

CONSENT AGENDA
ITEM NO. 50

CITY OF SAN ANTONIO
NEIGHBORHOOD ACTION DEPARTMENT
Interdepartmental Correspondence

TO: Mayor and City Council

THROUGH: Terry Brechtel, City Manager

FROM: David D. Garza, Director, Neighborhood Action Department

COPY: Jelynnne Burley, Dan Cardenas, Ramiro Cavazos, Lou Lendman, Andy Martin, Malcolm Matthews, Emil Moncivais, Milo Nitschke, file

SUBJECT: Brownfields Petroleum Assessment Grant

DATE: December 18, 2003

SUMMARY AND RECOMMENDATION:

This ordinance ratifies the submission of a \$200,000 Brownfields Petroleum Assessment Grant (Grant) application submitted on December 4, 2003 to the U.S. Environmental Protection Agency (EPA) for the purpose of obtaining environmental site assessments to encourage the redevelopment of abandoned, vacant, or underutilized gasoline filling stations in targeted, inner-city business districts designated as Revitalization Projects in connection with the City's Neighborhood Commercial Revitalization (NCR) Program.

Staff recommends approval of this ordinance.

BACKGROUND:

The City of San Antonio was awarded an EPA Brownfields Site Assessment Demonstration Pilot Grant in the amount of \$200,000 in 1999. The grant term expires September 30, 2004. Brownfields are defined in the 1999 EPA Guidelines as abandoned, idled, or under used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination. The purpose of the current grant is to provide environmental assessments which will serve as a catalyst to encourage the community and stakeholders, such as property owners, neighborhood groups, investors, lenders, and developers. Furthermore, the purpose of the grant is to assist in economic redevelopment efforts to prevent, assess, safely cleanup, and sustainably reuse brownfields. Six projects have been assisted with the existing grants. There are two pending projects. Including completed and pending projects, \$105,731 of the grant funds have been committed and there is a remaining balance of \$94,269.

The 1999 grant regulations do not allow the use of funds to explore sites where petroleum-based products are the suspected contaminant. Under new legislation approved by Congress in 2002, the EPA is now making Brownfields funds available for these types of environmental assessments. In addition, the Brownfields definition has been broadened to include: "real property, the expansion, redevelopment, or reuse which may be complicated by the presence or potential presence of hazardous substance, pollutant, or contaminant." In October 2003, the Neighborhood Action Department initiated a proposal for an EPA Brownfields Petroleum Assessment Grant. In developing the grant proposal which was submitted to the EPA on December 4, 2003, City staff solicited public comments at a public meeting held on November 17, 2003 and online at www.sanantonio.gov/NAD.

The City proposal recommends that the 2004 funds be used to assess property within designated NCR Program Revitalization Project business districts. These include Austin Highway, the Deco District, EastTown @ Commerce, Historic East Houston Street, Presa Real, Midtown on Blanco, New Light Village and Southtown.

During the development of the proposal, staff also worked closely with the non-profit organizations which participate in the NCR Program to begin a preliminary inventory of potential project sites.

Selection criteria for projects to be completed with grant funds will include: the potential reuse of the site, the potential new business and employment opportunities, the availability of capital to complete proposed reuse plans, the potential use of the NCR Program's Operation Facelift façade improvement grant funds, the structural integrity of any existing buildings, the property owners' participation in the community outreach efforts, and conformance with the design guidelines adopted by the NCR participants and with other Neighborhood and City plans.

If awarded, the environmental site assessments will be provided to owners of properties once used as gasoline filling stations or automobile service centers but that are now vacant, abandoned or have an alternative use. The assessments will determine if petroleum contamination is present and to what extent. With this knowledge, appropriate plans can be made to revitalize vacant, abandoned, or underutilized gas stations thus contributing to revitalization. The grant proposal to the EPA targets the NCR business districts in order to maximize the potential impact of the grant and meet the EPA guidelines which emphasize smart growth, sustainable reuse, green building practices, private reinvestment and job creation. Awards are expected to be announced by the EPA in Spring 2004 and funds are expected to be available by August 2004.

POLICY ANALYSIS:

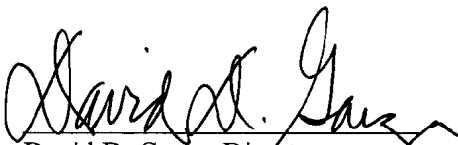
The submission of the grant is consistent with the City's policy for grant applications. The Grant would assist with the inner-city revitalization goals of the San Antonio Master Plan Policies and CRAG Reports.

COORDINATION:

This item has been coordinated with Environmental Services, Fire Department, City Attorney's Office, Planning, and Parks & Recreation.

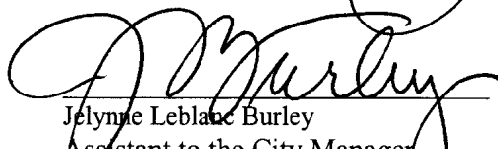
FISCAL IMPACT:

There is no financial impact with the submittal of the grant application. If awarded there is no match requirement for this grant to be administered by the Department's NCR staff.

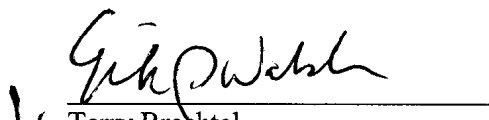


David D. Garza, Director
Neighborhood Action Department

APPROVED:



Jelynn Leblanc Burley
Assistant to the City Manager



Terry Brechtel
City Manager

**Summary of Discussion
Brownfields Petroleum Assessment Grant
Public Meeting
November 17, 2003**

Issues/Concerns Raised and Responses

What is the incentive for property owners?

- Environmental site assessments make properties more marketable because potential buyers, developers and lenders can provide the needed information to determine the financial feasibility of a project based on calculated clean-up costs and known levels of risk.
- In many cases, the redevelopment of Brownfields is inhibited due to a perception of contamination rather than an actual presence of contamination.
- Lacking the funds to procure an environmental site assessment, property owners fear the worst. These fears are often determined to be unfounded because an assessment shows that either no contamination exists or the level of contamination is determined to be minimal.
- Once property owners have correct information, they can make informed decisions about how to redevelop the property themselves or sell it.

What if the assessment reveals real environmental impacts/concerns?

- City could assist owners in working with Texas Commission on Environmental Quality to participate in the Voluntary Clean-up Program.
- City is working to implement a new Revolving Loan Fund to provide assistance to clean up and redevelopment projects in Neighborhood Commercial Revitalization (NCR) target areas.
- City NCR Program could provide matching grant of up to \$15,000 for improvements to existing structure for façade improvements after clean up is complete.
- EPA grants for clean-up in future funding rounds are possible if an owner would donate property to a non-profit that could do the clean up and redevelopment. (Non-profits are eligible applicants for Brownfields clean-up funding.)

What assistance is available for Brownfields properties that are not in NCR target areas?

- There are existing Brownfields funds in a current grant from the EPA to assist with environmental site assessments for sites that are Brownfields where the suspected contamination is not from a petroleum based product. These funds, although targeted for the inner-city, can be used anywhere within the City limits.

Can site assessments be provided on non-NCR target area properties where petroleum based products are the suspected contaminate?

- The City cannot use the current grant funds to assess property where petroleum based products are the suspected contaminant.
- If the City is awarded the new grant, investigations of sites with petroleum based contamination will be limited to the NCR target areas.
- Limiting the new grant to NCR target areas may increase the number of points allocated to the City's proposal in the competition for the funds because the City is using its investment in NCR target areas to show a significant level of leveraging for the new EPA funds.