



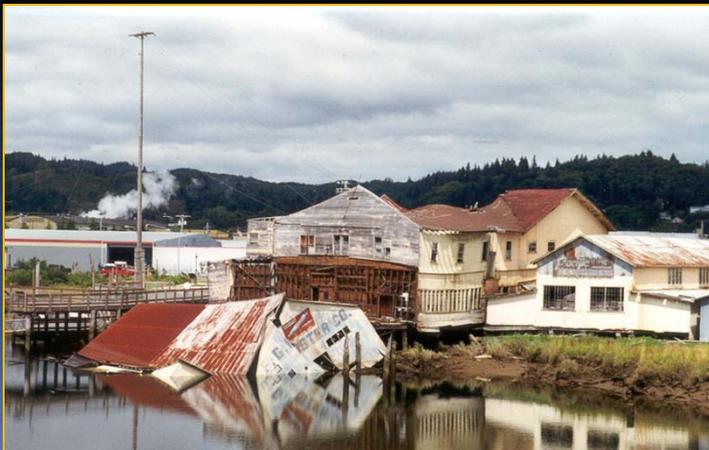
BROWNFIELDS REDEVELOPMENT: CREATING OPPORTUNITIES

**24TH ANNUAL DOWNTOWN REVITALIZATION
INSTITUTE TRAINING**

MAY 19-21, 2010 PORT TOWNSEND, WA

Definition and Overview

***"Brownfield"** means real property where environmental, economic, and social reuse objectives are hindered by real or perceived environmental contamination.*



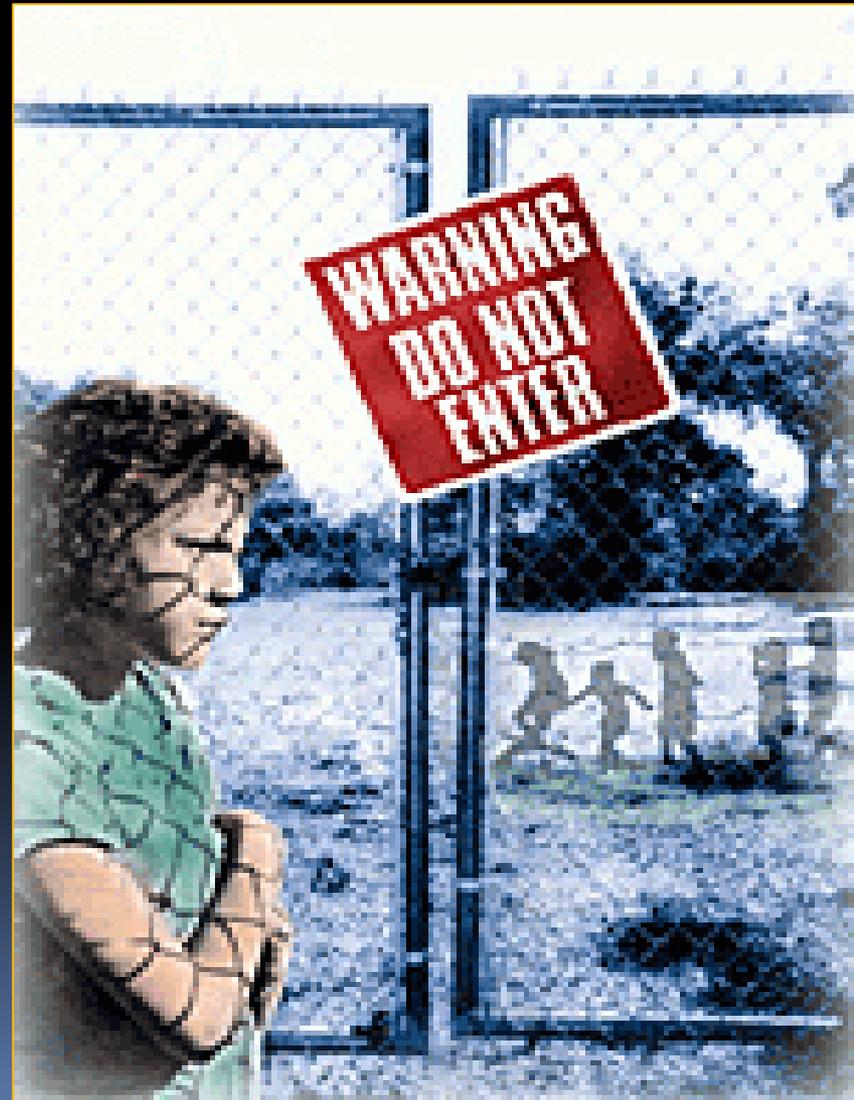
Typical Brownfields in Washington State

- Abandoned lumber mills
- Gas stations and bulk-fuel facilities
- Rail and transportation
- Landfills
- Port facilities
- Light industrial
- Dry cleaners



Brownfields Impact Communities

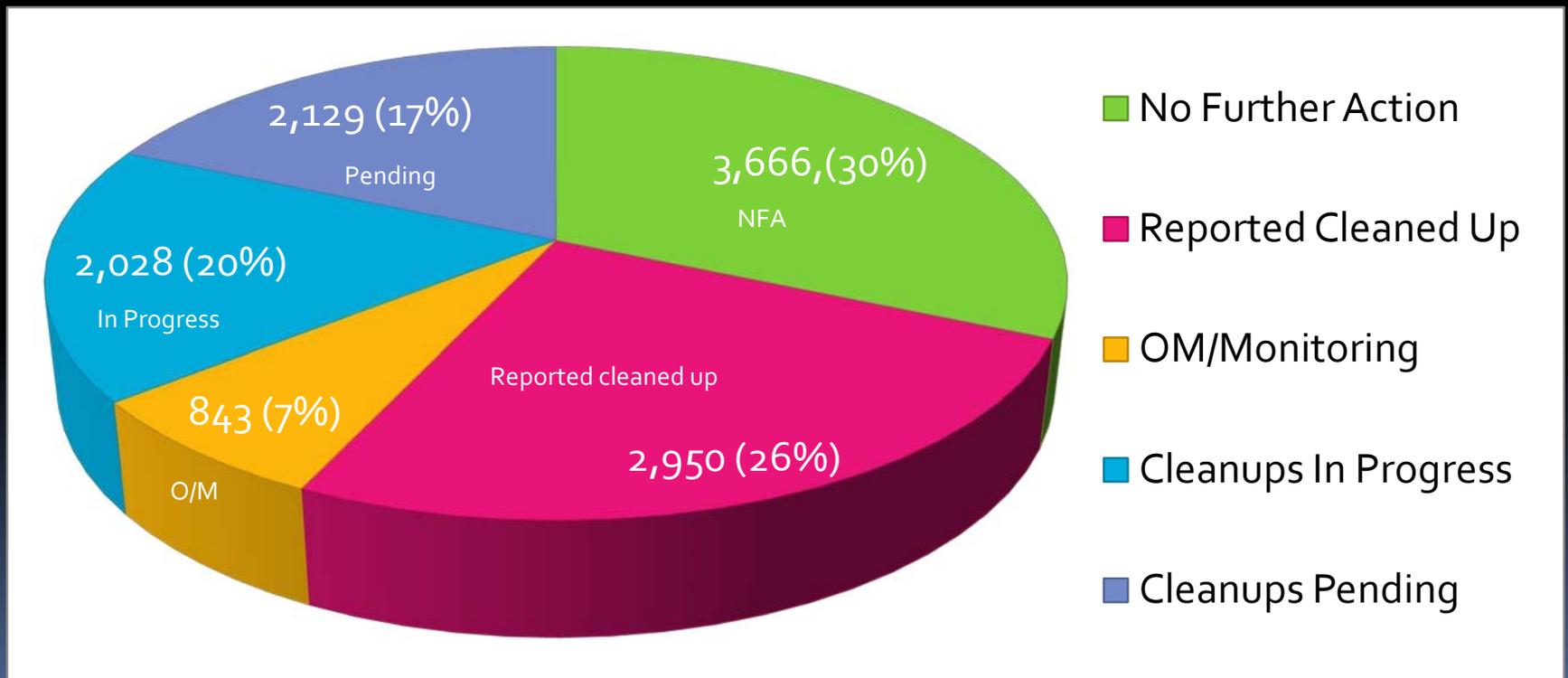
- Economic consequences of damage to humans
- Economic costs to ecosystem damage
- Revenue losses due to reduced real estate values
- Economic and conflict costs associated with inequity
- Costs associated with decreased density of economic activity
- Long term cost of urban sprawl



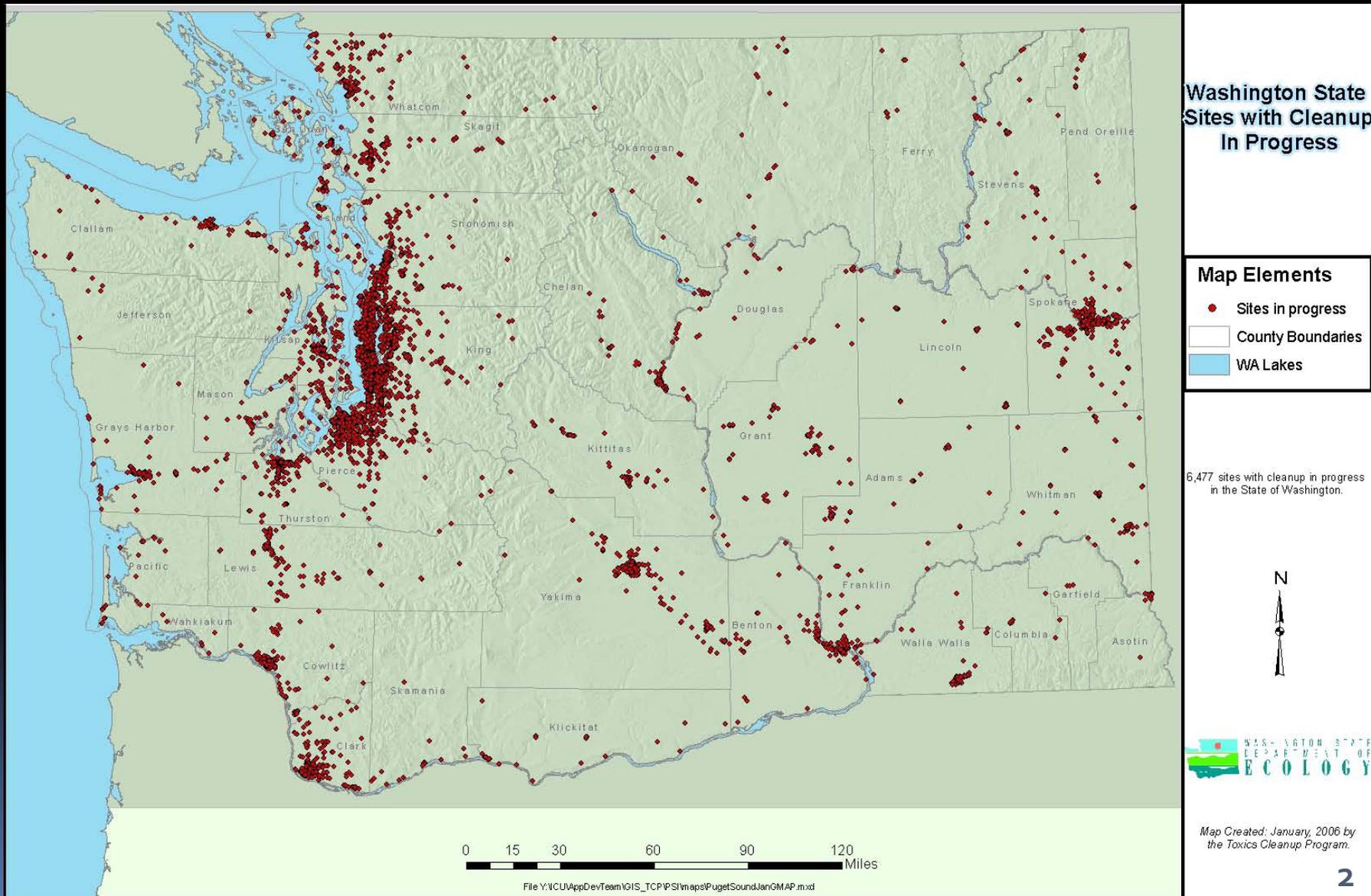
The Brownfields Problem

Cleanup Sites in Washington

11,616 as of April 21, 2010



Where Are Cleanups Taking Place Now?





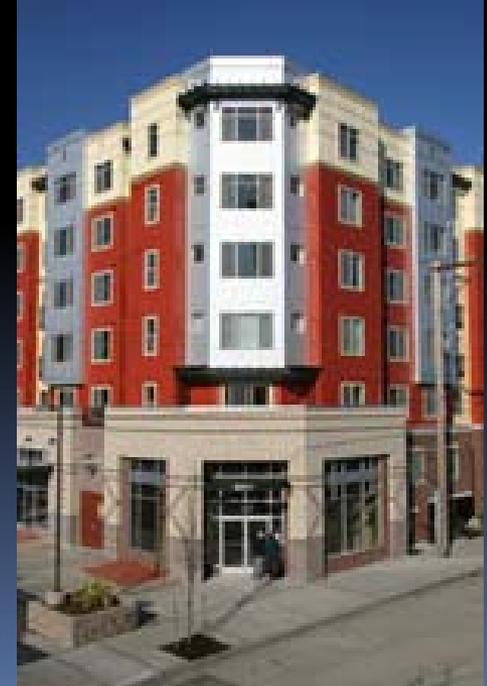
The Evolution of Brownfields Redevelopment

- First Generation
 - 1980's to early 1990's
 - States enact CERCLA-like cleanup laws
 - Command and Control from Regulatory Agencies
 - Second Generation
 - Mid-1990's to 2000's
 - States enact Voluntary Cleanup Programs
 - Client-based, regulators hands-off
 - Private Sector-led redevelopment
- 

Evolution of Brownfields cont'd...

■ Third Generation

- NOW
- Collaboration WITH State Agencies and Local Government
- Community-led redevelopment
- Partnerships
- Solving multiple community goals
- Leveraging Resources
- Area-wide focus



Rainier Court, Seattle, WA Photo credit:
SouthEast Effective Development

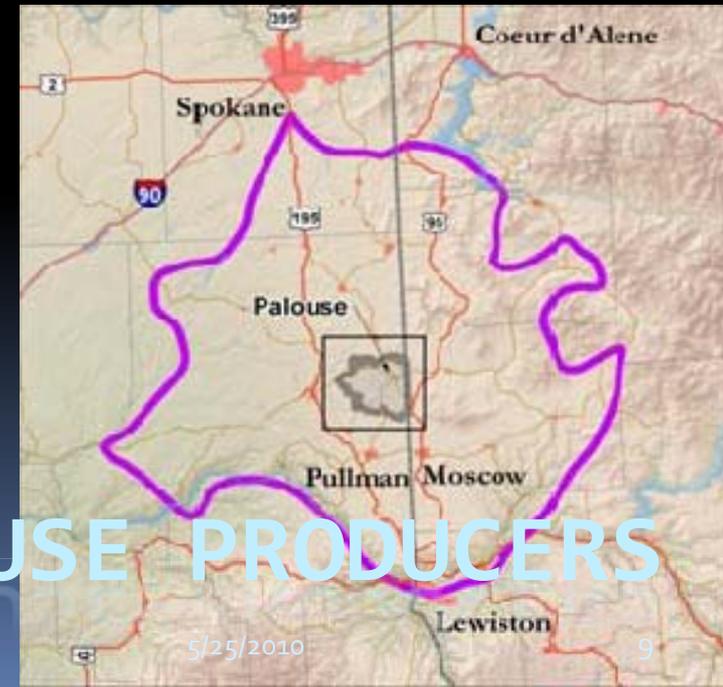
Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design



Introduction

- City of Palouse: Established in the late 1800's
- Heart of the Palouse country - Population 1,100
- Historically an agricultural based economy
- Bedroom community to Pullman – Moscow

REUSE OF FORMER PALOUSE PRODUCERS





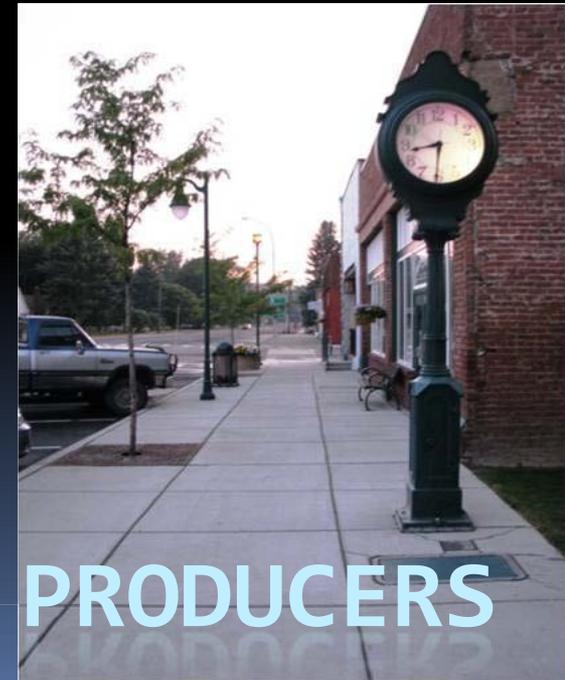
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Turned the corner from decline to vitality

- Main street revitalization
- Public space, parks, restrooms
- Walk ability and river access
- Destination retail business
- Inherit sustainable values

REUSE OF FORMER PALOUSE PRODUCERS



Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design



Former Palouse Producers Site

- Located on Main Street and the Palouse river
- 1890 to 1984 - blacksmith shop, bulk fuel facility, gas station, agricultural chemical supply
- Contamination – environmental liability
- Blighted property in the center of town

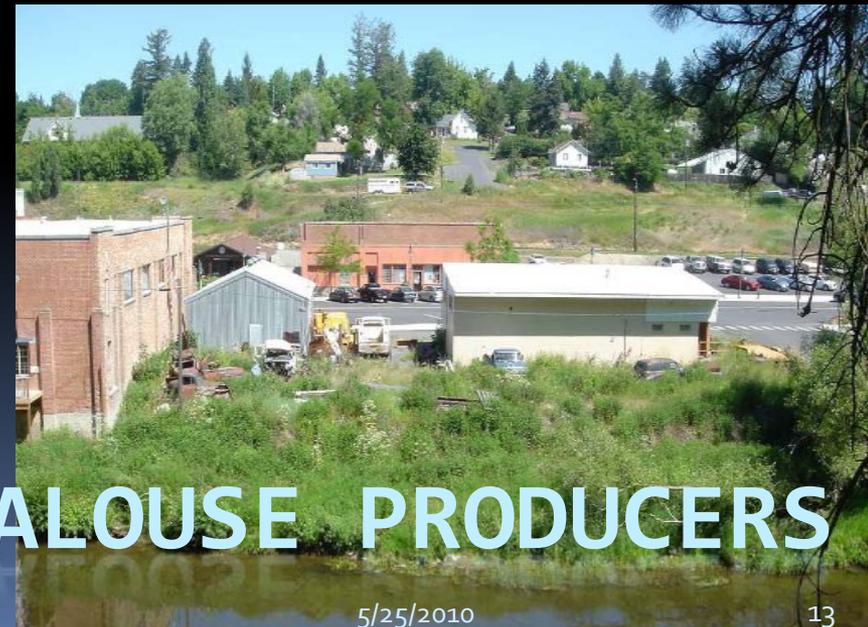


REUSE OF FORMER PALOUSE PRODUCERS

Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design



- 1984-5: Ecology Interim Action to stop the release of petroleum products into the river.
- 2006: The EPA in cooperation with the city conducted a Targeted Brownfield) Assessment (TBA grant) of environmental conditions.
- 2009 Ecology Awarded the city an Integrated Planning Grant to plan acquisition, cleanup and reuse.
- 2010 The city contracted with Maul Foster Alongi to evaluate environmental conditions and re-development opportunities



REUSE OF FORMER PALOUSE PRODUCERS

Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design



Early Planning Means Clarifying Uncertainty

- Contamination
- Economics
- Transaction
- Community
- Regulatory Pathway



Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design



The Title Story...

- Who owns it?
- How can the city acquire it?

REUSE OF FORMER PALOUSE PRODUCERS



Investigation
 Site Planning
 Transaction
 Cleanup
 Construction design

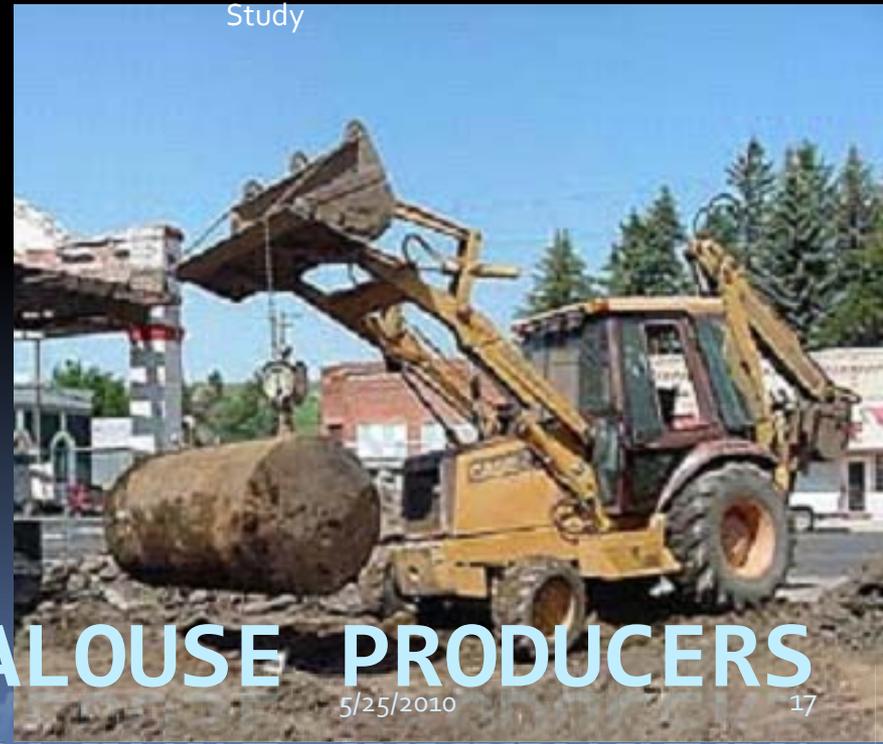


•MTCA Cleanup Process

- Meet cleanup levels
- Safe for human health and the environment
- Apply Green Approaches

•Administrative Pathways

- Formal
- Voluntary Cleanup



REUSE OF FORMER PALOUSE PRODUCERS

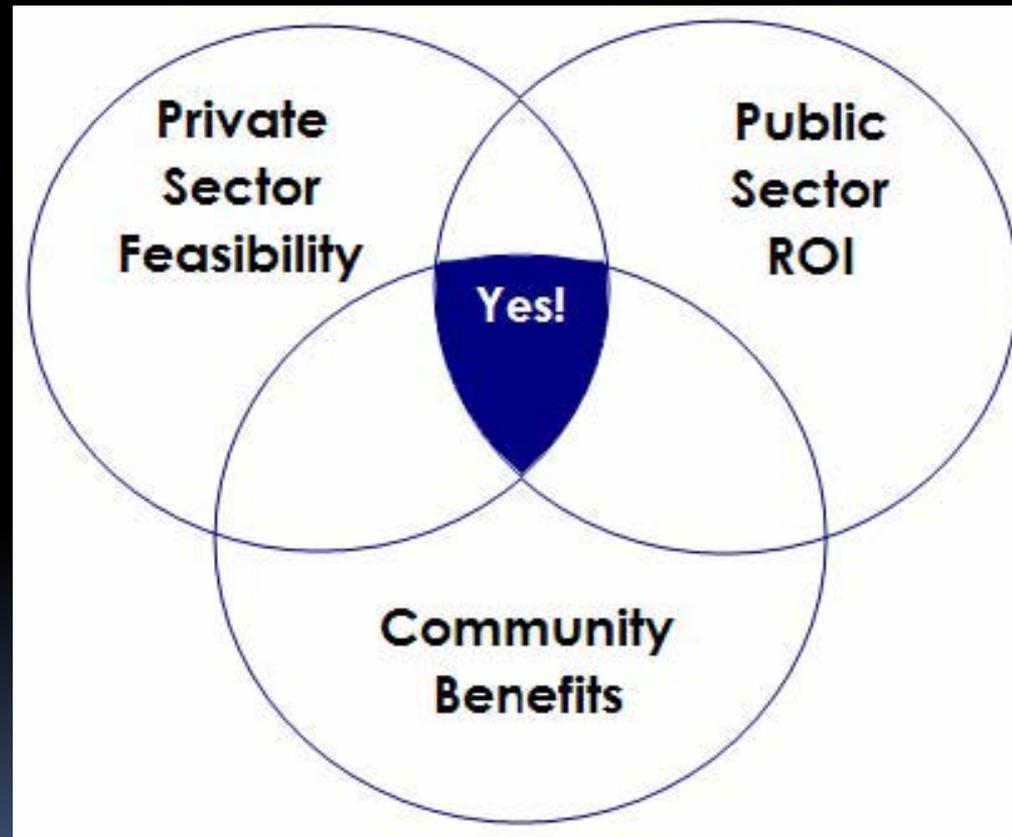
THE TRIPLE PLAY OF BROWNFIELDS REUSE

Private sector feasibility –redevelopment generates an increase in property value at least equal to the cost of redevelopment

Public sector ROI –expectation that brownfield redevelopment may involve public investment justified by the potential for long-term fiscal benefits to state and local governmental agencies.

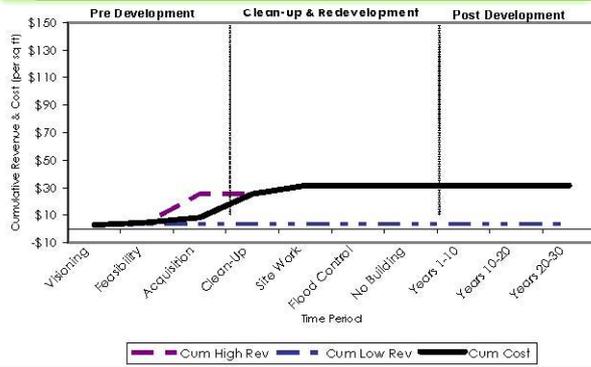
Community benefits –quantified factors such as added jobs, payrolls and business revenue together with non-market factors ranging from reduced risk to public health to opportunities for open space and amenity enhancement.

Community benefits also can be considered as the combination of social and environmental effects from brownfields

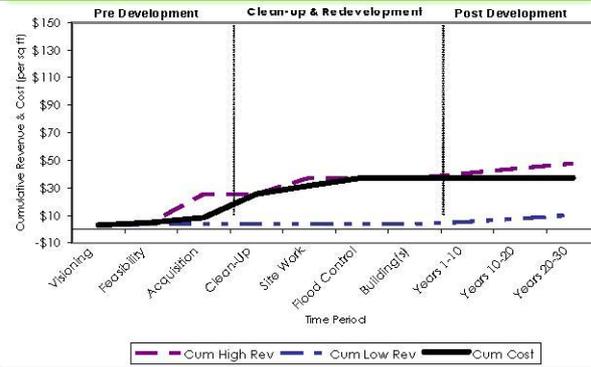


Comparing Alternative Strategies

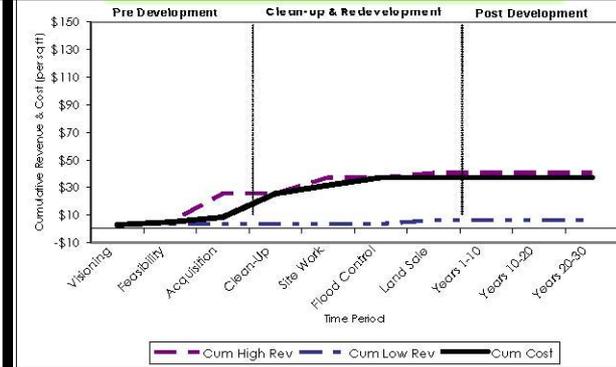
Option 1: City cleanup and green space, habitat



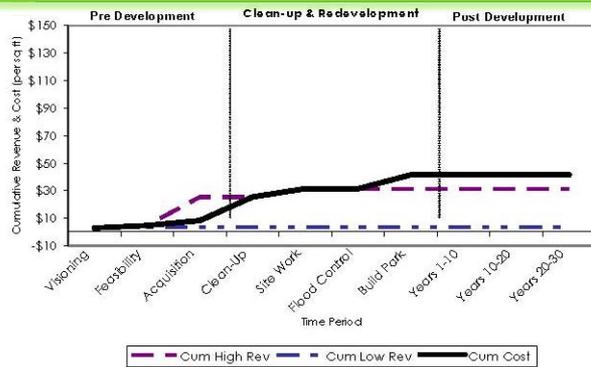
Option 2: City cleanup lease then the site



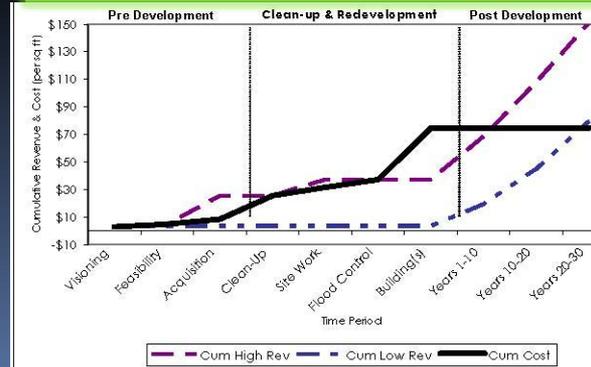
Option 3: City cleanup then sells



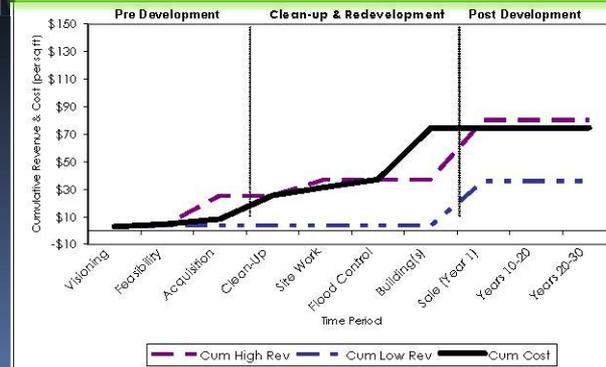
Option 4: City cleanup, open space, park improvements, open structure



Option 5: City cleanup, building a structure, site and building long term lease



Option 6: City cleanup and sells the building and property





PRO FORMA

BUDGET ELEMENT	Unit Cost	U/M	Full Project (3-Level)	Retail Only (1-Level)	Comments
Development Budget					
Site Acquisition	\$3.50	per sf	\$70,000	\$70,000	
Site Development	\$28.74	per gsf	\$574,700	\$529,700	Site prep + cleanup + flood control
Building Construction	\$91	per sf site area	\$2,040,000	\$600,000	
Soft (Indirect) Costs	25%	of site prep+building	\$567,800	\$196,600	Not added to cleanup cost
<i>Subtotal Development</i>			\$3,252,500	\$1,396,300	
Developer Profit	10%	of development cost	\$325,300	\$139,600	Typical for private development
<i>All-In Project Cost</i>			\$3,577,800	\$1,535,900	

\$343,000

Operating Budget (Rental Components)

Annual Gross Income			\$113,600	\$58,500	Top of market rental rates
<i>less</i> Vacancy	7%	overall project	\$(8,000)	\$(4,095)	
Gross Operating Income			\$105,600	\$54,405	
<i>less</i> Expenses	20%	of AGI	\$(22,400)	\$(5,850)	Assuming full property tax payment
<i>Net Operating Income</i>			\$83,200	\$48,555	

Sales Revenue (Owner Components)

Unit Sales	\$150	per nsf condos	\$1,147,500	-	Top of market for Whitman County
<i>less</i> Sales Expense	5%	expense ratio	\$(57,400)	-	
<i>Net Sales Revenue</i>			\$1,090,100	-	

Value @ Completion

Rental Income Portion	7.00%	capitalization rate	\$1,188,600	\$693,600	Based on NOI capitalization
Sales Portion			\$1,090,100	-	Reflecting sales of condo portions
Contributed Funding		from public & donor sources	\$1,170,400	\$785,850	See contributed sheet detail
<i>Completed Value</i>			\$3,449,100	\$1,479,450	

Value less Cost (with Funding Gap)

Need \$ 128,000 more to fill funding gap

<i>Value less Cost (Funding Gap)</i>			\$(128,700)	\$(56,450)	With contributed funding
% of Project Cost Supported by Value on Completion			96%	96%	With contributed funding
% of Project Cost Supported without Contributed Funding			64%	45%	Without public or donor funding

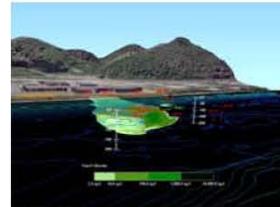
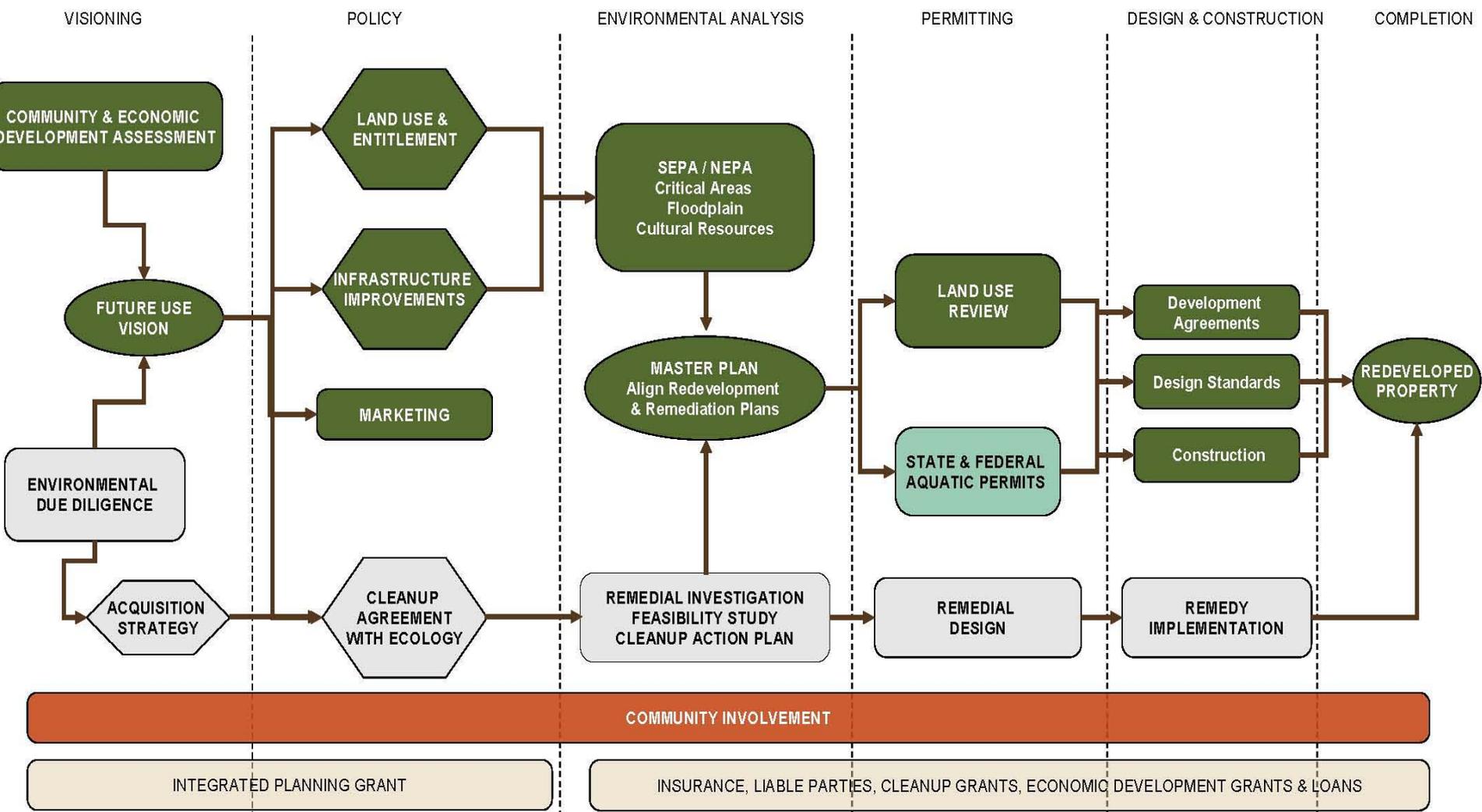
Planning for Reuse- Using Whole Systems Thinking to Leverage Resources



Figure 1-2 PALOUSE PRODUCERS CLEANUP & RE-USE PROCESS

Legend

- Decision Points: Hexagon
- Outcomes: Oval
- Processes: Rectangle
- Local Government: Green box
- State / Federal: Light green box
- Toxics Cleanup Program: Light blue box





Skykomish, Washington

Bunker C free product
seeped into the
Skykomish River

Soils beneath Town is
contaminated

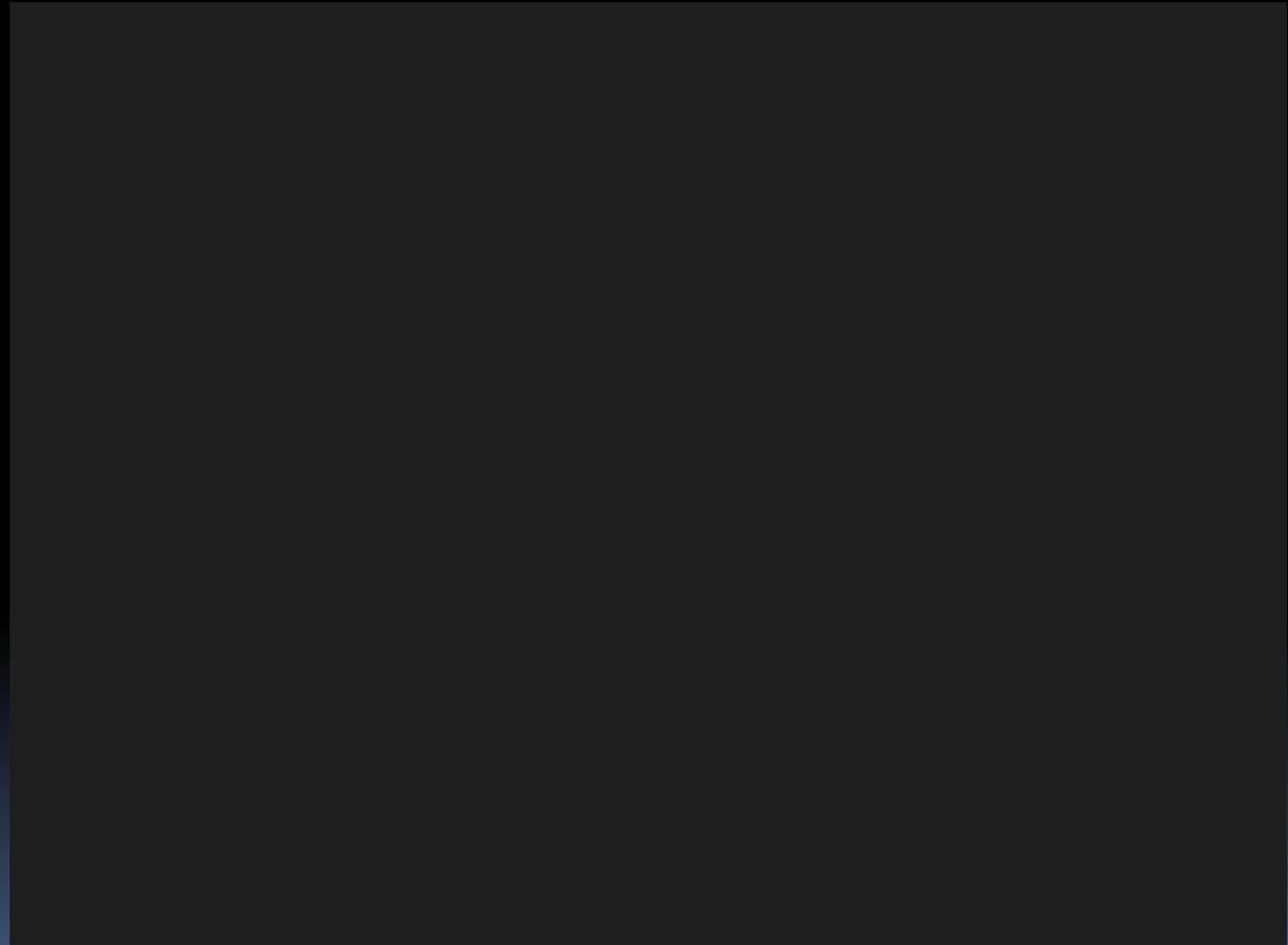
Move the town

Divert the River

Cleanup

Put the town back
including new water,
storm and power
infrastructure

Restore the River



Brownfields Funding Sources

- Assessment
 - EPA -Targeted Brownfields Assessment Grants
 - EPA- Area-Wide Assessment Grants
 - EPA- Site Specific Assessment Grants
 - Ecology- Remedial Action Grants
- Planning and Necessary Studies
 - Ecology -Integrated Planning Grants
- Cleanup
 - EPA -Cleanup Grants
 - Ecology- Remedial Action Grants
 - Commerce- Revolving Loan Fund (Low Interest Loan)

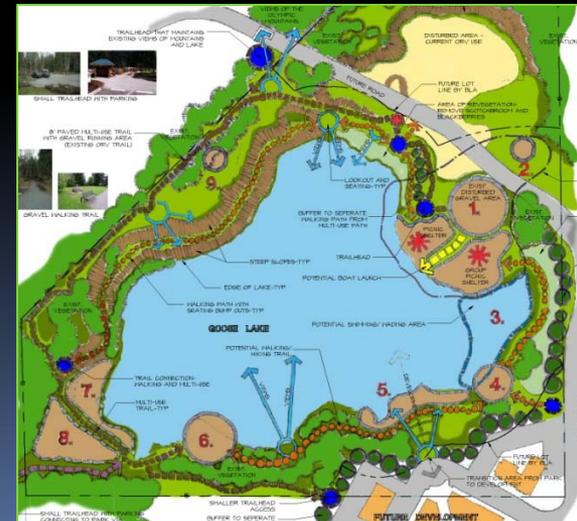
Grants from EPA

- Targeted Brownfields Assessment
 - EPA provides Phase I and Phase II assessment work
- Area-Wide and Site Specific Assessment
 - \$200,000-\$400,000 for hazardous or petroleum
 - Inventory, characterize, assess, planning and community involvement
- Cleanup Grants
 - \$200,000 for hazardous or petroleum
 - 20% match required



Grants from Ecology

- Remedial Action Grants
 - Remedial Investigations
 - Feasibility Studies
 - Pilot Studies
 - Interim Actions
 - Cleanup Action Plans
 - Landfill Closures
- Oversight or Independent
 - 10%-50% Match Required
- Integrated Planning Grants
 - No Match



5/25/2010

Integrated Planning Grants

- Support the acquisition and reuse of blighted properties
- Develop strategies for adaptive re-use
- Support vital communities

- Community involvement
- Due diligence
- Economic assessment
- Land use planning
- Cultural resource assessment
- Habitat assessment
- Recreational use planning
- Environmental investigation

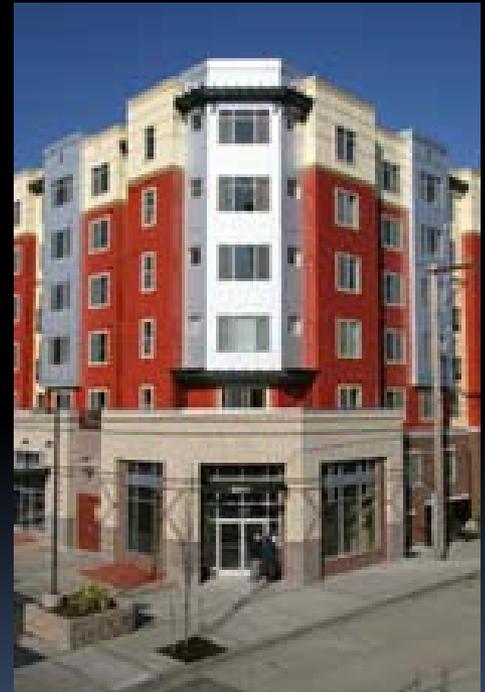
Integrated Planning Grants

✖ Rural Focus



Brownfields Cleanup Revolving Loan Fund - Dept of Commerce

- Available to Public and Private Land Owners
- Have not caused or contributed to contamination
- \$10,000 to \$1,000,000
- Eligible Costs
 - Cleanup
 - Public participation
 - Environmental insurance



What Can I Do Now?

- **Identify Brownfield Properties**
- **Collect Information**
- **Create a Multi Disciplinary Team**
- **Form a Vision**
- **Identify Possible Funding Sources**
- **Talk to People Who Have Done This!**

Assistance from Ecology

The CLEAR Team

The **C**leanup **E**nhancement **A**nd **R**evitalization (CLEAR) Team

WHO WE ARE: Ecology Staff dedicated to integrating land use planning with cleanup policy.

WHAT WE DO:

- Work **WITH** you to develop sustainable communities
- Promote the reuse of previously developed land
- Integrate your larger community vision
- Keep stakeholder focus on the end goal

Contact the CLEAR Team

John Means: Program Planner/Grant Manager (360) 407-7188

Dan Koroma: Revolving Loan Fund Coordinator (360) 407-7188

Jessica Brandt : Outreach Planner (360) 407-7336

Charles San Juan: Site Technical Assistance (360) 407-7191

Website: <http://www.ecy.wa.gov/programs/tcp/brownfields.html>

