

*Promoting Redevelopment Projects
with Environmental Barriers in
Urban Communities*

Kansas Environmental Conference

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Presented by

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Overview

- **Projects**
- **Risk Management**
- **Case Study**
- **Sustainability &
Urban Agriculture**
- **Q & A**



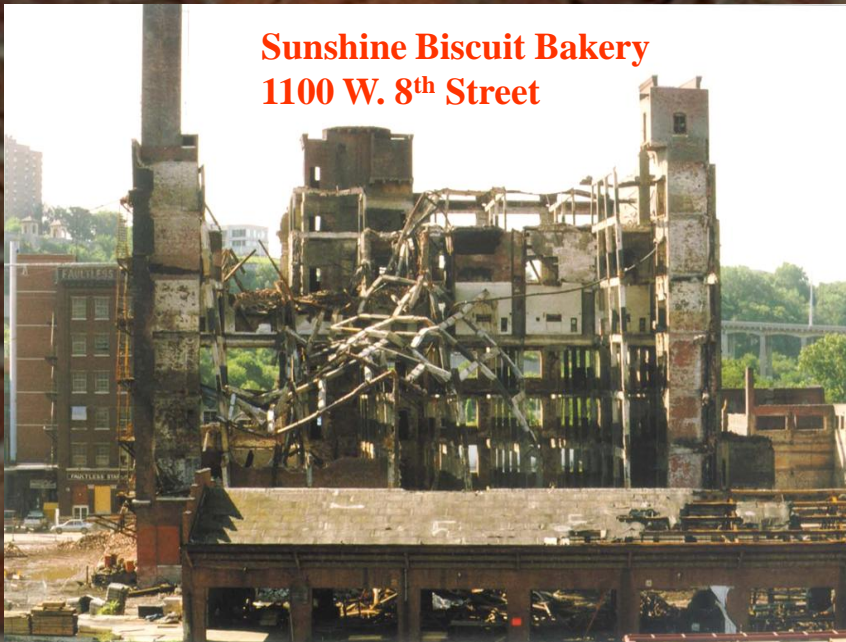
Brownfield Examples



**Beacon Hill
Former Gas Station on Paseo**



**Riverfront Park Redevelopment Site
Richard L. Berkley Park**



**Sunshine Biscuit Bakery
1100 W. 8th Street**



**DST Westside Business Park
Roundhouse**

Kansas City, KS & MO Brownfield Areas

Northeast
Industrial
Area

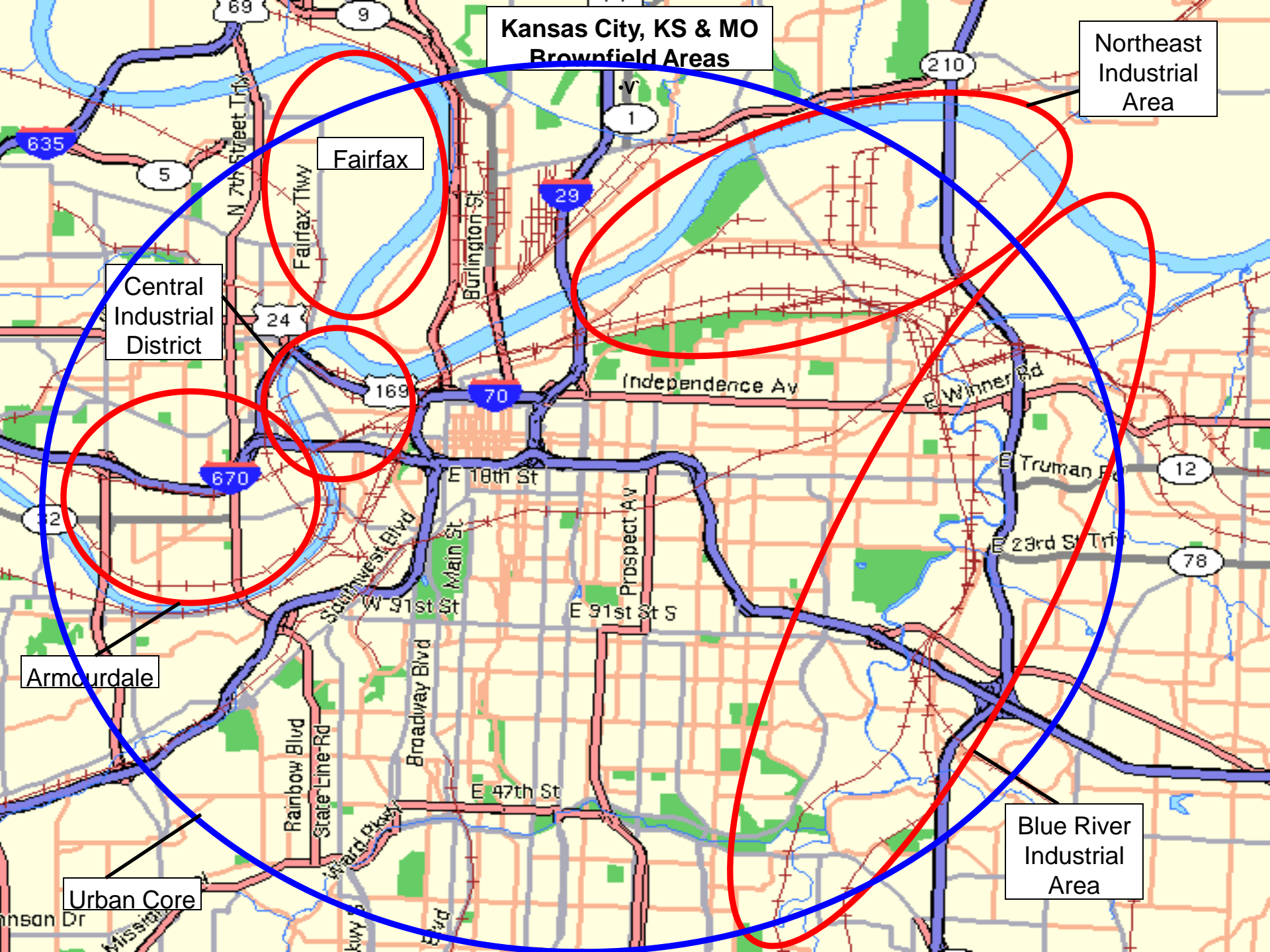
Fairfax

Central
Industrial
District

Armourdale

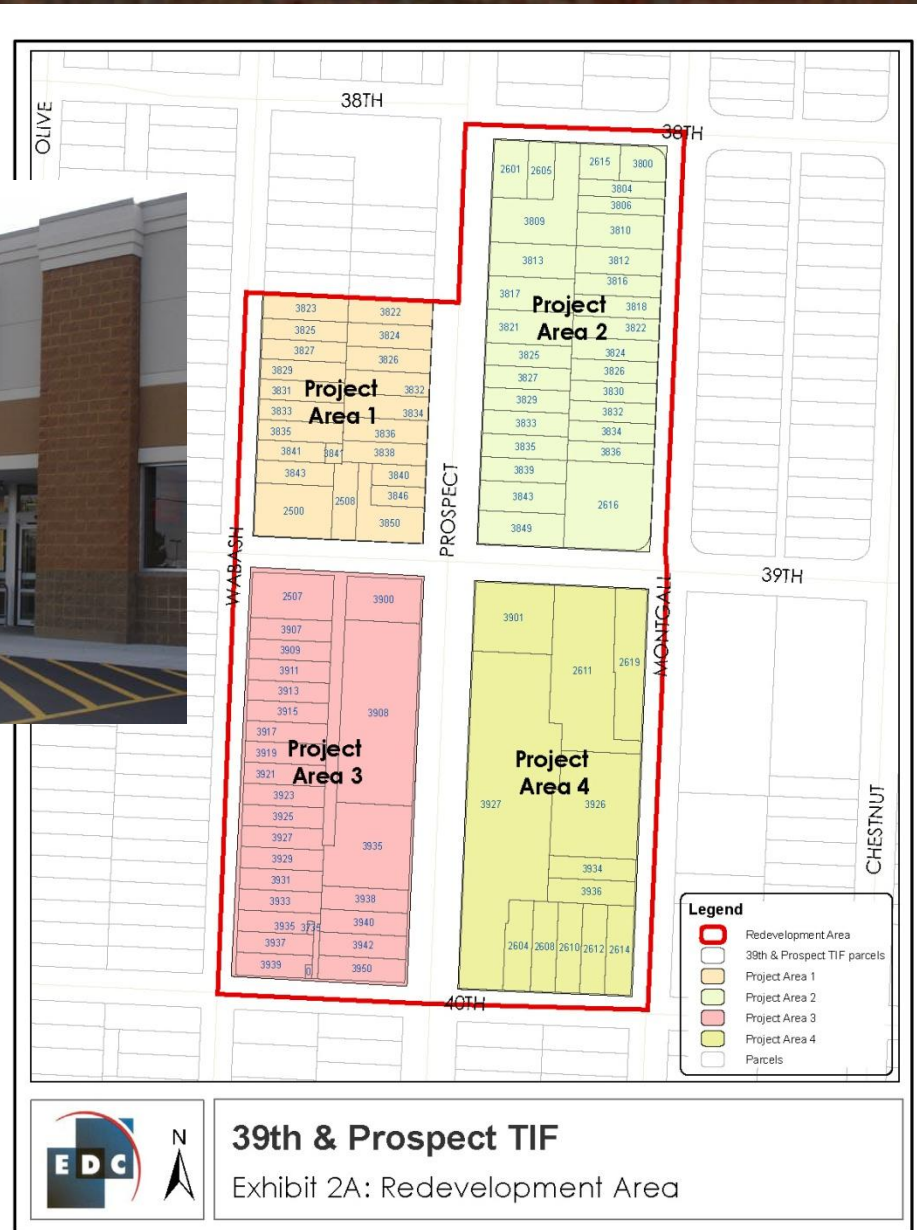
Blue River
Industrial
Area

Urban Core



EPA Grant Projects

ALDI's Store 39th & Prospect TIF District



39th & Prospect TIF

Exhibit 2A: Redevelopment Area

EPA Brownfield Projects

Former APCO
Station 28th &
Prospect



EPA Brownfield Projects

DeLaSalle Education
Center
Manheim & Troost



Residences At West Paseo



- 5th Floor hallway collapsed HVAC
 - Extensive vandalism
 - Illegal salvage for copper, metal, marble, fixtures, architecture, etc.





- Basement Utility Room filled with debris
 - Homeless occupation
 - Trespassers

Residences At West Paseo

Phase II assessment of Hospital – 1999

- Asbestos Survey
- Lead-Paint Survey – Extensive XRF supported by confirmatory lab samples 5% and no false negatives.
- Soil sampled for petroleum around Hospital and Power plant tested below action levels.

Residences At West Paseo

Structural and Rehab Feasibility Study – 2000

- Over-engineered structure – steel beam frame encased in concrete
- Plaster over clay tile interior walls – asbestos & Pb
- Structural integrity & code status acceptable
- Damage to roof repairable, water intrusion
- Moderate cornice damage repairable
- Cost-analysis performed

Residences At West Paseo

Remediation

- Asbestos and Pb Abatement
 - Complete plaster removal
 - Wall integrity unexpectedly good
- Windows and fire escapes removed
- Interior Demolition
- Tank removal
- \$1 M roof repairs







Restored Roundhouse –
DST Offices opened 2002



DST
OUTPUT

DST Output

Westside
Business
Park

2600
Southwest
Blvd.

Westside Business Park

- 22 acre former KC Terminal roundhouse and yard constructed in 1914.
- Petroleum, arsenic contamination throughout rail yard site
- Buried railroad tank car

Westside Business Park

- \$14,200,000 HUD grants & loans, 1998
- \$640,000 Missouri Brownfield Tax Credits
- \$40 million DST Output Facility
- Environmental Cost Cap policy

Westside Business Park

- Roundhouse provides 55,000 sf class A office space for DST Output
- Production facility 227,000 sf two story structure
- 750 employees, 375 new jobs
- 2003 Phoenix Award

**Westside Business Park Roundhouse
before and after renovation**



AMC Main Street Theater

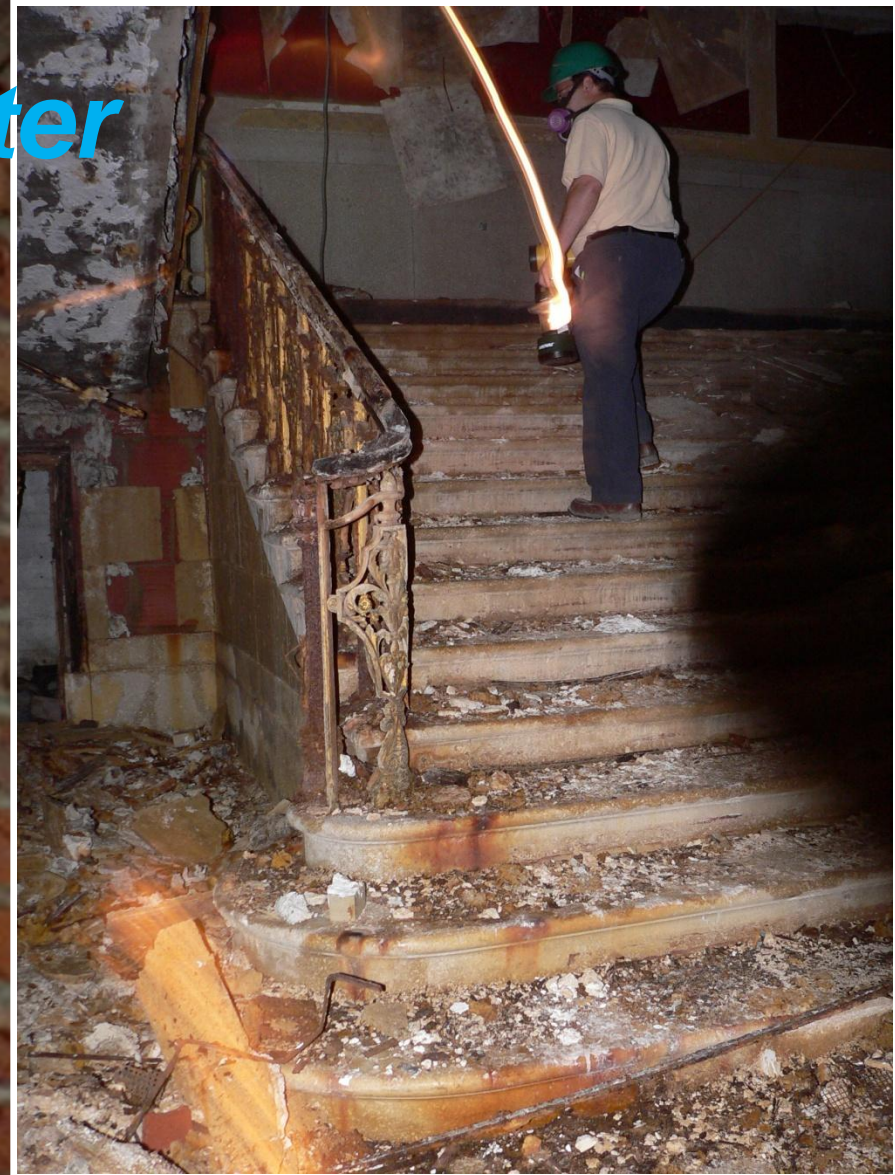
2006

- Downtown Eyesore
- Extensive Asbestos Spill
- Lead-paint



Main Street Theater

- City-owned
- Asbestos, mold
- AMC/Cordish tenants
- \$17 million State & Federal Historic Preservation Tax Credits
- \$1 million State brownfield tax credits



2009

AMC Main Street Theater

- Rescued Historic Building
- Downtown Revitalization
- Walkable Environment



The Brownfield “Game”

Market Driven

Developers require an appropriate return on capital relative to risk.

Enemies of Private participation:

uncertainty

risk exposure

delay

high upfront costs

long-term commitment



The Brownfield “Game”

Keys to Private Investment

- Higher Return on Investment (ROI)
- Unique Site Advantages
 - Historic District
 - Downtown or Central Location
 - End-User preferences
- Existing Business Expansion
- Niche Development Market
- “Nothing Breeds Success Like Success”



The Brownfield “Game”

Any Weak Link . . .

To retain and grow business in brownfield areas,
must address ALL necessary preconditions:

Infrastructure
Access

Workforce

Taxes

Blight

Crime

Environmental



Project Strategy:

- *Inventory potential assistance*
 - *Cost-Benefit Analysis (is assistance worth the trouble, time?)*
- *List potential environmental risks*
- *Evaluate risk management tools*
 - *Cost -Benefit Analysis*

Federal Incentives



- U.S. Environmental Protection Agency (EPA)
 - New Federal Brownfields Law
 - \$6,472,000 in K.C. Metro



US Army Corps
of Engineers ®

- U.S. Army Corps of Engineers
 - Multiple authorities to assist cleanup
 - +\$100 Millions in KC Projects
 - \$2,000,000 for ecosystem restoration



- Economic Development Administration (EDA)
 - Over \$4,497,000 granted for redevelopment in K.C. met

Federal Incentives



- Department of Transportation / Mo DOT
 - Over \$10,000,000 granted for trail in redevelopment area



- Department of Housing and Urban Development (HUD)
 - Over \$25,000,000 in loans and grants for brownfield redevelopment projects in K.C.



- U.S. Treasury Department
 - New Market Tax Credits
 - Brownfield Tax Incentive (expired 2007)

Risk Management

- **What risks are critical to the deal?**
 - Cost overruns, project delays, lender liability, lawsuits?
- **What is risk appetite of key players?**
 - Developer
 - Lenders, investors
 - End user
- **Thorough Site Assessment**
- **Environmental Insurance?**

Regulatory Approvals:

- **Who must be comfortable with the cleanup?**
 - Developer, City, lender, investors, tenants.
- **How much “comfort” is needed?**
 - Covenant Not to Sue, NFA letter, etc.
- **Institutional controls**
 - Flexibility of use v. remediation costs
- **Key factors:**
 - Financial structure of the deal, development agreement, ownership, closing dates, etc.

Regulatory Approvals:



- **No Further Action Letter**
 - State certification that cleanup is complete
 - Typically accepted by lenders, developers
 - Exclusions and reopeners
- **EPA honors KS & MO NFA letters**
- **Additional State Liability protections**
 - Missouri contribution protection & liability exemption

Regulatory Approvals:

- **TIP: Local governments have some advantages over private entities when seeking approval of site cleanups, etc.**
 - Local project oversight
 - Represent public interests - health & safety
 - Long-term relationship with agencies
 - Long-term site involvement
 - Financial assurance

Federal Liability Protection

Bona Fide Prospective Purchaser

Exempts innocent purchasers from Superfund liability for known and unknown contamination that occurred before purchase

Eligibility

- Site acquired after January 11, 2002
- Not affiliated with liable parties (in general, no corporate, family, contractual relationship)
- “All Appropriate Inquiry”
- Common Elements



Risk Management:

- Cost Cap
- Pollution Legal Liability
- Secured Creditor (Lenders)
- E-cap policies
- Portfolios

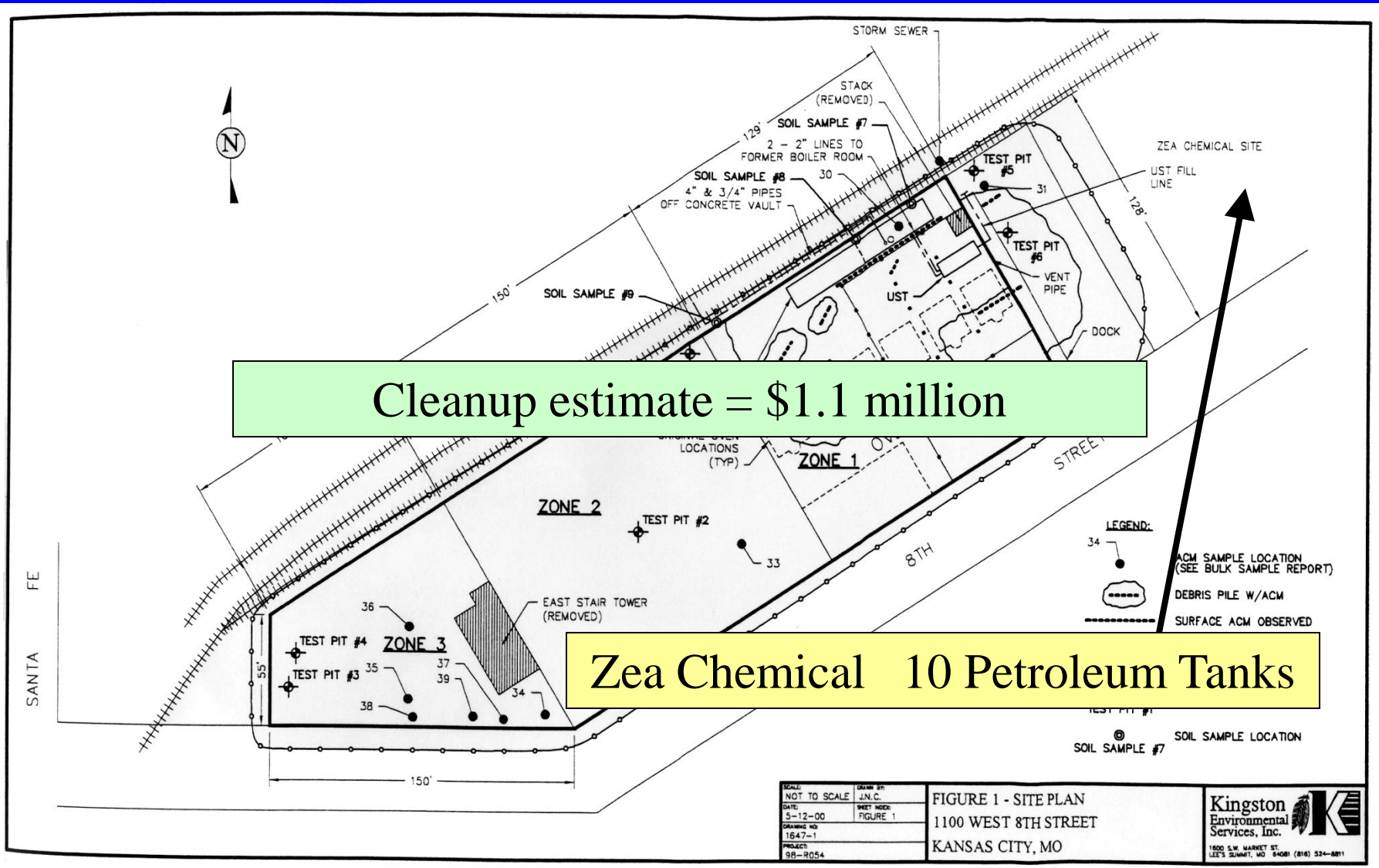
Westside Business Park
Successful coverage claim



Sunshine Biscuit Site
1100 W. 8th St.
(aka “Chernobyl”)



Contamination found on 1100 W. 8th St. Site.



**Zea Chemical
1000 W. 8th St.**

**Former Gas
Station
940 W. 8th St.**

**Sunshine Biscuit
1100 W. 8th St.**

**Faultless Starch
Bon/Ami
Plant**

Coordination

Problem

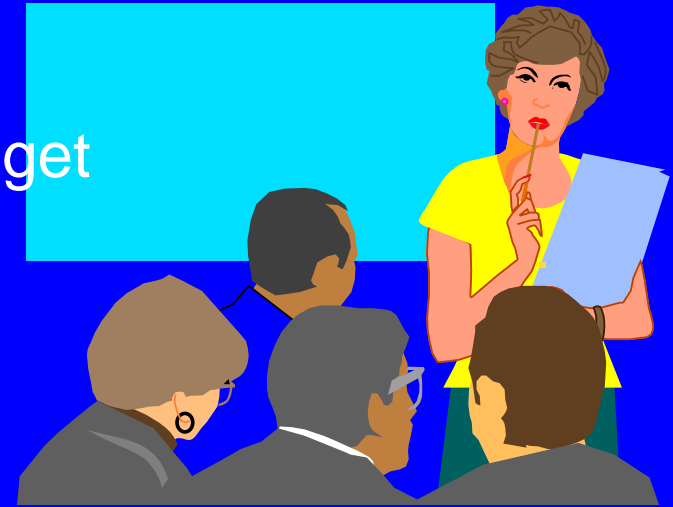
- ACM Removal Costs exceeded budget

Engineering Team

- Planned ACM burial on-site and soil cap as foundation for new facility.

Regulatory Team

- U.S. EPA Region VII Asbestos Group reviewed & approved new plan.
- EPA helped bring State and local officials to table to get critical VCP approval.



**1100 West 8th Street - former Sunshine Biscuit Site
From Fire to Cleanup to Redevelopment
(North View from River Bluffs)**





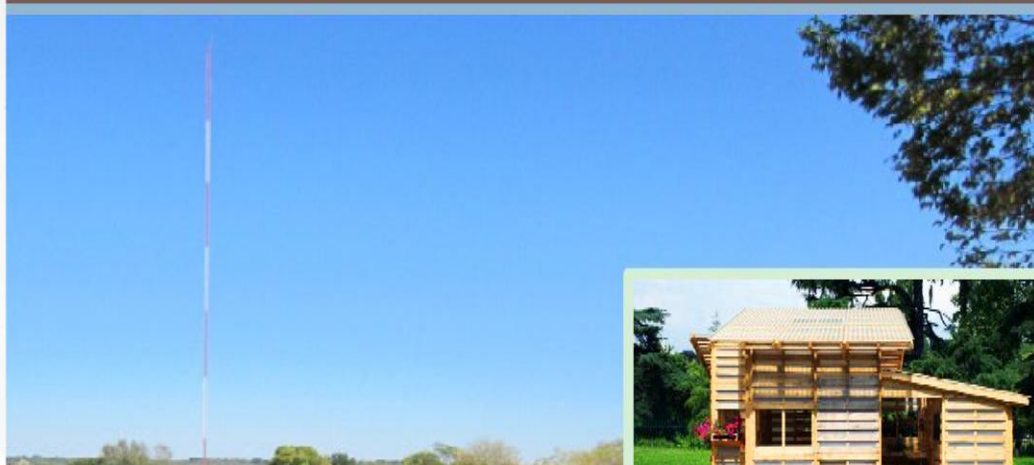
POLICY BARRIERS AND INCENTIVES TO REUSING BROWNFIELDS FOR COMMUNITY GARDENS AND URBAN AGRICULTURE

Brownfields and Urban Agriculture
in Kansas City, Missouri

October 7, 2010



MBC Online On Publications Kansas City, Missouri

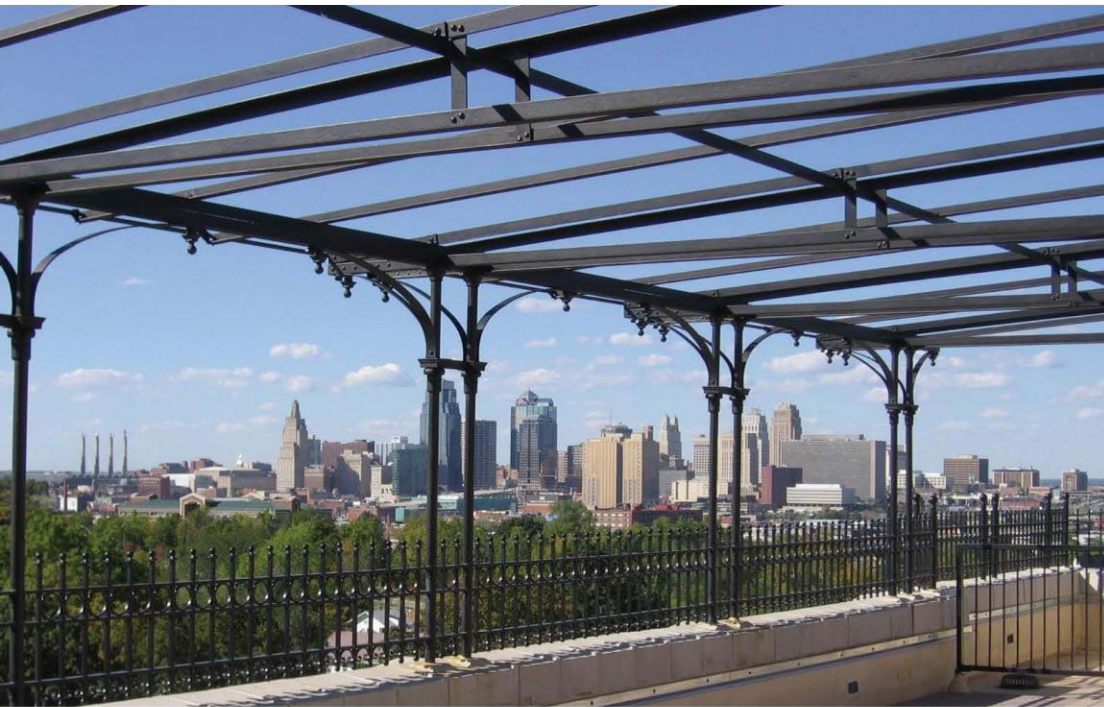


MUNICIPAL FARM: A BROWNFIELDS SUSTAINABLE REUSE PLANNING PROJECT KANSAS CITY, MISSOURI

The Brownfields Area-Wide Planning Pilot:
Early Implementation and Future Directions

February 17, 2011

SMART GROWTH SUCCEEDS
CONCENTRATING KANSAS CITY'S STRENGTHS



Next Challenge:
Sustainability -
the Triple
Bottom Line



FUELING UP — SERVICE STATION CONVERSIONS



The Filling Station at 29th and Gillham Tfwy

Old or abandoned gas stations are persistent barriers to neighborhood redevelopment. Because of the issues related to leaking underground storage tanks, developers often are reluctant to shoulder the possible environmental liabilities. However, the widespread distribution of these abandoned sites, their small size, and their existing neighborhood presence offer opportunities for smaller retail developers or budding restaurateurs.

In 2003, John Hoffman of Urban Coeur development saw the potential for a neighborhood asset in an abandoned Standard Oil station adjacent to his Battery Lofts development. Realizing that a neighborhood coffee shop would become an asset for his development, he approached the proprietors of the Coffee Girls coffee shop, located in the Crossroads District. He offered them the opportunity to create a new enterprise at 29th and Gillham.

At first, Robin Krause was reluctant to start a new venture. “[He] came to me and tried to talk me into it for 3 months, and I kept saying ‘no,’ ‘no’ because

there was nothing in the neighborhood.” Persistence paid off, however, and Krause agreed to take the leap. “They kept showing me diagrams, and making the offer better. They just kept promising me that this was going to happen, and it did.”

Between the offer and the opening on December 1, 2004, however, the building had to undergo a major transformation. Constructed in the



Krause and the original Standard Oil station

mid 1920s, the building operated as a Standard Oil station for 47 years. In 1975, the original owner retired, and the building was used as a glass shop and a detail shop before sitting empty. According to Krause, the building was “horrible” when she

“I’ve worked in several coffee shops over the last 11 years, and you either have one type of customer or the other. Occasionally, somebody will walk in who looks completely out of place. But here, there’s no one who looks out of place. You’ve got students, lawyers, Art Institute types - and a priest who comes in everyday. Just everything. I absolutely love it.”

GROWING IN PLACE — BUSINESSES EXPANDING ON THE WESTSIDE

Two companies and neighbors—Boulevard Brewing Company and DST Output Solutions—are setting the standard for economic expansion in the urban core.

Boulevard Brewing Company—the largest specialty brewer in the Midwest—is a Kansas City icon and a gem of redevelopment in its Westside neighborhood. The brewery’s origins date back to 1988, when founder John McDonald began constructing the brewery in a turn-of-the-century brick building on the city’s historic Southwest Boulevard. The building had been McDonald’s carpentry shop and his father’s shop before that. In the heyday of Kansas City’s Union Station, the building was a laundry facility for linens used in the famous Pullman cars. A vintage Bavarian brew house was installed, and the first batches of beer were produced in the fall of 1989. By 2005, Boulevard Brewing Company was selling over 100,000 bar-

By the Numbers

Boulevard Brewing Company

- 2501 Southwest Boulevard
- Development Dates: 2005 to 2006
- Cost to Develop: about \$25 million
- Architect: 360 Architecture
- Builder: RAU Construction
- Development Planning: White Goss Bowlers March Schulte and Weisenfels

The new state-of-the-art, computer-controlled brewery will allow Boulevard to increase its brewing capacity to more than 700,000 barrels annually. According to Jeff Krum, Boulevard chief operating officer, “Now that we have the extra capacity,



Boulevard’s second-floor meeting room.

Boulevard Brewing expansion



“From a production standpoint, by staying here, we did not have to start from scratch, but were able to use existing infrastructure such as fermentation and filtration equipment. Just as important, we kept our ancestral home, with everything that implies.”

Examples of Brownfield Economic Sustainability

- Building interior greenways for water detention, reduced sewer capacity, trail amenity, property enhancement, etc.
- Temporarily use mothballed sites in development sensitive areas to plant bio-diesel crops, erect wind or solar power stations, while enhancing habitat, recreation and flood protection
- Use brownfield job training grant programs to prepare residents in disadvantaged areas for environmental careers
- Foster local business sector to innovate sustainable infrastructure and development approaches and market those solutions to other communities

THANK YOU!

For more information, contact:

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