

Northern Colorado Business Report - NCBR Article

Eaton sets to work cleaning up sugar mill

By Kristen Tatti

March 12, 2010 --

EATON - Several years of unpaid property taxes have put the former Great Western Sugar factory under ownership of the town of Eaton, potentially paving the way for a boom of rail-served industrial development.

In the final week of February, the town exercised the second of two tax liens to take control of the 43-acre site, a decades-long concern for Town Manager Gary Karsten.

According to town officials, the property was purchased from Great Western Sugar Co. in the early 1980s by investor Richard Thomas, who later formed Clean Energy LLC to hold the land. Thomas was able to sell some portions of the property to Agland Inc. and a storage facility to Amalgamated Sugar Co., but had no luck finding users for the bulk of the buildings.



Courtesy Town of Eaton
SWEET SURRENDER – The town of Eaton recently took control of the former Great Western Sugar factory after its previous owner failed for several years to pay property taxes. In addition to the factory, offices and warehouses, the 43-acre site also includes mounds of lime waste and asbestos that need to be cleaned up before redevelopment can occur.

Over the past several decades, the town worked to facilitate discussions about sale and development between Thomas and other private parties, but they were fruitless. Karsten said that the cost to clean up the site for development proved to be too much for a deal to be struck. As a result, the property sat unused, deteriorating and posing a safety issue.

Karsten found out in August that Clean Energy LLC had not paid state taxes on the property since 2003. Under Colorado law, a treasurer's deed can be issued three years following the first unpaid tax year. The town purchased the tax liens on two parcels. The deed can be exercised 90 days after intent to do so is published to allow the owner time to remedy the lien.

Clean Energy LLC did not pay the back taxes on the property, so in early January the town took possession of the first parcel consisting of six acres, including the administrative office. The second parcel, including the factory buildings, was transferred at the end of February.

Richard Thomas appears to have been late in paying property taxes for the site in the past. According to Weld County public records, he was issued a redemption certificate for paying delinquent taxes in 1988, 1993 and 1999.

An e-mail inquiry sent to Clean Energy's registered agent, Stephen Thomas, was not returned, and no other contact information for the company was available.

Development initiative

The town hopes to eventually see new industrial development on the site, in line with an initiative that it started more than a year ago. Eaton hired an economic development consultant, Stephanie Salazar, to look at further development of the industrial park just south of the Great Western site. Much of the park's 600 acres are owned by Andrew Brown of Harsh International Inc. and Eaton resident Kent Hickman.

Salazar said that the current property owners have shown a lot of interest in moving forward with industrial development. The Great Western site will not only add to the potential inventory, but could also bring new rail capabilities for existing users in the area.

"Union Pacific has been proactively working with the town," she said, adding that company officials have traveled from the Omaha, Neb., headquarters to Eaton about six times. "They've just been great to work with. They're coming to the table with business ideas and prospective businesses that could come to Eaton."

UP operates the rail line parallel to U.S. Highway 85. The company expressed interest in marketing the site to potential users. UP also suggested that the site would be well suited for a mini-transload facility, which would allow rail access to many users without the need of installing costly switches. According to Union Pacific Distribution Services, the only other such facility on a UP line in Colorado is in Denver.

"This type of facility could save (industrial users) a lot of cost," Karsten said. "There aren't a lot of rail-served industrial sites in Northern Colorado. Now, this one is ours, so it's a pretty huge deal for us."

The effort to prepare the site for redevelopment will also be huge. Karsten said most of the buildings are in such poor condition that they will have to be taken down, though a few could be salvageable. There are major costs involved with cleaning the environmental hazards at the site before the buildings can even be razed, so the town plans to look for grant programs to help pay for the project.

"We know, as a town, we probably won't make on money on this," said Don Cadwallader, assistant town manager.

In all, the town picked up the site for about \$80,000. In 2004, it was accessed as a clean site at \$765,000. Cadwallader said that preliminary estimates to clean up the asbestos and demolish the buildings is around \$2 million. That doesn't include cleaning up the piles of lime, a beet-processing byproduct, the same issues that have plagued the Leprino Foods Co.'s cheese factory on a former Great Western Sugar site in Greeley.

Hazardous material assessment

The challenges of cleaning up the old sugar mill are not small, but Eaton already has some help. Under a \$100,000 grant, the Environmental Protection Agency will conduct a Phase II assessment to determine the types and extensiveness of hazardous material mitigation needed. Additionally, the Eaton site is one of four sugar factories working with the Colorado Brownfields Foundation to study redevelopment.

Starting late last year, CBF started gathering a group of stakeholders - property owners and public officials - to discuss the challenges and opportunities involved with redeveloping former sugar production facilities. Mark Walker, project director for CBF, said that he anticipated that there were maybe a dozen sugar sites around the state. There are actually more than 20.

The organization is focusing on four sites - Fort Morgan, which is still in operation; Eaton; Longmont; and Greeley, which is in the redevelopment process. Walker said that lime and asbestos issues exist at all the sites.

There is a market for lime waste, which can be used as a substitute for raw lime. Walker said that the cost of transporting the material could be a deterrent as well as the possibility of mixed-in impurities, such as nuts, bolts and pallets.

The group has met three times and will have a final meeting this month. The hope is that the property owners and municipalities will come away with a better understanding of what needs to be done to make the sites developable. Walker said he intends to seek funding for a yet-to-be-determined pilot project, which could include temporarily using the vacant sites for renewable energy projects or studying the evolution of a cleanup projects, maybe in Eaton.

Karsten feels that the site could be cleaned up in the next two to three years if all goes smoothly and there are no environmental surprises. The general consensus from the town, CBF and Salazar is that such surprises could be likely. The Phase I study by the EPA, which included an interview with a former plant manager, didn't highlight anything unusual. However, that study did not require a site visit.

For Karsten, this marks the beginning of the end of a 30-year goal. His main mission now is to cordon off the site, removing the town's top safety hazard. Looking forward, he sees a day when the site will once again be bustling with economic activity.

"For the town of Eaton, this is about jobs," Salazar said. "They want to maintain the quality of life, and at the same time have jobs in the area." # # #