



Keystone Industrial Port Complex

LOCATION: Fairless Hills, Pa

SIZE: 2500 acres

FEATURES: Large parcel, rail service, riverfront

OWNER: USS Real Estate and other companies

CURRENT USE: Industrial

PAST USE: Steel Mill, Power House, Chemical Plant

CONTAMINANTS: PAHs, TCEs, metals, others

TOTAL ACTUAL COST: no specific dollar amount obtained

TIMELINE

1952 US Steel Fairless Works Plant goes into operation

1998 Remediation at the plant begins

2001 Most operations at the plant shut down

HISTORY

The US Steel Fairless Works Plant became operational in 1952. The old facility was made up of a coke plant, a chemical plant, a power house, a steel mill and finishing and forging operations. At the height of its operations, the plant employed close to 7000 people. During the 1980s, the plant scaled back its operations. Only the finishing facility, which had 100 employees, remained operational in 2001.

TOPOGRAPHY

The 2500 acre property is located in Bucks County, on the bank of the Delaware river. The Pennsylvania New Jersey border is right next to the site. Highways are very accessible from the property since Route 1, Interstate 295, Interstate 95 and the New Jersey Turnpike are all less than 15 miles away. The site is 22 miles from Philadelphia and 63 miles from New York City.

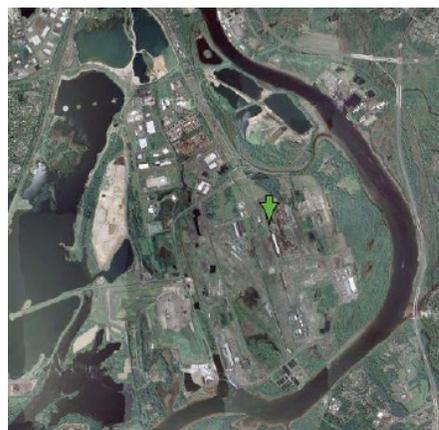


Photo courtesy of googlemaps.com



Photo courtesy of <http://www.kipctv.com/content/07May/070508.html>

MARKET CONDITIONS

The highway access, rail service and port facilities provided by the Keystone Industrial Port Complex makes the property ideal for industrial and/or manufacturing companies. In addition, approximately 10 percent of the US population is within 100 miles of the facility.

In order to make the site more appealing to potential investors, 1258 acres of the site have been designated as Keystone Opportunity Improvement Zones (KOIZ). The KOIZ provides companies that move in to the property breaks on local, state and other taxes. The KOIZ became effective in 2005 and it will last till 2018.

SITE ASSEMBLY AND CONTROL

US Steel was the initial owner of the site. Several companies such as Kinder Morgan, Dominion, PECO Exelon, have already purchased/leased parcels of land from US Steel. US Steel is continuing to market the site and is still looking for investors.

The site is zoned for industrial and manufacturing services. Groundwater under the site cannot be used for drinking water purposes.

ENVIRONMENTAL PROBLEMS

The significant contaminants in the soil are heavy metals and naphthalene. The contaminants in the groundwater are PAHs and TCEs. The EPA, PADEP and US Steel are responsible for the clean-up of the site.

In order to expedite redevelopment of the site, the property was divided into parcels, which were based on selling/leasing potential and each parcel of land has its own timetable for clean-up.

SOCIAL/COMMUNITY INFRASTRUCTURE

The property itself, which is at a self contained location, is in an isolated part of the Delaware river. Thus, there was relatively no direct community involvement in the redevelopment of the site.

PHYSICAL INFRASTRUCTURE

Initially, US Steel had to demolish 5 million square feet of old buildings. The Keystone Industrial Port Complex has a complete infrastructure system present on the site itself. There are 75 miles of internal rail lines that connect to Class 1 railroads. Internal roadways are already present on the site. An upgraded deep-water port facility on the Delaware River allows for the distribution of various materials. There is an electric distribution system present on-site. Sewer facilities, a water system, a natural gas-delivery system and backup sewer facilities are also in place.

COSTS & ECONOMIC INFRASTRUCTURE

Funding for the project came from various loans and tax incentives. Opportunity grants and job training funds were provided. The various companies on-site have also invested money into the site.

CURRENT STATUS AND LESSONS LEARNED

US Steel has made it a priority to sell/lease the parcels of land to prospective tenants that not only have ties to the industrial industry, but will also employ numerous people at competitive salaries. US Steel has already turned down offers from warehouse and distribution center operators and other various companies because they do not fit into the master plan of the site.

The property caters more to national and international clients instead of local companies. Currently, 50 companies have already bought or leased property at the Keystone Industrial Port Complex. Business operating within the complex include Osstem, a South Korean company that makes dental implants, Gamesa, a Spanish-wind turbine manufacturer, AE Polysilicon, a Taiwanese polysilicon manufacturer, USS Galvanize, Toll Brothers, Dominion Fairless Energy and Morgan Bulk Terminals.

The site is also a renewable energy economic success story. Several companies that have close ties to wind, solar or biofuel energy are already on the site.



Photo courtesy of www.naikipc.com

Completed by Ronald Papa, Summer '08

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