

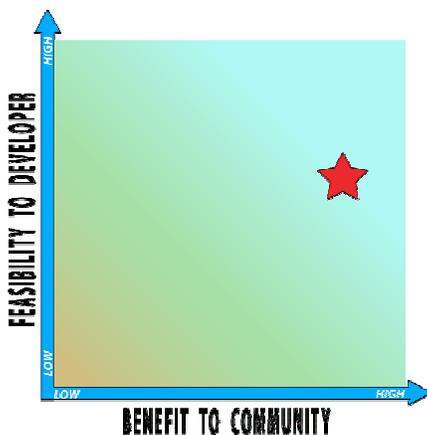
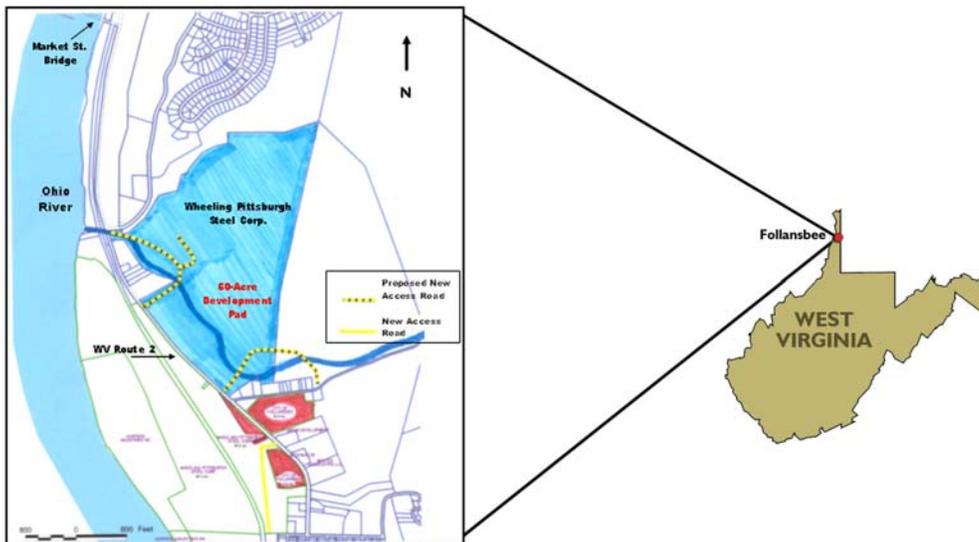
Master Development Brief

City of Follansbee – City of Follansbee Site and Wheeling Pittsburgh Steel Corporation Site

Follansbee, West Virginia

This Master Development Brief (MDB) was developed by Enterprise Real Estate Services, Inc. (ERES) and SRA International, Inc. on behalf of the Brooke-Hancock-Jefferson Metropolitan Planning Commission (BHJ) to evaluate the redevelopment potential of the City of Follansbee property and the Wheeling Pittsburgh Steel Corporation (WPSC) property in Follansbee, WV. This MDB is based on research of economic, environmental, and other data and includes this overview (page 1) and a Summary Table related to the development alternatives and supporting information for the highest and best use recommendation (page 2). The subsequent pages provide in-depth analysis in support of the MDB's findings and recommendations.

A Development Rating of HIGH was given for the determined highest and best reuse option – Master Development Plan and Program. The development rating is based on a preliminary evaluation of the public benefit of the recommended redevelopment option and the feasibility, given known barriers, of the property being developed. The development rating for the City of Follansbee and WPSC properties and the rationale behind it is provided below.



Development Rating: A Master Development Plan and Program for the City of Follansbee and WPSC properties achieves a development rating of **HIGH**. The properties' location and size make it attractive for retail and commercial uses. Such users would generate new jobs and property tax revenues resulting in considerable community benefit. Once a Master Development Plan and Program is established, feasibility to developers would be relatively high.

**PROPERTY: CITY OF FOLLANSBEE AND WPSC PROPERTIES,
CITY OF FOLLANSBEE
SUMMARY TABLE**

Property and Development Options

	Supporting Information
Description	Four separate parcels creating an 80-acre site separated by Route 2; two parcels owned by the City of Follansbee and two parcels owned by WPSC.
Development Alternatives	<ul style="list-style-type: none"> ✓ Master Development Plan and Program in which a range of commercial uses are programmed under a unified strategy that utilizes all four parcels (Highest/Best Reuse). • Subdivision of four parcels into multiple parcels for individual marketing (Parceling will decrease overall values and may render some parcels unusable).

Recommended Development: Master Development Plan and Program

	Supporting Information
Rationale	<ul style="list-style-type: none"> • The site is close to geographic and population centers (e.g., Weirton and Follansbee) and has direct access to WV Route 2 and other major Regional roadways, providing for high site visibility. • The site is large in size and has access to all major utilities, with no permanent structures in place, and little or no environmental concerns are apparent on three of the four parcels. • Collectively the four parcels present an opportunity for a planned commercial development that could be attractive to major retailers and other commercial users.
Benefits	<ul style="list-style-type: none"> • Creates an inventory of land bays which are ready for development for potential employers or users and will reduce unplanned development sprawl. • Provides an opportunity to directly market to specific users and shortens the development timetable. • Reduces the land carrying costs and increases positive cash flow, while generating new property taxes for the City and decreasing financial burden on the owners. • Full build-out would likely result in hundreds of new jobs.
Development Issues	<ul style="list-style-type: none"> • A dual commitment to form the public/private partnership from the two landowners is needed in order to collaborate on necessary activities and investments required to establish a Master Development Plan. • Up front costs of creating a Master Development Plan and Program could be in excess of \$175,000. • Certain roadway and infrastructure improvements need to be considered (turning lanes, traffic signals, and restricted access). • WPSC will need to address the RCRA corrective program status of the smaller site with U.S. EPA. This may have some limitation on the redevelopment of this portion of the site.
Next Steps	<ul style="list-style-type: none"> • Secure commitment from two landowners for the establishment of the public/private partnership. • Identify and secure public and private funding to initiate and formulate a Master Development Plan and Program.

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I. General Site Description

As indicated on the attached map (page 11), the entire development site is made up of four separate land parcels all fronting onto West Virginia Route 2, south of the Market Street Bridge and north of Follansbee’s central business district. Two of the four parcels are owned by the City of Follansbee, and the remaining two are owned by Wheeling Pittsburgh Steel Corporation (WPSC). The total land area of these sites is approximately 80 acres. ERES believes that the best redevelopment programming strategy for these parcels is to plan and market their redevelopment potential as one site. The plan to combine these parcels into one strategic development effort is based on the following:

- Marketing a larger land parcel will present a wider spectrum of redevelopment uses and attract more attention from the private sector.
- The combined site will offer an excellent opportunity for multiple developments having complimentary users, creating higher land values, and providing the greatest benefit to the current landowners.
- The combined sites will allow for a single, overarching redevelopment strategy—reducing costs, shortening the development timetable, and strengthening the economic impact of redevelopment on the community.
- The combined sites will allow for a large-scale redevelopment program in the center of the Steubenville/Weirton economic and demographic market area that addresses the community’s growth concerns in the areas of industrial, office, retail, warehousing, lodging, services, and residential.

Note: While no restrictions are currently in place, some usage restrictions may be mandated on the individual parcels by the current landowners. Such restrictions could reduce a parcel’s value if it greatly limits reuse, despite the market’s support.

A. City of Follansbee Sites—Description

The City of Follansbee is the owner of two individual land parcels totaling approximately 16.6 acres (see attached map).

- The largest site is 10.9 acres and is located on the east side of West Virginia Route 2 (with 600 feet of roadway frontage) and just north of an existing commercial center.
- The smaller site is 5.9 acres and is located on the western side of West Virginia Route 2 (with 625 feet of roadway frontage) and just south of Route 2’s interchange with the new access road. The site is within walking distance of the Follansbee Middle School.
- Both sites have access to all major utilities and are currently viewed as parcels for general commercial development.
- There are no permanent structures on either site.
- Both sites are generally flat and presumed to be buildable; past uses have been either agricultural or recreational.

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B. Wheeling Pittsburgh Steel Corporation Sites—Description

WPSC is the owner of two individual land parcels totaling approximately 63.5 acres (see attached map).

- The smaller of the two parcels is approximately 3.5 acres and is on the west side of West Virginia Route 2 (with 900 feet of roadway frontage), just north of the new access road.
- The 3.5-acre parcel is heavily covered with natural vegetation and has enough elevation changes to require some limited “cut and fill” grading to create a buildable site.
- All major utilities are available to the site and the foreseen use of the site is for general commercial/highway development.
- The larger of the two WPSC parcels is a land tract located just north of the above sites, on the east side of Route 2.
- The site contains a preliminary graded area of approximately 60 acres that is presumed to be totally buildable.
- This buildable area is set back from and approximately 100 feet higher than Route 2; the site offers a commanding view of the Ohio River as well as the cities of Follansbee and Steubenville, Ohio.
- The site has a high degree of visibility from both north and southbound Route 2 traffic, as well as across the river from Ohio.
- All major utilities are available to the site from along the Route 2 frontage.

II. Site Access & Traffic Constraint Issues

Each of the four land parcels has direct access potential from West Virginia Route 2, which is the major Regional north/south highway through the Brooke and Hancock County Region (BH Region). All of the sites are located at the northern end of the City of Follansbee and south of the Market Street Bridge that crosses the Ohio River and connects Steubenville, Ohio to Route 2.

- While the four parcels are not contiguous, they all share Route 2 frontage and are close enough to be redeveloped under one strategy.
- Successful redevelopment of the four parcels will require roadway access improvements to Route 2, which are likely to include travel and turning lane additions along with new signals to aid in traffic flow.
- The smaller, 3.5-acre WPSC parcel will likely have restricted access to Route 2, with the parcel’s entrance and exit accessible only from the Route’s southbound lanes.
- Direct access from the new access road to both the WPSC’s 3.5-acre parcel and the City of Follansbee’s 5.9-acre parcel should be allowed without restriction.
- The overall site lies very close to the Region’s geographic and population centers, presenting a unique opportunity for private sector development.
- The overall site is less than 1.5 miles south of US Route 22, which gives it nearly direct access to the BH Region’s main east/west roadway.

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III. Brooke and Hancock County Regional Market Assessment

The BH Region lies at the northernmost area of West Virginia's panhandle. The Ohio River, one of the nation's major navigable waterways, acts as the BH Region's western boundary and offers both counties excellent commercial/industrial transportation options as well as boundless recreational opportunities. The Region was once dependent on the steel industry, which experienced a period of decline. However, increased activity in the areas of distribution, medical services, gaming, and specialty manufacturing have combined with a steel industry resurgence to bring new economic potential to the BH Region.

A. Advantages of the BH Region

- A low property and commercial operating tax base.
- Cooperative State and local governments with pro-business attitudes.
- Overnight access to 60 percent of the nation's population, and its largest business and consumer markets.
- Access to Interstates 70, 76, 77, and 80, via U.S. Route 22 and Ohio Routes 7 and 11.
- A skilled, educated, and available manufacturing workforce.
- A 35-minute drive to an international airport.

B. Economic Trends of the BH Region

- International Steel Group (ISG) and Wheeling Pittsburgh Steel are currently reopening steel manufacturing facilities and expanding workforce levels.
- The Weirton Medical Center, which employs more than 800 professionals, recently underwent a \$10 million expansion.
- The Mountaineer Racetrack and Gaming Resort in Chester, Hancock County, is the Region's largest tourist and visitor draw, attracting more than 750,000 visitors annually.
- Specialty manufacturers, such as the Bellofram Corporation and Homer Laughlin China (which makes some of the world's most sought-after china), take advantage of the Region's highly skilled and professional workforce.
- Wal-Mart's locating a distribution center here in 2003, confirms the Region's attractiveness for reaching nearby market centers.

C. Demographic Trends of the BH Region

(Based on data from the U.S. Census Bureau, 2000 census and July 2004 estimates)

- A 20-year population decline has begun to reverse, as the economy recovers and development opportunities return.
- The Region enjoys a very low crime rate and a higher than national average high school graduation rate.
- The average household incomes of \$32,466 for Brooke County and \$32,037 for Hancock County are significantly lower than the national average of \$45,527.
- The Region's average home value of \$74,000 is lower than the national average of \$134,100.

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IV. Site Redevelopment Potential

Based on the location of these four parcels, their suitability for joint redevelopment, their access to major Regional roadways, and the current recovering economic trends of the market, ERES sees the potential for relatively major success regarding redevelopment of this site. Of the more than 30 properties reviewed by ERES, this combination of four sites ranks the highest in redevelopment opportunities, by a wide margin. The reasons for this are provided below:

- The vast majority of the overall site was used as a “greenfield” or has a very limited history of industrial use, meaning that environmental conditions are not anticipated to restrain development.
- The smaller, 3.5-acre WPSC parcel is under a Resource Conservation and Recovery Act (RCRA) Corrective Action Order that could limit cut-and-fill operations or below-grade work, but these conditions might be managed to allow the site to be developed to its fullest potential.
- Since it is recommended that the entire site be programmed and planned as one cohesive effort, a multitude of potential reuses exist, ranging from retail, lodging, distribution/warehousing, light industrial, professional services, food and beverage, personal services, civic, to even multi-family residential. All uses should be considered and analyzed for their potential.
- The terrain conditions, roadway access, and varied locations of the specific parcels within the site will allow for effective development planning and should result in desirable locations for varying users. For instance, the City of Follansbee parcels directly adjacent to Route 2 would likely be programmed for uses dependent on high traffic counts, requiring ideal visibility and immediate roadway access as customers tend to make shorter shopping visits to this type of use. Examples are gas stations, drugstores, fast-food vendors, mid-price restaurants, or even professional offices such as medical, accounting, or personal consulting.
- Uses that have longer customer visits are often referred to as “destinational business types.” These types are usually larger land users, and they can be accommodated on parcels within the WPSC larger land bay. Examples of this user group include The Home Depot, a distribution center, a larger grocery store, or even light industry.
- The site’s development potential is limited only by the area’s market conditions. No usage restrictions have yet been put in place by the current owners, and the site does not have any current direct zoning restrictions.
- In the opinion of ERES, this overall site offers the best redevelopment opportunity within the BH Region for non-heavy industrial uses, and has the ability to make a major impact upon the Regional market and bring maximum value to its owners.

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V. Recommended Redevelopment Program—A Master Development Plan

A. General

ERES is recommending to the current landowners, the City of Follansbee and WPSC, that immediate steps be taken to create and fund a public/private partnership to plan and move forward on the overall site. This will establish the most effective method to start, fund, and formulate a Master Development Plan and Program for the entire 80 acres. Once the Master Development Plan and Program is in place, marketing the site to potential buyers would begin. This action would also allow potential parcel buyers to be dealt with effectively and in a timely manner.

- ERES recommends that the City of Follansbee and WPSC need to commit to forming a business association or relationship that will allow for the hiring of a “third party” to conduct market and site analysis, and organize and establish the creation of a Master Development Plan and Program for the entire site.
- The joint effort, through the agent, would perform the necessary work tasks to create and market the Master Development Plan and Program.
- Development of guidelines or restrictions desired or believed to be needed by either the City of Follansbee or WPSC would be identified, discussed, reviewed, agreed upon, and then placed into the land records as deed restrictions for the entire site.
- Once the Master Development Plan and Program is in place, the site can be marketed for development.

The finalized Master Development Plan and Program would address the following areas:

1. Land-use planning;
2. Measuring market demand and support for uses;
3. Establishing land value;
4. Sizing of parcels and their development uses;
5. Roadway access points, internal traffic patterns, etc.;
6. A marketing plan for individual parcels, and responses to private sector inquiries;
7. Infrastructure engineering and improvements; and
8. Establishing an ideal development timetable.

B. Employment and Economic Benefits

One of the program’s goals should be allowing the community to immediately respond to the land needs of any potential employer looking at the BH Region. Once the Master Development Plan and Program is in place, the plan will have created “ready” locations for development by a variety of potential users. These specific land parcels within the overall site will have been sized, have access established, and provided with infrastructure services to allow for their immediate marketing. Implementation of the

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Master Development Plan and Program will also allow the community to market its new site opportunities to potential employers in an active recruiting process. Among the benefits:

- It allows the community to have land bays ready for development that can be immediately purchased and used by numerous yet undetermined potential users and employers.
- It allows the community to directly market opportunities to specific users with identified, available, and controlled parcels.

In addition, the economic benefits to the individual landowners and the community are numerous:

- The community and landowners will have an inventory of identified and controlled sites to use in both responding to inquiries and actively marketing to potential users. This will shorten the development timetable and expedite the positive economic impacts created by the site's reuse.
- Programming of the overall site will reduce the development costs, when compared to any unplanned development effort.
- Shortening the site's development timetable increases the positive cash flow to the current landowners and reduces their land carrying costs.
- Shortening the development timetable also speeds the site's contributions to the community's real estate property tax roles.
- Reuse of the site reduces the community's unplanned commercial sprawl and its associated costs to the community.
- Finally, an established land development plan will increase the site's overall value.

C. Issues To Address

ERES sees only one major issue faced by the City of Follansbee and WPSC: the two landowners need to agree to move forward in a timely fashion and work together on the necessary committed funds required to establish the Master Development Plan and Program.

D. Financial Aspects

There has been very little commercial land activity within the City of Follansbee and Brooke County over the past 30 months. The activity that ERES uncovered from its research provided only limited guidance toward establishing raw land values for the various parcels covered in this Master Development Brief. Based on the limited amount of data, ERES believes current market values fall within the following ranges:

- Raw and undeveloped land in the conditions found at WPSC's large 60-acre site is roughly valued at \$6,000 to \$15,000 per acre.

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- The City of Follansbee’s sites will greatly vary in their “as-is” value depending on parcel size, positioning, access, and Route 2 frontage. Ideally located, smaller parcels within the City’s land bays of two acres or less could command prices of \$175,000 to \$215,000 per acre, with the price per acre falling to \$105,000 to \$135,000 for the entire large parcel. Prices could also fall to \$90,000 to \$75,000 per acre for parcels having restricted visibility resulting from earlier sales.
- The smaller WPSC site of 3.5 acres is very difficult to establish a “fair market value” for due to its unknown environmental cost conditions, access issues, and somewhat limited market uses. However, ERES estimates its total value, “as-is,” to be less than \$225,000.

ERES further believes that the value of all of the land parcels contained within this site can be significantly improved by the advancement of the recommended Master Development Plan and Program, as well as the enactment of specific aspects such as individual site planning, specific parceling, roadway improvements, infrastructure improvements, marketing, and others. In ERES’ estimate, land values for the larger WPSC parcel could increase by as much as five to ten-fold. Such large increases to the small parcels are unlikely, but increases of two or three times their current values are perceived by ERES as possible. ERES feels that correct and well thought out land planning efforts on these smaller parcels would avoid any negative impact on the land values that would occur with the haphazard, unplanned selling of prime locations within these parcels. This avoidance of negative value impact is particularly true once a development program for the parcels in question is enacted and establishes a course of action. The supporting results for a Master Development Plan and Program include:

- Raw land values can be increased from three to 10 times.
- Land values will be increased by not only physical improvements, but also by the planning and programming of uses and timing of sales.

E. Cost for Preparation

The estimated cost (based on ERES’ understanding of existing site materials) for the development of a Master Development Plan and Program for the entire site is approximately \$175,000 to \$225,000, including necessary baseline engineering for shared improvements across the sites. Environmental services such as actual remediation are not included in this estimate. At this point in time, there is not enough information on the site to accurately estimate the cost of the physical improvements associated with the Master Development Plan and Program. Funds are available to both the public and private landowners from the State of West Virginia and/or the federal government (e.g. federal brownfields funding, New Market Tax Credits, State brownfields funding) to assist with this type of Regional economic development effort.

ERES recommends that the Master Development Plan and Program be undertaken in phases or steps by both the City of Follansbee and WPSC. This will allow for adequate

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cost controls and the identification of outside funding for very specific tasks. ERES does caution that such a stepped program should be committed to only if both parties are also willing to commit to the entire Master Development Planning and Programming effort; the “piecemealing” of such efforts often results in failure or at best, disappointing results.

VI. Conclusion and Next Steps

ERES views the City of Follansbee and WPSC site as the best of the re-development opportunities for non-heavy industrial uses that have been reviewed in the BH Region. The site has market location superiority, size, exposure, access, versatility, broad user appeal, and other positive factors that do not exist at the same level on most of the other reviewed sites.

- This site presents the best non-heavy industrial redevelopment opportunity of all the sites reviewed.
- The value of this site and its recommended redevelopment program is based on the high and varied number of different development opportunities available. The landowners can use this planning effort to create the highest potential value for their parcels.
- An additional benefit to the community from the recommended planning effort would be the elimination of the unplanned development sprawl occurring in the area. The community would also have new industrial, commercial, and even residential sites in place to immediately respond to any chosen development opportunity.

ERES recommends that both the City of Follansbee and WPSC take the necessary action to formulate a working partnership that will address the redevelopment planning of the area. Such an effort will be of financial and civic benefit to both entities.

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