MEMORANDUM

To: Council Members

From: Staff

Date: January 18, 2013 Council Meeting

Subject: Brownfields Cleanup Loan with the Fort Pierce Redevelopment Agency

Introduction

In 2003, Treasure Coast Regional Planning Council (TCRPC) developed the Treasure Coast Brownfields Program. The program’s goal is to promote the reuse and redevelopment of abandoned or underutilized commercial/industries brownfield sites in the region. The Program is funded by periodic grants secured by TCRPC through the U.S. Environmental Protection Agency (EPA). Since inception, the program has secured approximately $3.35 million from EPA to support the redevelopment of brownfield properties throughout the Treasure Coast Region. The program provides assessment and cleanup assistance to eligible brownfield projects sponsored by local governments, community redevelopment agencies, and other eligible entities. Financial assistance to support environmental site assessment and/or cleanup activities takes the form of either a subgrant or loan to the eligible project sponsor. The purpose of this report is to consider a request from the Fort Pierce Redevelopment Agency (FPRA) for a loan to help offset cleanup costs at the H.D. King Power Plant site (Exhibit 1) in the City of Fort Pierce.

Background

On January 3, 2013, Council staff met with the FPRA, City of Fort Pierce and Fort Pierce Utilities Authority (FPUA) staffs to discuss options for the continued cleanup of the former H.D. King Power Plant site and to formulate a coordinated set of recommendations related to completing all cleanup of the project site as quickly and cost effectively as possible. After detailed discussions, a consensus was reached on cleanup standards to be applied to the site, timing of the cleanup, and cleanup funding options. The first joint staff recommendation is that the site would be cleaned up to residential cleanup target levels. The second recommendation is that the cleanup would be staged to take place over a three-year period to take full advantage of financial incentives through the auspices of the State of Florida’s Voluntary Cleanup Tax Credit (VCTC) program. The final recommendation was that FPRA, the site owner, apply for financial assistance to help offset cleanup costs through the auspices of Council’s EPA-funded Brownfield Revolving Loan Fund (RLF) loan. The amount of funding to be requested would be approximately $800,000, subject to the availability of funds.
In order to proceed with this loan request, Council authorization is needed to prepare and execute loan documents necessary to provide RLF funding of up to $800,000 to the FPRA. The loan would be in the form of a proposed five-year, $800,000 loan with terms of interest-only for five years at 0.25% and repayment of the principal balance at the end of the five-year maturity date or sooner, without prepayment penalty. This loan will help to offset a portion of the estimated remediation costs for the property. Under EPA rules for RLF financial management, TCRPC can utilize the program income derived from monthly interest charges on the outstanding loan amount to cover eligible programmatic costs of administering the RLF program.

Total preliminary cleanup costs developed by FPRA’s environmental consultants to remediate soil and groundwater to residential cleanup target levels are estimated at $2.7 to $3.0 million. Council’s $800,000 RLF loan and FPRA’s remaining EPA Cleanup grant funds of almost $200,000 to be used in 2013 would provide at least a third of the estimated costs of overall cleanup. Interim funding to complete cleanup activities in years 2014 and 2015 would be provided by some combination of FPUA reserves, VCTC funds, and potential EPA RLF supplemental funding.

**Recommendation**

Council should authorize the Executive Director in consultation with Council’s attorney to propose, execute, modify, and deliver loan closing documents in such form and content as they shall determine to effectuate the loan to the Fort Pierce Redevelopment Agency, subject to final approval by the U.S. Environmental Protection Agency.

Attachment