



# Brownfields to Brightfields

## Roadmap to Redevelopment



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**Prepared for:**  
Ramsey, MN

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# About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfield communities on redevelopment financing. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a two-day process that included interviews with numerous stakeholders from the government, agriculture, business, higher education, and non-profit sectors. The plan provides a framework for the financing of the development for a brightfield on the closed Anoka-Ramsey landfill.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

# Background & History

Located 22 miles north of Minneapolis in Anoka County, the City of Ramsey is a quaint suburb situated along the banks of the Mississippi River. Ramsey was originally named Watertown when the first settlers arrived in 1850. Later, the city changed its name to honor the first governor of the Minnesota Territory and the second governor of the state, Alexander Ramsey. The city was incorporated on November 12, 1974, and since then the city has flourished economically and currently has a larger median income than the U.S average with its economy based around manufacturing, healthcare, and retail.<sup>1</sup>

Currently, the city is a blend of rural and suburban lifestyles making it an attractive place to live. However, Ramsey's pastoral feeling will likely evolve as the population of 23,800 is expected to increase to 39,000 by 2040. The rise is partly attributed to the commuter rail stop that connects Ramsey to the Twin Cities. A large rise in population brings an increased energy requirement, and the City of Ramsey recognizes the benefits associated with clean energy. While searching for assets that can be transformed to meet this need, the city has turned its attention to the Anoka-Ramsey Landfill.



The 267.4-acre Anoka-Ramsey landfill was officially closed as a landfill in 1993 and is now capped. The site, which is comprised of multiple parcels, has several different zoning designations including Public/Quasi-Public, R-2 Medium Density Residential, and E-1 Employment District. The closed landfill is owned by the Minnesota Pollution Control Agency (MPCA), which has requested the entire site be re-designated as a Closed Landfill as it is currently still designated an active landfill. Upon the adoption of the city's 2040 Comprehensive Plan Update, the city of Ramsey plans to update its records to

designate this entire site as a closed landfill to open up development opportunities.

Located in the southeastern quadrant of Ramsey, the closed landfill site is just one mile north of the Mississippi River. Directly adjacent to the site's south are active light commercial, light industrial, and multi-optional development land uses. Light single-family residential properties can be found to the west of the site. Alpine Park borders the site's north, and undeveloped shrubbery, forest, and the city-owned Sunfish Lake Park are east of the site.

The closed landfill has been left inactive for years and the city has sought a new way to activate the site. Of all the redevelopment ideas explored since 1997, the brightfield concept has been the most feasible. A brightfield is a solar panel system typically placed upon a brownfield. The goal of

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<sup>1</sup> <https://www.bestplaces.net/economy/city/minnesota/ramsey>

Ramsey's "Anoka-Ramsey Closed Landfill" is to become the first true brightfield developed in the State of Minnesota.

Stakeholders indicated a desire to focus the benefits of the project on low-to-moderate income-households as well as the localized natural environment. Stakeholders also recognized the potential for this project to set an example for redeveloping the state's other 113 closed landfills. The Minnesota Pollution Control Agency (MPCA) has identified land uses for the site considering the methane gas and groundwater areas of concern, the types and locations of response actions and associated equipment, the amount of the site filled with landfill waste, and local land-use desires. This coincided with Ramsey's participation in the University of Minnesota's "Resilient Communities Project" in which Ramsey identified their strategic planning priorities, including financial stability, a connected community, a smart citizen-focused government, and an efficient organization. Ramsey views the brightfield redevelopment project as a first step in supporting these priorities as well as one of several options supported by the MPCA.



# Brownfields to Brightfields

# Roadmap to Redevelopment

## Recommendations: Project Specific

### Part I: Divide the Site

During CDFA's site visit, it was determined the most efficient use of the site was to split the lot into two sections. Splitting the lot into two sections frees the buffer land as a potential site for private activity to take place. This would allow a local utility company or private solar developer to install its equipment and generate revenue without violating the tax-exempt regulations which govern projects financed with G.O. bonds. By law, land that utilizes G.O. bond financing cannot allow private activity to take place until the bonds are paid off. Otherwise, if private activity were to occur, then it would cause a disruption to the tax-exemption the investor receives, in addition to opening up the Minnesota Pollution Control Authority, as landowner and G.O. bond issuer, to litigation. Splitting the lot into G.O. bond-financed and non-G.O. bond-financed sections would be best to utilize the landfill.

### Part 2: Develop a Relationship with a Utility Company

A strong partnership with a local utility company is pivotal for an energy project, so exploring a power purchase agreement would be a prudent step. A power purchase agreement is a financial agreement where a developer arranges for the design, permitting, financing, and installation of a solar energy system on a customer's property under a negotiated land lease agreement. In this case, the developer would sell the power generated to the local utility at a negotiated rate based on the local utility's rate structure with agreed upon annual rate escalation for the term of the power purchase agreement.<sup>2</sup> Executing a power purchase agreement can help solidify the working relationship between the developer, the local utility company, and the property owner. From this arrangement, all entities can still financially benefit from this structure. Particularly, the site owner can diversify their energy sources without paying for the bill, have more knowledgeable parties select equipment, and eliminate the risks and responsibilities of ownership.

### Part 3: Create an RFP for Developers

The Minnesota Pollution Control Agency should issue a request for proposal (RFP) for a developer. An RFP is a document that seeks a company interested in fulfilling a service to submit a business proposal that is often completed through a bidding process. An RFP typically includes an action plan, a timeline, the total expense of the project, and any other necessary information. Although creating and releasing an RFP is not a complicated process, it would be best to include any potential lessees of the site on the development of the RFP. This ensures they can add a perspective that may be overlooked otherwise.

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<sup>2</sup> <https://www.seia.org/research-resources/solar-power-purchase-agreements>

During stakeholder meetings, it became apparent the participants desired the site to be developed in a manner focusing the project's benefits on low-to-moderate income households and the local natural environment. Several stakeholders suggested developing a utility tariff to assist the energy burdened homes in the community and/or directing a portion of the proceeds from lease payments to the MPCA's programs which address the energy needs of LMI households. Stakeholders also voiced support for the inclusion of a living lab, plant-pollinator vegetation, and recreating habitat for local wildlife.

## **Part 4: Lease Agreement**

As the buffer land (non-G.O. bond-financed land) becomes leased to the utility company or a private solar developer, the income generated from the lease can be funneled into an account designated to pay off the G.O. bonds restricting the remaining portion. Pooling money from the unrestricted land to pay off the restricted area will allow the landfill to be paid off quicker, which in turn would allow more of the site to be developed.



# Recommendations: Financing

## Part I: Private Investment

The development of clean, commercial energy can often be limited by the developer's ability to secure long-term debt financing. Luckily, several funding options are available to lessen the burden including both tax credits and loans.

### I. The Solar Investment Tax Credit

The Solar Investment Tax Credit (ITC) is an important federal development finance tool that supports the growth of the solar industry in the United States. The ITC is currently a 26 percent federal tax credit claimed against the tax liability of residential (under Section 25D of the Internal Revenue Code) and commercial and utility (under Section 48) investors in solar energy property. In the case of the Section 48 credit, the business that installs, develops and/or finances the project claims the credit. The tax credit is a dollar-for-dollar reduction in the income taxes that a person or company would otherwise pay the federal government. Both the residential and commercial ITC are equal to 26 percent of the basis that is invested in eligible solar property which has begun construction through 2020.<sup>3</sup> Although government entities cannot use tax credits, the developer and utility company can.

### II. Innovative Clean Energy Projects Loan Program

The Title XVII innovative clean energy projects loan program (Title XVII) provides loan guarantees to accelerate the deployment of innovative clean energy technology. The U.S. Department of Energy is authorized to issue loan guarantees pursuant to Title XVII of the Energy Policy Act of 2005. Loan guarantees are made to qualified projects and applicants who apply for funding in response to open technology-specific solicitations. The Title XVII loan program applies to a wide range of energy technologies, including advanced fossil energy, nuclear energy, renewable energy and energy efficiency.<sup>4</sup>

### III. The Rural Economic Development Loan and Grant Program

The Rural Economic Development Loan (REDL) and Grant (REDG) programs provide funding to rural projects through local utility organizations. Under the REDL program, the U.S. Department of Agriculture provides zero-interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to the agency.<sup>5</sup> This program can allow the local utility company to provide funding for the developer if the developer is not able to receive traditional funding.

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<sup>3</sup> <https://www.seia.org/initiatives/solar-investment-tax-credit-itc>

<sup>4</sup> <https://www.cdfa.net/cdfa/cdfaweb.nsf/programs/2123545408?open&login>

<sup>5</sup> <https://www.rd.usda.gov/programs-services/rural-economic-development-loan-grant-program>

#### IV. Electric Infrastructure Loan & Loan Guarantee Program

Electric Infrastructure Loan & Loan Guarantee Program makes insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance the construction of electric distribution facilities in rural areas. The guaranteed loan program has been expanded and is now available to finance generation, transmission, and distribution facilities.<sup>6</sup>

#### V. EPA Multipurpose Grants

Multipurpose (MP) Grants provide funding to carry out a range of eligible assessment and cleanup activities with a proposed target area, such as a neighborhood, a number of neighboring towns, a district, a corridor, a shared planning area or a census tract. The target area may not include communities located in distinctly different geographic areas. The performance period for these grants is five years.<sup>7</sup> This grant could be best used to fund the planning process for this particular landfill and other brownfields within the control of the Minnesota Pollution Control Agency that have the potential to be redeveloped.

#### VI. Legislative-Citizen Commission on Minnesota Resources

In 1988, Minnesota voters approved a constitutional amendment (Art. XI, Sec.14) establishing the Environment and Natural Resources Trust Fund (ENRTF). The ENRTF receives all funding recommendations from the Legislative-Citizen Commission on Minnesota Resources (LCCMR). The purpose of the ENRTF is to provide a long-term, consistent, and stable source of funding for activities that protect, conserve, preserve, and enhance Minnesota's "air, water, land, fish, wildlife, and other natural resources" for the benefit of current citizens and future generations.<sup>8</sup> The "living lab" option also opens the doorway for LCCMR Funds, which have funded a number of renewable energy and energy storage projects in Minnesota.

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<sup>6</sup> <https://www.rd.usda.gov/programs-services/electric-infrastructure-loan-loan-guarantee-program>

<sup>7</sup> <https://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-8>

<sup>8</sup> <https://www.lccmr.leg.mn/about/faq/-index.html#1>

# Recommendations: Future Considerations

## Part I: Potential Action Plan

Developing Minnesota’s first brightfield solar project on the Anoka-Ramsey Landfill could be a precarious project, however, listed below are several suggested steps to pursue the solar project:

- I. The Minnesota Pollution Control Agency (MPCA) and the City of Ramsey develop an agreement with Connexus Energy to purchase 6-10 Megawatts of power from a solar project located on the Anoka-Ramsey landfill site.
- II. The MPCA, Connexus Energy, and any other relevant entity (such as the MN Citizens Utility Board) develop an RFP that addresses all stated goals and issues to select a solar developer for the project.
- III. The MPCA, as the landowner, applies to the City of Ramsey and obtains a lot split to create an approximately 25-35 acre separate parcel that is not restricted by the G.O. bonds used for the rest of the landfill.
- IV. The MPCA enters into a land lease with the Solar Developer for the Landfill Solar Project.
- V. The Solar Developer negotiates a Power Purchase Agreement (PPA) with Connexus Energy.
- VI. The Solar Developer arranges for project financing, including the Federal ITC and any other grant or loan programs.
- VII. The Solar Developer obtains all needed land use approvals from the City of Ramsey and constructs the Solar Project.
- VIII. The MPCA places land lease revenues in a separate fund to do improvements to the landfill site in an effort to retire G.O. bonds early and make more of the landfill site available for solar development, benefits to LMI households and any other additional appropriate purposes.

## Part II: Activate Site

The City of Ramsey’s main goal is to attempt to create a path for potential solar development on site by ensuring their zoning code would not prohibit this project. Any activation of the site would be an additional benefit. Activating the site could be funded using LCCMR funds and would include, but not be limited to, having the site become a “living lab” in which the site would integrate pollinators, vegetation, soil, and storm-water pollution prevention plans.

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## Additional Resources

CDFA Brownfields Financing Toolkit |  
<https://www.cdfabrownfields.org/cdfa/cdfaweb.nsf/pages/brownfields-resources.html>

CDFA Online Resource Database |  
<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Federal Financing Clearinghouse |  
<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |  
<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

Power Purchase Agreement |  
<https://www.seia.org/research-resources/solar-power-purchase-agreements>

Net Metering |  
<https://www.seia.org/initiatives/net-metering>

Ramsey, MN Economy |  
<https://www.bestplaces.net/economy/city/minnesota/ramsey>

Solar Investment Tax Credit |  
<https://www.seia.org/initiatives/solar-investment-tax-credit-itc>

Innovative Clean Energy Projects Loan Program |  
<https://www.cdfa.net/cdfa/cdfaweb.nsf/programs/2123545408?open&login>

The Rural Economic Development Loan (REDL) and Grant (REDG) Program |  
<https://www.rd.usda.gov/programs-services/rural-economic-development-loan-grant-program>

Electric Infrastructure Loan & Loan Guarantee Program |  
<https://www.rd.usda.gov/programs-services/electric-infrastructure-loan-loan-guarantee-program>

EPA Multipurpose Grants |  
<https://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-8>

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MN Brownfields  
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## About the Authors

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For more information about CDFA, visit [www.cdfa.net](http://www.cdfa.net) or e-mail [info@cdfa.net](mailto:info@cdfa.net).

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