

PROJECT TITLE	DENVER'S BROWNFIELDS EXPANSION PROJECT
Name of Applicant	Mayor's Office of Economic Development and International Trade (MOED/IT)
Project Contact	Randy Moore, Senior Economic Development Specialist MOED/IT 201 W. Colfax Ave. Dept. 1005 Denver, CO 80202 Phone: 720-913-1640 720-913-1802 (fax)
City Official	Wellington E. Webb, Mayor City and County Building, Room 350 Denver, Colorado 80202 Phone: 303-640-2721 303-640-2329 (fax)
Location	City and County of Denver, Colorado
Population of Denver Population of Project Area	564,606 Residents 104,153 Residents
Special Considerations	Federal Enterprise Community, Brownfields Showcase Designation, EPA Colorado Brownfields Revolving Loan Fund Pilot, (Recipient: Colorado Dept. of Public Health and the Environment; North Stapleton Brownfields Assessment Pilot

IV. PROJECT OVERVIEW

Denver is requesting assessment and cleanup funds so that it can continue to expand its brownfields revitalization program efforts. The funds would allow Denver to address three specific areas that present major challenges: *smart growth*, *social equity* (investing in low-income neighborhoods), and *revitalizing public facilities* during an economic slowdown.

Last year, Denver updated its master plan, called Blueprint Denver. This “smart growth” plan is directing development and future population growth to Denver’s older industrial and commercial areas. It also lays out an intricate network of transportation connections and transit-oriented development areas. The historic Union Train Station in the Central Platte Valley and the Shattuck Chemical redevelopment site in south Denver are two areas ripe for mixed use redevelopment today, but environmental concerns may well hinder construction for several years. Assessment funds for petroleum and hazardous substances will help jump-start these project sites.

Through the **Mayor’s Focus Neighborhoods Initiative**, Denver has been investing in 16 economically and physically distressed neighborhoods during the past five years. Denver’s Brownfields Showcase pilot, which began in 2000, targeted four low-income neighborhoods that were surrounded by industry and heavily blighted. To date, six redevelopment projects have been started with brownfields assessment funds. Three sites have leveraged nearly \$35 million in private contributions. Denver will continue to invest in the Focus Neighborhoods Initiative until each of these communities reach a standard of living enjoyed by Denver’s more affluent

neighborhoods. The cleanup grant requested for the Holly Service Station, for example, will help revitalize a 12 acre site in the Northeast Park Hill neighborhood.

Finally in 2003, Denver will claim its largest inventory of old commercial and industrial properties. This “city-owned” portfolio of brownfields sites will be redeveloped to meet the expanding need for police, jail, office and maintenance facilities, in addition to park and recreation amenities. One of the City’s greatest present challenges is finding resources outside of its general fund to complete redevelopment projects. Declining sales tax collections have reduced the city’s general fund by 6%. Assessment funds for petroleum and hazardous substances will expedite redevelopment and renovation projects.

4.2 ASSESSMENT GRANTS

A. Applicant Eligibility: The City and County of Denver’s Mayor’s Office of Economic Development and International Trade is a local government entity qualifying for assessment, RLF, and cleanup grants.

B. Community Notification: The City and County of Denver has notified the community of the preparation and submission of our grant proposal through written notification via its web site. This notification can be found at the following address:
<http://www.denvergov.org/dephome.asp?depid=568>.

C. Letter from the State or Tribal Environmental Authority: (See Appendix A).

D. Description of Sites: Denver is planning to expand its flourishing brownfields revitalization program to areas and sites within Denver that have been targeted for economic and neighborhood revitalization in the next few years. These areas include Transit Oriented Development (TOD) areas and low-income neighborhoods that are highly industrialized and cluttered with abandoned, underutilized and potentially contaminated properties.

Transit Oriented Development: Light rail public transit is a new amenity for Denver. The first light rail line corridor opened just three years ago. Today, light rail public transit attracts over 70,000 riders weekly. Several new lines are planned for Denver and TOD is becoming the favorite alternative for private developers and City planners because it reduces traffic congestion. Light rail lines are typically placed along existing heavy rail lines and industry. Redevelopment along the lines is complicated by the real and perceived environmental issues that can be attributed to the railroad and the industry it serves.

Denver has targeted two areas for mixed use TOD. The first area is located in lower downtown, adjacent to the Historic Union Train Station. Denver is partnering with the Regional Transportation District and Denver Regional Council of Governments to purchase Denver’s Historic Union Station and the surrounding property for use as a regional intermodal transportation center. Denver has committed \$10 million for this project. The site plan calls for preserving the historic building and rezoning the surrounding property from industrial to mixed-use. This area is contaminated from over 100 years of freight train use. The contaminants of concern include heavy metals, petroleum, and other hazardous substances which may have spilled from rail cars. Denver will need to raise funds from public and private sources to pay for this project. *Appendix B* is a news article about the acquisition of Union Station.

[Confidential Information] US EPA Region 8 is one client interested in locating near Union Station. Denver is currently exploring with the General Services Administration and private property owners an option to purchase land near Union Station for EPA's new building site. If Denver and GSA can acquire an option, the plan is to assess the land before a final purchase agreement is reached. **[For Grant Reviewer Eyes Only]**

The second potential TOD area is located at the Shattuck Chemical Superfund Site, South Denver. EPA has begun to cleanup this 12 acre site, but there are many lesser contaminated properties in the vicinity which are underutilized or abandoned because of the stigma associated with Shattuck Chemical. These sites are not impacted by the Superfund site, but they are likely contaminated from historical industrial and commercial uses. Examples of potential sites include: RCRA and TRI facilities, i.e., auto body and paint operations, tire and inner tube manufacturers. A recently completed Superfund Redevelopment Study concluded that these **smaller brownfields sites** in the redevelopment area will need to be addressed in order to attract a larger developer to the Shattuck property. Therefore, a new assessment grant could be used to help revitalize brownfields properties in this redevelopment corridor.

Low-income neighborhoods with industrial sites: In 2000, Denver was awarded EPA's Brownfields Showcase grant for the purpose of revitalizing low-income neighborhoods which have been significantly impacted by industrial and commercial uses. Denver, through its Focus Neighborhood Initiative, is improving the physical environment at 16 low-income neighborhoods. With the Showcase grant, Denver assessed six sites in four Focus neighborhoods. While redevelopment of these sites will bring economic and physical improvements to these communities, it's only a drop in the bucket. Over one third of the neighborhoods in north Denver alone are zoned industrial. The need for public funding to help spur neighborhood revitalization in these and other blighted neighborhoods is enormous.

Denver agencies have been targeting its resources on the Focus Neighborhoods one-by-one. This provides an opportunity for the brownfields program to work in conjunction with other city agencies and for the community to identify new sites and potential redevelopment opportunities. See *Appendix C* for a map of the Focus Neighborhoods.

Ranking Criteria

A. Community Need

Target Community: Denver has targeted 16 distressed neighborhoods and areas which have been identified as future TOD corridors as the focus of its expanding brownfields revitalization efforts. With the exception of the Central Platte Valley, all of the targeted communities can be characterized as having low-income populations which are predominantly minority in composition. Persons in poverty is high in each, as is unemployment; education levels also are lower than the city average. Populations in these neighborhoods are young, but they are also immobile and unable to find outside employment opportunities. These communities have been the target of the Mayor's Focus Neighborhood Initiative. This initiative deploys the resources of Denver's public, private and non-profit sectors on the targeted neighborhoods one-by-one. *Appendix D* is a demographic chart of Mayor's 16 Focus Neighborhoods.

The Denver Regional Council of Government's (DRCOG) economic and demographic forecasts through the year 2020 show very limited growth for these neighborhoods. Average annual population growth rates are estimated at only .86% for the neighborhoods vs. 1.5 % for the metro area; and employment growth is predicted to be .35% for the neighborhoods vs. 1.9% for the metro area. Without significant public and private investment that can be attracted through Denver's Brownfields Program, these neighborhoods will continue to suffer from severe economic and social inequity [reference: Jeff Romine, Regional Economist, DRCOG].

B. Leveraging of Additional Resources

Various Denver city departments provide matching resources, either in-kind or through their program budgets to supplement federal funds for brownfields revitalization projects. The Denver Urban Renewal Authority provides tax increment financing for approved projects which target slum and blight districts. The Mayor's Office of Economic Development has a \$4 million pool of HUD loan funds available annually for commercial and industrial projects in the target neighborhoods. In addition, Housing and Neighborhood Development provides HUD grant and loan funds for eligible target neighborhood housing and mixed-use projects. In-kind resources from the Department of Environmental Health include GIS mapping of potential sites and environmental scoping and contractual oversight for environmental site assessments.

In addition, resources for site assessment, streamlining of regulatory review and cleanup of brownfields are available through the Colorado Department of Public Health and Environment (CDPHE). CDPHE manages three programs that are available to Denver brownfields projects. The Assessment Program concentrates on sites with strong public benefit, while the Voluntary Cleanup Program for regulatory approvals is applicable to sites that don't fall under existing regulatory programs. The Colorado Brownfields Revolving Loan Fund, of which Denver is a partner, provides loans up to \$500,000 to cleanup sites within Denver.

C. Ability to Manage Grants

Since 1997, Denver has received \$750,000 for brownfields targeted site assessments through the combined North Stapleton Assessment and Showcase Community pilots. Brownfields grants are managed by the Mayor's Office of Economic Development and International Trade (MOED/IT). This office serves as a focal point and resource for all city agencies interested in brownfields redevelopment. A full-time federal employee assigned to MOED/IT helps manage the brownfields grants and coordinates with other city agencies to locate potential sites. This employee is expected to remain at Denver for two more years. In addition, MOED/IT retains expertise in real estate, small business and industrial development.

Denver's Brownfields Committee includes representation from all the city agencies. This committee works closely with City Council members, business associations and neighborhood organizations in targeted neighborhoods to identify potential brownfields sites. In addition, the Committee develops and maintains linkages with other city programs for site referrals, including the small business, housing, and parks and recreation programs. Where necessary, the Committee will draw upon the resources of other City departments, which are staffed by over 10,000 employees.

The Department of Environmental Health (DEH) performs the city's regulatory oversight functions for the environment. These responsibilities include review and oversight of environmental cleanup work at sites within the city directed by federal and state agencies and responsible parties, such as Superfund, RCRA Corrective Action, spill response, and cleanup of leaking underground storage tanks (USTs). The Environmental Services Division of DEH provides the city's internal environmental management and ensures that city departments comply with environmental regulations.

Denver's redevelopment agencies include the Denver Urban Renewal Authority for tax increment finance projects, the Housing and Neighborhood Development Services for housing and community projects, and the Mayor's Office of Economic Development and International Trade for small business projects. These departments of the city manage the HUD funded Community Development Block Grant Program, which provides Denver with \$15 million each year for neighborhood redevelopment projects.

As the recipient of an EPA Brownfields Assessment cooperative agreement, Denver has been diligent in meeting its reporting requirements. Quarterly and annual reports are submitted on schedule. Success of Denver's brownfields projects are measured in a variety of ways, including the number of quality jobs created or retained, the dollar value of new investment in each brownfields project and the new local taxes generated from these investments.

Since 1997, Denver has received \$750,000 in grant funds for the combined North Stapleton and Showcase Community pilots, of which \$350,000 will be used to pay the salary and benefits for the federal employee. Denver projects that by March 2003, it will have *spent all but \$13,500 in EPA grant funds* designated for site assessments. The only other unspent grant funds are allocated to pay the federal IPA salary and benefits. EPA recently added resources to extend the IPA for an additional 1.5 years. *Appendix E* is a budget summary and projection. Without additional site assessment funds, Denver will not be able to begin new projects. All but one Showcase project has been completed; the Phase I, II, and III studies at the Dahlia Square redevelopment site. These projects should be completed by March 2003 at a cost of approximately \$85,000.

Denver's Brownfields revitalization effort is starting to bring new mixed residential, commercial and industrial uses into four targeted neighborhoods. *Appendices F and G* highlight Denver's Brownfields Showcase accomplishments to date. This includes six environmental assessments; three sites with an automotive business past, such as an auto-wrecking yard; one abandoned shopping center; and two sites with unique environmental issues. Three of these sites are in the process of being cleaned-up and redeveloped.

D. Site Selection Process

Denver brownfields sites that receive public resources are carefully evaluated by Denver to ensure that the sites are: 1) eligible for federal funding, and 2) promise a significant return on investment, e.g., an economic gain or public benefit. MOED/IT receives information about sites from numerous sources: city agencies, development authorities, private developers, industrial brokers, neighborhood groups and private citizens. These sites are evaluated by MOED/IT staff with the project lead using predetermined criteria.

Denver has also developed a web-based GIS mapping application to help identify and prioritize brownfields sites. This tool integrates (on the city's main Intranet site) readily available environmental, infrastructure, zoning, historical use, and demographic information. This application will provide local planners, environmental and economic development specialists a more efficient and cost effective way to collect information about a property's redevelopment potential. Any city agency interested in finding out about a particular site can check the Intranet.

4.4 CLEANUP GRANTS

A. Applicant Eligibility: The City and County of Denver, Mayor's Office of Economic Development and International Trade is a local government entity qualifying for assessment, RLF, and cleanup grants.

B. Community Notification: The City and County of Denver has notified the community of the preparation and submission of our grant proposal through written notification over its web site. This notification can be found at the following address:
<http://www.denvergov.org/dephome.asp?depid=568>.

C. Description of Site : **Holly Street Service Station, 5525 East 38th Street, Denver, Colorado**
On March 22, 2002, Denver acquired by purchase a 12 acre property and two buildings which were used by Xcel Energy (the former Public Service Company of Colorado) as a service center (See *Appendix H* for property ownership information). The main building consists of office space and warehouse storage bays. This center was used for offices, supply and equipment storage, and small amounts of hazardous materials storage. A second building was used for vehicle maintenance a fueling. Both buildings are currently vacant. Historical sources indicate that the site and adjacent surrounding areas have been used for industrial purposes since the 1950s (See *Appendix I* for Site Plan).

Over the years, the site was contaminated primarily from the vehicle fueling operation. The Xcel Energy company started environmental investigations and cleanup as far back as 1981. Here is a summary of the investigation and remediation work performed at the site:

- 1981 – 2 unregistered USTs were removed;
- 1991 - 2 gasoline USTs, 1 diesel UST, and 470 cubic yards of petroleum impacted soil were removed;
- 1998 – Phase I Environmental Site Assessment conducted;
- 1999 – confirmatory sampling of PCBs were conducted by Xcel Energy;
- 2000 – 2 USTs installed in 1991 were removed
- 2001 – Phase II investigation conducted by Walsh Environmental

Between 1999 and 2000, Xcel Energy removed, closed, and cleaned-up contamination from its underground storage tanks. No LUST trust fund money was spent at the site. The Xcel Energy company requested Letters of No Further Action in 2000.

Phase II Site Assessment Results The Phase II investigation conducted in 2001 concluded that the subject property is not a source of any significant petroleum or hazardous material contamination. However, it did conclude that the following measures be taken prior to building renovation and/or demolition.

- Removal of the petroleum impacted soil near the northern border should be completed. Denver will complete this portion of the cleanup.
- All confirmed friable, Category I non-friable, and Category II non-friable asbestos must be removed prior to building renovation. A total of 194 bulk samples were collected for the Site. The asbestos inspection identified 101 suspected asbestos-containing materials for the Holly Service Station. Twenty-four materials were confirmed or assumed to contain asbestos and must be removed prior to any renovation activity (See *Appendix J* for asbestos sample locations map).

No federal or state enforcement actions have been taken at this site. Before final site renovation and cleanup begins, for the remaining petroleum and asbestos contamination, Denver will notify its state regulatory agencies of its remediation plan.

E. Cleanup Authority and Oversight Structure The Environmental Protection Division of the Department of Environmental Health (DEH) performs the city's regulatory oversight functions for the environment. These responsibilities include review and oversight of environmental cleanup work at sites within the city directed by federal and state agencies and responsible parties, such as Superfund, RCRA Corrective Action, spill response, and cleanup of leaking underground storage tanks (USTs). The Environmental Services Division of DEH provides the city's internal environmental management and ensures that city departments comply with environmental regulations. The remaining cleanup of the Holly Station site will be performed by DEH staff and contractors.

F. Cost Share Denver will meet its cost share requirement through a combination of using city funds, labor, material and services. DEH may donate labor, in the form of personnel costs associated with the cleanup activity, and heavy equipment for material removal and disposal.

F. Letter from the State or Tribal Environmental Authority. (See Appendix A)

Ranking Criteria

A. Community Need

Target Community The Holly Service Station is located in Northeast Parkhill. This community of 7,824 citizens can be characterized as having low-income populations which are predominantly minority in composition. Persons in poverty is high in each, as is unemployment; and education levels are lower than the city average. Populations in these neighborhoods are young, but they are also immobile and unable to find outside employment opportunities. Northeast Parkhill has been the target of the Mayor's Focus Neighborhood and the Brownfields Showcase initiatives. *Appendix D* is a chart which compares Denver's low-income neighborhoods to Denver as a whole.

The impacts of brownfields on Northeast Parkhill Over one-third of the land area in north Denver is zoned industrial. The environmental concerns in Northeast Parkhill (historical and present) include: highway emissions – current being diesel particulate and benzene; historic being significant lead emissions. Railroad corridor – any number of chemicals could have spilled off the rail lines. The east end of Northeast Parkhill is getting near smelters (lead). Other concerns include printers, furniture manufacturers, metal products/finishers, auto-body repair, gas stations, and spray paint booths, platers, foundries, potential GW plumes, junk yards, old landfills, and petroleum storage tanks. This concentration and combination of pollutant sources has resulted in the perception that most industrial/commercial properties in Northeast Parkhill are contaminated resulting in significant health threats.

Additionally, the perception of contamination depresses housing prices. The price of homes in Northeast Parkhill is almost 50% lower compared to the average Denver home price. This fact along with lower household incomes means that tax revenues collected by the City are lower than normal, negatively impacting the level of public programs and services that can be provided to this neighborhood. With reduced levels of public services, including trash removal, street cleaning and repair, and anti-graffiti assistance, businesses tend to avoid locating in this area, further reducing the tax revenues that the City can collect.

B. Leveraging of Additional Resource

The redevelopment plan for the Holly service center is to renovate the buildings and move a variety of Denver government tenants on site. Interested tenants include a food distribution program for low-income families, Denver police, and Denver's building maintenance division.

Asbestos removal and building renovation will be conducted in at least two phases for a cost around \$300,000. In phase I, asbestos tiles from warehouse space and friable materials from the main space will be removed to allow a few new tenants to move in. Denver will commit \$80,000 to complete this phase of removal over the next several months. The second phase will be to remove all remaining asbestos materials before renovation begins. This will cost approximately \$200,000. This phase is expected to begin late in 2003 if resources become available. Due to the city's recent 6% budget cut, there are limited funds available to the Department of Environmental Health for environmental cleanups. Denver hopes to raise these funds from federal sources. Renovation funds, however, are available from the prospective tenants planning to occupy the building. EPA's cleanup grant will expedite the removal of asbestos, which in turn will speed up the renovation of the site.

C. Ability to Manage Grants

Since 1997, Denver has received \$750,000 for brownfields targeted site assessments, through the combined North Stapleton Assessment and Showcase Community pilots. Brownfields grants are managed out of the Mayor's Office of Economic Development and International Trade (MOED/IT). This office serves as a central resource for city agencies interested in brownfields redevelopment. A full-time federal employee assigned to Denver currently coordinates the site assessments and remediation work, and assists with grant management. This employee is expected to remain at Denver for two more years.

Denver's Brownfields Committee includes representation from all the city agencies. This committee works closely with City Council members, business associations and

neighborhood organizations in targeted neighborhoods to identify key sites for remediation and redevelopment. In addition, the Committee develops and maintains linkages with other city programs for site referrals, including the small business, housing, and parks and recreation programs. Where necessary, the Committee will draw upon the resources of other City departments, which are staffed by over 10,000 employees.

The Department of Environmental Health (DEH) performs the city's regulatory oversight functions for the environment. These responsibilities include review and oversight of environmental cleanup work at sites within the city directed by federal and state agencies and responsible parties, such as Superfund, RCRA Corrective Action, spill response, and cleanup of leaking underground storage tanks (USTs). The Environmental Services Division of DEH provides the city's internal environmental management and ensures that city departments comply with environmental regulations. These staff and contractors conduct environmental assessments for city-owned properties and for properties that the city may purchase. DEH staff is comprised of environmental scientists, engineers, geologists, and field technicians that regularly plan, implement, and review environmental sampling programs, and analyze environmental results.

Denver's redevelopment agencies include the Denver Urban Renewal Authority (DURA) for tax increment finance projects, the Housing and Neighborhood Development (HAND) division for housing and community projects, and the Mayor's Office of Economic Development and International Trade (MOED/IT) for small business projects. Each of these agencies has been in operation for nearly three decades in one form or another. These two departments of the city manage the HUD funded Community Development Block Grant Program, which provides Denver with \$15 million each year for neighborhood redevelopment projects, as well as Section 108 Loan Guarantee funds.

APPENDIX LIST

- A) Letter from State Authority
- B) News Article on Union Station Acquisition
- C) Map of the Mayor's Focus Neighborhoods
- D) Demographic Table of the Mayor's Focus Neighborhoods
- E) Combined North Stapleton/Brownfields Showcase Budget Summary and Projection
- F) Denver Post Article on Dahlia Square
- G) Summary of Denver's Brownfields Showcase Project Accomplishments
- H) Holly Street Service Station Ownership Information
- I) Holly Street Service Station Site Map
- J) Holly Street Service Station Asbestos Sampling Plan