaminated Superfund site, the city chose to work directly with MPCA and EPA to carefully address contamination issues. After obtaining the necessary properties, the city funded and oversaw the site planning and preparation necessary to make the area's commercial redevelopment a reality.



Figure 8: Walgreens is one of the many businesses that opened at Andover Station in the 2000s.

“Residents were happy to have the site cleaned up and put into reuse. The success of this development has kept the bar high for what is at the site and what will be there in the future.”

-City of Andover's Community Development Director, 2009

Because of leadership by the city, private property development companies and ultimately the numerous businesses that chose to locate at the site, the dream of Andover Station has been realized. Although some issues remain, it is very likely that Andover Station will continue benefiting residents of Andover far into the future. According to the city's Community Development Director, Will Neumeister, Andover Station redevelopment is widely viewed as a success by local residents. Moreover, the Superfund status has “mostly been forgotten.” This story should serve as a model and important source of lessons for other municipalities considering how to transform contaminated properties into productive economic assets for their communities.



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Technical Appendix

Positive Impacts: Employment Information for On-site Jobs

Each on-site business was researched in the Dun & Bradstreet (D&B) Database, from which the number of employees and sales volume information was gathered. D&B is a company that provides information on businesses and corporations. It maintains a database of over 179 million companies globally and over 53 million professional contact names using a variety of sources including public records, trade references, telecommunication providers, newspapers and publications, telephone interviews among other various sources (<http://www.dnb.com/>).

The Data Universal Numbering System (DUNS) number is a unique nine-digit identification number assigned by D&B to each business and its location within the D&B database for the purpose of identifying each business.¹

Andover Cinema: 40 employees

DUNS Number: 016552999

Sales Volume (US\$): \$1,200,000

Belli Capelli The Salon: 13 employees

DUNS Number: 148697068

Sales Volume (US\$): \$300,000

Caribou Coffee Company, Inc.: 14 employees

DUNS Number: 929261522

Sales Volume (US\$): Not provided

Courtyards of Andover Events Center: 20 employees

DUNS Number: 50283386

Sales Volume (US\$): \$490,000

Daisy Nails: 2 employees

DUNS Number: 784941499

Sales Volume (US\$): \$50,000

Fantastic Sams Andover: 2 employees

DUNS Number: 826513280

Sales Volume (US\$): \$65,000

Festival Bakery Andover: 6 employees

DUNS Number: 626779651

Sales Volume (US\$): \$180,000

¹ D&B updates its company reports on an annual basis. Data from D&B used for this analysis was collected in March 2011.

Festival Foods: 97 employees
DUNS Number: not available
Sales Volume (US\$): not available

Nail Spa: 2 employees
DUNS Number: 137907106
Sales Volume (US\$): \$44,000

Northgate Liquors Andover: 2 employees
DUNS Number: 137913484
Sales Volume (US\$): \$170,000

Tanners Steakhouse and Bar (Rgw, LLC): 70 employees
DUNS Number: 832514132
Sales Volume (US\$): \$720,000

Target Corporation: 200 employees
DUNS Number: 783347904
Sales Volume (US\$): not provided

Walgreen Company: 40 employees
DUNS Number: 807969394
Sales Volume (US\$): not provided

Businesses featured in “Reuse and the Benefit to Community: South Andover Site” case study which did not report to D&B

Several on-site business located at Andover Station do not submit data to D&B. Employee data for Festival Foods grocery store was collected from the 2009 City of Andover Comprehensive Annual Financial Report.

Positive Impacts: Wage and Income Information for On-site Jobs

Wage and income information was gathered using the Bureau of Labor Statistics (BLS) data. The BLS is a governmental statistical agency that collects, processes, analyzes and disseminates essential statistical data to the American public, the U.S. Congress and other Federal agencies in the broad field of labor economics and statistics. The data provided by the BLS has high standards of accuracy and consistently high statistical quality and impartiality in both subject matter and presentation.

Average weekly wage data for each of the businesses located at Andover Station was collected from the BLS Quarterly Census of Employment and Wages database. Average weekly wage data was identified by matching the six-digit North American Industry Classification System (NAICS) codes corresponding with each type of business with weekly wage data for corresponding businesses in Anoka County.² To determine the annual wages (mean annual) earned from jobs generated by each of the business located at Andover Station, the average weekly wage figure was multiplied by the number of weeks in a year (52) and by the number of jobs (employees) for each of the businesses.

² D&B uses six-digit NAICS codes to classify businesses reporting to D&B. For businesses not reporting to D&B, assumptions about the most appropriate NAICS code for those particular businesses were made.

Table 1: Andover Station Businesses: NAICS Code and Title, Average Weekly Wage and Annual Wage per Employee

On-site Business	NAICS Code ^a	NAICS Title	Average Weekly Wage (2009)	Annual Wage (Mean Annual) per Employee (2009)
Andover Cinema	512131	Motion Picture Theaters (except Drive-Ins)	\$188	\$9,776
Belli Capelli The Salon	812113	Nail Salons	\$243 ^c	\$12,636
Caribou Coffee Company, Inc.	722211	Limited-Service Restaurants	\$215	\$11,180
Courtyards of Andover Events Center	812990	All Other Personal Services	\$247	\$12,844
Daisy Nails	812113	Nail Salons	\$243 ^c	\$12,636
Fantastic Sams Andover	812112	Beauty Salons	\$345	\$17,940
Festival Bakery Andover	311811 ^b	Retail Bakeries	\$215	\$11,180
Festival Foods	445110 ^b	Supermarkets and Other Grocery (except Convenience) Stores	\$465	\$24,180
Nail Spa	812113 ^a	Nail Salons	\$243 ^c	\$12,636
Northgate Liquors Andover	445310	Beer, Wine, and Liquor Stores	\$281	\$14,612
Tanners Steakhouse and Bar (Rgw, LLC)	722110 ^b	Full-Service Restaurants	\$269	\$13,988
Target Corporation	452112	Discount Department Stores	\$377	\$19604
Walgreen Co.	446110	Pharmacies and Drug Stores	\$701	\$36,452

-Average Weekly Wage data source: BLS Quarterly Census of Employment and Wages (2009) Anoka County, Minnesota, <http://www.bls.gov/cew/>

-Annual wage (Mean Annual) per Employee is based upon BLS Average Weekly Wage data.

^aNAICS code provided in D&B unless otherwise noted.

^bNAICS code assumed.

^c Average weekly wage BLS data corresponding with Nail Spa is from 2007; data for 2008 and 2009 was not made available.

Table 2: Andover Station Businesses: Employees, Wages and Total Annual Wage

On-site Business	Employees ^a	Annual Wage (Mean Annual) per Employee ^b	Total Annual Wages ^c
Andover Cinema	40	\$9,776	\$391,040
Belli Capelli The Salon	13	\$12,636	\$164,268
Caribou Coffee Company, Inc.	14	\$11,180	\$156,520
Courtyards of Andover Events Center	20	\$12,844	\$256,880
Daisy Nails	2	\$12,636	\$25,272
Fantastic Sams Andover	2	\$17,940	\$35,880
Festival Bakery Andover	6	\$11,180	\$67,080
Festival Foods	97	\$24,180	\$2,345,460
Nail Spa	2	\$12,636	\$25,272
Northgate Liquors Andover	2	\$14,612	\$29,224
Tanners Steakhouse and Bar (Rgw, LLC)	70	\$13,988	\$979,160
Target Corporation	200	\$19,604	\$3,920,800
Walgreen Co.	40	\$36,452	\$1,458,080
Total	508	NA	\$9,854,936

-Employee data for Festival Foods is from the 2009 City of Andover Comprehensive Annual Financial Report. All other employee data is from D&B.

-Total annual wage figures were derived by multiplying "Employees" by "Annual Wage (Mean Annual) per Employee."

Positive Impacts: Local Tax Revenue Generated from Property Taxes

Data on the most recently assessed property values and the total tax amount for the parcels comprising Andover Station were collected from property records accessible through Anoka County's online property records database (http://www.co.anoka.mn.us/v1_departments/div-property-rec-tax/index.asp).

Table 3. Estimated Property Values (2010) and Tax Amount (2009) for Andover Station

Parcel ID No.	Estimated Land Value (2010) (\$)	Estimated Improvement Value (2010) (\$)	Total Estimated Value (2010) (\$)	Total Tax Amount (2009) (\$)
34-32-24-31-0034	668,700	1,235,000	1,903,700	29,758
34-32-24-31-0035	1,474,000	0	1,474,000	0
34-32-24-31-0036	1,199,000	0	1,199,000	0
34-32-24-31-0154	555,300	0	555,300	7,996
34-32-24-31-0155	599,900	989,600	1,589,500	18,288
34-32-24-31-0156	496,000	648,900	1,144,900	7,085
34-32-24-32-0028	3,146,200	3,947,500	7,093,700	110,165
34-32-24-42-0025	726,000	2,100,600	2,826,600	44,841
34-32-24-42-0026	675,600	910,600	1,586,200	51,366
34-32-24-42-0027	606,400	949,400	1,555,800	23,839

Parcel ID No.	Estimated Land Value (2010) (\$)	Estimated Improvement Value (2010) (\$)	Total Estimated Value (2010) (\$)	Total Tax Amount (2009) (\$)
34-32-24-42-0029	0	-	0	0
34-32-24-42-0030	3,664,400	7,375,700	11,040,100	172,615
34-32-24-42-0031	710,500	890,900	1,601,400	23,367
34-32-24-42-0028	532,600	3,157,400	3,690,000	114,329
34-32-24-32-0027	34,500	355,200	389,700	11,009
34-32-24-31-0038	100	-	100	3
34-32-24-31-0039	112,500	-	112,500	2,657
34-32-24-42-0015	123,700	465,800	589,500	17,468
34-32-24-42-0016	109,000	359,000	468,000	13,699
34-32-24-42-0017	263,900	297,100	561,000	16,534
34-32-24-42-0018	258,300	266,900	525,200	15,422
34-32-24-42-0019	130,100	468,000	598,100	18,352
34-32-24-42-0020	135,400	444,200	579,600	17,440
34-32-24-42-0021	233,100	256,400	489,500	15,016
34-32-24-42-0022	233,100	256,400	489,500	15,901
34-32-24-42-0023	96,300	520,600	616,900	22,102
34-32-24-42-0024	118,300	644,500	762,800	22,456
Total	16,902,900	26,539,700	43,442,600	791,708

Property values source: Anoka County, Property Records & Taxation Department, Property Information On-Line.
Notes: Total tax amount excludes all interest, penalties and costs. Anoka County is responsible for collecting property taxes and distributing tax collections to the City of Andover.