

STATEMENT OF FREDERICK M. KALISZ, JR.,
MAYOR OF THE CITY OF NEW BEDFORD, MA.,

before

THE SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

OF

THE COMMITTEE ON FINANCIAL SERVICES

OF

THE U. S. HOUSE OF REPRESENTATIVES,

concerning

H.R. 2941, BROWNFIELDS REDEVELOPMENT ACT, March 8, 2002

My name is Frederick M. Kalisz, Jr. I am Mayor of the City of New Bedford, Massachusetts, a Brownfields Showcase Community of 95,000 and the largest community bordering Buzzard's Bay, one of our nation's 28 *Estuaries of National Significance*. Thank you, Mr. Chairman and members of the subcommittee, for this opportunity to testify on the critical brownfields legislation you have before you today.

The brownfields program has been an extraordinarily useful tool in helping New Bedford overcome the unwanted and sometimes undeserved legacy of its industrial past. It has helped us spearhead an economic redevelopment program that has proven it can provide jobs and business opportunities for our residents well into the future. Today I add my voice to the discussion regarding the *Brownfields Redevelopment Enhancement Act of 2001*, and through my voice provide the perspective of a local government which has been successfully addressing brownfields issues for a number of years.

My purpose is twofold today. First, I would like to describe some of the extensive experience and a few of the successes New Bedford has had with the brownfields program. Second, I wish to comment specifically on HR 2941, and tell you how New Bedford, and other municipalities, might benefit from it in the future.

I became Mayor a little more than four years ago. During the preceding decade New Bedford had lost more than 11,000 jobs, mostly in the industrial and manufacturing sector. We were double saddled with the state's highest rates of unemployment and poverty while real estate assessments, and therefore tax revenues, were in free fall.

In the past four years we have reversed these trends and are on the way up. The unemployment rate went from 15.6% in 1998 to 5.36% today. While we have made substantial progress, we continue to lower this rate even further. Assessed real estate valuations have begun rising. Our fishing industry, a mainstay of our economy, is actually growing, even as regulatory restrictions on the fishery become more and more severe. In 2001 the Port of New Bedford had the highest dollar value for catch of any fishing port in the United States. Our seafood industry employs over 3,600 and produces over \$700 million of seafood related sales per year.

We have created a tourist industry in New Bedford, really for the first time. This year 30 cruise ship arrivals have been scheduled for our port and the projected infusion to the local economy will approach \$2.3 million. The New Bedford Whaling Museum, which recently completed an \$11 million restoration, and the National Whaling Historical Park are drawing hundreds of thousands of visitors from around the world. We are developing a marine science industry thanks in large measure to the City's partnership with the University of Massachusetts School of Marine Science and Technology. Our many environmental challenges have spawned a new environmental management industry. Our transportation sector, with its promise of well paying jobs, is expanding rapidly.

I could go on and on about our progress, but I know the time is short. The brownfields program has been a major help in reversing our economic decline and beginning our economic and cultural revitalization.

New Bedford has benefitted from every brownfields program offered by the federal government. Our job-training program in hazardous waste management has helped 39 of our residents move not just from welfare to work, but in some cases from abject poverty to middle class, tax paying status. The brownfields pilot program funded a comprehensive evaluation of all of our brownfields sites and permitted us to formulate an overall remediation and economic development plan.

One targeted site assessment, and the expenditure of \$3 million of public funds, allowed us to convert a 25 acre brownfield into a thirteen lot waterfront, industrial sub-division that has already seen the investment of \$11 million of private sector funds over the past year and one-half. Another site assessment was a prelude to saving more than 400 jobs for an existing company which needed new facilities. Our ability to provide this company with a clean, liability-free site, prevented a major employer from leaving the City and perhaps the country.

Last year we were named as a Brownfields Showcase community. This means that a full time federal worker has been deployed to City Hall, to help us manage the dozens of new development projects now pending in the City. The Showcase program also encourages federal agencies to coordinate their activities in the City. This is making a huge difference for us. Diverse federal agencies working together for the good of the citizens of a single community is a beautiful thing to behold.

New Bedford, and numerous cities like it, need the brownfields program. We have two very large and complex Superfund sites in the City and another one just across the river in Fairhaven. A number of old industrial sites have low levels of contamination with many more have a high levels of *perceived* contamination. The brownfields program is helping us overcome these handicaps. We are identifying and remediating hazardous situations, and removing the cloud of concern and liability, which has been inhibiting new development.

Now I would like to comment on H.R. 2941. Let me begin by saying that I enthusiastically support the intent of H. R. 2941. New Bedford has received one Brownfields Economic Development Initiative (BEDI) grant and we hope to receive others in the future. We believe that the BEDI grants should be decoupled from the Section 108 loans and I support the development of a brownfields loan program.

I do have a few concerns that I would like to share with you today.

Funding: We would be especially pleased to see the authorization for appropriations for the *Brownfields Economic Development Initiative* increased. Twenty-five million dollars a year is a good start, but more is needed. New Bedford's experience demonstrates that a small public investment in cleaning up and redeveloping abandoned or underused properties yields large returns of tax revenues and employment. In New Bedford, as in the nation, the best remedy for government deficits is a vibrant economy. One effect of making the program more flexible is likely to be an increase in competition. Failure to increase the funding could lead to many disappointed constituents.

The brownfields program is about hope. Hope that blighted blocks and boarded up buildings can once again become productive and beautiful centers of community life. I respectfully request that the Congress not undermine that hope by creating expectations that cannot or will not ever be met. As the Mayor of a small city I understand the current fiscal realities. This year in particular, that process has become very challenging. However, I again suggest that if you are going to increase access to a program, that you should also increase, in a modest way at least, the resources available for it.

Even if Congress is unable to increase the funding, I respectfully suggest that you not diminish the BEDI program by deducting BEDI funds from the Community Development Block Grant program. CDBG is a vital program to hard-pressed cities like New Bedford, especially in times of recession. The demands on the limited CDBG funding in my City, and I suspect in other cities across the nation, is tremendous. I would oppose any raid on CDBG. The BEDI program has always remained a supplement to CDBG, with a separate line item appropriation, not as a substitute. I urge you to keep it this way.

Flexibility: I applaud the sponsors' intent to make the BEDI program more flexible, by decoupling it from the Section 108 loan program. New Bedford is the recipient of a BEDI grant for \$2 million, which was linked to a Section 108 loan of \$3 million. The purpose of the loan and grant was to help finance a \$100 million development of a world class Oceanarium in an old and somewhat contaminated power plant on the shores of New Bedford's inner harbor. The loan/grant approach made sense in this case. The Oceanarium will require significant equity in the form of grants and charitable contributions, and significant debt to be serviced by the revenues we anticipate from this major tourist attraction. Raising a portion of the debt financing under Section 108 is a net positive for the Oceanarium. Section 108 debt often enjoys a high degree of flexibility and more favorable terms than conventional financing.

Other projects, however, would not be as amenable to debt financing. For example, the Environmental Protection Agency and our own citizens are urging us to transform some of our brownfields into sports fields and parks. These green amenities add immeasurably to the quality of urban life. They increase tax revenues by enhancing values of adjoining neighborhoods. I believe that urban parks deter crime, especially among juveniles, improve public health, restore neighborhoods, and generate ancillary economic activities. Parks are certainly eligible for BEDI grants under the current program, however, they are not favored because they do not produce the type of revenue stream needed to amortize debt. Decoupling will allow local government the freedom to set its own priorities.

Another example, in which a decoupled program would enhance the utility of the BEDI, is in the area of Homeland Security. The Port of New Bedford is home port to the largest commercial fishing fleet on the East Coast and is one of the largest fishing ports in the United States. Ocean going vessels from around the world come to our shores to bring dry goods and fish for processing in one of New Bedford's many processing plants. As I noted earlier we have recently become the premier destination port in the Northeast for cruise liners touring the beautiful port cities of New England.

We have constructed a ferry terminal for freight and are in the final planning stages for a passenger service to Martha's Vineyard. This business is likely to increase dramatically in the coming years. A key element of our comprehensive economic development plan is to become an intermodal transport center for southern New England, combining bus, highway, rail, ship, and airplane connections. We are well on our way to implementing this ambitious program.

The events of September 11 have caused us to re-evaluate our entire plan. In a short time we will be applying for an *Intelligent Transportation System Grant* from the Department of Transportation to enhance the security of our transportation system. We will be looking to HUD to supplement this work. We are planning to build an Intelligent Transportation Information Center that will be used for transportation security as well as by Southeastern Regional Transportation Authority and the commercial sector in maintaining information on the movements of people and products on a real-time basis. The Center will be developed on an existing unused brownfield. It will enhance security without undermining efficiency and speed. I believe that the transportation centers that can improve security and enhance efficiency at the same time will be of strategic importance to America's future. I do not know now, whether and to what extent our commercial service center will generate revenue sufficient to amortize debt. I would like the flexibility to structure the deal in a way that makes the most sense based on the facts of the particular case.

Loan Fund: The brownfield loan programs, especially the old revolving loan grant administered by the EPA have, unfortunately, not yet realized their full potential. In my opinion there is entirely too much red tape and too many restrictions. The Brownfields Act signed by president Bush last December will undoubtedly make it easier to work with this program.

I, for one, welcome HUD's involvement in brownfield loan transactions. This agency, with its extensive involvement in the mortgage and housing market, has the experience and the track record to make a loan program work effectively. I am eager to learn more of the details about the *Pilot Program for National Development of Brownfields*. In the meantime, I would like to offer that New Bedford is willing to serve as the site of a pilot program for innovative brownfields programs through this new initiative, if it is created.

Thank you again for this opportunity to testify, and for your interest and concern for the needs of cities like New Bedford. I hope that the perspective of this small city mayor will be helpful in your deliberations.