

**Written Testimony of Oklahoma Mayor Mick Cornett
Before the Senate Environment and Public Works Committee
Brownfields Redevelopment**

Introduction

My name is Mick Cornett, I have been the Mayor of Oklahoma City since 2004 and I also serve as a Trustee for The U.S. Conference of Mayors and President of the Republican Mayors and Local Officials.

I am pleased to be here today to discuss the impact that the brownfields program has had on my community. Oklahoma City has been very successful in utilizing many of the EPA brownfields programs including the Revolving Loan Fund program and the assessment grants. We've also used the EPA grant funds to provide technical assistance to others. These programs have all leveraged private sector funding, created jobs, and made improvements in my community.

I would like to highlight a few examples of how we have utilized the various Brownfield programs in Oklahoma City, the impact the program has had nationwide, and how the program may be improved. I would also like to officially submit my written testimony that more fully outlines the work that we have done in Oklahoma City.

OKLAHOMA CITY BROWNFIELDS PROGRAM

The City has a successful and recognized Brownfields Program. We are the recipient of two Region 6 *Phoenix* awards for Brownfields redevelopment (for MAPS 1 and the Dell Center site), and a national *Brownfields Renewal Award* (Dell Center site.)

Our relationship with the EPA Brownfields Program began in 2003 with a \$225,000 cluster grant comprised of the Superfund Redevelopment Grant, the Cluster Pilot, the One Cleanup Grant, and the Curriculum Grant. Some of the grant funds were used to evaluate potential reuse options for four former Superfund sites in Oklahoma City, the Eastside Reinvestment Area project. Other funds were used to develop training, curriculum, and outreach materials to increase awareness of the brownfields program.

Our other early program involvement was with the Skirvin Hotel, for which Oklahoma City was the recipient of a brownfields loan. This preservation effort has been a 'poster child' for the regional/national program. The use of Brownfields Revolving Loan Funds (\$717,911) to address and cleanup the friable asbestos eliminated a substantial barrier to restoring the hotel. Cleanup was completed on July 21, 2005; restoration completed February 2007. We also utilized another important federal program, the Community Development Block Grant Program or CDBG, to assist us with our efforts to restore this historic hotel. The restored Skirvin has exceeded projected occupancy rates and financial projections and serves as a model of successful public private cooperation. This project leveraged \$56,413,586 in total funds, \$22,000,000 of which was public funding.

After positive relationship developed with EPA on these early projects, Oklahoma City has since received a number of Brownfields program grants. Today EPA offers annual cycles of funding for three grant types- Revolving Loan Funds, Assessment Funds, and for Cleanup (on site-specific projects).

REVOLVING LOAN FUNDS (RLFs)

These are the largest dollar amount grants offered by EPA. The funds are provided to offer low-interest loans to qualifying property owners for the cleanup or remediation of environmental concerns on a property. This is often helpful 'gap financing' for redevelopment needs that traditional lenders won't risk funding. A percentage of RLF funds can also be granted to non-profit agencies.

- Since 2005, Oklahoma City has received 3 Revolving Loan Fund Grants and supplemental funding from EPA for a total of \$6,082,833.
- 90% of this funding (\$5,482,186) is allocated for loans and grants to conduct environmental cleanup.
- To date 66% of available funds have been used to support five cleanup projects.
- These funds leveraged about \$4.5 in private funds for every federal dollar spent. (Additionally, as loans are paid, these dollars will be 'recycled' to support additional leveraged projects.)

The City has funded the following projects through the RLF:

- **Dowell Center-** 250 N. Robinson Avenue in the Central Business District
Loans total \$1,738,107; expected private leverage to complete renovation \$8,254,520

The original building was built in 1926 with an addition on the east constructed in 1964. The site is approximately .2296 acres with a 21 story high-rise office building of approximately 206,000 square feet. The property has been vacant since the early 1990's. The current property owner purchased the building in 1996; and asbestos abatement was needed before renovation. Abatement is now completed, and the building is being developed. The owner expects 65-70 tenants. The cleanup created 40 temporary asbestos abatement jobs. Subsequent renovation of the Dowell Center is expected to create an estimated 16.5 construction jobs and generate a construction payroll of \$4,456,000 between 2012 and 2016.

- **First National Center-** 120 N. Robinson Avenue in the Central Business District
Loan \$1,485,474; expected private leverage to complete renovation \$6,250,000

The largest and most elaborate building of its time, originally built in 1931 as a replica of the empire state building to house the First National Bank and Trust. While improvements have been made, such as the addition of a parking garage, the original property is largely intact. The building features a retail arcade, and is connected to the

City's underground walkway system. A second structure, the Center Building, was built in 1957 just east of the skyscraper and is connected to the main building high-rise on several levels. The third structure, the East Building, a 14-story L-shaped addition constructed in the late 60's, is mostly vacant. This is the building that was funded for asbestos abatement prior to renovation.

- **OCCC- 325 SW 25th Street, Capitol Hill**
Grant \$200,000; expected local dollars \$969,750

OCCC purchased the building in December 2008 to house the Oklahoma City Community College Capitol Hill Center. This Center is designed to provide access to the underserved Hispanic community to a quality educational experience. Classes will include, but are not limited to: GED classes, Adult basic education classes, Preparation for US Citizenship Examinations, From Information to Technology to Work, English as a second language class. The facility will also offer a computer lab, offer civic space for local and community meetings. Cleanup has been completed, and created 26 temporary asbestos abatement jobs. OCCC is currently in the process of renovation.

- **Will Rogers Courts- 1620 Heyman**
Grant \$150,000; leverage unknown

The Oklahoma City Housing Authority (OCHA) received funds for the abatement of asbestos in basements. Basements are part of a contiguous townhouse-style apartment complex known as AMP101, Will Rogers Courts, a low income housing complex. The 40-acre residential site was constructed 1936 -1937 as part of the Works Progress Administration (WPA) program. Will Rogers Courts consists of 83 buildings. Once asbestos contaminants are removed, OCHA plans to remove old equipment, clean and utilize basements as a safe place during tornados and to offer additional community space for residents. The cleanup is projected to create 16 temporary asbestos abatement jobs over a 6 month period. Abatement is expected to be complete by October 2011.

- **Shepherd Manor - 901 NW 25th Street**
Loan \$50,000; expected private leverage to complete renovation \$1,500,000

The surrounding area is mostly commercial and residential. This 2.58-acre, single-level 30,000 sq. ft. building was used as a retirement center, but has been vacant since April 2010. The building was purchased by Shepherd Manor, Inc. /Coffman Co, LLC, on January 12, 2011. Due to asbestos and code deficiencies, a major renovation is required before this facility can be effectively utilized. The project involves renovating the facility to provide a quality living environment for seniors. The cleanup is expected to begin in mid September 2011.

ASSESSMENT FUNDS

Since 2006, the City has been awarded five \$200,000 community-wide assessment grants for a total of \$1M. With these funds, the City has performed about 60 Environmental Site Assessments in the urban core to support redevelopment. Some have been for properties acquired for major public projects paid for through local bonds and sales tax measures- the Core to Shore park acquisition properties, the Bricktown Fire Station, and the Goodwill and USPS sites the City acquired. Many have been in support of private development within the urban core- now being redeveloped as apartments, architectural and commercial office spaces. Others have been conducted for non-profits, for the future home of an educational building, a faith-based charity organization, and a hospital. The majority of the properties assessed are being recycled into productive uses.

- Since 2006, Oklahoma City has received five environmental Assessment Grants from EPA for a total of \$1,000,000.
- 92% of this funding (\$916,916) has been allocated for environmental assessments.
- To date 76% of all available funds have been encumbered.
- We currently have \$192,000 remaining for assessment projects
- Because of lowered federal budget for assessments, OKC applied for, but did not receive any assessment funding in 2011.
- Assessment dollars are often well-leveraged; some key examples are listed below.

Selected Assessment Project	Estimated leveraged funds
<u>Core to Shore Central Park</u> – The City is in the process of acquiring numerous properties in the Core to Shore Area (C2S) and is performing pre-acquisition phase I ESAs. This is the area that will be developed as the Central park from 2013 to 2018. There are historical oil and gas and UST issues throughout the area. Some phase II work is being done, but larger phase II sampling studies will be performed to assess area-wide impacts. 21 of these properties have undergone assessment; 4 more are pending.	\$130 M in MAPs funding
<u>Former Red Cross Site</u> – This property is located on 315-323 NW 10th Street. The building and property were assessed prior to the Medical Business District (MBD) purchase. The MBD applied for and received a cleanup grant directly from EPA. The site is currently under contract for development of a new hospital facility.	\$25 M in private funding
<u>Bricktown Fire Station</u> – The site was assessed prior to OKC acquisition. Contaminated soils were removed from the site and the new fire station was completed in the summer of 2011. It is OKC's first environmentally sustainable project built to LEED standards.	\$3.3 M
<u>Skydance Pedestrian Bridge</u> – The Skydance Bridge is designed as an iconic pedestrian bridge to link the Central park on the North of the new I-40 cross town to a southern park which will connect downtown to the River. The bridge features a sculpture intended to evoke the "sky dance" of the scissor-tailed flycatcher, Oklahoma's state bird. The bridge will be 192 feet tall, 20 feet wide and 380 long. Construction on the southern portion	\$5.2 M through the Oklahoma Department of Transportation.

of the bridge has begun, and is expected to be complete in 2014.	
<u>1315 N. BROADWAY</u> – The building was purchased by Midtown Mayfair LLC on April 28th, 2011. Redevelopment is expecting to yield between 20-24 apartments. Construction should begin 2012.	\$1.5 million
<u>2nd & LOTTIE- “OG&E site”</u> - The property assessed is two adjacent lots, the eastern one owned by OKCNE, a non-profit organization, and the western one is owned by the City. OG&E purchased these properties on November 10 th , 2009 to construct a new substation.	\$25 M
<u>Duane Mass 18 W Park Place</u> – Property purchased by Mass Architects on September 3 rd , 2010. Location redeveloped as new office space in March of 2011. The phase I and limited phase II were required by the bank prior to financing.	\$400,000
<u>1129 N. Francis</u> – Developer reports this property is expected to be redeveloped on a two year timeline (by 2013).	\$1.5 M
<u>The Downtown Elementary School</u> – This property was selected as the site for the new Downtown Elementary school. This school is expected to be completed in 2014 and will host about 500 students.	\$11 M
<u>Mercy Site</u> – The Urban Renewal authority approved a contract for Midtown housing with Gary Brooks for construction of a 250-unit complex on the former site of Mercy Hospital in MidTown. Construction is expected to start in August of 2012.	\$28.2 M

TECHNICAL ASSISTANCE ACTIVITIES

In addition to specific projects, a percentage of EPA grant funds are used to support Oklahoma City program staff in providing technical assistance to others. This has included routine outreach and training activities, as well as specific project support to the following area non-profits:

- Love Link Ministries, with abatement of asbestos and solvent vapors in the former vacant NuWay dry cleaning facility.
- Latino Community Development Association, with the abatement of the former vacant J.C. Penney’s building in Capital Hill.
- Medical Business District, with the abatement, deconstruction and redevelopment of the former vacant Red Cross site on 10th St.
- Oklahoma Municipal League, with on-site abatement of a vacant, poor-condition, building next to their facility on 23rd St.

NATIONAL IMPACT OF BROWNFIELDS

The Brownfields Law and the EPA Programs that resulted from that law has had a very positive impact on many communities throughout the nation. In a Conference of Mayors survey, 84 percent of cities said that they have successfully redeveloped a brownfield site with 8 percent claiming they have not yet been successful and another 8 percent claiming that they don't have brownfields in their communities.

150 cities have successfully redeveloped nearly 2,100 sites, comprising more than 18,000 acres of land. And there are over 1,200 sites comprising of another 15,000 acres that are in the process of being redeveloped. 106 cities reported that 187,000 jobs have already been created through the redevelopment of brownfield properties with 71,000 jobs in the pre-development stage and 116,000 permanent jobs.

This new development has also resulted in an increase in tax revenues at the local, state, and federal level. 62 cities reported that their actual tax revenues from redeveloped brownfields sites totaled over \$408 million with an estimate of potential revenues ranging from \$1.3 - \$3.8 billion.

In every survey that the Conference of Mayors ever conducted, the top three impediments to brownfields redevelopment were always the same-- lack of clean up funds, the need for more environmental assessments, and liability issues.

WAYS TO IMPROVE THE PROGRAM

The Brownfields Law and Program has a proven track record of leveraging private sector investment, creating jobs, and protecting the environment. The law provided some liability relief for innocent purchasers of brownfield properties and provided resources to conduct environmental assessments and cleanups. However, there is much more work to be done. The U.S. Government Accountability Office has estimated there are between 400-600 thousand brownfield sites throughout the US. According to the Conference of Mayors research, approximately 4,000 brownfields sites have been redeveloped or are in the process of being redeveloped which comprise thousands of acres of formerly abandoned properties.

The challenge that communities face now is that many of the "easy" brownfield sites have been developed and the economic conditions for many communities and private sector companies is challenging. The Conference of Mayors and the Brownfields Coalition believe that with some minor changes in the Brownfields Program, it would help spur on additional redevelopment projects and economic growth.

I would like to highlight some of the key recommendations that the Conference of Mayors and the Brownfields Coalition believe would make a significant difference with redeveloping even more properties.

Full Funding of the Brownfields Program – I know budgets are tight and we are all doing more with less. However, this program has a proven track record of leveraging private sector money,

putting people to work, and taking formerly contaminated properties and putting them back into productive pieces of land that increases our tax base. At the current funding levels, which are far below the authorized level, EPA can only fund 1 in 4 applications that make it to headquarters. In my opinion, this is a good investment that pays for itself and should be fully funded.

Creation of a Multi-Purpose Grant – The way the program works currently is that a city applies for various grants and identifies the properties where the money will be spent. The only problem with that scenario is that this is not flexible enough for real situations in the marketplace. A city may have multiple developers and businesses who are interested in several brownfield properties. What many cities could use is the ability to assess a number of properties and provide cleanup grants and loans depending on which site or sites are chosen for redevelopment. It hinders that opportunity if a city has to apply for a grant and wait 6 months to a year to see if they get funding. The Conference of Mayors and the Brownfields Coalition would like to see the establishment of a multi-purpose grant to be given to communities that have a proven track record of fully utilizing their brownfield money. We believe by giving us that flexibility will make the program even more useful.

Increase Cleanup Grant Amounts – As I mentioned earlier, many of the “easy” brownfield redevelopment projects are already underway or have been completed. What we have left are brownfields that are more complicated due to the level of cleanup that is needed, market conditions, location of the site, or a combination of these factors. The Conference of Mayors would like an increase in the funding ceiling for cleanup grants to be \$1 million and in special circumstances, \$2 million. This would give some additional resources to conduct cleanup at the more contaminated sites and bring these properties back into productive use.

Clarify Eligibility of Publicly-Owned Sites Acquired Before 2002 – The Conference of Mayors and the Brownfields Coalition believes that as long as a local government did not cause or contribute to the contamination of the property but just happened to own the property prior to 2002, they should be allowed to apply for EPA funding for that property. It took Congress nine years to pass the original law and in that time, many communities took it upon themselves to take ownership of contaminated properties so that they could potentially turn these properties around. These same communities have now found themselves ineligible to apply for any funding for those properties to assist them with their efforts.

I wish to thank the Committee for having me testify today. Brownfields redevelopment is such a win-win for everyone involved. It creates jobs, it cleans up the environment, and it's pro-business and pro-community. The reauthorization of this law should be a priority for this Congress. Thank you again for this opportunity.