



Testimony

“Discussion Draft: Brownfields Reauthorization”

**House Energy & Commerce Committee
Subcommittee on Environment and the Economy**

Tuesday, April 4, 2017

by

**Robert Martineau, Commissioner,
Tennessee Department of Environment and Conservation
and
Former President, Environmental Council of the States**

Main Points

- 1.** Brownfields programs represent the full spectrum of win-win. On the environmental side, they transform blighted properties that pose environmental risks into clean residences, commercial space, parks, renewables sites, and other facilities. On the economic front, they can serve as significant sources of revenue, as tax income on rehabilitated properties is generally greatly increased. Brownfield grant monies represent “seed money” for private investment on properties where the investment may not otherwise occur.
- 2.** Partnerships among state, local, and federal government; community organizations; and the private sector can make otherwise impossible cleanups possible. Investments from Brownfields grants drive local governments and private industries to invest further in their communities. Using resources like Environmental Site Assessments, states are able to provide a clearer picture for investors on the potential success that investment in remediation at a site can bring over a longer term.
- 3.** A common goal of state brownfield programs is to make contaminated sites safe for reuse that creates jobs and spurs economic development within the communities in which the properties are located. In some states the creation of “green jobs” and sustainability initiatives have become an increasing priority, as states work to promote energy efficiency and reduce waste.
- 4.** Brownfields revitalization projects represent a broad spectrum of community impacts. Investment in these programs provides opportunities to implement innovative and sustainable solutions to problems faced by communities. Removing statutory barriers to brownfield revitalization, as the Discussion Draft would do, is an important step forward. For example, increasing the funding limit for cleanup grants to \$500,000 per site would be beneficial for redevelopment if accompanied by an increase in the level of overall CERCLA 104(K) funding availability.

Chairman Shimkus, Ranking Member Tonko, and Members of the Subcommittee, good morning. My name is Bob Martineau, and I am Commissioner of the Tennessee Department of Environment & Conservation (TDEC) and am here testifying today as a former President of the Environmental Council of the States (ECOS). ECOS is a national nonprofit, nonpartisan organization whose members are the leaders of the state and territorial environmental protection agencies across the United States. My association proudly counts the Illinois Environmental Protection Agency and the New York Department of Environmental Conservation among our membership. I appreciate the opportunity to share with you the views of ECOS on Brownfields Reauthorization and on the Discussion Draft.

The subject of today's hearing is a program from which states like mine benefit tremendously. Since the inception of the U.S. Environmental Protection Agency Brownfields program in 1995, Tennessee grant applicants have been awarded more than \$12M in funding under Comprehensive Environmental Response, Compensation, and Liability Act Section 104(k) for brownfields restoration.

Across our nation, Brownfields programs play an integral role in the redevelopment of infrastructure that has fallen out of use. Brownfields grants facilitate economic growth and encourage meaningful investment in communities. Brownfield redevelopment is, at its heart, economic and community development with improved environmental outcomes. Legislative approaches like those embedded in the Discussion Draft will make this already successful program even more so. I commend you for taking up this topic and for your thoughtful Discussion Draft.

Revenue from Brownfields Programs. The most direct economic impact from Brownfields revitalization programs can be seen in the form of tax revenue. Income from new businesses, sales, real estate, and personal property all contribute to an increase in state and local income that not only gives a boost to local economies, but also assists in paying for the redevelopment that takes place.

Downtown Nashville is home to The Gulch, a once bustling railroad yard dating to before the Civil War, which included a roundhouse (where rail cars were repaired), a coal yard, and in subsequent years, a paint shop. In 1956, commuter rail service was discontinued in Nashville, and by 1979, passenger rail ceased entirely. The Gulch was a victim of neglect and became a blighted neighborhood.

In 1999, a group of private investors and developers purchased 25 acres and created a master plan for the neighborhood. TDEC Division of Remediation staff worked with several key property owners to complete Voluntary Brownfields Agreements, assessing and cleaning up any contamination and preparing these properties for revitalization. With the TDEC's ability to support redevelopment of the area through Brownfields Agreements, The Gulch was able to expand redevelopment activities beyond those envisioned through the original private investment. The Gulch is now an urban mixed-use neighborhood in downtown Nashville encompassing more than 60 acres. The Gulch achieved LEED Neighborhood certification at the Silver level in January 2009. It is a vibrant urban district and a popular local destination for shopping, dining, and entertainment, yielding significant tax revenue that previously did not exist.

The funding available through Brownfields grants allows states to take on larger projects with positive economic results for the communities they redevelop. Expanding eligibility to nonprofit organizations and certain government entities, as well as, allowing multipurpose grants, as in the

Discussion Draft, can increase those positive results. Additionally, funding for the administrative costs reduces the burden states face as they work together with investors to create positive outcomes in redevelopment.

Leveraged Resources and Investment. Leveraged resource and investment illustrates the power of partnerships to catalyze a project. The combination of financial and resource investments by a group of organizations can lead to a much better outcome than if any individual group took on the project itself. In many cases, the magnitude of such projects is beyond the means and capabilities of any one group, so without a partnership, nothing would happen. There are excellent examples of how leveraged resources can create the synergy to drive a project forward.

In Memphis, the former Chisca Hotel was a fixture in the Memphis skyline for 100 years. The building served several purposes throughout its life; most notably it was the broadcast center where Elvis Presley's voice first hit the airwaves. An EPA Brownfields Community Wide Assessment Grant awarded to Shelby County funded two Phase I Environmental Site Assessments on the property in 2012. This initial \$5,892 investment by EPA resulted in an approximately \$2 million short-term investment by the City of Memphis, a long-term investment of \$1 million in Downtown Memphis Commission Funds, and \$19.5-24 million in private capital long-term investment. Upon final completion, Chisca will feature 161 apartment units, lofts, and penthouses and ground-floor commercial space.

In Knoxville, in the eastern part of the state, \$400,000 of EPA assessment grants awarded for the South Waterfront have already leveraged more than \$150 million of private investment at the former Baptist Hospital Site and an additional \$8 million in a new city park, Suttree Landing Park. Working together with a variety of parties on remediation allows for a far greater capacity for revitalization. Legislation that expands the ability for organizations to partner and invest in

Brownfields projects would allow communities to leverage greater amounts of capital for improved outcomes.

Job Creation. Properties often are not beyond recovery; following thorough environmental assessments, there are opportunities to repurpose a property rather than redevelop it completely. Reuse of facilities is at the core of many revitalization programs. Legislation that reduces risk for investors in remediation efforts would create opportunities for investors to reuse existing infrastructure at properties that otherwise would go wasted.

The Philips Luminaries Plant in Sparta, Tennessee, a former lighting manufacturing plant, has sat vacant since 2012. Jackson Kayak, one of the largest goods exporters in Tennessee, needed to expand its operations. By using EPA Brownfield grant funds, the Upper Cumberland Development District (UCDD) was able to identify the former Philips Luminaries plant as a potential location for the expansion.

The Tennessee Economic and Community Development Agency, the UCDD, and Jackson Kayak entered into a Brownfield Voluntary Agreement with the TDEC Division of Remediation. This agreement allowed Jackson Kayak to renovate the facility for its use without assuming any of Philips' liability. Jackson Kayak purchased the property and invested \$6.5 million to expand production of recreational whitewater and fishing kayaks and to manufacture Orion coolers, a high-end line of cooler products. Ultimately, Jackson Kayak expanded into an existing building, while remaining in White County, and created 250 new jobs in a town of 5,000 people.

States are seeking ways in which organizations can safely invest in remediation efforts without being restricted by liability concerns. Responsible legislation addressing these concerns can promote opportunities for companies like Jackson Kayak to remain in Tennessee and employ local workers.

Community Impact. Finally, there are clearly broad economic revitalization benefits in communities and neighborhoods from the work conducted through land revitalization programs on community projects such as open space, gardens, and recreational lands; cultural attractions; and renewable energy sites. In many cases, cleaning up a site in a common area can lead to renewal throughout a neighborhood.

In Johnson City, Tennessee, flooding was identified as a major barrier to reinvestment and redevelopment. As a result, the city experienced limited economic and cultural investment in the downtown area. The former Young's Warehouse property was identified in the Johnson City Downtown Drainage and Redevelopment Project as property which could be used to provide relief for flooding. Historic uses of the property included a former gas station, tire retreading facility, bulk petroleum storage, and a drycleaner. The city worked in collaboration with the TDEC Division of Remediation to develop a plan to address contaminated soils from previous industrial uses and ensure that reuse of the property would be safe for the citizens to enjoy a future park at the site.

As a result of the cooperation demonstrated in this project, Johnson City was able to transform this downtown property to not only address flooding, but also to create public greenspace by building a five-acre greenway and park along the new creek bank. Founder's Park and the adjacent Farmer's Market, a \$2.8 million, five-acre sustainable greenspace, and flood mitigation project on the west side of downtown, were completed in 2014. Since its opening, Founder's Park has sparked other redevelopment in the downtown area.

Though it can be difficult to measure community impact empirically, it is clear that innovative revitalization solutions can generate new life in areas previously unsafe to develop.

Conclusion. Mr. Chairman, Mr. Ranking Member, and Members of the Subcommittee, I thank you again for your leadership in preparing the Discussion Draft and for the opportunity to present to you today the perspective of ECOS through the lens of Tennessee's successful Brownfields experience. I am happy to answer any questions.