

October 9, 2007

Mr. Don West
Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Springs, MD 20910

SUBJECT: City of Augusta, Maine EPA Brownfields Assessment Grant/Site-Specific Proposal

Dear Mr. West:

The American Tissue Mill was one of the largest employers in Central Maine, throughout its many years of existence. Previously owned by Statler Paper and most recently by Augusta Tissue Mills of Maine, LLC the paper mill employed several hundred people at its heyday in the 1970's. The mill was the largest single user of water in the City of Augusta and was one of the largest users of public sanitary before it closed down for good. In addition, the mill also had significant tax value due to the machinery and equipment that was used in the paper making process.

The most recent owners of the mill, Augusta Tissue Mills of Maine, LLC essentially abandoned the mill when they were unable to pay unpaid property taxes. The City's attempts to have company executives pay back taxes, now in excess of \$500,000, have been unsuccessful despite arduous negotiations and discussions. To make matters worse on May 15, 2006 vandals made their way into the unsecured facility and stole the majority of the copper wiring from the machinery and equipment. They then set a large portion of the mill complex on fire. This blaze disseminated the papermaking operation portion of the mill and exposed the fact that a significant amount of hazardous chemicals had been left on site. This led to a removal action by the United States Environmental Protection Agency (EPA) and the State of Maine Department of Environmental Protection (MDEP). The initial cleanup effort, which was to eliminate known chemicals and other such pollutants, cost approximately \$625,000 dollars.

Faced with a large derelict mill complex, consisting of roughly 18.43 acres and 8 buildings on the scenic Kennebec River, and located within the urban core of the community, the City Council moved to establish the American Tissue Mill Reuse Committee shortly after the fire. This committee has been very active over the past year trying to determine how best to proceed with acquiring title to the property and mapping out the cleanup and reuse of the property. Due to the prominence of the mill's location and the negative impact environmentally that the property poses to the community and the Kennebec River, the redevelopment of the complex has become one of the City Council's highest priorities.

It is believed that being able to gather as much due diligence on the site as possible will help

City of Augusta, Maine
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facilitate the acquisition of the title to the property and provide a greater assurance for a successful redevelopment.

Despite the fact that the EPA has expended significant resources on a removal action, which has since been completed, the reality is that this effort targeted chemicals and hazardous materials that could be seen or that were known to exist. Knowing that the property operated as a paper mill for close to 100 years, it is highly probable that a variety of other hazardous chemicals and materials still exist on the site in locations that were not inspected, such as under building footprints and on the land itself. Obviously upon the removal of building structures, assessment and remediation will need to occur on those locations that were previously un-inspected for contaminants.

The City of Augusta, Maine requests a Brownfields Assessment Grant to perform the assessment activities needed in order to fully identify the anticipated pollutants expected to be located on the subject property. More specifically, funds are being requested to; (1) conduct a Phase I Environmental Site Assessment, (2) conduct a Phase II Environmental Site Assessment, (3) create a Remedial Action Plan and (4) begin the reuse planning process with the public.

If you should have any questions or require clarification on any element of this proposal, please contact Michael A. Duguay, Director of Development, who I have designated as the City's contact for communication with EPA. Michael can be reached at (207) 626-2336.

Thank you in advance for the consideration of our grant proposal.

Sincerely,

William R. Bridgeo
City Manager

cc: *with attachment*

Diane Kelley, EPA Region 1 Brownfields Coordinator
Jean Firth, Maine DEP Brownfields Coordinator

City of Augusta, Maine
Brownfields Assessment Grant
Cover Letter

1. Applicant Identification:

City of Augusta, Maine
16 Cony Street
Augusta, Maine 04330

2. Funding Requested:

- a. Grant type: Assessment
- b. Amount: \$350,000
- c. Contamination: Hazardous Substances
- d. Site-specific

3. Location: City of Augusta, Kennebec County, State of Maine

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4. Contacts:

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5. Date Submitted: October 11, 2007

6. Project Period: October 12, 2007 to October 12, 2010

7. Population:

- a. 18,560 (U.S. Census, 2006 Population Estimates)

8. Other: NA

9. Cooperative Partners: NA

Assessment Grant 2008

Threshold Criteria

A. Applicant Eligibility

The City of Augusta, Maine is a “General Purpose Unit of Local Government”.

B. Letter from the State or Tribal Environmental Authority

See Attachment A

C. Site Eligibility and Property Ownership Eligibility

1. Basic Site Information

(a) Name of Site: American Tissue Mill Site

(b) Address of Site: 54 Maple Street, Augusta, Maine 04330

(c) Current Owner: Augusta Tissue, LLC

2. Status and History of Contamination at the Site

(a) Based on the information provided by the EPA On-Scene Coordinator who was responsible for the removal action conducted at the site, what is known about the site lends itself to have been exposed to hazardous chemicals from the papermaking process. There does not appear to be initial evidence that the site has been contaminated by petroleum substances.

(b) The mill site is located immediately on the banks of the Kennebec River. Historical documents show that the earliest industrial occupation of the site began in the early 1900's. Since that time, a paper mill was constructed on the site and has been managed by several successive corporations. Although presently abandoned and not being operated, the most recent operation of the property was that of a paper mill.

(c) Up until the recent removal action conducted by the EPA, there had been a Phase I environmental assessment conducted in 1998. The report indicates typical levels of contaminants and discharges for a facility of this nature and size. Seeing that the last Phase I was conducted almost 10 years ago and EPA's activities only dealt with immediately known substances, the concern remains that hazardous substances still exist on the site in locations that are not readily accessible. In addition, there is a concern that hazardous substances may still be in locations that have not been analyzed.

(d) It is suspected that the property has become contaminated at some level simply by being a site where hazardous chemicals in the papermaking process have been handled for close to 100 years. Due to the abandonment of the mill, any protocols that had been in place for securing chemicals or appropriately purging lines, tanks and machinery were also abandoned. Therefore, there is a concern that residual hazardous substances still remain on site at a level commensurate with the number of years and amount of chemicals that were used at the property.

3. Sites Ineligible for Funding

As per a discussion with the Maine State Department of Environmental Protection (DEP):

- (a) The site is not being proposed for listing on the National Priorities List.
- (b) The site is not subject to unilateral administrative orders, court orders, administrative orders on consent, or judicial consent decrees issued to or entered into by parties under CERCLA.
- (c) The site is not subject to the jurisdiction, custody, or control of the United States government.

4. Sites Requiring a Property-Specific Determination

As stated in section 3.4.1 of the Proposed Guidelines manual for this grant, a site that has had a removal action conducted by EPA is eligible for funding if that removal action is deemed to be complete. The EPA POLREP provided to the City on September 4, 2007 by Mr. Thomas C. Condon declares that the removal action is complete. See Attachment B.

Property Ownership Eligibility (CERCLA Section 107 Prohibition/Petroleum Site Eligibility)

The City of Augusta affirms that it is not potentially liable for contamination at the site under CERCLA §107. The City of Augusta was never in the chain of title nor did it have jurisdiction of the site at any time. In addition, the City has never been a vendor to the owners of the site nor did it transport any material to the site, hazardous or otherwise. As a result, the City does not have any liability, perceived or real, in association with the site in question.

5. Enforcement Actions

It is the City's understanding that the site is not under any current or proposed environmental enforcement actions. Although EPA Region 1 participated in a removal action on the site, the City is not aware of any subsequent orders or inquiries levied against the owners of the property that would indicate that enforcement action is being contemplated.

6. Information on Liability and Defenses/Protections Where Applicant Does NOT Own the Site

- a. The City affirms that it did not arrange for the disposal of hazardous substances at the site or transport hazardous substances to the site, and that it did not cause or contribute to any releases of hazardous substances at the site.
- b. The City has had a cordial relationship with the owner of the site despite the status of the mill property and the owner's inability to pay the City back taxes. Due to the abandonment of the property, at this point in time it is envisioned that the owner of the property will not have a role in the activities to be funded with this grant. Access of the property has been allowed by the owners through a verbal agreement with the City. Although the City believes it has a right to have unfettered access to the site, due to the

public threat that the property potentially poses, it will pursue a formal written agreement for access with the property owner.

7. Information on Liability and Defenses/Protections Where Applicant Owns the Site or Will Own the Site During the Performance of the Grant

a. Information on the Property Acquisition

i&ii The City is currently owed in excess of \$500,000 in back taxes on the property. By state law, the City has the ability to begin foreclosure proceedings for the inability of the property owner to pay these back taxes. Therefore, it is presumed that the property will be acquired by foreclosure of real property taxes. Although the City is interested in pursuing the foreclosure of the property, it is unclear at this time when that will occur.

iii&iv The party that currently holds title to the property is Augusta Tissue LLC. It is expected that this entity will be the one from whom title is secured. The City has not had familial, contractual or financial relationships or affiliations with the prior owners of the property.

b. Timing of Hazardous Substance Disposal

Based on the EPA's Final POLREP report dated September 4, 2007, it is the City's understanding that any known hazardous substances have been removed from the site. As such, any hazardous substance that had been disposed at the site, along with its removal from the site, will have occurred prior to the City taking title to the property. The City was not associated with any effort that caused or contributed to any release of hazardous substances at the site.

The City affirms that it has not, at any time, arranged for the disposal of hazardous substances at the site or transported hazardous substances to the site.

c. Pre-Purchase Inquiry

The City has not itself made any formal inquiry on its own into the environmental conditions of the site. However, a previous owner of the mill property, Tree-Free Fiber Co., commissioned an Environmental Site Assessment (ESA) on the property which was completed on February 20, 1998. Tree-Free Fiber Co. was the owner of the mill at the time and did not have any relationships with the City of Augusta. The City of Augusta affirms that it will conduct the appropriate updates, or new assessments if required, within 180 days of taking title to the property.

Tree-Free Fiber Co. hired Normandeau Associates, Inc. out of Bedford, New Hampshire to perform the ESA. Normandeau Associates, Inc. has been in business for over 35 years and is nationally known as a company that specializes in natural resource management, water quality and environmental monitoring.

d. Post-Acquisition Uses

There has not been any other uses of the property since the current owner abandoned the property, so therefore the most recent use of the property has been a papermaking manufacturing operation.

The City envisions that upon its acquisition of the property it will pursue a mixed-use development concept that involves both low intensity commercial development, such as office and retail, along with residential housing. Although this concept will be crafted in greater detail with input from the public, the initial mixed-use development concept has been set forth by the Comprehensive Planning Committee which has been engaged in updating the City's 1988 Comprehensive Plan.

e. Continuing Obligations

The City of Augusta is prepared to take reasonable steps immediately upon acquisition of the property to secure the site and to monitor known contaminants. It is also ready to initiate whatever actions that are required to ensure that it is in compliance with both state and federal environmental agencies and to ensure that the potential for any future releases are eliminated.

The City believes that it is in the best position by taking title to the property to reduce the potential for any additional environmental threats being created at the property. Furthermore, by acquiring title it can take whatever actions are required in order to get the property ready for conveyance of the title to a developer that has the ability to redevelop the property. The redevelopment of the site will ensure that all currently identified hazardous substances, and those discovered in the redevelopment process, will be adequately addressed.

In addition, the City confirms that it will: comply with all land use restrictions and institutional controls; assist and cooperate with those performing the cleanup and to provide access to the property; comply with all information requests and administrative subpoenas that have or may be issued in connection with the property and; provide all legally required notices.

8. Petroleum Sites

Not applicable.

Ranking Criteria

A. Assessment Grant Proposal Budget

The Assessment Grant will be used to provide funding for the completion of several assessment activities that the City views as critical to any potential reuse opportunity. The proposed activities are as follows; (1) a Phase I Environmental Site Assessment, (2) a Phase II Environmental Site Assessment, (3) Public outreach and site redevelopment planning and (4) the creation of a Remedial Action Plan and Reuse Plan. The justification for each task and the corresponding budget for that task is as follows:

Task I – Phase I Environmental Assessment – This task will include the competitive procurement of a professional environmental consulting firm that is qualified to perform such activities. This task involves the investigation of the site relative to the potential for contamination of soil, water, buildings, etc. All available historical information such as land titles, aerial photographs, insurance claims, as well as all documents residing with governmental entities will be examined to develop a thorough profile of the site. In addition, a visual walk-through will be completed along with other activities that may need to be taken in order to complete the profile of this property.

Task II – Phase II Environmental Assessment – A Phase II Environmental Site Assessment will be conducted to determine the level, location and amount of contaminants on the property. Due to the longevity of the industrial activity conducted on the property, the amount of land of the parcel that is adjacent to a water body and the sheer size of the property, 18.43 acres, it is envisioned that a significant amount of the testing locations will be examined. It is expected that several of these testing locations suspected of containing contaminants, which are not readily accessible, will require more intensive extraction methods beyond simple sampling methods such as surface grab sampling which will be used in open locations. These methods may include test pits, borings and soil gas sampling or whatever the most appropriate method that is determined. The information gathered in this task will provide the basis for the remediation and reuse of the property.

Task III – Public Outreach/Redevelopment Planning– The City of Augusta will design and embark on a process with the public so as to identify the ‘highest and best’ reuse options for the site. Upon the review of the results of the Phase II ESA, public hearings will be held so as to determine the feasibility of potential redevelopment scenarios. Professional advice will be solicited from respected developers so that public input can be tested against the economic feasibility of such redevelopment scenarios. With this input, the City will utilize the services of a planning firm to begin to narrow down the redevelopment scenarios and start to develop an acceptable redevelopment plan that balances the interests of the community with the viability of the marketplace.

Task IV – Remedial Action Plan/Reuse Plan – Utilizing the data gathered from the Phase II ESA, the consultant will develop a Remedial Action Plan that identifies the contaminants that will need to be remediated and prescribe what activities that will need to be taken in order to completely address the situation. This Plan will include remedial actions for each identified contaminant that exceeds applicable Maine and federal guidelines. This is to

include a budget for such actions and a realistic schedule for implementation. In addition, the planning firm that is engaged in Task III will be directed to finalize a Reuse Plan that takes into account the public input that is gained along with any ramifications that remediation of the site may dictate.

Budget estimates were provided by an environmental consulting firm that is familiar with the site and industrial facilities similar to the American Tissue Mill complex.

Task	I. Phase I Environmental Assessment	II. Phase II Environmental Assessment	III. Public Outreach/ Redevelopment Planning	IV. Remedial Action Plan/Reuse Plan	Total Cost
Personnel					
Fringe Benefits					
Travel	5,000				5,000
Equipment					
Supplies			5,000		5,000
Contractual	10,000	310,000	10,000	10,000	340,000
Other					
EPA Total Assessment Grant					350,000

B. Community Need

1. The City of Augusta, beyond being the State of Maine’s Capital, is also the County seat. The City’s population is 18,560 as identified by the U.S. Census Bureau and experienced roughly a 13% population loss from 1990 to 2000. Unfortunately this exodus of population was led by individuals of middle to higher income, which resulted in the remaining population being older and less affluent than those in surrounding communities. This is shown through data gathered by the U.S. Census Bureau whereby Augusta’s median age of its population is 40.3 years of age whereas the County average

is 38.7 years of age. In addition, the average median household income for Augusta is \$29,921 and for Kennebec County it is \$36,498 (U.S. Census Bureau).

Beyond this trend are several other structural issues that have always created a tenuous financial and administrative struggle for the City. Augusta is one of the largest 'service center' communities in Maine. More specifically, it provides the majority of governmental and social services for all of Central Maine. As a result, it has a disproportionate amount of the regions tax exempt properties, approaching around 38% of its tax base. In addition, it has a disproportionate amount of the service needy population living within its jurisdiction, along with those in the population that have criminal offenses. In fact, Augusta was shown to have almost as many convicted pedophiles in absolute numbers, 154, as the City of Portland did, 215. The City of Portland is almost 3.5 times as large as Augusta. To cap it all off, Augusta has a much higher than average number of rental housing units and boarding homes than most communities in Maine of its size.

All these contributing factors have led to a situation whereby the tax base is under constant pressure. First, it is strained due to the fact that non-profit organizations have experienced a growth in their operations base over the past several years which have allowed them the funds to purchase their own real estate. This has further eroded the City's tax base due to their tax exempt status. Secondly, with a higher than average number of tax exempt properties, the remaining taxpayers end up picking up a higher portion of the City's operating costs. Lastly, this further exacerbates the problem by leaving the community with a higher tax rate than most of the surrounding communities, making it more difficult to attract private sector businesses and new investment. However, due to the nature of being a 'service center community' it is estimated that the City serves more than 60,000 people during the day with its infrastructure but with a much, much smaller permanent population left to pay for it. Despite the large shopping centers and the like, Maine does not allow municipalities to capture sales tax at the local level and therefore there is surprisingly very little net value created after all the costs are expensed.

2. Needless to say, prime commercial and residential property that is suitable for development in the City is very scarce. To that end, the 18.43 acre American Tissue Mill Site not only has some of the most desirable amenities of any property in the City, waterfront views and access to the river, it also is located in one of the most strategic spots in the community. It literally is at the epicenter of this 55 square mile community and is in visible site of two major river crossings in the core of the City, which are two of the most traveled roads in the community. By receiving this grant, Augusta will be able to take the next required steps in order to acquire title to the property and be able to redevelop the site. A redevelopment of this site will not only allow the community to substantially replace the tax base that it lost from the closure of the mill, it will allow it to redefine this significant space and encourage residents to come back to the City to live. To that end, the immediate neighborhood surrounding the mill complex would have the

potential to go from being one of the more depressed areas, due to the negative influence of the mill, to one of the newest sections of the community.

3. The City of Augusta is fortunate from the perspective that it does not have an abundance of large brownfield properties. Those that do exist are smaller in size, usually single lots that house abandoned gas stations and other older industrial operations. However, the American Tissue Mill Site makes up for any lack in volume of brownfields by its sheer presence and location in the heart of the community.

The psychological impact that is felt by having this brownfield so prominent is as much an impact on the community as it is of a fiscal and environmental nature. In fact, the existence of this site is a reminder to many unemployed laborers in the City of how the global economy has left them behind. To newcomers and others not associated with the mill, it is a constant reminder of what is negative about the City. Unfortunately, although the site is small relative to the land mass of the community it could not have been placed any more prominently to remind residents and visitors of someone's 'failure'.

The environmental considerations are not as evident as the visual impact of the complex but are no less serious. The placement of a mammoth industrial complex along approximately 4500 linear feet of a significant waterway would not even remotely come to ones mind in this day and age. However, in the past this was the location of choice. As a result, being located along the river bank heightens the concern that any pollutants that may be on the site might have migrated over time toward the water.

In addition, the simple existence of the complex in its present condition not only creates an environmental hazard, it *denies* the general public from experiencing the wonders of the natural environment. With the improvement of the Kennebec Rivers water quality over the past two decades, it is common to see nesting bald eagles, breaching salmon and even a sturgeon or two in the area. To have this prime riverfront inaccessible, leaves very little opportunity for residents to enjoy this natural resource.

C. Site Selection Process:

1. For many of the reasons already given, the City realized quite clearly that the American Tissue Mill was its prominent brownfield site. Quite simply; (1) it is one of the largest properties in need of redevelopment, (2) it is located in such a way that it is a gateway into the downtown district, which is beginning to go through a positive transformation, (3) it poses one of the biggest unknown environmental threats to the river in the condition that it currently exists in and (4) it has the biggest potential to stimulate economic development along the riverfront and in one of the more depressed neighborhoods in the City.
2. The City entered into a regional brownfield assessment project with its regional council of governments. It was determined early in the process that the American Tissue Mill Site was too large of a project to be included in the program and the review of this site was significant enough that it needed to be conducted on its own.

3. As previously mentioned, the American Tissue Mill Site is owned by Augusta Tissue LLC. Although the City has a verbal agreement with the owner to access the property, it will seek a formal written agreement with the owner that indicates the activities that the City desires to undertake on the property. The City will work to educate the owner as to the benefits of cooperating with the City on this grant program. Obviously no longer having title to the property would be in their best interest, seeing that the subsequent site clean up costs will be borne by another corporate entity. It is our understanding that the owner of the property agreed to a similar arrangement in another community where they had an abandoned mill.

D. Sustainable Reuse of Brownfields:

1. The use of this grant will allow the City to assess the potential pollution on the site and its impact on the City. It will also put the City on the path to acquire and redevelop the site, which will prevent pollution in the long-term by ensuring that the site is thoroughly cleaned up. The redevelopment of this site will also allow the City to eliminate sprawl, due to the fact that the existing site is well served with an array of already constructed infrastructure.
2. The City of Augusta developed a partnership with the State of Maine back in 1998 in response to demands by the Federal Energy Regulatory Commission (FERC) for the City to assist in the removal of a dam across the Kennebec River. This partnership became to be known as the Capital Riverfront Improvement District (CRID) and was established in legislation at the state level. The primary purpose of the CRID was to conduct a community planning project and to develop a Master Plan that would guide the City's redevelopment efforts in a target area that ran along both sides of the Kennebec River and was centered on the 'core' of the City. This 'core' is essentially the beginnings of the City, evidenced by the location of Old Fort Western, the original 1754 wooden fort encampment, and the original housing and business district. This target area includes the American Tissue Mill and a textile mill complex that existed at the time, the Edwards Mill. Coincidentally, the Edwards Mill Site is directly across the river from the American Tissue Mill Site.

Due to the subsequent acquisition of the Edwards Mill property by the City and the elimination of the dam, the 17 acre site at the Edwards Mill began to be transformed into a signature 'green space' that would eventually include a new public access road with parking, interpretive walking paths, an amphitheatre, a pavilion and several access points to the river including a canoe and kayak ramp. At the present time, the City has invested well over a \$500,000 million dollars and has constructed the public access road with parking and the canoe and kayak river ramp. The City is in the development stages to receive a USDA grant to construct a pavilion where a farmer's market will be hosted.

Although the creation of the CRID Master Plan predated the eventual closure of the American Tissue Mill, the physical context of where the American Tissue Mill is located within this project area is undeniable. Therefore, to fold this property into the redevelopment guidelines of the CRID Master Plan would simply enhance those activities completed to date and provide a focal point for the redevelopment efforts, which has not existed prior to this point in time. This is as a result of there not being a

significant property that could be controlled by the City other than the Edwards Mill site, which had significant redevelopment restrictions placed on it by its prior owner.

By being in control of the eventual redevelopment of the American Tissue Mill, the City would be able to ensure that adequate economic benefits, such as the expansion of the tax base and creation of jobs, would accrue to the public. This would be done through covenants and economic incentive agreements. As such, the redevelopment plan for the site would adhere to the vision that the City's residents set for the river corridor, the CRID District as it's colloquially referred to, close to a decade ago.

3. As referenced in item 2 above, the CRID Master Plan set forth several complementary development strategies for the target area. One of these was a recreational trail system. Over the past ten years, the City has been involved with three neighboring communities to its south, Hallowell, Farmingdale and Gardiner, and collectively created 6.5 miles of a paved recreational trail along the west bank of the Kennebec River in the right of way of the rail line. Any redevelopment scenario of the American Tissue Mill would include passage of this trail system through the property so that the trail could be extended north along the east side of the river to connect with other walking trails.

This accomplishment can not be overstated. Due to its central location in the state, almost every major highway route crosses through Augusta. As a result, most of its neighborhoods and greenspaces are segregated into isolated pockets by large four lane highways running through the City. Opportunities for connecting these greenspaces have always been limited because of the City being an older community with built out developments and well defined property usage. The opportunity that the redevelopment of the American Tissue Mill Site provides as a central connection for these recreational assets is truly significant.

In order to accomplish these goals, the City will use this grant to take the required actions needed to acquire title to the property. This will put the City on a path by which it will be in a better position to provide for the redevelopment of the now abandoned site, which will result in the benefits identified above accruing to the City's residents.

E. Creation and/or Preservation of Greenspace/Open Space or Nonprofit Purpose

Although the redevelopment of the brownfield site in question will not create a park or greenway per se, in addition to becoming a significant connection point in the City's recreational trail system it will also undoubtedly enhance a newly created riverfront park, the Edwards Mill Park. As previously mentioned, the Edwards Mill Park was created directly across the river from the American Tissue Mill Site through a joint effort between the State and the City. Although this 17 acre park offers an incredible view of the Kennebec River, public canoe and kayak access, fishing and other activities, it also provides a view directly into the American Tissue Mill Site which is significantly deteriorated and is at best, an eyesore.

Therefore, the eradication of the American Tissue Mill buildings and structures would vastly improve the Edwards Mill Site Park and enhance green and open space. In addition, it will signify the redevelopment of one of the last incompatible uses that resides on the river and certainly the most prominent.

As the American Tissue Mill Site is a linchpin in the CRID's Master Plan for the redevelopment of the riverfront, any trails and pathways that are to be created on the property will be maintained and managed through a recreational easement that the City will secure. This arrangement is quite common for the City, as it maintains several such properties throughout the community for the public benefit on an easement arrangement.

F. Pre-Award Community Notification

1. Beyond the public announcements that occur on a monthly basis advertising the American Tissue Mill Reuse Committee, the City advertised on September 22, 2007 that it would discuss its interest in applying for this grant at a City Council Informational meeting that was held on September 24, 2007. The local newspaper, the Kennebec Journal, announced this City Council meeting in a front page story which interviewed City staff regarding the details of the grant proposal. A subsequent City Council Business meeting was held on October 1, 2007. This Council meeting was publicly televised on its local cable access channel and was the forum wherein the Council voted unanimously to submit this grant application to EPA.

Should the City receive the EPA grant, prior to submitting a final work plan the City will hold a city-wide public meeting to inform the public as to the activities it is proposing within the grant. The City intends to take out a public advertisement in the local newspaper and advertise this meeting on the local cable access television station. In addition, the City will also advertise the meeting through public service announcements with the local media outlets, run the announcement on a community calendar 'wheel' that runs on its local cable access channel and post the announcement, along with its draft work plan, on its website. As always, public comment will be invited through direct contact, email or by written letter.

2. The City has used the proposed method of public notification as described in number 1 above on several other similar projects with very good results. Due to the fact that its City Council meetings are televised, the City is usually quite able to bring the public out for such significant projects as this. The City used this exact same process for notifying the public of its intention to update its Comprehensive Plan and by doing so, was able to recruit approximately 100 volunteers who actively worked on the project. In addition, with only one daily newspaper covering the entire area readership is extremely high in the City. As the City's population primarily speaks English, there does not appear to be a need to provide the information in an alternative language format. Although, the City will take all appropriate actions to ensure that any such request for an alternative language format be adequately addressed.
3. The City will leave the period in which the public can comment on its grant proposal open until it is time to formally finalize its work plan with EPA. The City believes that it is important to allow as much public comment as possible on a project with as much potential impact as the redevelopment of this project site will have. Not only will the aforementioned methods be used to garner public comment but the American Tissue Mill Reuse Committee will also be very active during this timeframe, through publicized meetings, actively encouraging the public to provide their concerns and ideas for the site.

4. The City is proposing to have a follow-up public meeting after it has had the chance to review the initial public input that it receives from the first public meeting. By doing this, the City can review all aspects of the comments and make modifications to the proposed work plan should additional information be provided by the public that staff overlooked. This is critical, seeing that generations of Augusta residents and their family members worked at the project site and have intimate knowledge of how that facility and property functioned.

All comments received throughout this process and the answers to them provided by City staff and its consultant, will be written into a document. This document will be placed on the City's website for the benefit of those that could not attend the public sessions, as well as made available at the City Clerk's office. The City Clerk's office functions as the public information repository for the City.

G. Ongoing Community Involvement

1. As mentioned, upon the completion of the Phase I and Phase II environmental assessments the City will engage a planning consultant to help it manage the discussion regarding reuse of the site. As part of this discussion with the public, the City and the consultant will outline the conclusions of the Phase I and Phase II Environmental Site Assessments and will discuss the proposed remediation activities at the site that would be proposed. This interaction will become part of the basis for the discussion for the reuse of the property, seeing that some remedial activities might require that a particular use or portion of the property not be considered for certain reuse activities.

From there, the City will host a public "charrette" which will be used to gain input from the general public on their interests and concerns about the reuse and redevelopment of the site. This will hopefully set the parameters for any future reuse, as the interests and the dislikes of the public will hopefully be communicated in such a way whereby potential reuse concepts for the site will emerge.

2. One of the functions of the American Tissue Mill Reuse Committee is to act as a vehicle for the City to establish partnerships throughout the different levels of government. As such, one of the committee members is a senior member at the State's Department of Environmental Protection. In addition, the Committee has met with the Director of Remediation and Waste Management, who oversees the State's brownfield redevelopment program, and has had ongoing meetings with his staff. Throughout this time frame the City has also stayed in frequent contact with EPA Region 1 On-Scene Coordinator, Mr. Thomas C. Condon, to consult on the cleanup of the site that was being conducted.
3. After the first "charrette" that will be held with the public to gain input on potential reuse scenarios, the City will then take this information and work closely with the planning consultant to start to develop potential reuse concepts and site plans. Upon the initial conceptual layout of uses, the City will then host another 2 to 3 public meetings in order to begin to develop a conceptual reuse plan that not only is acceptable to the public in "concept" but also does not preclude the ability of the developer to be able to modify the plan without jeopardizing the underpinnings of the public's desire. These opportunities

for public input will be advertised using the local newspaper, local access cable television and by utilizing other available mediums.

4. Although involvement up to this point in the process has been primarily by interested individuals, organized groups are just starting to become involved. For example, the Comprehensive Planning Committee, made up of approximately 100 resident volunteers, reviewed the issue of the existing condition of the American Tissue Mill and identified it as being one of the City's highest priorities to be undertaken. Jeffrey Miller, Executive Director, of the Bicycle Coalition of Maine (P.O. Box 5275, Augusta, Maine 04332-5275, PH: 207-623-4511) was consulted due to his organizations interest in the expansion of public biking trails. A member of the Board of Supervisors, and City Engineer, Lionel Cayer (16 Cony Street, Augusta, Maine 04330, PH: 207-626-2365) was also consulted to discuss how the organization might react to the opportunity to extend the existing walking/biking trail in the City onto and through the American Tissue Mill Site. As previously mentioned, the Kennebec River Rail Trail oversees 6.5 miles of recreational trails that go through Augusta and three surrounding communities. In each case, each organization was thrilled to believe that there may be an opportunity to extend a recreational trail through the property and connect existing trails.

H. Reduction of Threats to Human Health and the Environment

1. The use of grant funds will undoubtedly identify and quantify the threats to public health that may exist on the site and to inhabitants in close proximity to the site. The location and identification of such hazardous substances will lay the basis for the Remedial Action Plan, which will outline the amounts of potential pollutants and the required actions that must be taken in order to mitigate such threats to the public.

Although the end use of the site has not been identified at this point in time, any reuse will be associated with the requirement that the property be cleaned up in such a nature that it is in compliance with all state and federal requirements. In addition, the City desires to put in place deed covenants on the title of the property that would require that the site have in place adequate environmental monitoring measures as recommended by the consulting environmental engineers.

2. The City, through its reuse committee, is working with the State of Maine's DEP Division of Remediation, which oversees the State's brownfields voluntary cleanup program. The program allows a property that has known or suspected contaminants to be issued a certificate of protection from liability after a 'Voluntary Response Action Plan' that outlines the cleanup effort is completed by the applicant. This plan is developed upon further inspection of the site and in this particular case, will be submitted by the City following the completion of the Phase II Environmental Site Assessment. Contact with the State program coordinator has already been made notifying him of the City's interest in the program.

Prior to the actual remediation of the site, the City will ensure that the appropriate health agencies have been consulted so that necessary procedures or processes have been put in place that correspond to the contaminants and or hazardous substances that will be handled. As such, the City's Bureau of Health and Welfare will coordinate a meeting

with both Maine General Hospital (the primary hospital in the community) and the State of Maine Department of Health and Human Service's Environmental Health division.

I. Leveraging Additional Resources

1. The City has already made the commitment to utilize staff time, paid for out of the City's General Fund, to work on this project. As part of this effort, two of the City's staff were sent to a national brownfields conference this past year. In addition, the City has extended a consulting contract to a former general manager of the mill to assist the reuse committee in these early stages of the project. This critical insight has allowed the committee to have a better understanding of the types of issues that are present on the site.

The City of Augusta has a very long track record of assisting economic development and redevelopment. Presently, the City has seven (7) active Tax Increment Financing (TIF) Districts throughout the City that provide developers with direct financial assistance needed in order to facilitate their specific project. Based on this fact, the City is very favorably disposed on considering a TIF for this project in order for a successful redevelopment of the site to take place.

In a very similar situation along the banks of the Kennebec River, the City provided a developer with a very lucrative TIF arrangement so that his firm could redevelop an abandoned civil war era compound. The site was very distressed and it was quite clear that a redevelopment effort would not have otherwise been feasible without the involvement of TIF funds. It is assumed that the same fiscal variables are in place at the American Tissue Mill Site and that a TIF would be necessary to complete any necessary assessments needed beyond those that might be funded through this grant and to facilitate a redevelopment effort of the site.

2. It is expected that the activities being proposed herein will be entirely covered by this grant request. Seeing that the Assessment Grant does not require a local match, it is envisioned that no additional funds will be needed for this phase of the project.

However, the City will pursue other funds for subsequent activities, such as the clean up effort, should there be a gap in project funding. City staff responsible for the development of this project have extensive experience with putting development projects together utilizing funds from HUD/Community Development Block Grants, Economic Development Administration, U.S. DOT/TEA 21 enhancement funds and private foundation funds. It is envisioned that a multi-source funded redevelopment effort will be required to meet the level of reuse being sought after.

J. Programmatic Capability

1. The City, along with its project staff, has a very successful track record in managing federal funds and other grant programs. The Director of the Office of Economic and Community Development, who will be the grant administrator, also has oversight of several other divisions in the City. As such, he has direct oversight of the Bureau of Engineering. The City Engineer, a licensed professional engineer, and an Engineering

Technician will provide their expertise in assisting the Director with technical reviews of the information that is gained from the site.

In regard to the performance of the Phase I and Phase II Environmental Site Assessments, along with the need for a planning consultant, the City will utilize its existing professional services procurement system in order to hire this expertise. The Office of Economic and Community Development, because of its multi-divisional function, has hundreds of thousands of dollars in service and professional contracts under its management on a daily basis. As a result, the City utilizes a very sophisticated financial management system, MUNIS, that is set up to account for grant programs.

2. As previously stated, the City of Augusta has a very long and successful track record of managing federal and state grants from a variety of funding sources. For this grant, the Office of Economic and Community Development will provide the grant management services. The Office has administered in excess of \$6 million dollars in U.S. Housing and Urban Development Community Development Block Grants for projects ranging from the complete reconstruction of it's downtown infrastructure to housing rehabilitation to complete neighborhood revitalization. Both the director of the office and his associate are State of Maine certified grant administrators. In a past position with the State of Maine, the director was responsible for the daily administration of approximately \$7 million dollars in federal grant funded construction projects.

Due to the nature of the funds administered by the City, most grants were audited using federal grant auditing guidelines. The City of Augusta has never had an adverse auditing finding for as long as it as administered such grants. As a result, the City has never had to follow special high risk terms and conditions during the performance of any of its grants.

3. The City of Augusta has received many federal assistance agreements over the years. In discussions with finance personnel, the City has never been cited for poor performance or negligence of program benchmarks. In fact, in the City's most recent Community Development Block Grant program the State acknowledged the City for meeting the programs job creation requirements in the shortest time frame in the history of the program. As a result, the City was presented on August 17, 2007 with the '2007 Governor's Award'. In administering all of these grants, the City's performance regarding reporting compliance and submission of requested information was found to meet program requirements.
4. It is the City's belief that the tasks that it has proposed to be funded by this grant are very clear and which have both quantifiable outcomes and outputs. As a result, the City will establish sub-components within each task that are both quantifiable and adhere to the overall time frame of the assessment project. Frequent meetings will be held with City staff and hired consultants responsible for work items. At that point, review of goals and performance will be made and shared with all other stakeholders. In the event that performance is not progressing as well as anticipated, the grant administrator will take actions with staff or project consultants to get the project activity back on track.

Request for a Site-Specific Assessment Waiver

American Tissue Mill Site – Augusta, Maine

Total Amount Requested: \$350,000

The American Tissue Mill site is large by comparison to the property that surrounds it, approximately 18.43 acres, and is located effectively in the core of the City. It is identified by having a hodge-podge mix of 8 buildings that are made from different materials and having different levels of visible deterioration. One building has essentially been “gutted” down to the structural members due to a fire that was caused by arsonists.

Residing on the banks of the Kennebec River, most of the mill sites acreage is stretched out along this body of water. Due to the fact that housing traditionally sprang up around employment centers, such as this defunct mill, the complex finds itself encapsulated by a neighborhood and within the view-shed of most of the City, as it is seen by two of the City’s major river crossings. It would be appropriate to state that the sheer size of this property is a major reason for this request for a funding waiver.

As this site has been operated as a papermaking operation for close to 100 years, the unknown level of contaminants on the site is also a concern of the community. Although a Phase I Environmental Site Assessment was completed back in 1998, several years of production has continued on the site. In addition, although the Phase I completed in 1998 confirmed that the site was used as a paper mill, activities that identified whether or not contaminants were located on the site were not performed. At this point in time, the only way to determine whether or not there is any contamination on the site, and if so what level, is to perform soil samples and the like.

The status of ownership of the site is also a serious concern. At the present time the property is effectively abandoned. More specifically, the owner of the property has not responded to written correspondence nor returned phone calls. No activity sponsored by the owner has occurred on the site within the last three or so years and due to the level of vandalism that has taken place during that time, it is a foregone conclusion that the facility will never house another papermaking operation utilizing the equipment and facilities that remain.

In preparation of the budget for this grant proposal, a respected environmental engineering firm was asked to provide budget estimates for proposed activities. Due to the size of the property and the location of the structures relative to the river, just the Phase I and Phase II Environmental Site Assessments were estimated at \$310,000.

Therefore taking into account the size of the facility, the unknown level of contaminants and the status of ownership, the City of Augusta requests a waiver so as to receive \$350,000 in funding.

ATTACHMENT A

Letter from the State Environmental Authority

ATTACHMENT B

U.S. Environmental Protection Agency Region 1 Final POLREP

ATTACHMENT C

Request for a Site-Specific Assessment Waiver