TREASURE COAST REGIONAL PLANNING COUNCIL

MEMORANDUM

To: Council Members

From: Staff

Date: March 21, 2014 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 $3.65 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.

On January 18, 2013, Council authorized Council staff to prepare and execute loan documents necessary to provide a cleanup loan of up to $800,000 to the Fort Pierce Redevelopment Agency (FPPA). The terms of the loan are 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. The cleanup loan would be provided to FPRA through the auspices of Council’s EPA-funded Brownfield Revolving Loan Fund (RLF). This loan would help to offset a portion of the estimated remediation costs for the property. On August 20, 2013, TCRPC closed a $700,000 RLF cleanup loan with the FPRA with a maturity date of August 20, 2018. All loan proceeds were disbursed to FPRA by the end of 2013.

On September 27, 2013, TCRPC secured $300,000 in supplemental RLF funding from EPA. The additional funding application was predicated on supporting the continued cleanup efforts of the FPRA.

The purpose of this agenda item is to seek the authorization of Council to prepare and execute loan documents necessary to provide RLF funding of up to $300,000 to the FPRA in the form of a proposed $300,000 loan with terms of interest-only through the maturity date at 0.25% per annum and repayment of the principal balance on the maturity date of August 20, 2018 or sooner, without prepayment penalty. The loan is to be secured by a $300,000 irrevocable letter of credit. This loan will help to offset a portion of the estimated remediation costs for the property.
(Parcel #1 on Exhibit 1). Under EPA rules for RLF financial management, TCRPC can utilize the program income derived from interest charges on the outstanding loan amount to cover eligible programmatic costs of administering the RLF program.

Total estimated cleanup costs developed by FPRA’s environmental consultants to remediate soil and groundwater to residential cleanup target levels are estimated at $2.6 million to $3.0 million. The remediation program is anticipated to be completed over a two-year period from 2014 to 2015. Funding to complete cleanup activities in 2014 and 2015 will be provided by some combination of Fort Pierce Utilities Authority (FPUA) reserves, and potential EPA RLF supplemental funding.

Background

**Former H.D. King Power Plant Site:** The designated brownfield site located at 311 N. Indian River Drive is the previous location of the H.D. King Power Plant in the City of Fort Pierce. This parcel of land has been used for power generation since 1912. The plant was a 130.7 MW facility and was located behind the city marina on the Indian River in downtown Fort Pierce. The power plant was demolished in 2009 and Phase I and Phase II Environmental Site Assessment (ESA) Reports have been completed.

The project site consists of three non-contiguous parcels totaling approximately six acres. Parcel #1 is the main parcel on which the majority of the former power plant operations were conducted. It fronts Indian River Drive to the east and is directly north of Avenue B. Parcel #2 is located north of Moore’s Creek, directly west of Indian River Drive. Parcel #3 is located directly opposite of Parcel #1 and fronts 2nd Street.

Previously completed ESAs indicate that both soil and groundwater impacts above applicable Florida Department of Environmental (FDEP) cleanup target levels from Chapter 62-777, Florida Administrative Code (F.A.C.) have been identified at the site. The site is contaminated with both hazardous and petroleum substances including polychlorinated biphenyls; polynuclear aromatic hydrocarbons; and arsenic. Widespread soil impacts have been identified on Parcel #1. Interim source removal activities on Parcels #3 and #2 in 2010 and 2012, respectively, have removed identified soil impacts to below residential cleanup target levels. On July 10 and July 16, 2013, FDEP issued Site Rehabilitation Completion Orders for Parcels #3 and #2, respectively, indicating that FPRA could begin redevelopment activities on these parcels.

**Brownfield Redevelopment Activities:** Since September 2009, TCRPC has been actively involved with FPRA in bringing resources and technical assistance to bear on this brownfield redevelopment project through its EPA-funded Brownfields Program and its support of FPRA efforts to secure grant funding. Under Council’s Brownfields Program, TCRPC has provided both cleanup and assessment assistance to help redevelop the former H.D. King Power Plant site. Total assistance to date is approximately $1,040,000. In April 2010, the EPA announced an award of three $200,000 Brownfield Cleanup Grants totaling $600,000 to FPUA to assist cleanup efforts. TCRPC supported the grant funding application put forward by FPRA and on June 22, 2010 TCRPC and FPRA signed an interlocal agreement that provided that TCRPC assist FPRA in implementing the recently announced EPA cleanup grants. The FPRA’s cleanup grants were
closed out on June 30, 2013. Under an agreement signed between FPUA and FPRA, the FPUA is responsible for the cost of cleanup over and above that provided by the EPA cleanup grants. FPUA staff has indicated to TCRPC, the City of Fort Pierce, and FPRA staff that the FPUA has adequate reserves to cover cleanup costs over that provided by the EPA cleanup grants.

The City of Fort Pierce and the FPUA have also been instrumental in helping to redevelop the former brownfield site by collaborating on activities to fully assess and remediate the property and cooperating on actions to formally enter the site in the State of Florida Brownfields Redevelopment Program. On November 21, 2011 and July 16, 2012, the City of Fort Pierce adopted Resolutions No. 11-44 and 12-37, respectively, to officially designate the H.D. King Power Plant site as a “Brownfield Area” under the Florida Brownfields Redevelopment Program. Subsequently, on November 29, 2012 the FPRA executed three separate Brownfield Site Rehabilitation Agreements (BSRAs) with the FDEP for each of the three distinct parcels. Execution of the BSRAs means the site will be remediated under the authority of Chapter 62.785 F.A.C.

The proposed loan will be used for the remediation in an effort to obtain a “No Further Action” letter from the FDEP. This letter assures potential developers a clean, developable site with numerous Brownfield incentives.

**Recommendation**

Council should authorize the Executive Director, in consultation with Council’s attorney, to propose, execute, modify, and deliver loan 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
Exhibit 1

Fort Pierce Redevelopment Agency
Former H.D. King Power Plant Site