



## Redevelopment Authority/Common Council AGENDA BRIEFING MEMORADUM

**AGENDA DATE:** January 10, 2019 RDA  
 January 15, 2019 Common Council (refer to F&P)  
 January 21, 2019 Finance and Personnel  
 February 5, 2019 Common Council  
***\*\*This ABM was revised on 1/10/2019 to further delineate budget\*\*\****

**SUBJECT:** Approval of Request to apply for 2019 USEPA Brownfield Cleanup Grant for Water Street Redevelopment Properties (700, 900, and 1010 Water Street & 615 Marquette) owed by the RDA and use of Intergovernmental Revenue Funds (already budgeted) for match requirement.

**PREPARED BY:** Amy Connolly, Director of City Development

**SUMMARY:**

City staff requests approval to apply for 2019 USEPA Brownfield Cleanup Grant for Water Street Redevelopment Properties (700, 900, and 1010 Water Street & 615 Marquette) owed by the RDA. The RDA needs to approve the grant application and the use of Intergovernmental Revenue Funds (already budgeted) for match requirement.

The grant would cover cost of environmental cleanup (to residential standards) through the remedial excavation of identified “hot spots” of both petroleum and hazardous materials followed by capping the spots with crushed concrete.

These “hot spot” locations were identified in the Phase I ESA, Phase II ESA, and Site Investigations conducted for these sites. While the original plan was to have private developers conduct the environmental cleanup of the sites after acquisition from the RDA, we believe the grant funding provides an excellent opportunity to enhance the value of the properties and speed the re-use of the properties while the planning and marketing efforts for the development area are underway.

The grant would fund the following activities:

Budget Category	Amount
<b>Former MR Properties Cleanup</b> Pre-Design Testing (Petroleum): \$18,000 Soil Excavation/disposal (Petroleum): \$114,000 Site Capping: \$247,000 MNA Monitoring: \$28,000	\$407,000
<b>615 Marquette Cleanup</b> Pre-Design Testing: \$15,000 Soil Excavation/disposal: \$81,000 Site Capping: \$28,000 MNA Monitoring: \$22,000	\$146,000
<b>Programmatic Management &amp; Community Involvement</b>	\$47,000
<b>TOTAL (\$500,000 grant + \$100,000 match)</b>	<b>\$600,000</b>

The federal grant requires a 20% match of the total cleanup funds awarded. If the City receives the full \$500,000, the required match would be \$100,000.

The match must be in the form of a contribution of money, labor, material or services from a non-federal source. The City of Racine, through both the 2018 and 2019 Budget, has already approved IG fund expenditure in site preparation of over \$6,400,000 in demolition, site preparation, environmental investigation, development of the river walk -- all leading to the future redevelopment of the site. The required match would come these funds, already allocated to the site preparation of the Water Street Redevelopment site.

#### BACKGROUND INFORMATION:

The RDA hopes to build on their ongoing revitalization process by focusing on the Root River Corridor. The Root River corridor that was once a bustling industrial district in the heart of the City is poised to be redeveloped for primarily multi-family residential use with some commercial businesses to attract the thousands of individuals and families anticipated to move to the area for work at the new Foxconn manufacturing facility and supporting industries. This area is referred to as the Water Street Redevelopment Area in the RootWorks neighborhood, and it is the target area for this USEPA Cleanup Grant application. The Water Street Redevelopment Area is comprised of the approximately 50-acre land area with the winding Root River as its northern and western boundary and extending to the east generally along Sixth Street to Park Avenue as its eastern boundary.

Two sites are targeted for cleanup in the Water Street Redevelopment area, including the Former Machinery Row site and the 615 Marquette Street site.

The Former Machinery Row site is comprised of a total of 14.85 acres located at 700, 900, and 1010 Water Street. It has a long history of industrial operations and multiple historical operators, including J.I. Case, Western Publishing, The Massey Harris Company, and The Chicago, Milwaukee, St. Paul & Pacific Railroad. The Redevelopment Authority of the City of Racine (RDA) purchased the Former Machinery Row site in February 8, 2018 to eliminate blight by preparing the property for private redevelopment. The site was previously owned by FDP, MR, who purchased the property December 29, 2017 with the intent to redevelop.

The Former Machinery Row site will have access to the Root River because the City-owned Promenade will be developed concurrently as a public riverfront park and Riverwalk, enhancing the livability and connection to the river for the proposed redevelopment and the community as a whole. The former buildings at the site, except for one building on the 700 Water Street parcel, were demolished in Fall 2018 to prepare the site for future redevelopment, and a temporary site cap was constructed at the site as part of the site demolition activities, with crushed concrete from former building slabs placed across the site to minimize the risk of direct contact with contaminated soil, in conjunction with perimeter site fencing to limit access to the site.

Several investigations have been conducted at the Site, and low level impacts of metals, polycyclic aromatic hydrocarbons (PAHs), and volatile organic compounds (VOCs) have been identified in soil and groundwater. An approximately 2,000-square-foot area on the 700 Water Street parcel has been identified as having petroleum VOC impacts exceeding their respective Wisconsin Administrative Code (WAC) NR 720 Residual Contaminant Levels (RCLs) for the groundwater migration pathway. Other VOCs detected in soil include naphthalene, benzene, tetrachloroethene (PCE), and trichloroethene (TCE), and these impacts are generally within the

upper 1-4 feet below ground surface. Low levels of metals, PAHs, and VOCs have also been detected in groundwater samples collected from existing monitoring wells on the site. Vinyl chloride was detected in one monitoring well above its WAC NR 140 groundwater Enforcement Standard (ES) and other low-level exceedances of the WAC NR 140 Preventive Action Limit (PAL) for barium, lead, PCE, benzo(a)pyrene, benzo(b)fluoranthene, and chrysene were also observed. This site is identified by the WDNR as BRRTS numbers 02-52-563617, 02-52-563619 and 02-52-563620.

The 615 Marquette Street site is an approximately 2.18-acre parcel located near the heart of downtown Racine. The property was historically used for industrial operations and owned/occupied by owners including J.I. Case and Western Publishing. Prior to that the property was owned by Marquette Distribution Center, from 2006 until 2015, and by Biddle Enterprises/Raymond Biddle since at least 1991. The property was purchased by the RDA December 30, 2015 with the intent of preparing the site for redevelopment. Five aboveground storage tanks (ASTs) were also historically located at the southeastern corner of the site, and these tanks reportedly included: one 8,000-gallon tank with unknown contents, one 6,700-gallon tank containing "naphtha", one 7,000-gallon gasoline tank, one 8,000-gallon fuel oil tank, and one 8,000-gallon tank containing "other". The 60,000-square-foot warehouse building was demolished at the site in Fall 2018/Winter 2019 in anticipation of future redevelopment. Petroleum and chlorinated VOCs impacts to soil and groundwater have been identified at the Site. Low levels of metals, PAHs, and VOCs have also been detected along the eastern site boundary and in the southeastern portion of the site near the location of the former ASTs. TCE has been detected in the soil at concentrations above its WAC NR 720 RCLs for the non-industrial direct contact pathway and the groundwater migration pathway in two areas of the site. Additionally, TCE has been detected in groundwater at concentrations above its WAC NR 140 ES and PAL. Tetrachloroethene (PCE) and vinyl chloride were also detected at concentrations above their respective WAC NR 140 PALs. Cis-1,2-dichloroethene (DCE) was also detected in groundwater but did not exceed its NR 140 standards. The site is identified by WDNR as BRRTS # 02-52-543869.

#### **REVIEW OF INTERGOVERNMENT FUND USE:**

Section 46-266 of the City of Racine Ordinances provides for an Intergovernmental Revenue Sharing fund, which is created from revenue sharing contributions from wastewater customers of the Racine Area Intergovernmental Sanitary Sewer Service agreement (April, 2002). Eligibility of any project proposed to use Intergovernmental Revenue Sharing Funds (or, IG Funds) must be reviewed by the Redevelopment Authority and then recommended to Common Council, who ultimately administers the fund. The criteria for project eligibility is:

- 1. The project must be a capital project and associated costs and expenses where such project have private investment and result in taxable real estate development or job creation/retention, or are unique tax exempt projects that eliminate blight and result in tangible indirect increases in taxable real estate or job creation/retention.**

The match funds would be used for the cleanup of brownfield properties and are absolutely a capital project expense that results in private investments and taxable real estate development.

- 2. Project resulting in tax base creation shall have a minimum ratio of \$5 in net new tax base for every \$1 of public investment (where there is not a loan payback).**

The grant funds being sought require a 5:1 match, which is exactly what would occur – the investment of \$500,000 in EPA funding being supported with \$100,000 in IG Funds.

- 3. Commercial and industrial projects shall be eligible if the project creates a minimum of one full-time equivalent job for every \$50,000 of non-loan capital granted or one full-time equivalent job for every \$100,000 of loan capital provided.**

While we cannot project into the future, the Brownfield cleanup of the sites proposed will lead to the creation of future jobs and home for future residents of the City of Racine.

**RECOMMENDED ACTION:**

City staff recommends that the Redevelopment Authority recommend that the use of Intergovernmental Revenue Shared Funds meets the project eligibility requirements set forth in City Policy.

Further, City staff recommends that the Redevelopment Authority grant permission to apply for the 2019 EPA Cleanup grant for the Water Street Redevelopment Site.

**FISCAL NOTE:**

The proposed \$100,000 is fully supported within the City's current IG and CIP budgets (under expected costs related to the site preparation of the Water Street Redevelopment Area), and do not exclude other planned economic development projects.