

# FORNEY INDUSTRIES

A Colorado Brownfields Case Study

## PROJECT SUMMARY

After 66 years of operations, Forney Industries, a manufacturer and distributor of metalworking and welding equipment, tools, and other industrial products, outgrew its corporate headquarters and base of manufacturing operations at their Laporte Avenue campus in Fort Collins, Colorado. In the summer of 2014, the company entered into negotiations with Salud Family Health Centers, a Colorado-based provider of health care services to underserved populations, to sell their site. As part of the transaction due diligence process, Salud Family requested a Phase I – a review of existing records, a site visit and interviews – and Phase II – a detailed analysis through collection of samples – Environmental Site Assessment to be carried out.

Upon completion of this assessment, it was determined that adverse environmental conditions existed at the site, including petroleum-impacted soil and ground water as well as asbestos in some of the buildings. As a result, Forney Industries commissioned JA Environmental Consulting to prepare a Voluntary Cleanup and Redevelopment Program (VCUP) application that included a scope of work and cost estimate for the remediation for submittal to the Colorado Department of Public Health and Environment (CDPHE). Upon approval by CDPHE that the plan was completed, the VCUP became part of the property transfer package to the new owner.



Forney Industries brownfield site (2015)



Salud Family Health Center (2017)

## QUICK FACTS

**Location:** Fort Collins, CO

**Site:** 22- acre former industrial property now zoned for commercial and low density mixed-use development

**Former Use:**

Headquarters and operations of metalworking and welding products manufacturer and distributor

**Renovated Use:**

- Salud Family Health Centers, a 501(c)(3) nonprofit, Federally Qualified Health Center (FQHC) facility
- A bamboo-bike manufacturer tenant in an existing out-building
- Colorado State University (CSU)'s proposed community hub

**Potential Environmental Issues:**

- Ground water contamination with chlorinated solvents
- Potential soil contamination from oil
- Asbestos in buildings

**Reuse Partners:**

- Forney Industries, Inc. (property seller)
- Salud Family Health Centers (property buyer)
- JA Environmental Consulting, LLC
- City of Fort Collins
- Colorado State University (CSU)
- Colorado Department of Public Health and Environment (CDPHE)



## ENVIRONMENTAL CHALLENGES

Forney Industries originally operated with a septic system and leach field prior to being connected to the city’s sewer system. While there were no known spills or releases, the activities over the years resulted in oil-impacted soils and groundwater affected by small traces of chlorinated solvents such as perchloroethylene (PCE) and trichloroethylene (TCE) that exceeded levels established by Colorado Groundwater Standards. The cleanup consisted of the following four components:

- Source removal of oil-impacted soils to be disposed of at landfill;
- Stimulated in situ bioremediation of the chlorinated solvents in soil and groundwater using sheep manure in the excavation pit;
- Backfilling the pit with clean soil;
- Treating the site’s groundwater with in situ injections of emulsified vegetable oil.

In total, approximately 350 cubic yards of petroleum impacted surface soils were removed from the site while remediation efforts were monitored with on-site wells.

## FINANCING & DEAL STRUCTURE

As part of the transaction, Forney Industries owned responsibility for preparing and implementing the voluntary cleanup plan. In addition, Forney Industries deposited an amount into a remediation escrow account to use towards assessments and remediation as well as a contingency reserve for unexpected potential future liabilities.

To offset this cost, Forney Industries applied for the Colorado State Brownfield Tax Credits, an amount estimated by CDPHE to be worth approximately \$300,000 in total, of which 40% or \$140,000 worth in tax credits were applied at the closing of the deal. The city of Fort Collins assisted Salud Family in effectively navigating the building permit process in its redevelopment plan.

## RESULTS

The resulting quality infill redevelopment project on a former brownfield site proved that public and private parties can collaborate to efficiently remediate environmental hazards while simultaneously boosting the local economy, upgrading the appearance of the neighborhood and improving services for citizens.

As a result of the successful transaction, Salud Family acquired the site and renovated and relocated to a 30,369 square foot on-site building at an estimated cost of \$3.9 million. In addition, the 13.6 surplus acres that Salud Family owns could catalyze an additional 95,000 square feet of commercial development and \$15 million in construction activity in the future. The state’s brownfield’s VCUP and tax credit program provided an invaluable tool for encouraging property owners to openly investigate and remediate potential environmental hazards leading to a healthier and more prosperous community.



Project Metrics			
Investment		Annual Economic Impacts	
Site environmental cleanup cost	\$300,000	Assessed annual property value	\$2,962,800
CO State Brownfields Tax Credit		Increase - assessed property value (from 2014)	\$747,900
Construction Activity		Increase in property tax revenue	\$18,800
Development Phase 1		Jobs	
Construction - temporary facility	\$327,500	Estimated construction jobs	2
Development Phase 2		Retained	50
Construction - permanent facility	\$4,000,000	Estimated construction jobs	100
Development Phase 3		Estimated average annual wage	\$58,100
Estimated future development	\$15,000,000	Estimated patients served	10,000

### Get help for your project

Whether you are unsure of what a brownfield is, or you are well-versed in state and EPA brownfields programs, the Colorado Brownfields Partnership (CBP) will help you learn about leveraging brownfields assistance for your community. The CBP provides outreach and technical assistance to communities interested in redevelopment, renovation, and adaptive reuse of property. Please contact Cary Sheih at 970.930.5086 for more information.