



with the requirements of the BCRLF Loan Agreement as well as to cause the semi-annual installments on the Economic Development Grant and Supplemental Economic Development Grant to be advanced according to the requirements of the Urban Renewal Development Agreement.

**FISCAL IMPACT—**

The City received \$1.5 million in EPA Brownfields Cleanup Revolving Loan Fund grants that must be lent to developers for eligible expenses. EPA will recoup funds that are not lent in a timely manner. The project to clean up the Pittsburgh Des Moines steel site appears to qualify for use of these funds. Environmental remediation costs are estimated at \$1.3 million. The City will lend up to 79% of eligible costs, which equate to \$1,007,800 at 0.5% interest, and the developer must provide a 21% match. The Ironbridge Corporation, the former site owner and potentially responsible party, is contributing up to \$200,000 as part of the match. The City would provide an Economic Development Grant and a Supplemental Economic Development Grant to Hubbell payable in 24 semi-annual installments commencing on December 1, 2010, equal to 50% of the TIF generated by Hubbell's flex space development above the base taxable value as of January 1, 2005 for qualifying costs. The Economic Development Grant would cover the loan. The Supplemental Economic Development Grant would take care of any additional remediation costs above the loan amount based on the TIF generated up until December 1, 2022.

**RECOMMENDATION—**

Approval.

**BACKGROUND—**

On May 23, 2005 by Roll Call No. 05-1331, the City Council entered into a Preliminary Agreement with the Hubbell Realty Company and the Hubbell Terminal Corporation ("Hubbell") and with River Point West, LLC (represented by George Sherman, President) for the redevelopment of parcels west of SW 9<sup>th</sup> Street along Tuttle and Murphy Streets. The BCRLF Loan Agreement and the Urban Renewal Development Agreement constitute the final agreements related to the environmental remediation needed before residential and commercial development can proceed on the former Pittsburgh-Des Moines Steel site.

The Preliminary Agreement stated that the City would lend Hubbell up to \$800,000 at 0.5% interest for up to 12.5 years to pay the accrued and future costs of investigation, testing, remediation and monitoring. It was projected that approximately \$845,000 from the TIF would be invested in cleanup. Upon further study, Terracon, Inc., Hubbell's environmental consultant, has estimated costs at \$1.3 million. Consequently, it is necessary to increase the loan to \$1,007,800, and the TIF payout to approximately \$1,065,000.

The Iowa Department of Natural Resources has accepted the site into the Iowa Land Recycling Program. In order to comply with the requirements of this program, developers must meet a higher standard of environmental scrutiny. Remediation is anticipated to be completed within one year, though additional monitoring may be necessary. Subsequently, Hubbell and River Point West, LLC will be enabled to start construction of flex and retail space as well as the development of a new downtown neighborhood.