

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-078

SYNOPSIS -

AGENDA:

MARCH 1, 1999

SUBJECT:

EPA BROWNFIELDS
CLEANUP
REVOLVING LOAN
FUND GRANT
APPLICATION -
DES MOINES
AGRIBUSINESS
ENTERPRISE ZONE

On the March 1, 1999 Council agenda is a resolution to submit an application to compete nationwide for a \$500,000 grant from the EPA Brownfields Cleanup Revolving Loan Fund Program. If awarded, funds will be loaned to landowners and developers to assist in remediating environmentally-contaminated sites that require cleanup in the Des Moines Agribusiness Enterprise Zone. The Agribusiness Enterprise Zone is located between SE 14th and SE 43rd Streets (City limits) as well as Dean Avenue and the Des Moines River. This fund will contribute toward removing a significant barrier to redeveloping brownfield sites and act as a catalyst in attracting additional resources to conduct long-term redevelopment. Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

No matching funds are required to compete for the \$500,000 grant. A long-term revolving loan fund will be established. It is anticipated that this fund will provide an impetus to remediate properties for specific development projects and consequently increase the City's tax base.

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

RECOMMENDATION -

Approve submittal of the EPA Brownfields Cleanup Revolving Loan Fund grant application.

BACKGROUND -

On September 8, 1997 and on August 31, 1998, Region VII of the U.S. Environmental Protection Agency (EPA) awarded the City two \$100,000 grants respectively under the Brownfields

Economic Redevelopment Initiative Program for site assessment work and related planning to assist in redeveloping the proposed Agribusiness Park. A Phase I environmental assessment has been completed and Phase II work, which involves soil and groundwater testing, is underway. Results of the environmental investigation are anticipated to be available by September 1999.

The City has the opportunity to obtain a \$500,000 EPA grant to develop a revolving loan fund to facilitate environmental remediation activities on properties located in the Agribusiness Enterprise Zone. This fund will assist in removing a significant barrier to redeveloping brownfield sites. It will be used to alleviate cash flow constraints on landowners who have not caused contamination on their property and provide an impetus to developers to remediate properties for specific development projects. As seed capital, it is also intended to leverage other resources to conduct long-term redevelopment in the Agribusiness Enterprise Zone.

There are very few resources available for brownfields cleanup. As a result of discussions concerning this application for EPA Brownfields Cleanup Revolving Loan Funds, the City has leveraged up to \$1 million of State resources from the Iowa Physical Infrastructure Assistance Fund. This loan and/or loan guarantee can only be accessed for environmental remediation projects that involve substantial capital investment, the creation/retention of high wage, quality jobs, and positive statewide impact. As such, its use will be targeted to developers who can meet these requirements.

The EPA Brownfield Cleanup Revolving Loan Fund will be used to encourage environmental remediation as a means to achieve the following goals:

- Revitalize the tax base and provide sustainable wage employment, with an emphasis on agribusiness re-use, in order to create an environment in which businesses will be profitable, employees will be productive, the environment will be protected, and businesses and residents will be good neighbors.
- Develop a process to empower neighborhood residents and businesses to work with each other as well as City government in enhancing the community's future growth.

- Create viable development sites that result in using resources wisely and in discouraging urban sprawl.

Des Moines will be competing with approximately 225 communities nationwide for approximately \$35 million. Only communities that have received EPA site assessment grants are eligible for this funding. None of the 24 previously-approved EPA revolving loan fund projects have been in Iowa.

The EPA anticipates that it will announce the communities selected for participation in the Brownfields Cleanup Revolving Loan Fund program in June 1999. Upon selection, the City will be required to enter into a cooperative agreement with the EPA by September 1999. This date coincides with receipt of the Phase II environmental results in the proposed Des Moines Agribusiness Park to determine where remediation is necessary. Efforts will be made to ensure a seamless transition from notification of grant award and ability to accept loan applications.