



May 6, 2019

Ms. Keary Cragan  
US Environmental Protection Agency – Region 5  
77 West Jackson Boulevard  
Mail Code SB-5J  
Chicago, IL 60604-3507  
[Cragan.Keary@epa.gov](mailto:Cragan.Keary@epa.gov)

RE: Request for USEPA FY 2019 Supplemental Funding for Brownfields Revolving Loan Fund (RLF) Grantees for the City of Racine, Wisconsin

Dear Ms. Cragan:

The City of Racine, Wisconsin is hereby requesting Supplemental Funding of the United States Environmental Protection Agency (USEPA) Brownfields Revolving Loan Fund (RLF) Grant (Cooperative Agreement No. BF00E00419) in the amount of \$500,000 (hazardous substances funding) for Fiscal Year (FY) 2019 to facilitate remediation and redevelopment of priority brownfields within the City.

The City has effectively administered its RLF, as two projects to date have been completed with the funding and a third loan is scheduled to be signed in May 2019. This imminent remediation and redevelopment project is anticipated to break ground in June 2019, and the City's RLF funding has been integral in securing this planned redevelopment and closing the funding gap for remediation of this lakefront site. This project is outlined below in further detail. These remediation and redevelopment projects provide a great benefit to the City of Racine and its citizens.

In the past 10 years, the City of Racine has not seen much economic development; however, it is now suddenly experiencing great interest from developers, businesses, and industries, who wish to locate in the Racine area due to the Foxconn facility that is to be constructed in a neighboring community. With the upcoming Foxconn development, the City now has a time-critical opportunity to attract prospective developers to its brownfield sites and to substantially improve and add much-needed housing stock throughout the community, as the Foxconn development has promised the creation of 13,000 jobs. The City's ability to take advantage of this opportunity to revitalize its neighborhoods and attract new businesses and industries is greatly strengthened by its ability to help fill funding gaps for brownfields redevelopment, and the RLF program is a valuable tool that the City has been able to utilize in cleaning up and redeveloping its brownfields.

To date, the City has remediated 10.12 acres within the community with the assistance of its RLF grant. For the Nelson Electric subgrant project, which received RLF funding in 2014, a total of 47 jobs were retained through the remediation of this property. For the Harborside project, which received RLF funding in 2014 and has received case closure from the WDNR, a new award is scheduled for redevelopment of this site as part of the Harborside/@NorthBeach project. The Harborside/@NorthBeach project has been in negotiations since Summer 2018 and is now moving forward and scheduled to receive \$1,263,000 in RLF hazardous substances loan funding, which will aid in the redevelopment of the property and create over 260 new residential units and some commercial/retail space. The imminent redevelopment of the Harborside/@NorthBeach property will be a key project for the continued revitalization of the community. In particular, this development's premier location along the City's lakefront will help to attract further interest to the City's brownfield sites, helping to create benefits to the community through the remediation of blighted properties and the creation of new employment and housing opportunities. Multiple other brownfield sites within the City of Racine would benefit greatly from the receipt of RLF funds to help address funding gaps, bringing further benefits to the community overall.



The following sections of this Supplemental Funding Request demonstrate the City of Racine's eligibility for supplemental funding and discuss the considerations that contribute to the success of the City's RLF program. The responses below are organized as requested in the USEPA's "Fiscal Year 2019 Process and Considerations for Supplemental Funding for Brownfields Revolving Loan Fund Grants" guidance document.

**1. Demonstration of Significant Depletion of Funds**

- A. Number of Completed Loans and Subgrants: One loan and one subgrant have been completed, and the City is actively engaged in administering one imminent loan (Harborside/@NorthBeach). A summary of these projects is provided on Table 1, and these projects are further discussed in Section 3.
- B. Amount of Available Funding and Current Commitments:
- The City of Racine has awarded a total of \$175,000 under RLF grants, consisting of one loan (\$150,000) and one subgrant (\$25,000).
  - Program income has not been generated under these RLF grants. It is anticipated that the City will generate \$150,000 in program income, as part of the sale of the Harborside site.
  - The City does not currently have unspent grant funding on open RLF loans.
  - The City does not currently have accrued program income from its RLF loans.
  - The City has one committed loan and committed programmatic costs. The committed loan is for a \$1,263,000 hazardous substances loan for the Harborside/@NorthBeach property to address funding gaps related to soil management, site capping, and vapor intrusion barriers. This site has previously received USEPA funding and has been determined to be eligible for cleanup once the property transfers ownership. The City also has worked with several prospective RLF loan recipients during the BCRLF grant period since beginning its RLF program in FY 2010. A total of \$176,018.30 in program management costs have been expended; \$21,796.04 has not been drawn from RLF grant funding to date. An estimated \$10,000 in environmental consulting services are anticipated to be expended during the cleanup and redevelopment of the Harborside/@NorthBeach project and for management of an additional loan.
- C. Total Amount of Uncommitted Funds: The City's RLF currently has \$175,981.70 in uncommitted funding, which is approximately 10% of the City's total RLF funds.
- D. List of Projects and Associated Costs Demonstrating Current Funding Commitments, Associated Leveraging, and Anticipated Outcomes: The projects and associated costs for which funding has been committed from the City's RLF are listed in Table 1. Two of the projects have executed agreements, and these include the Harborside loan and Nelson Electric subgrant, which are completed projects. One other project is anticipated to have an executed agreement signed within just a few weeks following the submittal of this funding request, and this project will be for Harborside/@NorthBeach. Information on the form of commitment, project status and timeline, leveraging, and project outcomes are also included in Table 1.

**Table 1. Projects with Current Funding Commitments**

Project Name and Location	Form of Commitment and Amount	Project Status and Timeline	Firm Leveraging Commitments and Estimated Leveraging	Anticipated Reuse and Outcomes
<b>Harborside</b> 1129 Michigan Blvd.	\$150,000 hazardous substances loan	<ul style="list-style-type: none"> <li>- Executed RLF loan in March 2014</li> <li>- Remediation and groundwater monitoring completed</li> <li>- Site received regulatory case closure from WDNR in August 2018</li> <li>- WDNR Continuing Obligations Packet listed for the site (maintain cap and site fencing)</li> </ul>	<ul style="list-style-type: none"> <li>- EPA Cleanup Grant: \$200,000</li> <li>- Tax Increment District (TID) No. 14: \$271,394.06</li> <li>- WEDC Site Assessment Grant: \$150,000</li> </ul>	<ul style="list-style-type: none"> <li>- Remediated 9.54 acres</li> <li>- Site ready for redevelopment</li> </ul>
<b>Nelson Electric</b> 1248 Washington Ave.	\$25,000 Petroleum subgrant	<ul style="list-style-type: none"> <li>- Executed RLF subgrant in March 2014</li> <li>- Remediation completed in 2014</li> <li>- Site received regulatory case closure from WDNR in February 2015</li> <li>- WDNR Continuing Obligations Packet listed for the site (maintain cap over contamination)</li> </ul>	<ul style="list-style-type: none"> <li>- Property purchased from Nelson Electric by Redevelopment Authority of the City of Racine (RDA) in 2013</li> <li>- Property sold to HFI Fluid Power in 2016; private investment of \$43,800 in the site upon purchase</li> </ul>	<ul style="list-style-type: none"> <li>- A total of 47 jobs were retained in Racine at the site when the company was acquired by an Illinois-based company in 2016</li> <li>- Remediated 0.58 acres</li> </ul>
<b>Harborside/ @NorthBeach</b> 1129 Michigan Blvd.	\$1,263,000 hazardous substances loan	<ul style="list-style-type: none"> <li>- RLF loan to be executed in June 2019</li> <li>- Redevelopment will require post-closure modification, soil management, vapor mitigation and capping</li> </ul>	<ul style="list-style-type: none"> <li>- Private Investment: Phase I (260 market rate apartments in two buildings) \$56,100,000; Total project costs \$68,400,000.</li> <li>- City providing tax increment financing support of approximately \$9,000,000 for development of infrastructure and development costs</li> <li>- City financing the purchase of the property (\$3,250,864) over 14-year period</li> <li>- City providing a parking incentive to offset structured parking in Phase I of \$6,496,000.</li> <li>- City providing an infrastructure incentive of up to \$1,049,112 for design, construction of streets/ROW</li> <li>- City providing an upgrade to the sanitary lift station required (approximately \$1,185,000)</li> </ul>	<ul style="list-style-type: none"> <li>- Multi-family residential redevelopment with some retail. Phase I consists of 260 residential units, lower level parking, and 4,400 square feet of retail space on the eastern portion of the site. Phase II will follow with 238 multi-family residential units in three buildings on the western portion of the site.</li> </ul>

Project Name and Location	Form of Commitment and Amount	Project Status and Timeline	Firm Leveraging Commitments and Estimated Leveraging	Anticipated Reuse and Outcomes
			- City paying the water connection fees (\$58,000)	
<b>Programmatic Costs</b>	\$186,018.30	Funds spent for personnel, contractual services, supplies, and travel to manage the RLF program. Additional program management costs are estimated to continue managing the fund, its one imminent loan, and other future loans. An estimated \$10,000 in environmental consulting services is to be expended during cleanup and redevelopment of the Harborside/@NorthBeach site and for an additional loan.	Additional contractual costs for environmental consulting services	Effective management of the RLF funds and future program income.
<b>Total of Committed Funds</b>	<b>\$1,624,018.30</b>			

## 2. List of Imminent and Potential Projects Most Likely to Use the Requested Funds

Imminent and potential projects that are most likely to use the requested Supplemental RLF funds are listed in Table 2. The City has identified these projects as key developments for the ongoing revitalization of the community and for driving economic development in neighboring areas. The projects listed in Table 2 have significant leveraged funding identified, and the successful implementation of these projects will create jobs, improve housing stock, and provide much-needed housing in the community, especially with the anticipated influx of individuals and families to work at the Foxconn facility in a neighboring community.

**Table 2. Summary of Imminent and Potential Projects**

Project Name/Location	Estimated RLF Funding Commitment	Project Status and Timeline	Firm Leveraging Commitments and Estimated Leveraging	Anticipated Reuse and Outcomes
<b>Imminent Projects:</b>				
<b>Horlick Haban-South</b> 2100 and 2102 Northwestern Ave.	Up to \$250,000 hazardous substances loan	- Private developer purchased the two properties in June 2018 - Phase II ESA conducted in October 2018 - Some building demolition along eastern portion of building anticipated as part of redevelopment and will allow for assessment and cleanup of potential impacts from the former paint line system and cyanide treatment system - Redevelopment will require some capping, potential soil management, and additional groundwater monitoring	- EPA Site Assessment Grant: \$38,100 - WHEDA Federal Housing Tax Credits Awarded: \$800,000 awarded to 2100 Northwestern Ave. to offset costs of constructing 49 affordable units - Private Investment: \$18,000,000 at 2100 Northwestern	Multi-family residential redevelopment with historic preservation of the building and creation of 60 housing units at 2100 Northwestern. Improve available housing stock options, for both market-rate and affordable housing. Remediation and redevelopment of 4.66 acres.

Project Name/Location	Estimated RLF Funding Commitment	Project Status and Timeline	Firm Leveraging Commitments and Estimated Leveraging	Anticipated Reuse and Outcomes
<b>Summit Avenue Properties</b> 1450 and 1500 Summit Ave.	Up to \$200,000 petroleum loan	<ul style="list-style-type: none"> <li>- Private developer purchased properties</li> <li>- Phase II ESA being conducted in April/May 2019</li> <li>- Suspected underground storage tanks (USTs) on-site need to be assessed and abandoned as part of remediation and will likely include limited removal of highly impacted soil</li> <li>- Redevelopment will likely require some capping, potential soil management, and additional groundwater monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- EPA Site Assessment Grant: \$37,900</li> <li>- Private Investment: \$5,000,000</li> </ul>	Multi-family residential redevelopment. Improve available housing stock options. Remediation and redevelopment of 5.2 acres.
<b>Former Ajax Site</b> 1520 Clark St.	Up to \$200,000 hazardous substances loan	<ul style="list-style-type: none"> <li>- RDA purchased site in 2016</li> <li>- A prospective developer is currently involved at the property and its completing due diligence</li> <li>- Private developer is securing financing</li> <li>- Redevelopment will require soil remediation, soil management, site capping, and additional groundwater monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- WEDC Brownfields Grant: \$500,000</li> <li>- WHEDA Federal Housing Tax Credits awarded \$405,000</li> <li>- Private Investment: \$30,000,000</li> <li>- City is considering tax increment support of the project.</li> </ul>	Development of two new multiple family buildings and the rehabilitation of the historic Pabst Pub. Approximately 87 apartments in the market rate building and approximately 50 apartments in the affordable building, both with underground parking. Improve available housing stock options, for both market-rate and affordable housing. Remediation and redevelopment of 3.2 acres.
<b>Potential Projects:</b>				
<b>Former UPEC Site</b> 1500 Memorial Dr.	Up to \$300,000 hazardous substances loan	<ul style="list-style-type: none"> <li>- City of Racine currently owns the property as of December 2018</li> <li>- City is exploring potential redevelopment of this property and plans to raze the failing site building</li> <li>- City intends to transfer property to RDA and conduct Phase II ESA in 2019</li> <li>- Remediation likely requires soil management, capping, and additional groundwater monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- EPA Site Assessment Grant: \$12,000</li> </ul>	Anticipated light commercial/ industrial reuse. Remediation and redevelopment of 3.0 acres.
<b>Water Street Redevelopment</b> 700, 800, 900, and 1010 Water	Up to \$400,000 hazardous	<ul style="list-style-type: none"> <li>- RDA own the properties at 700, 900, and 1010 Water St.; 526 and 615 Marquette St.; and 922 Sixth St.</li> </ul>	<ul style="list-style-type: none"> <li>- WEDC Idle Industrial Sites Grant: \$1,000,000</li> </ul>	Multi-family residential redevelopment, with some

Project Name/Location	Estimated RLF Funding Commitment	Project Status and Timeline	Firm Leveraging Commitments and Estimated Leveraging	Anticipated Reuse and Outcomes
St.; 526 and 615 Marquette St.; 922 Sixth St.	substances loan	<ul style="list-style-type: none"> <li>- City owns the 800 Water St. property, for creation of a public park along the river</li> <li>- City has contracted with a planning firm to prepare redevelopment plan for the area</li> <li>- City is actively seeking private developers</li> <li>- City demolished site buildings in late 2018/early 2019 to prepare the sites for redevelopment</li> <li>- Remediation and redevelopment require site capping, soil management, possible vapor intrusion mitigation, and additional groundwater monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- Knowles Nelson Stewardship Grant for river walk acquisition: \$470,750</li> <li>- City Intergovernmental Funds for acquisition of properties: \$6,500,000</li> <li>- City Intergovernmental funds for demolition: \$1,500,000</li> <li>- City contract for Planning/Engineering with Perkins+Will/GRAEF: \$150,000</li> <li>- Anticipated Private Investment: Unknown at this time</li> </ul>	commercial and retail development. Public park along Root River to provide public access. Remediation and redevelopment of 25 acres in the heart of downtown Racine.
<b>General Converters</b> 1325 16 <sup>th</sup> St.	Up to \$100,000 hazardous substances loan	<ul style="list-style-type: none"> <li>- Property is tax delinquent, and prospective developer is exploring purchase of this property for commercial operations</li> <li>- Prospective developer interested in reusing existing building. Building is deteriorating due to weather and lack of maintenance</li> <li>- Remediation at the site likely includes soil capping, soil management, and additional groundwater monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- EPA Site Assessment Grant: \$18,000</li> <li>- Possible County Tax Foreclosure (forgiving back taxes) worth over \$500,000</li> <li>- Anticipated Private Investment: \$1,500,000</li> </ul>	Light commercial reuse of existing site building. Remediation of 3.2 acres.
<b>Programmatic Costs and Management of RLF</b>	\$25,000 Environmental Professional Contract; \$10,000 Fund Management	<ul style="list-style-type: none"> <li>- Estimated environmental professional services and costs associated with managing the RLF.</li> <li>- Estimated costs will be expended during the cleanup of the Harborside/@NorthBeach project and other future projects and as needed to manage future program income.</li> </ul>	Additional contractual costs related to fund management and environmental oversight	Successful implementation of RLF funds and revolving of funds
<b>Total Imminent and Potential Projects:</b>	<b>\$1,485,000</b>			

### 3. Summary of Major RLF Accomplishments for Projects where 100% of the associated RLF Funding has been expended

The City has awarded one loan and one subgrant from its RLF. In total, the City has completed two cleanups through the use of its RLF program. There are no current ongoing cleanups; however, the Harborside/@NorthBeach project is anticipated to be awarded RLF funding and begin remediation in June 2019. This anticipated cleanup project is not discussed in this section, but additional details are

included in Table 1. The two completed cleanup projects for the City's RLF program are discussed in further detail below.

#### Harborside

The Harborside site is a 9.54-acre parcel located along Lake Michigan and just north of the Root River and downtown Racine. This property is also known as the Former Walker Manufacturing site, where historic site operations, as early as 1928, included a foundry, a galvanizing line, machining, welding, carpentry, and boiler making. Through 1989, light manufacturing operations were conducted at the site, with distribution and warehousing operations into the early 1990s.

Volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), cyanide, arsenic, and heavy metals impacts were identified in soil and groundwater at the site. In order to prepare the site for redevelopment, the City purchased the property in 1999 and completed the cleanup activities for the site. Source control activities completed at the site included the removal of former tanks and hot spot excavations. A temporary soil cap was constructed across the site to address residual soil contamination, and a perimeter fence was also installed around the property to limit site access. Groundwater monitoring was also conducted to demonstrate stable or receding contaminant concentrations in all monitoring wells, indicating that natural attenuation is ongoing following source control activities. The site received regulatory case closure from the WDNR on August 1, 2018, with continuing obligations and a site usage limitation for industrial. A total of 9.54 acres of property was remediated.

A hazardous substances loan for \$150,000 was issued to the Harborside project in March 2014. The following other funding sources were leveraged for the cleanup of this site:

- USEPA Cleanup Grant: \$200,000;
- Tax Increment District (TID) No. 14: \$271,394.06; and
- WEDC Site Assessment Grant: \$150,000.

No program income has yet been generated from this completed project; however, upon the sale of the property, which is anticipated in May 2019, this \$150,000 loan will be repaid to the City's RLF program.

#### Nelson Electric

The Nelson Electric site is located on a 0.58-acre parcel in the City's Uptown neighborhood. The site was historically used as an automotive repair facility, and the Redevelopment Authority of the City of Racine (RDA) purchased the property in 2013. Remediation activities conducted at the site included the in-place abandonment of a former 550-gallon petroleum UST, removal of a hydraulic lift, abatement of asbestos-containing material, and confirmation sampling. The remediation was completed in 2014, and the site received regulatory case closure from WDNR on February 11, 2015.

A \$25,000 petroleum subgrant was provided to the RDA in March 2014 for this site. No other funding sources were leveraged for this project, although the property was purchased from the RDA in 2016 for \$43,800, which represents investment in the site. A total of 47 jobs were retained at Nelson Electric when the company was acquired by an Illinois-based company in 2016.

#### **4. Grantee's Ability to Manage the RLF**

The City of Racine and the Redevelopment Authority of the City of Racine (RDA) have successfully received and managed multiple USEPA grants, including the following:

- FY04 USEPA Community-Wide Brownfield Assessment Grant (\$200,000);
- FY11 USEPA Community-Wide Assessment Grant (\$400,000);
- FY13 USEPA Cleanup Grant for the Harborside site (\$200,000);
- FY15 USEPA Area-Wide Planning Grant for the RootWorks area (\$250,000);
- FY14 USEPA Cleanup Grant for Racine Steel Castings-North Lot (\$200,000);

- FY16 USEPA Cleanup Grant for Racine Steel Castings-South Lot (\$200,000); and
- FY18 USEPA Community-Wide Assessment Grant (\$300,000).

The City has also managed its RLF grant from USEPA, which was awarded in FY10 (\$1,000,000) and with supplemental funding received in FY15 (\$500,000) and in FY16 (\$300,000). With the support of these grant funds, the City has assessed and cleaned up brownfields and planned for redevelopment throughout the community.

The City has administered all USEPA brownfield grants in compliance with all requirements including preparing and submitting all required reports and supplemental information on time, including the submittal of timely quarterly reports, annual financial reports, and updates to ACRES. The City's RLF program team is directed by the City of Racine's Director of City Development and the RDA's Executive Director, Amy Connolly, AICP. Ms. Connolly works with the City's Brownfield Team to assist potential developers with RLF requirements and to assist in project implementation. The City's Brownfield Team consists of Ms. Connolly, Joy Hansche in the City's Finance Department, Mike Lechner in the City Neighborhood Services Division, the RDA's legal counsel, and the City's environmental consultant. The team meets during weekly conference calls and monthly progress meetings to discuss program status and the status of RLF projects. Project progress is tracked weekly and monthly for the RLF and for the City's other current USEPA grants. The City and its Brownfields Team have also conducted community engagement activities by providing brownfields updates at RDA meetings and gathering community input at public meetings and outreach activities with community partners.

Racine County Economic Development Corporation (RCEDC) serves as the Fund Manager, with Business Lending Partners (BLP), a division of RCEDC, managing the program and conducting credit analysis, processing, closing, and servicing activities. A BCRLF loan/subgrant application is available from BLP for prospective applicants, and the City works with prospective applicants to guide them through the application and program processes. BLP was established in 2008 to manage various loan programs, and it is comprised of committee members with various professional expertise. Threshold criteria for selecting borrowers and projects have been established by BLP, and these criteria include meeting EPA eligibility criteria; obtaining a WDNR-approved Site Investigation Report and Remedial Action Plan; having redevelopment plans and secured financing; and demonstrating capacity to repay the loan. The services provided by BLP are in-kind, and all BLP committee members have assured continued participation in the project.

Through upcoming and future RLF projects, the City will demonstrate its ability in sustaining and revolving its RLF. As part of the RLF loan to Harborside in 2013, the loan must be repaid to the City upon sale of the property or by 2034, whichever is earlier. With the imminent closing on the Harborside property and the corresponding anticipated execution of an RLF loan to the Harborside/@NorthBeach project, the Harborside loan (\$150,000) will be revolved to the City's RLF. Additionally, the City has identified other imminent and potential projects that will continue to sustain the RLF and allow for funds to be revolved in the future.

Furthermore, the City has recently received great interest in its brownfield sites due to the investment being made by Foxconn and its supporting industries in Racine and the surrounding area. This is a critical time for the City of Racine, as it has an incredible opportunity to attract these supporting industries, including suppliers of Foxconn, housing developers, etc., to Racine. The supplemental RLF funding being requested would greatly support the City's efforts to attract new development to the community. The City is successfully administering its RLF funds to help fill funding gaps for redevelopments, and the award of supplemental RLF funding would not only benefit and attract development, but also provide environmental, health, and welfare benefits to the community through the creation of jobs, creation of additional, improved housing stock, and redevelopment of brownfields.

The City of Racine appreciates the opportunity to submit this Supplemental RLF Funding request to the USEPA, and it also appreciates the USEPA's technical support on its grant projects. Thank you for your consideration of this request, and I look forward to continuing the City's relationship with the USEPA



on this and other future projects. If you have any questions or concerns related to the City's request, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Connolly". The signature is fluid and cursive, with the first name "Amy" being more prominent than the last name "Connolly".

Amy Connolly  
Director of City Development  
amy.connolly@cityofracine.org

cc: Rachel Congdon, USEPA Headquarters, [congdon.rachel@epa.gov](mailto:congdon.rachel@epa.gov)  
Kyle Rogers, USEPA Region 5, [rogers.kyle@epa.gov](mailto:rogers.kyle@epa.gov)