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# Brownfields BULLETIN

City of Phoenix Brownfields Land Recycling Program

Vol. 4 February 2000

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## Phoenix submits \$200,000 grant application

The city of Phoenix submitted a grant application in December 1999 to the U. S. Environmental Protection Agency (EPA) for a \$200,000 Brownfields Supplemental Assessment Grant to augment the program.

These supplemental grant funds, if awarded, will be used primarily for environmental investigation activities, including Phase II Environmental Site Assessments.

Funds will be made available to the private sector and for brownfield properties that are acquired by the city for redevelopment or community revitalization. EPA expects to announce grant award winners in March 2000.

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## Phase I ESA funding expires July 31, 2000

Time is running out!



After July 31, funding will not be available for grants to the private sector for Phase I Environmental Site Assessments on potential brownfield sites. Property owners, business owners, developers and prospective purchasers of land are eligible for these funds.

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## **Desert ABCO market, SEC 19th Avenue/Greenway Parkway project**

The Barclay Group is developing a retail shopping center and a bike trail along the southern boundary of this 7.21-acre former landfill site. Barclay plans to open the center in mid-2000.

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## **Brownfields sites inventory update**

As of January 2000, voluntary participation by private property owners in this inventory has been negligible, therefore, work toward compilation of an "abandoned" list of potential brownfield sites may continue.

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## **PHOENIX PARTICIPATES IN NATIONAL BROWNFIELDS '99 CONFERENCE**



Brownfields staff from the Office of Environmental Programs and staff from the city's Transit Department attended this national conference in Dallas, Texas, in December.

We shared an exhibit booth with brownfields staff from the city of Tucson and had an opportunity to share what each of our cities has to offer with the more than 2,000 people that attended.

Because of our partnership with the U.S. Army Corps of Engineers on the Rio Salado project, the Corps highlighted this project at their exhibit booth. A beautiful 8-foot high illustration was displayed.

The annual conference is a great opportunity to network and learn from experts all over the country that are working diligently in brownfields redevelopment.

Conference topics were presented to accommodate the various levels of expertise there, from beginner to seasoned professional. Every topic from the basics of brownfields to marketing of brownfields properties to prospective developers was covered.



The 2000 conference will be Oct. 11-13 in Atlantic City, New Jersey. Mark your calendars!

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## Environmental insurance: a tool for managing risk

By David W. Van Dyke



Real estate that is either known or suspected to be polluted has previously been extremely difficult to be returned to productive use.

Many of these sites sit idle for years. The owners cannot sell the properties - the real estate taxes are not paid - the potential developers are unwilling to risk investment - lenders are restricted from making loans to assist in funding these potential developments.

The risk of financial loss in these situations (whether real or merely perceived) is too great and too unpredictable for all concerned.

Today, there are risk funding tools available to protect all parties to these potential transactions. For the past 20 years, the insurance industry has developed a database of information that has tracked the payment of pollution claims.

During that same time, the regulation of environmental incidents has increased in its level of sophistication and practicality. Major insurers have dedicated additional financial capacity to underwrite environmental risks.

These factors now have provided new options to allow the minimization of risk to parties involved in the development of "Brownfield" sites.



In these projects, the developer must be able to enter the project with the assurance that the cost of remediating the pollution to acceptable levels can be kept within budgeted levels.

Since owners of distressed properties usually are not in a position to indemnify the buyer/developer from unexpected complications in the remediation process, the only way to limit these exposures is to insure the project with a qualified environmental insurance program.

This program can provide the following benefits:

- Cap the costs of a remediation project at a predetermined level for the clean up of known pollution.
- Cover the cost of remediating unknown pollution conditions discovered during the remediation project.
- On large remediation projects, encourage the use of local and minority contractors through the use of an Owner Controlled Insurance Program. This can provide environmental coverage to smaller contractors that would not otherwise qualify for work on such a project.
- Protect a lender from the fear of lending on a contaminated site against the risk of default as well as third party claims for property damage and bodily injury.



- Provide continuing coverage for any new or previously undiscovered pollution conditions following the completion of the project.

A specialized environmental insurance broker can assist in structuring and negotiating this coverage either directly with the parties or through an existing local insurance broker. This specialist is familiar with the underwriters of the coverage and can assist in recommending appropriate coverage limits.

They also can consult with the attorneys involved in the transaction to secure the necessary policy terms and conditions to protect the interests of the buyers/developers/lenders to the "Brownfields" development project.

*David W. Van Dyke is Vice President of Miller & Associates Environmental Brokers, Inc., a local environmental insurance brokerage firm. Miller & Associates places insurance directly on behalf of clients, and assists other brokers in evaluating environmental exposures and placing environmental coverage on behalf of their clients. The firm works with lenders, property owners and operators on a national basis. We thank Mr. Van Dyke for contributing this article.*

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## Low interest rate loan fund available for cleanup at Brownfield sites

Approximately \$500,000 now is available for cleanup activities at qualified brownfield sites within

Phoenix city limits through a new program administered by the Arizona Department of Environmental Quality in cooperation with the city of Phoenix.

Loans are available to private entities that want to clean up brownfield sites and can be made directly to borrowers or through a linked deposit guarantee structure. The proposed interest rate for the loan is approximately 4-5 percent, over a 10-year term.

Funds may NOT be loaned to a party that is a generator or transporter of contamination at the site for which the party is requesting funds. Each borrower must submit information regarding its environmental compliance history.

Eligible sites must be:

- Located within Phoenix city limits.
- Fully characterized for extent of hazardous substance contamination.
- Properties where removal actions can be completed within one year.

Sites that are NOT eligible include:

- Sites listed on the NPL.
- Sites where a federal or state agency is planning or conducting a response or enforcement action.
- Sites contaminated by petroleum products.

Eligible activities include:

- Actions associated with removing, mitigating or preventing the release or threat of a release of a hazardous substance, pollutant or contaminants, some of which are listed below:
- Capping of contaminated soils.
- Excavation or removal of highly contaminated soils.
- Removal of drums, barrels, tanks or other bulk containers that contain hazardous substances.

City of Phoenix and ADEQ staff are available to meet with potential borrowers to discuss specific sites.

This information is only a brief summary of the requirements for the program. We encourage you to contact us to discuss the specifics of your site and how this fund could work for you.

Contact Amanda Carr, ADEQ, (602) 207-4109 or (800) 234-5677, ext. 4109, or Rosanne Sanchez, City of Phoenix, (602) 256-5669.

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## Rio Salado project

The Phoenix Brownfields Land Recycling Program will provide assistance to the Rio Salado Project. Based upon the historical uses of the area, the cleanup and redevelopment of contaminated properties will be an important part of the project.

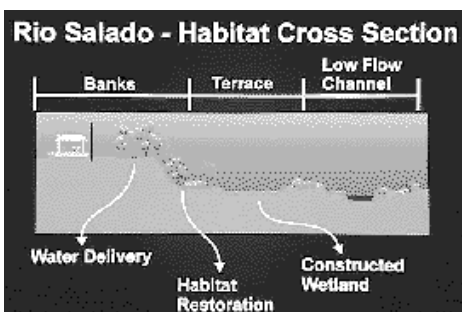
A partnership between the U.S. Army Corps of Engineers and the city of Phoenix, the Rio Salado Project will bring enough water into the Salt River to support native shrubs and grasslands, trees and wildlife while preserving the river's flood capacity.

The Corps, in cooperation with the city of Phoenix, designed the restoration project and prepared engineering plans for its construction.

This habitat restoration project is expected to assist in the revitalization of the surrounding area, and to help envision what could happen beyond the banks, a citizen's Rio Salado Beyond the Banks Advisory Committee was appointed.

The project area is a five-mile stretch of the Salt River from the I-10 bridge east of 24th Street to 19th Avenue on the west.

The project will create a 55-acre desert river habitat consisting of streams, ponds and wetlands, stands of cottonwood and willow trees, mesquite groves, and desert grasslands and shrubs.



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## Brownfields news from across the country

- EPA currently is accepting grant applications for Brownfields Assessment Pilots, Cleanup Revolving Loan Fund Pilots, and Job Training and Development Demonstration Pilots. For a copy of application guidelines, visit EPA's Web page at [www.epa.gov/brownfields](http://www.epa.gov/brownfields).
- President Clinton signed legislation (H.R. 1180) Dec. 17, 1999 that extends a provision allowing developers of brownfields to expense their site cleanup costs to the end of 2001. Expensing refers to writing off the cost of remediation in one year, rather than over a period of years.
- EPA's USTfields initiative is an effort by the Office of Underground Storage Tanks (OUST) to focus attention on abandoned or idled industrial and commercial underground storage tank (UST) facilities. Due to restrictions in the Superfund legislation pertaining to petroleum releases, federal funding from Superfund cannot be used to address the problems of sites with USTs.

The term USTfield was coined as a means of emphasizing the different opportunities and challenges posed as a result of cleanup and redevelopment efforts at sites, which contain USTs as compared to large hazardous waste sites (i.e., typical "Brownfield" sites).

- RCRA Pilot Program will facilitate redevelopment. EPA announced an initiative to create pilot projects aimed at removing obstacles to the redevelopment of brownfield sites under the Resource Conservation and Recovery Act. Under this initiative, pilot projects will be set up to show how innovations and reforms under the RCRA correction action program work toward reuse of brownfields sites.

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## Brownfields Web sites

U.S. Economic Development Administration at [www.doc.gov/eda](http://www.doc.gov/eda)

U.S. Department of Housing & Urban Development at [www.hud.gov/bfields.html](http://www.hud.gov/bfields.html)

International City/County Management Association at [www.icma.org](http://www.icma.org)

The Institute for Responsible Management at [www.instrm.org](http://www.instrm.org)

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## For more information

Contact:

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(602) 534-0795 fax  
[rsanchez@ci.phoenix.az.us](mailto:rsanchez@ci.phoenix.az.us)

Phoenix Brownfields Land Recycling program Web site:  
[www.ci.phoenix.az.us/BROWNFLD/brownfld.html](http://www.ci.phoenix.az.us/BROWNFLD/brownfld.html)



