



July 24, 2007

Mayor Ron Littlefield  
Office of the Mayor  
101 East 11<sup>th</sup> Street  
Chattanooga, TN 37402

RE: Brownfields Task Force Final Report

Dear Mayor Littlefield:

I am pleased to report that the Brownfields Task Force, which you created in September, 2005, has unanimously adopted and issued its Final Report, effective July 11, 2007. It is my honor to transmit to you the Executive Summary and the Brownfields Task Force's Final Report.

Under your leadership and guidance, the efforts of the Brownfields Task Force have been very successful. In 2005 the Brownfields Task Force recommended that Chattanooga adopt, embrace, and fully maximize federal and state Brownfields policies, utilizing federal grant programs in a comprehensive, coordinated manner. Indeed, because the Brownfields Task Force identified the opportunity for Chattanooga to participate in the U.S. Environmental Protection Agency's (EPA's) 2005 Brownfield Assessment Grant process, Chattanooga was awarded funds in 2006 for the Alton Park Brownfields Assessment Study. This grant is being administered by the Chattanooga-Hamilton County Regional Planning Agency and it has the potential to invigorate development in Alton Park and assist the community in identifying priority sites for cleanup and renewal.

Subsequently, in 2007, Chattanooga and the Southeast Local Development Corporation were successful in receiving EPA approval for a Brownfield Clean-up Grant for the Cavalier Site. This grant will remediate a legacy environmental issue in our community and will place five additional acres into productive, industrial use. This remediation will greatly enhance the value of the Cavalier Site, which will have a positive impact on city and county tax revenues.

With the adoption of a Brownfields program plan in Chattanooga, as recommended by the Brownfield Task Force, and the effective targeting of strategic Brownfield sites, I am confident that Chattanooga has great opportunities for the continued revitalization of our city. The Enterprise Center stands ready to assist the city in this endeavor.

Sincerely,

/s/ J. Wayne Cropp

J. Wayne Cropp  
President and CEO



Enclosures: Brownfields Task Force Final Report (with attachments)  
Executive Summary  
Fact Sheet for Alton Park Assessment Grant 2006  
Fact Sheet for Cavalier Site Grant 2007

Cc: Jim Hall, Chairman of the Board, The Enterprise Center  
Members of the Brownfield Task Force  
Andy Shivas, Manager, Voluntary Cleanup Program, Division of Remediation,  
Tennessee Department of Environment and Conservation  
Troy Keith, Manager, Chattanooga Field Office, Division of Remediation, Tennessee  
Department of Environment and Conservation  
Yuen Lee, Chattanooga-Hamilton County Regional Planning Agency  
Frank Wrinn, Consultant, City of Chattanooga

## **EXECUTIVE SUMMARY**

In recommending a plan for brownfields program management, the Brownfields Task Force considered:

- the context of federal and state environmental policy,
- the status of brownfields remediation and redevelopment in Chattanooga,
- local brownfield site inventory and assessment needs, and
- funding opportunities for brownfields assessment, cleanup, and redevelopment.

### **Task Force Findings**

1. Chattanooga has successfully applied Brownfield development concepts on an ad hoc basis at a number of redevelopment sites, but can be much more organized, systematic, and effective in utilizing the non-regulatory solutions available through federal and state brownfield programs.
2. Brownfields remediation cannot only be accomplished on sites in the path of progress, but can create new paths to progress as well.
3. As the RPA builds a more comprehensive brownfields inventory over time with community-wide assessments made possible through EPA Brownfields Grants, the City and its partners can effectively target strategic sites for remediation and redevelopment in manageable stages.
4. With an ongoing commitment to redevelopment planning and program management, brownfields once considered barriers can be turned into opportunities to create jobs, revitalize neighborhoods, and extend the greenway system into communities.
5. The menu of federal brownfields grant programs is of great strategic value to Chattanooga, warranting the City's current level of investment in the brownfields program.
6. The redevelopment activity leveraged by the current grant, coupled with an additional grant award, will require a modest increase in that level of investment, also warranted in order to make the most of those opportunities.
7. Consolidating current staff and contract work on brownfields initiatives into a single brownfields development coordinator position is the most cost-effective way to accomplish such an increase.

### **Brownfields Program Plan**

Based upon need, community support, funding availability, and redevelopment opportunities, the Chattanooga Brownfield's Task Force recommends that the City of Chattanooga lead an on-going brownfields program with the following mission:

*Implement a coordinated program for the timely remediation and redevelopment (reclamation or reuse) of brownfields and abandoned properties in the Chattanooga/Hamilton County area.*

The Task Force recommends a Brownfields Program Plan in pursuit of the following vision:

*The Chattanooga area's leadership in public/private partnerships is substantially enhanced by a coordinated and collaborative Brownfield's program that promotes partnerships, protects the environment, strengthens the market place, and sustains reuse.*

The recommended Brownfields Program Plan sustains the City's current level of investment in brownfields program planning and management. The plan calls for the City to install a permanent fulltime brownfields development coordinator position upon achieving an additional grant award.

The brownfields development coordinator will be responsible for:

- facilitating community involvement, including residents, neighborhood and community organizations, developers, property owners, realtors, and lenders, in on-going brownfields assessment, clean-up, and redevelopment projects;
- assisting community-wide assessments in targeting brownfield sites that offer strategic opportunities for redevelopment;
- providing program assistance to clean-up projects at strategic sites; and
- developing a revolving loan fund to provide bridge financing for brownfields remediation.

One-third to two-thirds of the cost for the new position will be offset as the brownfields development coordinator assumes grant-funded work, along with most of the brownfields work currently performed through contracted services. The exact amount will depend on the volume of staff work funded by particular grant(s) awarded, the salary of the brownfields development coordinator based on qualifications, and the placement of the position in the City's organizational structure.

7.11.2007

## INTRODUCTION

The Enterprise Center was charged with convening a Brownfields Task Force appointed by the mayor of Chattanooga to develop recommendations regarding the City's future involvement in brownfields remediation and redevelopment. Those findings and recommendations are compiled in the following report of the Brownfields Task Force.

In recommending a plan for brownfields program management, the Task Force considered:

- the context of federal and state environmental policy,
- the status of brownfields remediation and redevelopment in Chattanooga,
- local brownfield site inventory and assessment needs, and
- funding opportunities for brownfields assessment, cleanup, and redevelopment.

## FEDERAL AND STATE ENVIRONMENTAL POLICY

*The term "Brownfield" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminate.*

Brownfield redevelopment is a policy response to the hundreds of thousands of sites across the country that fell into a legal "gray zone" associated with the well intentioned Superfund program. The following discussion will provide background information on the genesis of this policy.

U.S. Environmental Protection Agency ("EPA") policy, based on Congressional legislative dictates, is primarily based upon three federal statutes related to hazardous substances. Those statutes are:

1. the Toxic Substance Control Act of 1976 (TOSCA),
2. the Resource Conservation and Recovery Act of 1976 (RCRA), and
3. the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). CERCLA is also referred to as the "Superfund" Act.

TOSCA establishes the rules for the review and analysis of new chemicals. It is this legislation's intent to identify and control dangerous chemicals as they are developed. TOSCA does not generally have an impact on brownfield discussions.

RCRA is the federal legislative program that regulates the generation, transportation, treatment, storage and disposal of solid and hazardous wastes at commercial and manufacturing facilities. Tennessee's counterpart rule is found in the Hazardous Waste Management Act of 1977 (TCA 68-212-101 et. seq.). The 1986 federal amendments to RCRA also authorized EPA to address environmental problems from the storage of petroleum and other hazardous substances. Brownfield issues sometimes come into play at some active RCRA sites.

CERCLA, or Superfund, is focused on the identification and cleanup of abandoned hazardous waste sites. CERCLA was Congress' initial legislative response to Love Canal, and similar sites, at which hazardous substances were found to be in decaying barrels, dumped on the soil, or having leaked into groundwater or run-off into surface waters. The Superfund legislation establishes a national goal of cleaning up these abandoned sites. Tennessee's counterpart rule to the federal Superfund program is the Hazardous Waste Management Act of 1983 (TCA 68-212-201 et. seq.).

Superfund has been the most costly and controversial of the hazardous waste programs, because:

1. It adopted a "polluter pays" approach based upon strict liability concepts that, when applied in practice, often were not equitable. The liability dragnet was broad and included parties who in some instances had merely become owners of contaminated sites but had not been responsible for putting the pollution there in the first place.
2. Superfund liability was "joint and several" and retroactive. Hence, parties who contributed only a portion of the contamination at a site could be liable for the entire cost of a site cleanup. This meant some parties were required to pay for the cleanup costs for parties who were now defunct or bankrupt, or for waste disposal practices that were entirely legal at the time of the original disposal.
3. Superfund guidance provided for returning polluted sites to their "natural condition." Superfund policies had the effect of federalizing (centralizing) many local land use issues.
4. While intended to address national priority sites, Superfund concepts nevertheless came to be applied to many moderately contaminated sites that were never intended to be priority sites requiring federal intervention.

Because of EPA policies, including those requiring any person responsible for any portion of the contamination of the site to be liable for the clean up of *all* environmental issues at the site, and of requiring remediation under strict federal guidance that required clean up to "natural conditions," hundreds of thousands of sites across the nation were covered by an environmental remediation dragnet that forced urban planners and developers to avoid sites that contained any perception of contamination. These sites were often affected only by moderate to insignificant environmental issues. Unfortunately, many of these sites were located in urban core communities, and their lack of development and maintenance brought about a series of consequences that caused the downward spiral of the neighborhoods where these properties were located.

Developers would not revitalize these properties because of common economic principles, which require that where greater risk exists, greater economic rewards must be available. In addition, the environmental issues associated with these brownfield sites were often outside the "comfort zone" of most developers.

Undoubtedly, there are greater economic development risks associated with contaminated

properties because of the uncertainties involved in developing these sites. These uncertainties included the cost for site assessment and preparation of cleanup plans, the time delays involved in moving these cleanup plans through the regulatory agencies, the costs associated with cleanup, and finally, the stigma associated with these properties which affected the ability to obtain financing and the ultimate value of the property. These issues meant simply that the developers would not invest in moderately contaminated sites unless they were directly in the path of progress.

Due to the controversy associated with Superfund, there have been several attempts to amend the statute and address some of the controversies associated with the Superfund program. First, in 1986, CERCLA was reauthorized under the Superfund Amendments and Reauthorization Act (SARA). Among other things, this 1986 legislation attempted to define a procedure for responsible parties to seek contribution for cleanup at Superfund sites from other responsible parties.

Subsequently, Congress attempted to amend the Superfund Act in 1994. This effort failed, and to this day, there remain many controversies associated with the Superfund legislation. This dissatisfaction is demonstrated in the fact that the taxing authority on chemical producers that financed the Superfund program expired in 1995, and Congress has yet to be able to provide for the passage of an extended funding scheme for Superfund projects. Today, funds are generated from general taxing authority, and EPA's Superfund budget is declining.

EPA has certainly been aware of these controversies with the Superfund program. Consequently, EPA has been developing administrative reforms intended to address weaknesses and unintended consequences resulting from the legislation. These administrative reforms are based upon two elements that have softened the impact of Superfund. One is the tempering and standardization of cleanup standards at contaminated sites based upon risk, and the second is the encouragement of the redevelopment of those less contaminated sites that do not qualify for national priority Superfund status, through brownfield legislation and programs. Associated with this second element is the decentralization of land use decisions at these less contaminated (brownfield) sites.

Unlike CERCLA, which has been unpopular within certain segments of Congress, the brownfields redevelopment program has received strong bipartisan support in Congress. On January 11, 2002, President George W. Bush signed the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. No. 107-118), known as the Brownfields Law. The Brownfields Law amended CERCLA by providing funds to assess and cleanup brownfields; clarified CERCLA liability protection; and provided funds to enhance state response programs. Additionally, legislative and administrative actions have provided brownfield related programs associated with RCRA and underground storage tanks (UST's).

In Tennessee, there are two legislative programs that support the federal brownfields program and encourage a move away from the traditional top down structure of Superfund to a system that encourages local land use controls and development of these less contaminated sites within the "community culture" that exists at a given locale. In 1994, the Voluntary Cleanup Oversight and Assistance Program (VOAP) was

established under T.C.A. 68-212-224 to allow parties that are willing and capable of doing so on a voluntary basis to investigate, clean up, and monitor sites. The statute required that a voluntary party, regardless of culpability, enter into a Consent Order and Agreement (COA), which outlined the process for site evaluation and remediation. Investigation and remediation under the VOAP program generally followed the State's Superfund cleanup process. However, the requirement of a COA proved in some cases to be a deterrent to prospective purchasers who had no responsibility for the contamination at the site. Additionally, the requirement to follow the State Superfund Remedial Investigation/Feasibility Study process was sometimes cumbersome for redevelopment projects.

A second State legislative effort, the Tennessee Brownfields Act, was adopted in 2001 to amend T.C.A. 68-212-224 and make it more applicable to brownfields redevelopment projects. The Tennessee Brownfield Act amendments provided a mechanism for parties who had no part in contributing any of the contamination at a site to address property under a Voluntary (Brownfield) Agreement rather than a COA. Like the COA, the Brownfield Agreement provides for site evaluation and cleanup, but it also provides additional protections beyond those available to participants in the pre-amendment statute. These protections may include:

Limited Liability. The party entering into a Brownfield Agreement is able to qualify its liability. The Brownfield Agreement quantifies and establishes the extent of the liability for the site by the brownfield participant.

Apportionment of Liability. Brownfield participants are able to apportion their liability so that they do not assume the liability of any other party which may have contributed contamination to the site.

Contribution Protection. Brownfield participants are provided contribution protection so that they are not required to contribute to response cost incurred by third parties on the site. Notice must be provided to the third parties.

Continuity of Protection. The Brownfield protections apply to successors in interest or title, contractors conducting the response actions at the site, developers, future owners, tenants and lenders, fiduciaries, and insurers; provided, these persons were not involved in contaminating the site.

One of the major advances in Superfund related remediation projects, whether in the enforcement or brownfield context, is the recent development in determining how a site is remediated and the cleanup standards for that remediation. At federal National Priority List (NPL) sites, the EPA was known for requiring remediation of sites to background (pre-industrial) levels or, what has been referred to here as "natural conditions." The presumption was that all future uses of a site may include residential use; and, therefore, EPA required the application of the strictest cleanup goals. With the advent of EPA's Superfund Administrative Action Agenda in the mid-nineties the ability to adopt cleanup remedies that employ risk management techniques at contaminated sites was greatly enhanced. Tennessee has made full use of these federal administrative enhancements.

These enhancements include presumptive remedies, variable cleanup targets based on site

risk and the use of institutional controls such as deed restrictions, intrusion barriers and other engineering techniques to expedite remediation and define cleanup risks at subject sites. The Brownfield Act provides for the enhancement of the enforceability and consistency of institutional controls. As a part of these restrictions and techniques, the Voluntary Party agrees to file with the Register of Deeds a “Notice of Land Use Restrictions.” The restrictions contained in the Notice can then be enforced by the owner of the property, by the Tennessee Department of Environment and Conservation (TDEC), and by any unit of local government having jurisdiction over the property. Because these restrictions are now enforceable, TDEC and EPA are able to abandon the presumption that the property will be used for residential purposes, and may establish less restrictive criteria for development of the site.

Brownfield redevelopment has become the model for the manner in which sites that are moderately contaminated, or are affected only by a perception of contamination are addressed. Brownfield redevelopment is a means to achieve comprehensive land use policy in a manner that takes full advantage of the regulatory mechanisms intended to expedite development at these properties.

In the late nineties Chattanooga participated in one of the earliest rounds of federal Brownfields Grants. That effort was successful for its time, given its early stage development and the lack of other successful models to serve as a template. However, that program failed to pursue available funding thereafter. Because of the Brownfields Task Force and City initiatives, efforts to secure federal brownfields funding were successfully renewed.

*The Brownfields Task Force finds that Chattanooga has successfully applied brownfield development concepts on an ad hoc basis at a number of redevelopment sites, but can be much more organized, systematic, and effective in utilizing the administrative solutions (regulatory and non-regulatory) available through federal and state brownfield programs.*

## **BROWNFIELDS REMEDIATION AND REDEVELOPMENT IN CHATTANOOGA**

Chattanooga is already experiencing success in dealing with brownfield issues at locations in the path of progress. Among the prominent examples are sites of Finley Stadium and Southside redevelopment; the Electric Power Board site, a key block long vacant at the core of the Central Business District, now offices and retail; the former Volunteer Army Ammunition Plant, now the premier industrial park Enterprise South; the Wheland Foundry site where private investment has now been leveraged; and a number of sites in our much heralded riverfront development. (*See*, Appendix A, which provides additional information on some of these local success stories). These largely local public-private partnership initiatives are transforming the cultural landscape in which they are occurring and have further added to Chattanooga’s image and prestige.

Federal resources are also making a difference. The cleanup is complete at two national

priority Superfund sites. Renewal Community tax incentives are creating cleanup and redevelopment opportunities that did not exist before. Hope VI projects are also leveraging significant investments in cleanup. As an outcome of a 1999 Brownfields Grant, two sites are under cleanup and redevelopment plans.

Chattanooga has, perhaps, more brownfield sites than any other city in the Southeast except Birmingham. However, the City did not utilize federal Brownfields Grant opportunities again until recently. As the Brownfields Taskforce addressed program development issues including funding, current opportunities were identified. That soon led to a FY 2005 Community-wide Assessment Grant from the U.S. Environmental Protection Agency that, even at this early stage, is drawing interest in redevelopment opportunities including housing, business, community facilities, and greenway projects in Alton Park.

The EPA Brownfield Assessment Grant of \$200,000, which became available in October 2006, will be used to conduct an inventory of brownfield sites in the Alton Park Community. Once the inventory is complete, Environmental Site Assessments will be conducted at high-priority sites. Initial cleanup and redevelopment planning will be conducted for targeted sites offering opportunities for near-term strategic development or reuse. Throughout the process the community will be involved in setting priorities and targeting resources.

The Chattanooga community is positioned to make great strides in brownfields redevelopment in keeping with its aspirations as an “environmental city.” The sheer volume of old industrial sites that need to be addressed, the recent brownfield successes of Chattanooga, the sophistication of the development and environmental community brought by these successes, and the community’s commitment to advancing brownfield development are some of the popular reasons for Chattanooga to take full advantage of brownfield redevelopment resources and opportunities. The practical reason is exemplified by the progress so far at the former Cavalier site, which has generated \$2.8 million in tax receipts (as of 2006) since the late nineties when the City and County together invested \$1.2 million to begin the cleanup and redevelopment efforts that followed.

Clean-up activities to date at the Cavalier site, set for its final stage of cleanup and redevelopment; have leveraged \$7.9 million in redevelopment. At least \$200,000 of additional leveraged funds has gone to blight removal and improvements to adjoining residential properties. Ongoing cleanup and redevelopment of the site has instilled investor confidence in the surrounding area. Recent investments in the area have included the purchase and rehabilitation of a four-unit apartment building in the adjoining neighborhood, the rehabilitation of residential properties on 11<sup>th</sup> Street in view of the site, the location of an internet service provider at 11<sup>th</sup> and Central, the opening of the ML King area Weed and Seed office, the relocation of the police internal affairs office to Bailey and Central, the relocation of law office from the suburbs, the renovation of the former Park Place School as condominiums, and the development of a new \$2,000,000 medical office building adjacent to the site.

Chattanooga’s downtown and riverfront demonstrate tremendous progress in

redeveloping targeted areas that include the remediation of environmental concerns at any number of brownfield sites. The issue, it appears to the Brownfields Task Force, is whether Chattanooga can address the remediation and redevelopment of sites that are not in the immediate path of progress. As the examples cited earlier indicate, Chattanooga is adept at leveraging brownfields remediation with redevelopment opportunities. However, with the exception of Cavalier, Chattanooga is not yet so accomplished at leveraging redevelopment opportunities using brownfields remediation as a catalyst.

*Cavalier having begun as a worst-case scenario, the Task Force finds that, brownfields remediation cannot only be accomplished on sites in the path of progress, but can create new paths to progress as well.*

## **SITE INVENTORY AND ASSESSMENT NEEDS**

Once the “*Dynamo of Dixie*,” Chattanooga has a long history of industrial activity and its manufacturing heritage is still vibrant with new industry. However, with the decline of old-line manufacturing, it is recognized that Chattanooga has a number of former industrial and commercial sites that qualify as brownfield sites. Depending on the screening models used, there are literally hundreds of sites in the Chattanooga-Hamilton County area that could qualify as a brownfields. Some of these sites are small, such as former gasoline service stations that dotted many corner commercial zones. However, Chattanooga has many large heavy-manufacturing sites that are not utilized to their full potential. Additionally, much of downtown Chattanooga is built on construction fill that used foundry sand from surrounding iron foundries. Some sites also were used for landfills or dumping areas and it is generally believed that the underground aquifer in downtown Chattanooga is contaminated. Some properties are in government ownership, but the majority are privately held.

To address these issues, the Brownfields Task Force created a subcommittee to evaluate the nature of the brownfield issue in Chattanooga. The Site Inventory/Databases Subcommittee of the Chattanooga Brownfields Task Force established as its purpose to review existing information on local brownfield sites. Additionally, the subcommittee worked with the Chattanooga-Hamilton County Regional Planning Agency and the Hamilton County Geographical Information System Department to define site identification criteria. These criteria included current land uses, vacant properties, former industrial sites, former underground storage tank sites, and sites identified as residing on EPA’s Comprehensive Environmental Response, Compensation and Liability Information System (“CERCLIS”) list, or state Superfund List.

The Brownfield Task Force determined that it would not be feasible, based on the resources available, to provide a definitive list of brownfield sites in Hamilton County. Utilizing the screening criteria identified by the Site Inventory/Database Subcommittee, there are literally hundreds of sites in Hamilton County, mostly in the City of Chattanooga, that could qualify as a brownfield site. However, the Subcommittee did not want to identify specific sites based upon unrefined screening criteria without the ability to “ground truth” the list with a visual inspection of the individual properties. Obviously, such a task was beyond the capabilities of a volunteer committee.

There are however, several highly valuable brownfield information resources identified by the Site Inventory/Databases Subcommittee that should be acknowledged. Some of these resources are listed here as a reference source:

- The Hamilton County Geographic Information System Department
- The Chattanooga – Hamilton County Regional Planning Agency (RPA)
- Troy Keith, Manager, Chattanooga Field Office, Division of Remediation, Tennessee Department of Environment and Conservation
- Andy Shivas, Brownfields Coordinator, Division of Remediation, Tennessee Department of Environment and Conservation (Nashville)
- Andrew (Andy) Carroll, Environmental Geographical Information Systems, School of Engineering, University of Tennessee at Chattanooga
- Site Assessment, Alton Park Brownfield Information Management System, produced 2001 by Barge, Waggoner, Sumner and Connor
- Carla Askonas, The Trust for Public Land,

The community-wide assessment of Alton Park, funded by an EPA Brownfields FY 2005 Grant, was a first step in developing a comprehensive inventory of brownfield sites in Chattanooga's most affected areas. It provided an opportunity for the RPA to refine inventory criteria, as well as site selection methodologies for prioritizing EPA funded Environmental Site Assessments and targeting redevelopment opportunities. The RPA determined that in other Chattanooga communities affected by brownfield issues, brownfield sites were generally less concentrated than in Alton Park. In December 2006 the RPA submitted a proposal to the EPA for the next community-wide assessment covering a much larger inner-city area.

*The Brownfields Task Force finds that as the RPA builds a more comprehensive brownfields inventory over time with community-wide assessments made possible through EPA Brownfields Grants, the City and its partners can effectively target strategic sites for remediation and redevelopment in manageable stages. Without being site-specific, the Task Force further finds that, with an ongoing commitment to redevelopment planning and program management, brownfields once considered barriers can be turned into opportunities to create jobs, revitalize neighborhoods, and extend the greenway system into communities.*

## **FUNDING**

A key piece of the planning and program management puzzle for brownfields remediation and redevelopment is funding. For purpose of this analysis, the funding in question is treated in two parts: federal funding sources for brownfield projects and funding for the brownfields program itself.

*Brownfield Project Funding.* In any development project, including *greenfield* sites, there are financing issues and development costs associated. Developers are well aware of how to finance the costs in conceptualizing and planning a *greenfield* project, conducting economic analysis for marketing a project, and developing the real estate on *greenfield* sites.

In a brownfield project, there are additional costs that must be financed and risks that are

often considered too prohibitive for conventional financing. These include the risk issues associated with development of contaminated properties, the dollars needed for site assessment, additional underwriting of development costs associated with a contaminated site, the monies required for preparing a cleanup plan and taking it through the regulatory agencies, the dollars required for cleanup, and the cost associated with project delays that are typical at brownfield sites.

There are a number of federal categorical grants designed to leverage redevelopment of brownfields through local public financing initiatives. EPA Brownfields Community-wide and Site-specific Assessment Grants are available to assess both hazardous waste and petroleum contamination. EPA Cleanup Grants are also available to local governments and nonprofit organizations to encourage reuse of brownfields, public or private. HUD Brownfields Economic Development Initiative (BEDI) Grants are available for City brownfields projects that leverage significant economic development.

EPA Brownfields Revolving Loan Grants enable local government and nonprofit organizations to make funds directly available to developers of brownfield sites for bridge financing of assessment and cleanup costs. EPA Brownfields Job Training Grants are also available to provide training in brownfields assessment and remediation to residents of areas most affected by contamination issues.

*Brownfield Program Funding.* Chattanooga's success in obtaining a very competitive FY 2005 Brownfield Assessment Grant positions the community to seek additional brownfield funding from the U.S. Environmental Protection Agency. Outcomes of the Alton Park community-wide hazardous materials assessment include new cleanup projects eligible for EPA funding. Coming Environmental Site Assessments in Alton Park create job-training opportunities that might be part of an EPA Brownfields Job Training Grant proposal. A high quality of performance on work under the FY 2005 Brownfield Assessment Grant also establishes a favorable track record with the EPA for future community-wide assessments, as well as other types of Brownfield Grant proposals.

These grant programs are very competitive. However, largely because they are a non-regulatory means to help meet environmental regulations, federal brownfields grant programs enjoy bipartisan support. They have a history of consistent funding levels. Also, Chattanooga is among a relatively small number of Cities with the highest need for brownfield remediation funding *and* the greatest opportunity to leverage redevelopment with the funding. Grant proposals that are not funded one year are evaluated by federal officials, and most often need only to be honed through further project planning to be successfully resubmitted in a subsequent year. In short, Chattanooga needs federal brownfields grant funds, is well positioned to compete for those funds, and has the wherewithal to make the most of funds awarded.

Federal brownfields grant funds may be used only for work directly in performance of the project funded. Grant funds may not be used for programmatic purposes. On the other hand, local investments in a brownfields program can be used effectively to secure and leverage grant funds.

Current City brownfields program investments include:

- staff work and contracted services in support of the Brownfields Task Force;
- staff work, contracted services, and leveraged partnership work on project planning and grant writing; and
- brownfields work incidental to other City initiatives (Enterprise South, Farmer's Market, greenways, etc.).

The community-wide assessment of Alton Park under the current EPA grant will yield new opportunities for the City to leverage private and nonprofit investments in brownfields redevelopment, as well as future grants. The City's current level of investment in the brownfields program will, in turn, need to continue in order to make the most of those opportunities. Future grants will be similarly leveraged. An additional grant award in the near-term will, therefore, increase incrementally the brownfields program investment level the City needs to sustain over the long run. That amount will vary some depending on the particularities of grant projects being carried out in a given year.

The increase can be minimized by consolidating most of the current brownfields work in which the City is already investing into the job description for a single brownfields development coordinator position. A brownfields development coordinator can also absorb much of the current and future brownfields grant-funded work.

The brownfields program would, therefore, be funded over the long run by consolidating the current City investments, by continuing to utilize federal grants (including a revolving loan fund), by getting brownfields back on the tax roles, and ultimately by creating opportunities for new development as investor confidence is restored in communities impacted by brownfields.

Again, federal grants funds may not be spent on underlying local brownfields program costs, so they can fund only a relatively small portion of a brownfields development coordinator position. However, as the cleanup of the former Cavalier site demonstrates, receipts from a single brownfield site returned to the tax roles can more than justify the investment.

*The Brownfields Task Force finds the menu of federal brownfields grant programs to be of great strategic value to Chattanooga, warranting the City's current level of investment in the brownfields program. The Task Force also finds that the redevelopment activity leveraged by the current grant, coupled with an additional grant award, will require a modest increase in that level of investment, also warranted in order to make the most of those opportunities. The Task Force further finds that consolidating current staff and contract work on brownfields initiatives into a single brownfields development coordinator position is the most cost-effective way to accomplish such an increase.*

## **BROWNFIELDS PROGRAM PLAN**

Based upon need, community support, funding availability, and redevelopment opportunities, the Chattanooga Brownfields Task Force recommends that the City of Chattanooga lead an on-going brownfields program with the following mission:

*Implement a coordinated program for the timely remediation and redevelopment*

*(reclamation or reuse) of brownfields and abandoned properties in the Chattanooga/Hamilton County area.*

The Brownfields Task Force recommends that Chattanooga adopt, embrace, and fully maximize federal and state brownfields policy, utilizing federal grant programs through a comprehensive, coordinated brownfields program.

The Task Force recommends a Brownfields Program Plan in pursuit of the following vision:

*The Chattanooga area's leadership in public/private partnerships is substantially enhanced by a coordinated and collaborative brownfields program that promotes partnerships, protects the environment, strengthens the market place, and sustains reuse.*

The recommended Brownfields Program Plan sustains the City's current level of investment in brownfields program planning and management. Current City staff work, contracted services, and leveraged partnership work on program development, project planning, grant writing, and brownfields tasks incidental to other City initiatives continue as currently deployed. This maintains an on-going capacity to identify and target brownfield sites for assessment, cleanup, and redevelopment funding support. It also provides for the local evaluation of grant proposals not funded in the current fiscal year and for further project planning on proposals to be resubmitted based on local and federal evaluations.

Chattanooga's brownfield program should address the toughest of all brownfield development projects--redevelopment of a community or sites that are not in the immediate path of development progress. The program should target "catalyst sites," defined as sites at which appropriate brownfields implementation strategies would invigorate development and revitalization in a subject area.

An initial goal of the brownfields program going forward is to spur the redevelopment of more complex and economically impacted sites in Alton Park with the first set of catalyst site plans addressing remediation, redevelopment, and financing. The current EPA Community-wide Assessment Grant is assisting this effort to compliment many positive developments presently occurring in Alton Park, including significant environmental cleanup, the revitalization of area housing stock, the development of greenway and "Safe Walk" plans, and the presence of an engaged citizenry, to name just a few. The objective is to leverage cleanup and redevelopment with the grant, particularly on sites where such redevelopment would be a catalyst to further implementation of the community's revitalization strategies. The Alton Park community-wide assessment process is designed to empower community stakeholders (residents, neighborhood and community organizations, property owners, realtors, developers, and financial institutions) with direct involvement in prioritizing and targeting sites.

The quality of the RPA staff performance on the outputs (inventory, site assessments, and catalyst site plans) of the current grant and the City's follow through in achieving the desired redevelopment outcomes are critical in securing future EPA Brownfields Grants. With performance on all the current grant outputs still pending, new EPA grant proposals are handicapped somewhat in EPA scoring against grant criteria. Future grant proposals

become more competitive as each step of the community-wide assessment process in Alton Park is completed and a quality output is delivered.

Though current grant proposals pending before the EPA didn't have a recent track record demonstrating City project performance and programmatic capabilities, they are competitive in other criteria rated in EPA review. Planning is underway for other possible grant proposals to be submitted to the EPA and HUD in the current federal fiscal year as well. The Brownfields Program Plan calls for the City to install a permanent fulltime brownfields development coordinator upon achieving an additional grant award, consolidating most of the City's current brownfields work under that position.

The brownfields development coordinator will be responsible for:

- facilitating community involvement, including developers, property owners, realtors, and lenders, in on-going brownfields assessment, clean-up, and redevelopment projects;
- assisting community-wide assessments in targeting brownfield sites that offer strategic opportunities for redevelopment;
- providing program assistance to clean-up projects at strategic sites; and
- developing a revolving loan fund to provide bridge financing for brownfields remediation.

The brownfields development coordinator will conduct comprehensive brownfields planning dedicated to revitalizing catalyst sites. The brownfields development coordinator will maintain an inventory of catalyst as they are identified through community-wide brownfield assessments and other Chattanooga-Hamilton County Regional Planning Agency planning processes.

The brownfields development coordinator's role as a facilitator of community involvement includes institutions as well. Brownfields issues cut across too many organizational boundaries to expect or hope that one individual in one department or agency can complete the mission alone. The brownfields development coordinator by definition needs to coordinate internally among the various agencies and government departments dealing with brownfield issues (e.g., City real estate services, Chamber of Commerce, Chattanooga-Hamilton County Regional Planning Agency, and health-oriented agencies), and externally among the community organizations that are interested in Brownfield development and related issues (e.g., UTC, Alton Park/Piney Woods Neighborhood Improvement League, the Trust for Public Land, and the development community). This fact, that brownfield threads run through several government departments and agencies involved in economic and community development, means the brownfields development coordinator, as the City's point person on brownfields development, needs strong backing from the mayor and City Council. It also means the position will require strong interpersonal skills.

The proposed brownfields coordinator position should be a local resource for the development community in understanding and developing brownfield properties. The brownfields development coordinator should therefore have a strong economic development background with an understanding of real estate transactions, as well as issues related to environmental contamination and liabilities.

It is important to reiterate that the brownfields program will need to work with the local development community in order to identify the development opportunities for targeted brownfield sites. The City will not necessarily own the property or manage the development project at a catalyst brownfield site, although that would certainly be possible. The brownfields development coordinator would also assist partnering organizations (public, private, and nonprofit) in formulating revitalization plans and implementation strategies for the identified sites and would work with the development community to address site characterization and remediation as necessary.

The brownfield development coordinator position requires a clear understanding of the specific brownfield-related issues that must be negotiated for projects to be successful. These include:

1. environmental issues (legal landscape, site assessment, risk assessment, institutional controls, cleanup goals, remediation processes),
2. financial issues (valuation of contaminated properties, conventional development financing and funding sources, bridge financing and other innovative funding mechanisms, tax policy and incentives), and
3. development issues (property development risks, barriers to development of contaminated properties, deal making, ethics on conflicts of interest).

The brownfields development coordinator should be skilled, not only in securing additional funding from the EPA and other federal sources, but in leveraging those funds to their greatest effect. Any further program expansion should be self-supporting and self-sustained. The brownfields development coordinator should explore opportunities to leverage County involvement, as well as program funding from philanthropic sources dedicated to environmental initiatives and community revitalization, particularly as catalyst sites and community agendas converge.

The amount of the additional outlay necessary to create the new position will depend on the volume of staff work funded by the particular grant(s) awarded, the salary of the brownfields development coordinator based on qualifications, and the placement of the position in the City's organizational structure. Safely estimated, however, one-third to two-thirds of the cost will be offset as the brownfields development coordinator assumes grant-funded work, along with most of the brownfields work currently performed through contracted services.

## **CONCLUSION**

In conclusion, Mayor Ron Littlefield, the city of Chattanooga, The Enterprise Center, and The Southeast Local Development would like to express their appreciation to the Task Force members (*See*, Appendix B) and the many volunteers (*See*, Appendix C) who contributed their time, energy and expertise to this worthwhile endeavor.

7.11.2007

## **Appendix A—Chattanooga Brownfields Task Force Report**

### **Local Success Stories**

#### Southeast Development Resource Park

The Southeast Development Resource Park is a 14 acre site in inner city Chattanooga Tennessee. Cavalier Corporation began manufacturing on the site in the late 1800's when the site was a greenfield just outside the city limits of Chattanooga. The company was sold in bankruptcy in 1987 and the new owner, Cavalier Acquisition Corporation of Bloomfield Connecticut, restarted operations with an intense desire to not only revitalize the company but also revitalize the site which was in an extremely dilapidated state with many environmental issues.

In 1995 a public private partnership was established and the site was entered into the state's volunteer cleanup program (VOAP) where 18 of the buildings were 22 buildings were demolished and the remaining four structures were rehabilitated to accommodate modern manufacturing processes and a modern corporate offices. Substantial cleanup of the site was also accomplished with the removal of underground storage tanks and other environmental issues being resolved. Total expenditures on the site to date approximate over \$5 million. With the exception of a declining groundwater contamination problem, the site has been totally remediated and efforts are underway to develop a feasible funding plan for the final stages of the remediation.

Despite the demise of the owner of the Cavalier Acquisition Corporation and the subsequent closing of company, the site has played a significant role in the revitalization of the community. Presently all of the 235,000 square feet is leased with companies employing over 125 employees. In addition, the Southeast Career Center, the New Economy Institute and Chattanooga State Community College and a number of state agencies provide employment, education and training on site. In addition, the property has gone from property taxes not being paid on the site from 1987 through 1994 to all of the \$1,198,000 in past property taxes being paid up in 1995. Since that time, over \$800,000 in additional property taxes have been generated to the city and the county.

For further information, contact Joe Guthrie with Southeast Local Development Corporation at (423) 424-4231.

## Electric Power Board

An entire block in the central business district of Chattanooga had served as a contaminated, flat, 1.17-acre parking lot since 1983. The site, which had previously housed a gas station and dry cleaning operation, yielded contamination from both petroleum and dry cleaning fluid sources and required a sophisticated remediation plan. Several private developers had considered the location as a prime site for development, but were deterred by the environmental issues.

In order to make the site viable for the construction of its new headquarters, EPB and the City of Chattanooga worked in 2004 with the Tennessee Department of Environment and Conservation to create a Brownfield agreement and remediation plan for the redevelopment of this block. This plan is the first in the state of Tennessee to include an ongoing underground treatment process during the construction and use of a major downtown office building and parking garage. The Drycleaner Environmental Response Program (DCERP) is providing funding for a majority of that cleanup, totaling \$2.5 million. The result will be a clean site that also protects surrounding properties and water resources.

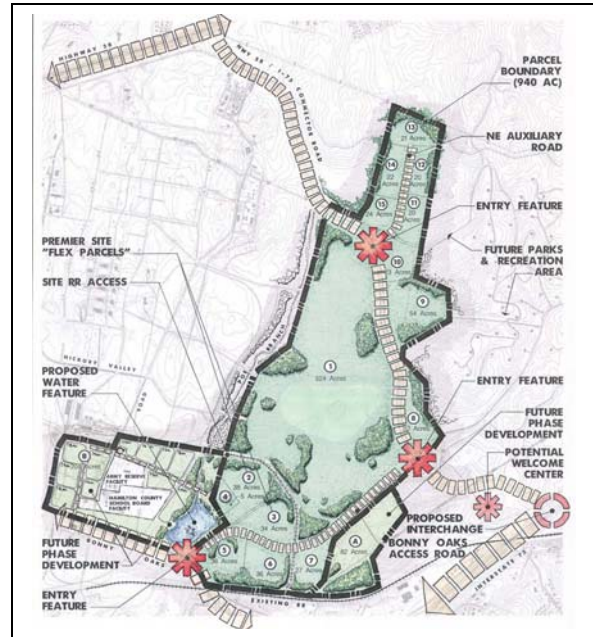
With the new building opening in August 2006, EPB has brought vitality and density to a downtown block that was once an unwelcoming gateway to Chattanooga. The EPB building brings to the central business district a cleaner environment, 15,200 potential patrons (employees and customers) for local shops, a parking garage solution, as well as an infusion of 7,500 square feet of new retail space.

For more information about the EPB development, contact Steve Clark at 423-648-3210.

## Enterprise South Industrial Park

Groundbreaking at Enterprise South Industrial Park (ESIP) took place on January 14, 2003. The park encompasses a 1,200 acre area located at the heart of the 6000 acres, former Volunteer Army Ammunition Plant (VAAP), being surplus by the Federal Government. The site was used periodically from the 1940s through the 1970s as a production facility for TNT and for the commercial production of ammonium nitrate fertilizer, urea, and related products into the 1980s.

Although production ceased on the site, facilities and surrounding property continued to remain physically fenced off from the community. In 1997, the Army determined that the site was excess to the Army's future needs and listed it for disposal. Local government officials assured the federal government that they were interested in acquiring the property, and after addressing potential environmental issues and land use planning for reuse of the site, land transfers to the local government bodies began in 2000.



Currently, the site is co-owned and co-developed by Hamilton County and the city of Chattanooga and is supported with marketing and infrastructure expertise from various partners including state and federal officials, the Chattanooga Area Chamber of Commerce and the Tennessee Valley Authority.

The long term strategy for the entire site is to attract major industrial companies and to incorporate a variety of industrial and business tracts into a planned development. The site's proximity to I-75 and other major transportation facilities as well as the availability of on-site rail and all public utilities make this one of the premier economic development sites in the southeast. The site has been certified as a TVA megasite, a large industrial property suitable for major automotive manufacturing.

For detailed information contact The Chattanooga Area Chamber of Commerce at [www.chattanooga-chamber.com](http://www.chattanooga-chamber.com) or [www.enterprisesouth.com](http://www.enterprisesouth.com) or call Trevor Hamilton at (423) 763-4335.

## Downtown Chattanooga

Chattanooga has received national recognition for the renaissance of its downtown and redevelopment of its riverfront on the banks of the Tennessee River. The early and mid part of the 1900s found downtown Chattanooga an economic and transportation hub of the region. However, the decline in train travel and in the area's industry led to a decreasing population and increasing crime by the 1960s.

The late 1980s and early 1990s saw resurgence in the downtown. In 1992, the Tennessee Aquarium, the largest aquarium at that time in the southeast was completed. Closely following was the opening of the Creative Discovery Museum, an interactive children's museum and the construction of an IMAX theatre. Other successes followed: the Tennessee Riverpark an 11-mile greenway, the conversion of a closed, outdated bridge into a walking bridge connecting the north and south shores of the river, and the development of an arts district, a popular waterfront park, a minor league baseball stadium and numerous hotels. Much of the redevelopment of the riverfront culminated in the 21<sup>st</sup> Century Waterfront plan that included additions or renovations to the aquarium and children's museum and the Hunter Museum of Art. Also part of that initiative was the opening up of the riverfront to the rest of the downtown by converting a through-street to a parkway and opening up pedestrian access and open space along the banks of the river.



The downtown is in a very real sense, the heart of the community, and its health has a direct bearing on the health of all neighborhoods in the region. Right now, the indicators are good: between 1992 and 2002, downtown employment increased 38% compared to the city-wide increase of 17%, raising the number of downtown workers to more than 46,000 – 22% of the metro workforce. Downtown properties generate more than \$5,000,000 in property tax revenue annually, and downtown hotels account for nearly 45% of the total county room tax revenue.

For more information, contact the City of Chattanooga at (423) 425-7800 or [www.chattanooga.gov](http://www.chattanooga.gov).

## Appendix-B

### CHATTANOOGA BROWNFIELDS TASK FORCE

J. Wayne Cropp	Chairman
John Chambliss	Stakeholder Representative of Interstate Technology Regulatory Council
Ray Childers	Chattanooga Manufacturers Association
Harold DePriest	Electric Power Board of Chattanooga
John “Duke” Franklin	Chattanooga City Council
Joe Guthrie	Southeast Tennessee Development Corporation
Steve Leach	City of Chattanooga Department of Public Works
Ron Loving	Retired TVA Executive
Michael Mallen	Attorney
Hayes Ledford	Chattanooga Area Chamber of Commerce
Dan Wade	Hamilton County Public Works Administrator

#### Support

Dan Johnson—Chief of Staff—Ex-Officio  
Joe Ferguson—The Enterprise Center

## **Appendix C**

### **CHATTANOOGA BROWNFIELDS TASK FORCE CONTRIBUTORS**

Carla Askonas, The Trust for Public Land

Greg Butler, Hamilton County

Lisa Butler, Program Manager, The Enterprise Center

Susan Cange, Reindustrialization Team, U.S. Department of Energy, Oak Ridge Office

Andrew (“Andy”) Carroll, University of Tennessee at Chattanooga

Larry Clark, Director of Reindustrialization, U.S. Department of Energy (Oak Ridge)

Atley Davidson, GIS

Joe Ferguson, (Former) President & CEO, The Enterprise Center

Greg Haynes, Regional Planning Agency

Rick Hitchcock, Attorney

Milton Jackson, Stop Toxic Pollution (“STOP”)

Dan Johnson, Chief of Staff, Mayor Ron Littlefield, City of Chattanooga

Troy Keith, Division of Remediation, Chattanooga Field Office, Tennessee Department of Environment Conservation

Steve Leach, Public Works Department, City of Chattanooga

Yuen Lee, Regional Planning Agency

Ron Littlefield, Mayor, City of Chattanooga

Maria Noel, Manager of the Renewal Community Program, The Enterprise Center

Bill Pollard, Southeast Local Development Corporation

Karen Rennich, Regional Planning Agency

Ray Seipp, Buzzi Unicem U.S.A., Signal Mountain Plant

Andy Shivas, Brownfields Coordinator, Division of Remediation, Tennessee Department of Environment Conservation (Nashville, Tennessee)

Chip Smith, Akins, Crisp Public Strategies

Marvin Smith, Chattanooga Glass

Melissa Taylor, Regional Planning Agency

Brian Turner, Hamilton County

Frank Wrinn, Consultant, City of Chattanooga

Aleeta Zeller, Regional Planning Agency