

New Companies Thrive in Elk County

Elk County is home to the largest concentration of powder metal manufacturers in the United States — including 18 new manufacturing companies located on a 40-acre former brownfield site known as the Stackpole site.

From 1906 through 1992, the Stackpole Corp. conducted manufacturing operations in the City of St. Marys, producing dry cell batteries, carbon cylinders and brushes, carbon electrodes and starter and generator brushes for the auto industry. When Stackpole ceased operations, employees of the company wanted to ensure the site was returned to productive use for the community of St. Marys.



Jessica Floravit of Elk County Heat Treaters, one of the thriving businesses at the Stackpole site, sorts steam treated components used by customers including GM, Chrysler and John Deere.

Cleanup activities began in 1982, including removal of an underground gasoline storage tank and remediation of a coal tar spill. Since 1990, the Stackpole site has undergone a series of environmental investigations, including the installation of 41 groundwater monitoring

wells and extensive soil, groundwater, surface water and sediment sampling and analyses. Identified soil contamination includes: PCBs, heavy metals, solvents, BTEX, PHCs, PAHs and lead. Surface and groundwater contamination is predominately VOCs.

Land Recycling Program Eliminates the Barrier

Before the Land Recycling Program, also known as Act 2, multiple purchase inquiries were made on the property. "Stackpole and the interested party would start down the real estate transaction path until the subject of liability relief from DEP

(formerly DER) came up. At the time, there was none, and the deal stopped there," attorney Jack Ubinger of Jones, Day, Reavis and Pogue, said. The turning point came in 1995 when the Land Recycling Program became law. With liability relief now part of the deal, North Central Enterprises Inc., (NCE), the local economic development agency, became interested in the property.

As a result, Stackpole and NCE entered into a Buyer/Seller Agreement with DEP, which detailed Stackpole's intent to remediate the site under the Land Recycling Program. NCE's goal was to rehabilitate and lease each of the 42 buildings that comprised the former Stackpole Corp. "We knew that remediating the site would be good for the community and that a multi-tenant facility meant job opportunities for the people of Elk County, an increased tax base, and of course, eliminating blight," Don Masisak, NCE's director, said.

A **Buyer/Seller Agreement** gives legal protection to a prospective buyer interested in purchasing a brownfield site. In these cases, sellers agree to clean up sites in order to sell the land. Once sites are assessed and remediated according to Land Recycling Program standards, sellers receive relief from liability. This relief is transferred to buyers, thereby freeing the new landowners of former contamination and cleanup obligations. Lenders also receive assurances from Buyer/Seller Agreements. The assessment and remediation plan provides certainty to the terms of the transaction. Lenders understand that early protection is provided to the buyer, and also are assured the cleanup will occur according to a certain time schedule.



NCE and Stackpole Center representatives talk with employees of Horizon Powder Metal Inc. An NCE loan financed its new facility and equipment.

Thanks to **creative financing** — reinvesting profits from renting some of the buildings on the site, and a \$500,000

Department of Community and Economic Development Industrial Redevelopment Grant for demolition — NCE was able to rehabilitate all but four of the buildings. In the near future, NCE will receive additional funds from the U.S. Department of Commerce's Economic Development Administration to re-pave access roads and retrofit and rehabilitate the four buildings that remain unoccupied.

Today, the facility is home to tenants who benefit from Stackpole's and NCE's vision of cleaning up the property and providing occupancy-ready space at a low cost. The Stackpole project has created more than **375 family-sustaining jobs** and provides companies nationwide — including GM, Ford and Mercury — with a variety of components used in anti-lock brake systems, windshield wipers, power tools, furniture, railroad switches and even Lionel trains. For most of the companies located on the site, it would have been nearly impossible to get their businesses off the ground had they sought rental properties in the traditionally priced real estate market.

"The Land Recycling Program made environmental stewardship financially feasible for the Stackpole Corp., which wanted to give something back to the St. Marys community," Ubinger said.

Community Buy-in Helps New Businesses Set Up Shop

While Stackpole and NCE are leading the effort to clean up the site, the Land Recycling Program's **liability relief** and **impact on insurance premiums** were key in getting additional community support for the

project from the municipal government, planning commission, city council and others.

Local banks, such as Northwest Bank, Deposit Bank and County National Bank, also supported the effort, having confidence that liability for site contamination wouldn't rest with them if they backed the new businesses looking to settle at the Stackpole property.

"Brownfield redevelopment projects like Stackpole encourage **economic development** and **partnership**. Once this project started to unfold and the risks were clearly defined, local banks were willing to make **loans** to the companies that set up shop at the site," Masisak, said. "What really moves these things forward is when you have a responsible seller and buyer, and a regulator, like DEP, that is cooperative and eager to work with both parties."

Masisak remembers one of former Gov. Tom Ridge's pledges during his first year in office: to make Commonwealth agencies more user-friendly. "He certainly did that in this region as evidenced by DEP's support of this effort."

Ed Burkett, Stackpole's environmental analyst summed up the project: "The Land Recycling Program puts Pennsylvania ahead of other states. It's been beneficial to all parties involved, especially the community of St. Marys. Without Act 2, the city would be looking at a 40-acre empty site, but now it's looking at a campus of successful companies."



Mark Schweiker,
Governor

David E. Hess,
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Department of
Environmental
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www.dep.state.pa.us
(directLINK "Land Recycling")

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A web space dedicated to helping you learn how to protect and improve the environment. The site features the largest collection of environmental videos available on the Internet and is produced by the nonprofit Environmental Fund for Pennsylvania, with financial support from the Pennsylvania Department of Environmental Protection, 877-PA-GREEN.



For more information about **North Central Enterprises Inc. — The Stackpole Center** contact DEP's Northwest Regional Office at (814) 332-6648.