

## Application for Clean Ohio Revitalization Funds

### **Attachment A1 APPLICATION SUMMARY**

#### **GOAL OF THE BROWNFIELD PROJECT**

##### **Introduction**

The Property encompasses approximately 20.8 acres and is developed with approximately 300,000 square feet of manufacturing and office building space that is underutilized. Under the CORF, this project will include the demolition and relocation of a road, the remediation of chlorinated solvents in soil and groundwater, engineering controls to address vapor migration to indoor air, and the removal of stained wood-block floors. As part of the redevelopment of the site, an approximately 3.4 acre parcel will be created that will be available for construction of a new 50,000 square foot building.

Located in an inner-ring suburb of Cuyahoga County (County), the Property straddles the boundary between the Village of Cuyahoga Heights (Village) and the City of Cleveland (City). With political and financial support from the City and County, the Village (Applicant) has teamed with 5301 Grant, LLC (Development Partner) to create the 6551 Grant Avenue Redevelopment Team. The planned revitalization discussed herein is a continuation of joint efforts between the Development Partner and the Village that started in June of 2008, when 5301 Grant, LLC purchased the Property, despite its significant environmental hurdles. Because of their extensive knowledge of commercial/industrial property tenant needs and their experience in Brownfield revitalization, 5301 Grant, LLC saw this structure, with its high-bays and widely spaced column lines, positioned in a prime location along the I-77 corridor, as a prime redevelopment opportunity.

The goal of the 6551 Grant Avenue Redevelopment Project Team is to revitalize this underutilized and unique industrial property (former E.F Hauserman and Sunar-Hauserman facility) by creating a multi-tenant facility that will allow existing tenants a place to expand and new companies to make their base of operations without concern over its environmental legacy. This multi-tenant model is appealing to the Village as it offers a diversity of employers, thus avoiding the risk of the large scale revenue losses they have seen when single, large employers fail or scale back. Revitalizing this facility will improve the financial condition of the City and Village, and will create a long term source of tax revenue and economic growth for the Village. The Village has passed a resolution authorizing an addendum to the Master Plan which designates this Brownfield Property as a priority site for redevelopment.

##### **Economic Benefit**

Approximately 60% of the Property is located in the City of Cleveland (Census Tract 1157), where, according to the 2000 US Census, 19.5% of individuals live below the poverty line. Over the past several years, the Village of Cuyahoga Heights has been hit hard by the decline in manufacturing jobs. Due to the region's economic condition, the two largest industrial companies in the Village have reduced their workforce; leading to some of the highest unemployment rates in the state and a loss of over \$1,000,000 in tax revenue in 2009, the greatest decline among communities in the region.

Because of the condition of the Property and the uncertainty over its environmental legacy, long term leases with high quality tenants have not been possible, even with the other assets of the Property. As a result of the remediation and property upgrades, 5301 Grant, LLC expects the existing four tenants to sign long term leases (see attached commitment letters, B1). The existing tenants include: Manfredi

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Special Services, LLC, Dedicated Transport, LLC, Takeya USA Corporation, and Capital Steel & Wire, Inc. These tenants currently employ a total of 61 people with annual salaries ranging from \$24,000 to \$50,000. As evidenced in their commitment letter, Takeya intends to expand the space they currently lease and will likely hire an additional 5–10 employees and Capital Steel intends to hire an additional two employees. Recycling Solutions, a recent start-up company (December 2009) currently leases 30,000 square feet and employees two people. They are anticipating hiring an additional 20 people at an annual salary of \$35,000 and expanding to 60,000 square feet. Income taxes for the newly created jobs are estimated to be \$30,000 annually.

This does not take into account the anticipated job creation potential for the newly created 3.4 acre commercial/industrial parcel. The newly created parcel will result in an estimated net increase of \$2,000,000 in the property value and an additional \$40,000 in property tax revenue.

### **Community Benefit**

The award of this CORF grant would facilitate the environmental cleanup of this Property. By proceeding with this cleanup, the Village and 5301 Grant, LLC will put this Property back into productive use by retaining and creating new jobs for residents and growing the local tax base as well as minimizing and/or eliminating environmental exposures to workers and nearby residents.

The Greater Cleveland Regional Transit Authority (GCRTA) provides public transportation to the Property, allowing not only Cuyahoga Heights residents, but residents of adjoining inner-ring suburbs and the City access to jobs at the Property. With increasing fuel costs and greater limitations on driving for low-income populations, the location of the Property in close proximity to residential neighborhoods ensures an accessible work location. The commercial/industrial jobs created at the Property will provide opportunities for the many local residents that have found themselves recently unemployed.

The exterior Property improvements that are part of the CORF Project or are spurred by it, such as a boulevard-like new road, will further enhance the vibrant economic image needed to attract and retain businesses in the area. Because the Property fronts on Grant Avenue, upon redevelopment, the new 3.4 acre site will enjoy all of the benefits of the Village's services.

### **Other Funding Sources**

The Village of Cuyahoga Heights has awarded 5301 Grant, LLC a grant for \$67,000 which is being used for building and landscape (green space) improvements. Cuyahoga County, through the North-coast Brownfield Coalition (NBC), has committed \$41,500 in match for supplemental environmental assessment of the Property.

Through their purchase of the Property for \$3.93 MM, 5301 Grant, LLC, is providing over 58% in CORF eligible match dollars to assist in the revitalization of the Property. In addition to the purchase investment, additional match dollars will be used for non-CORF eligible environmental activities and eligible environmental costs in excess of the CORF grant or time period.

### **HISTORY OF THE PROJECT PROPERTY**

Historically, the Property was owned and operated as a manufacturing facility by E.F. Hauserman and Sunar-Hauserman from approximately 1950 to 1996. Sunar Hauserman subsequently declared bank-

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ruptcy. Operations included the manufacture of movable interior steel partitions and steel office furniture. In 1996, the Property was purchased by Grant Realty, Ltd. and converted for multi-tenant use. Since 1996, the Property has been underutilized, while partially occupied by a variety of tenants using the facility for industrial, warehouse and office space. The Property was acquired by 5301 Grant, LLC in June 2008 and is partially (about 45%) occupied by four (4) tenants.

In 1997, the County was awarded the first US EPA Brownfield Assessment Grant in the nation (called a Demonstration Pilot Project at that time) to facilitate the investigation and cleanup of the Property. Although the grant was instrumental in starting the cleanup process at the Property, significant issues remain, which warrant the submittal of this grant application.

### **ENVIRONMENTAL IMPROVEMENTS AND BENEFITS**

The Phase II Summary Report provided in Attachment A21 of this CORF application provides a detailed summary of the environmental activities that have been conducted at the Property.

Environmental work began in 1989 and included the assessment of the soil and groundwater at the Property and the installation and operation of an active remediation system. Previous investigations have shown that a plume of chlorinated solvents in groundwater, primarily TCE and its degradation products, extends along the paved areas on the western portion of the Property and below the western portion of the existing building. Testing to-date has not shown significant off-site migration. Remedial activities were conducted between 1998 and 2002 and consisted of dual phase extraction, soil vapor extraction and air sparging. While the previous remedial activities significantly reduced the concentrations of COCs in the soil and groundwater, concentrations of COCs in the groundwater have rebounded since remedial activities were halted. Concentrations in groundwater are orders of magnitude above VAP standards and pose a potential risk to on and off-property receptors. Concentrations of COCs remain in the saturated and unsaturated soils in this area, acting as a continuous source of contaminants to groundwater.

The primary environmental benefit of the remediation of the Property will be to eliminate potential risks to on-site and off-site receptors posed by vapor migration to indoor air. The planned method of remediation is the in-place chemical oxidation of the contaminants, which eliminates the contaminants, while producing virtually no waste materials. The proposed method will only take about a year, unlike many long term extraction remedies that take several years, result in large quantities of waste transfer, and utilize energy to extract, transport and treat the waste. Further, application of the oxidizing agents through small diameter (about 1-inch) holes is minimally disruptive to business and the environment.

State funds are needed to address the impacted soil and groundwater, and to implement engineering controls to address vapor migration to indoor air. Implementation of these remedies will allow the Property to proceed through the Ohio VAP, receive a No Further Action (NFA) Letter from an Ohio VAP Certified Professional, and subsequently obtain a Covenant Not to Sue (CNS) from the State of Ohio. With the CNS in hand, the stigma can be lifted from the Property, enabling the Development Partner to make long term commitments with tenants and attract sophisticated US and foreign companies that experience has shown will otherwise avoid this Property due to environmental conditions. This will also allow for banks to loan money on the Property and new development to occur at the site (e.g., a 50,000 s.f. new building).

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To further the effort for sustainable development, consistent with the Development Team's vision, debris generated as a result of the access road demolition will be crushed and used as fill material for the base of the new roadway.

### PROJECT'S READINESS TO PROCEED IF FUNDED

Within three months of award of the grant, the Village and 5301 Grant, LLC will enter into a development agreement. 5301 Grant, LLC is prepared to provide the match and continue working on the Property to complete the necessary property improvements and address those issues that are not covered by the grant.

The Redevelopment Team has worked together before and is ready to proceed. The property is the second Brownfield site in the Village purchased by 5301 Grant, LLC. 5301 Grant, LLC has invested over \$1,000,000 million dollars into a vacant Brownfield site at 5301 Grant Avenue since its acquisition. That property is currently 100% leased and it is considered an example within the Village of a successful revitalization of a formerly vacant industrial property. The project at 5301 Grant Avenue will serve as a model for this project (6551 Grant Avenue).

The existing building on the Property is conducive to multi-tenant use, as there is a large amount of open floor space that can easily be converted into separate units and customized to an occupant's operations. The building is in excellent condition and 5301 Grant, LLC is continually making upgrades to the Property. Since acquiring the Property, they have spent approximately \$500,000 in upgrades including: new energy efficient windows for the entire building, painting the building interior, re-paving the parking areas, landscaping, and general clean-up of the Property. To facilitate tenants in the east portion of the existing building, six (6) new loading docks are planned.

In addition to the Development Partner's experience in industrial property brokerage and management, the Village has a variety of economic strategies in place to help attract new businesses and promote retention of existing businesses. The Village has retained Silverlode Consulting to act as the economic development liaison for the Village. The Village has available on its website an economic development brochure targeting businesses looking to locate to the Village. In addition, the website maintains a list of all properties currently available for lease or purchase within the Village. The Village has an excellent working relationship with local, regional and state economic development entities including: Ohio Department of Development, Cuyahoga County Department of Development, City of Cleveland Department of Economic Development, These groups provide not only marketing opportunities, but various types of financial assistance for potential tenants looking to lease or purchase properties.

The Village is working with the City's economic development department to market the Property. The 3.4 acre parcel will be one of the largest pieces of developable land in the City and one of the largest available buildings for lease in the Village.

The Village and 5301, LLC, with the support of the City and County, stand ready to proceed with the remediation and redevelopment of this Property. This grant will expedite the environmental clean up needed to truly revitalize this Property.