

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

99-354

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

AGENDA:

AUGUST 16, 1999

SUBJECT:

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

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

SYNOPSIS -

On the August 16, 1999 Council agenda is a resolution to submit an application required to accept a \$500,000 grant from the Environmental Protection Agency (EPA) Brownfields Cleanup Revolving Loan Fund Program. This application, which includes a detailed work plan, is necessary in order for EPA to prepare the Cooperative Agreement that it will enter into with the City prior to disbursing funds. Des Moines competed successfully for one of 45 national awards. Our regional EPA representatives commented that the evaluation committee comprised of Washington, DC-based EPA officials and other staff throughout the U.S. determined that the City of Des Moines' proposal was the best in the nation.

EPA has allowed the City more flexibility in the use of funds. The City and other governmental entities may borrow the funds or the City may lend them to landowners and developers to assist in remediating environmentally-contaminated sites that require cleanup in one of three State-certified Enterprise Zones. These include the Agribusiness Enterprise Zone, Federal Enterprise Community Enterprise Zone, and the Gateway Enterprise Zone.

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.

FISCAL IMPACT -

No matching funds are required to accept 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.

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. 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. The Park is located in the Agribusiness Enterprise Zone. 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 in fall 1999. This information will indicate whether or not environmental remediation will be required.

On March 1, 1999, by Roll Call No. 99-582, Council authorized submittal of a grant proposal for a \$500,000 EPA grant to capitalize a revolving loan fund to facilitate environmental remediation activities on properties located in the Agribusiness Enterprise Zone. EPA is allowing the City to extend the use of the funds to the Enterprise Community Enterprise Zone and the Gateway Enterprise Zone.

The Agribusiness Enterprise Zone, located in eastern Des Moines, is bounded generally by Dean Avenue to the north, the Des Moines River floodplain to the south, SE 43rd Street to the east, and the Des Moines River to the west. The Federal Enterprise Community Enterprise Zone, located north of downtown Des Moines, is bounded generally by Hickman Road to the north, I-235 to the south, the Des Moines River to the east, and Martin Luther King, Jr. Parkway to the west. The Gateway Enterprise Zone, that encompasses the downtown and the Riverpoint area, is bounded generally by I-235 to the north, the Raccoon River to the south, Pennsylvania Avenue/East 7th Street to the east, and the Raccoon River and 19th Street to Ingersoll Avenue to 10th Street to the west.

Loan funds are proposed to be provided primarily where there is a specific redevelopment plan/project for a site/area or cleanup on a site/area will act as a catalyst to spark quality development on neighboring property. As seed capital, the revolving loan fund is also intended to leverage other resources to conduct long-term redevelopment in the Enterprise Zones.

This approach is selected because it allows the private sector to take a leadership role in conducting remediation on sites that will yield a reasonable return on investment. It also permits local government to work with the private sector to assemble parcels in order to create an inventory of developable sites that are ready for construction immediately. Expanding companies often require vacant, infrastructure-served sites within a few months of conducting their site search. If product cannot be delivered in a timely manner, development opportunities are forgone. It is critical to maintain this inventory to compete effectively in the current real estate market.

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 Program. 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 revitalize the tax base and provide sustainable wage employment, create viable development sites that result in using resources wisely, building vital urban neighborhoods and in discouraging urban sprawl, and expand opportunities for broader community leadership so that neighborhood residents and businesses are empowered to work with each other and City government in enhancing the community's future growth.