Menasha

**MEMORANDUM**

To: Common Council

From: Greg Keil, CDD GK

Date: July 14, 2009

RE: Status of Department of Commerce Brownfield Grant Application – Gilbert Site

The Department of Community Development submitted a Department of Commerce (DOC) grant application in June. The application requested a total of $431,616 for demolition, building renovation, and infrastructure.

We were recently contacted by the DOC Project Manager Jason Scott concerning the DOC project review committee's preliminary assessment of the application. The review committee's consensus was that they liked the project, but had concerns about two factors – the absence of any significant remediation of a site contamination and project financing.

With respect to environmental remediation, there are two known sources of environmental contamination on-site. These sources are currently capped by asphalt paving, and there is no active release of contaminants in the environment. There are no existing or pending orders to remediate these sources of contamination. DOC's criteria for scoring grant applications places emphasis on environmental remediation. We may need to modify the development plan in such a way as to utilize a portion or portions of the site where contamination is present to actively address the contaminated area(s) as opposed to continuing the passive management of contaminated areas.

With respect to project financing, DOC's concerns are that there are minimal public and private financing commitments to redevelopment of the site. Although DOC acknowledges the past and ongoing financial commitments to the Gilbert Site (new office construction, renovation of the old office building, renovation of the warehouse, site demolition and asbestos abatement) they are more interested in how the next stages of the redevelopment will be financed. Again in order to meet DOC scoring criteria, sources of funding commitments will need to be found in either the public, private or combined financing components.

There are several prospects in the public arena – mostly through other grant programs – that could be used to support public site improvements (shoreline enhancements, fishing decks, trail improvements, and the whitewater park). These grant programs generally required reasonably well developed engineering/architectural plans and in-place environmental permitting. I have been working with PRD Tungate and others to identify options to elevate plans to the required levels of detail using resources other than those supported by the tax levy.

The amount and timing of private financing is difficult to pin down given that in nearly all instances, it is determined by buyer commitments to purchase land and buildings and/or tenant commitments to lease space. The developer has been working with prospects, but there are no firm commitments at this time. These efforts will continue going forward.

The DOC Brownfields Grant program was funded at $6.5 million per year in the biennial budget. We have asked that DOC table our funding request until we can better fit the program requirements with respect to environmental remediation and project financing. Toward that end PRD Tungate, myself, the site developer/owner, and other potential project partners will attempt to put together the substantive basis for repackaging the grant application. The timetable for completing this effort extends into spring of 2010.

As an aside, DOC termed the whitewater park an "important" component of the site redevelopment. It is our intention to keep the whitewater park in the redevelopment plan for the site recognizing, however, that private funding sources or grant funds will be needed to support the construction of the whitewater features.