

BACKGROUND

Prior land uses in downtown Olympia, including major manufacturing, petroleum storage, auto repair and dry cleaning, have caused soil and groundwater contamination. The Washington State Department of Ecology (DOE) lists several sites in downtown that are known or suspected to be contaminated.

The City of Olympia's recently adopted Comprehensive Plan Update includes a new policy which states:

PE4.6: Economic uncertainty created by site contamination can be a barrier to development in downtown and elsewhere in our community; identify potential tools, partnerships and resources that can be used to create more economic certainty for developments by better characterizing contamination where doing so fulfills a public purpose.

Real or perceived contamination can hinder revitalization and environmental goals. Depending on the type and extent of contamination, there may be a risk to human health and the environment, including the Puget Sound ecosystem. Due to uncertain costs and liability associated with contamination, these properties are often difficult to redevelop.

Regulatory Framework

Washington State Constitution restrictions on gifts of public funds and lending of state credit limit local governments' ability to purchase, assemble, remediate and market land for private vs. public interests. **Property right, subdivision and zoning laws** influence local governments' ability to obtain and consolidate lots.

Complex federal and state laws govern environmental remediation. (**Remediation** refers to the approved remedy for the contamination; this could include excavating and cleaning soil, capping the site, or other approved methods.) **The U.S. Environmental Protection Agency (EPA)** manages and funds remediation of federally listed "Superfund" sites, of which Olympia has none. **Washington State Department of Ecology (DOE)** regulates remediation under the **Model Toxics Control Act (MTCA)**. In general, contaminated sites are reported, listed and prioritized by DOE for remediation; contamination associated with a site must be addressed, even if the contamination crosses lot lines. **Thurston County Public Health and Social Services** provides some hazard assessment and enforcement services.

Under the law, liability for remediation is complicated. In general, responsible parties, including property owners, must assume some responsibility. Remediation costs vary according to the

type and extent of contamination and intended new use. In addition, obtaining financing to redevelop contaminated sites can be a challenge. To avoid becoming a liable party, banks often will not finance a project until the site is remediated. Property owners may find it more advantageous to leave the property undeveloped since development or sale may be difficult or expensive. Uncertain liability and cost contribute to the 'barrier to development' issue.

It is often easier for local governments than private parties to obtain grants and loans to redevelop contaminated properties. A contaminated site may be considered a **brownfield**, *an abandoned or underused property where there may be environmental contamination*. Brownfield status may increase opportunities for financial or technical assistance.

The City has cleaned numerous sites associated with public developments. Some recent examples include:

Name of Site	Description	Approximate Cost of Remediation/ Funded by
City Hall (former Safeway site) 601 4 th Ave, Downtown	In 2007, the City purchased this 1.23 acre parcel to build a new 4-story, \$35.6m office building. The site contained soil and groundwater contamination. The City entered an Agreed Order with from the Department of Ecology (DOE) and received 2 grants from DOE to remediate the site.	City = \$4.6m DOE Grants = \$3.8m Total = \$8.4m
Hands On Children's Museum East Bay, Downtown	The new Hands on Children's Museum (HOCM) was developed as part of the larger Energizing East Bay project, a partnership between the City, Port of Olympia, LOTT Clean Water Alliance and HOCM. As part of the project, the City purchased the museum site from the Port and remediated it 100%. At the time of purchase, the property was known to contain soil and groundwater contamination from former land uses, especially timber-related industries.	City = \$446k DOE Grant = \$463k Reimbursed from LOTT = \$17k Total = \$926k
State Avenue Parking Lot (former DOT Site near the Transit Center) Downtown	In 2008, the City reached an agreement to purchase the former Department of Transportation (DOT) Materials Testing Lab site from the State of Washington. The purchase and sale agreement called for the City to clean up the site and be reimbursed by an escrow account set up with the proceeds of the purchase (\$1,284,462).	So far, over \$1m has been reimbursed to the City out of the escrow account.
Percival Landing Waterfront, east side of Budd Bay, Downtown	The City completed Phase 1 rehabilitation of Percival Landing in 2011, which included removal of over 200 creosote (toxic) pilings and other remediation efforts. The 3.38 acre park also includes properties that were once used as a tank farm for UnoCal Hulco. The south side of Percival Landing is still in the clean-up process; DOE has required additional testing, and approved the City's work plan for this, which includes another 2 years of additional investigation. In 2014, the City executed an	Bond = \$172m Grant = \$44k 2% Voted Utility Tax = \$114k City = 147k Total = \$447k

	environmental covenant for the former UnoCal property (northern site), and DOE is preparing a "No Further Action" letter for this portion of Percival Landing.	
Former Columbia Street Parking Lot (123 4 th Ave building is currently in construction)	In 2008, the City sold this ½ block size City parking lot property to a developer for the purpose of fulfilling a long-standing community goal toward market rate housing in downtown. The proceeds of the sale were deposited into an escrow account to be used to pay for the clean-up of a portion of the property. The City and the developer are to split costs in excess of that amount with a cap of \$493,000 for the City's contribution. After being put on hold during the recession, the project - a 7 story mixed use building with retail on the bottom floor and 138 residential units above - is currently in construction.	Total costs are unknown at this time
Isthmus Properties 505 & 525 4 th Ave West	No soil has been remediated yet. However, the City completed the hazardous material removal from the 505 building in 2014 and began interior demolition of the 505 building. The City is working to complete the demolition of the 505 building and the 525 building by the end of 2015.	So far, about \$91k has been spent to remove hazardous material. This and any future work has and/or will be funded through a combination of City capital improvement funds, grants, SEPA mitigation and impact fees.

The City does not typically remediate sites *solely* for environmental or public health purposes. The City does, however, take a proactive role in protecting the environment from new sources of contamination through policies, programs and regulations.

Also, the City may require remediation action at time of development permit as part of its **State Environmental Protection Act (SEPA)** authority.

Support Tools for Local Governments

The State, local government support agencies and experienced cities all provide information to local governments about best practices for revitalizing contaminated areas. Having a vision and plan for redevelopment that is supported by the community, partners, and strong coordination with other government agencies are all keys to success. In many cases, the local government must acquire the property in order to take advantage of grants and other tools. The level of risk is site specific, so local governments need flexibility to perform careful risk assessment before purchasing and assuming responsibility for remediation.

The City of Tacoma offers a great example of a local government that has been proactive in revitalizing a contaminated waterfront. While not all the tools Tacoma used may be available to the City of Olympia, we can learn a lot from their experience.

Development	City	Description	Some Keys to Success
Thea Foss Waterway ¹	Tacoma	Over 100 years of industrial activity along Tacoma's waterfront created an abandoned brownfield by the 1980s. In the mid-1990s, in a controversial move, the City of Tacoma purchased waterfront property, and in partnership with the Metropolitan Parks District, entered a consent decree with DOE. The decree set up a process for remediation and development that allows potential developers to know what environmental issues need to be addressed. Tacoma has been proactive in looking for partners and funding sources, and the project has attracted several millions of dollars in private investment. Today there is a new Glass Museum, retail, housing and more. Land values have more than tripled since 1999.	<ul style="list-style-type: none">• Bold vision• Worked closely with State• Actively sought partners and funding• Established a process that would provide consistency and predictability for developers• DOE provided over \$30m in Remedial Action Grants (about a 50% match)• Tacoma has a Public Development Authority (PDA) (formally the Metro Parks District). The PDA is able to provide focused attention to the project, leverage federal grants and programs, and acquire and sell property.

The Washington Department of Ecology provides grants to local governments that can be used for planning/site assessment and cleaning-up contaminated sites². Ecology also coordinates with the U.S. Environmental Protection Agency (EPA) and WA Department of Commerce to provide holistic funding opportunities from project start to finish.

Another tool that the City is exploring is creation of a **Community Renewal Area (CRA)**³ within downtown. Guided by a community renewal plan, cities may work more directly with private property owners to revitalize areas where there are instances of blight. This includes providing access to grants and other resources that help to reduce the cost of cleaning up site contamination.

¹ City of Tacoma Thea Foss Waterway webpage, <http://www.cityoftacoma.org/cms/One.aspx?pageId=7283>

² Department of Ecology Clean-Up of Sites and Spills website, <http://www.ecy.wa.gov/cleanup.html>

³ City of Olympia CRA webpage, <http://olympiawa.gov/city-government/departments/community-planning-and-development/community-renewal-area-planning>