

## Financial Issues Committee

### Meeting #4 Minutes

May 14, 2014, 1-3 p.m.

Waukesha State Office Building

141 NW Barstow St., Room 163 - Waukesha WI

Call-in option was also available

#### ATTENDEES

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John Antaramian, EC Corp; Tory Kress, City of Milwaukee; Chris Valcheff, True North Consultants; Donna Volk, AECOM; Lynn Morgan, Waste Management; Michael Prager, DNR; Barry Ashenfelter, DNR.

#### AGENDA ITEMS 2-3

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Committee members reviewed the minutes from the last meeting. Chris moved approval, Donna seconded. The minutes were approved.

Committee members reviewed issue paper 1, relating to the creation of a new flexible, project-based grant program at DNR for remediation and redevelopment.

Members decided to recommend the following:

- a. The fund should be used to aid the remediation and reuse of brownfield properties, and grant applications must come from Wisconsin municipalities that did not cause the contamination. Public-private partnerships are encouraged, but there must be tangible evidence of the private party's commitment to the partnership and, still, the municipality must be the applicant.
- b. Remediation and redevelopment projects may be funded as a whole, and one grant can be used for multiple elements/phases of a project (rather than requiring separate grant applications for separate elements/phases). The grant fund will be administered as a reimbursement program. Projects are not required to have an established development plan at the time of application.
- c. The fund should not compete with WEDC's brownfield grant program or its SAG program, but be complimentary to them and expand the availability of assistance to cleanup and reuse challenging sites. DNR's fund can focus on public sector applicants, and WEDC can focus on private sector applicants.
- d. The new DNR grant fund should be allotted \$10 million, as a continuous appropriation, in each 2-year state biennial budget. RR program required to seek input and approval from NR Board each fiscal year on grant fund expenditures, priorities, and balances.
- e. In general, projects are only eligible for grant funding if the person or entity that caused the contamination is unknown, cannot be located or is financially unable to pay for the cleanup. However, grant funds may be provided to a local government for site assessment and investigation even if a viable causer exists.
- f. No more than \$500,000 can be awarded to any one project per year, and no more than \$1 million, total, can be awarded to one community per year. Small grants, up to \$40,000, will require a 20% applicant match. Large grants, from \$40,000 to \$500,000 will require a 30% applicant match. All grantees are required to enter into an agreement with DNR identifying the terms and conditions of the award.
- g. At least 5% of total grant fund monies shall be distributed, each year, to municipalities with populations of 30,000 or less. At least 10% of total grant monies must go towards small grants each year. No more than 50% of any one grant can be spent on demolition (which includes lead and asbestos abatement). Lead and asbestos abatement that is not funded by the grant are eligible to be identified as grant-matching expenditures.

7. Grant funded site assessment work must be within 6 months of date award is given, or the award is rescinded. Grant-funded site prep/remediation work must begin within 12 months of the award date, or the award is rescinded. One three-month extension may be given for good cause.

8. Projects that receive grants under \$40,000 must be completed within 18 months. Projects that receive grants from \$40,000 to \$500,000 must be completed within 36 months. All projects are eligible for one six-month extension for good cause.

9. Grants will be made on either a quarterly or biannual basis (still to be decided). If quarterly, unfunded applications will automatically be re-evaluated for funding in the next quarter, unless the local government withdraws the application.

10. DNR should consider the following criteria when determining whether to award a grant or loan: a) the environmental, public health and local financial need for the project; b) the environmental, public health and economic impact the project will likely have; c) evidence of commitment to the project by the applicant and any identified partners; d) the amount of other public/private funding that can be leveraged by the project; e) the applicant's past performance with state brownfield grants; and (f) the applicant's ability to carry out the grant-funded activities.

11. Some examples of project activities that should be eligible for grant funding include: environmental assessments and site investigations, creation of remedial action plans, removal of above-ground tanks, vapor intrusion assessment and mitigation, petroleum assessment and cleanup work that isn't eligible for PECFA reimbursement, elimination of blight and hazardous conditions, planning and redevelopment of waterfront brownfields, demolition activities, site preparation activities, groundwater monitoring and well abandonment, etc.

12. The following activities should not be included for grant funding: Activities that could/should be paid for by an environmental insurance policy associated with the property. Activities covered/reimbursed by PECFA, the Agricultural Chemical Cleanup Program (ACCP), or the Dry Cleaner Environmental Response fund (DERF), unless those funds are not offering reimbursement grants at the time the application is made. Asbestos abatement and lead removal not associated with demolition. General, area-wide brownfields planning activities, brownfield inventories, and brownfield-related public engagement activities. Local government administration costs (however, these costs can be identified/used for match requirements). The assessment and/or cleanup of licensed landfills. Standard development/site preparation costs.

13. DNR's RR program should create a project tracking system for the types and amounts of grant funding requested/provided for various activities to evaluate continuing needs and provide public transparency.

14. Recommend that DNR determine if additional staff is needed to administer this new grant program.

Committee members reviewed issue paper 2, relating to the environmental management account of the environmental fund.

Members decided to recommend that the Brownfields Study Group should support DNR's efforts to strengthen and stabilize the environmental management account.

Committee members postponed discussion of issue paper 3, relating to environmental remediation tax incremental financing (ERTIF) districts until a future meeting.

Committee members reviewed issue paper 4, relating to the idea of exempting State Trust Fund loans to local governments for brownfield remediation and redevelopment from counting toward the municipality's debt ceiling limit if full repayment is made within 15 years.

John said he wanted to get more input on this issue from other Study Group members to better understand the need.

Committee members reviewed issue papers 5 and 6, relating to the brownfield cleanup tax credits and deductions, and decided not to pursue either of these issues further.

Committee members reviewed issue paper 7, relating to property assessed remediation, and decided the following:

a. The state should authorize a voluntary program in which owners of commercial and industrial property can obtain up-front funding from a city, county or village to pay for environmental investigations, demolition, site preparation and remediation, and, in exchange, agree to repay the up-front funding via a special local assessment on their property.

b. Cities, counties and villages, if they choose to offer a “property assessed cleanup option” to commercial and industrial property owners can finance their programs by issuing bonds, by obtaining grants/loans from state/fed/private sources, etc. Alternatively, municipalities may want to partner with a specific lending institution and secure the debt of the borrower.

c. Special assessments (repayment periods) may run as long as 20 years.

d. Municipal claims/liens related to this program shall be subordinate to mortgages.

Action Items	Decision/Recommendation	Dissenting Opinions
See text of Agenda Items 2-3 above	See text above	None

Assignments	Timeframe	Person(s) Responsible
Prepare draft issue papers for final consideration	Before next meeting	Barry

#### **NEXT MEETING**

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Wed., July 2, 2014, 1:00 – 3:00 p.m.  
 Waukesha State Office Building  
 141 NW Barstow St. -- Room 163 in the West Building  
 Waukesha WI 53188

Call-in Option:

Dial-In: 1 (866) 244-1377, Passcode: 6768 325#