

SUBGROUP: Funding Sustainability

Remediation and Redevelopment External Advisory Group



MEETING NOTES

Remediation and Redevelopment External Advisory Group – Funding Sustainability

Friday, Dec. 9, 2022

10–11:45 a.m.

Rm. G09, State Natural Resources Building (GEF 2)

101 S. Webster St. Madison, WI 53703

Action items/assignments for next meeting

- **ALL:** Identify open questions and areas of improvements in regard to the [Multi-Site Legacy Residual Contamination Sites Revolving Fund Program proposal](#) (Ned Witte, Godfrey & Kahn; Dave Misky, Redevelopment Authority of the City of Milwaukee)
 - **Ad hoc group opportunity** to discuss the proposal and potential refinement more in-depth. Email Michael.Prager@wisconsin.gov to express interest by **Jan. 11, 2022**.
- **ALL:** [Subscribe to the RR EAG listserv](#) to receive information about future meeting dates, agendas, resources, and other EAG-relevant items. Zoom attendees are automatically added to the listserv; if you would like to opt out, please email Jody.Irland@wisconsin.gov
- **ALL:** Identify funding gaps to discuss at the next meeting

Introductions and Zoom Logistics

In Person

- Mark Rutkowski, Subgroup Chairperson, Shannon & Wilson
- Gena Larson, DNR
- Michael Prager, DNR
- Ben Vondra, DNR
- Jodie Peotter, DNR
- Jody Irland, DNR
- Tom Gaieck, Ayres Environmental
- Mike Ursin, TRC

Zoom

- Chris Valcheff, True North Consultants
- Heidi Woelfel, GZA
- Ted Warpinski, Halling & Cayo, S.C.
- Jenna Soyer, DNR
- Toni Schoen, SET Environmental
- Jason Lowrey, DNR
- Deb Sielski, Washington County Public Agency Center Community Development

- Sheldon Johnson, Northwest Regional Planning Commission
- Nathalia London, ECS Limited
- Carrie Webb, DNR
- Tom Coogan, DNR
- Molly Schmidt, DNR
- Jenifer Hagen, Ramboll
- Dave Misky, Redevelopment Authority of the City of Milwaukee
- Bill Scott, WPS Law
- Jason Scott, Wisconsin Economic Development Center
- Ray Tierney, SCS Engineers
- Jennifer Borski, DNR
- Donald Gallo, Don Gallo Law
- Judy Fassbender, DNR
- Mark Gretebeck, Bay West
- Ned Witte, Godfrey & Kahn

Review Work plan

- [Work plan](#)
- Purpose and scope of subgroup
 - Evaluate and make recommendations for funding; highlight benchmarks and celebration points; identify project needs and funding gaps
- Expected outcomes
 - [Issue paper template](#)

SUBGROUP: Funding Sustainability

Remediation and Redevelopment External Advisory Group



Overview and Status of Existing Funding Mechanisms

- DNR program funding sources (Ben Vondra, DNR RR State and Federal Programs Section Chief)
 - Overview of RR program budget: \$16 million – supports up to 115 staff
 - Funding is spent on personnel costs (salary, fringe, travel) and investigation, remediation, and contractor activities
 - State revenues, fees, and federal grants are revenue sources
 - 472 account funds state lead (where there is no RP or an emergency issue) needs; can carry over funds but generally, no funds are carried over because all funding is used due to emergent issues and year-after-year sites where the state is funding for operations, maintenance or other activities.
 - Same funding authorization amount for over ten years despite inflation and cost increases
 - Cost recovery means the DNR funds activities up front and recovers costs from a responsible party at a later point.
 - 292.31(8)(g) determines that cost recovery funds are returned to the environmental management account not the RR program
- DNR brownfields funding programs, Wisconsin Assessment Monies (WAM) and Ready for Reuse (RFR) (Gena Larson, DNR)
 - The RR Program applies for competitive grant funds from the EPA for assessment and cleanup; funds WAM (contractor services/ community managed), Ready for Reuse
 - The RR Program has historically fully spent every award from the EPA
 - Full amount of recent, new WAM award is available now
 - BIL funding provided more funding than usual this cycle
 - 2 years left in the current RFR period (grant and loan)
 - Amount of loans offered is limited by the amount of funds available for the grant portion; EPA would prefer the prioritization of loans
 - Loan awards are 0% interest and offer flexible payback terms (generally 10 years or less)
 - There is an option to charge interest, but it can be a barrier to use
 - 30% loan forgiveness for eligible applicants acts as grant but depends on the amount of money still available in the RFR cycle
- WEDC funding sources and programs (Jason Scott, WEDC)
 - Site assessment grants are for gaining environmental knowledge on a site where there are or may be environmental issues.
 - Largest awards are usually for demolition on a property
 - Brownfields grants pay for cleanup of a contaminated property.
 - Brownfields grant has experienced a 50% reduction in funding over time but there is some flexibility to reallocate other WEDC funds within a fiscal year and often brownfields grant will benefit from this reallocation
 - Idle sites grant
 - Often utilized for a brownfields property; can be used at a property with a viable party who caused the contamination
 - Idle sites grants have experienced a reduction in the total budget and max grant allocation over the last ten years

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Funding Gaps & Next Meeting Topics: Introduction and Brief Group Discussion

- There is a need to identify RR sites that are underfunded or not funded at all
- There is a need to identify funding gaps and brainstorm creative re-structuring to meet those needs especially regarding
 - Funding shovel ready projects
 - Providing outreach and awareness to marginalized communities
 - Assessing the true needs of the DERF
 - Opportunities to address PECFA type sites
 - Funding PFAS projects and defining PFAS eligibility for cleanup funds
- Explore incentivizing people to take on brownfield properties through tax credits and other means to offset the cost of cleanup
- Explore which options do/can exist when responsible parties are taking the steps needed
- Creating a funding matrix to identify which funding programs can work in conjunction with each other

Group Discussion

- Addendum: Multi-Site Legacy Residual Contamination Sites Revolving Fund Program (Ned Witte, Godfrey & Kahn; Dave Misky, Redevelopment Authority of the City of Milwaukee)
 - Created to complement RR program and find ways to better leverage objectives of the RR program without draining the resources of the program

Future Meetings

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Adjourn

Remediation and Redevelopment External Advisory Group



Paper/Agenda #

[Issue Paper Title]

[Name of Subgroup]

[Author(s)]

TYPE OF RECOMMENDATION

[e.g., statutory, regulatory, administrative]

BACKGROUND

[Limit to no more than two pages]

PROPOSAL

[Limit to one paragraph]

RESOURCES NEEDED

[DNR staff participation estimated hours, external participation estimated hours]

ENVIRONMENTAL JUSTICE EVALUATION

[Explain how this proposal furthers Wisconsin DNR goals regarding environmental justice]

COMMENTS

[Notable comments from issue paper draft writing process from subgroup members, including alternative approaches considered]

These draft issue papers and recommendations were developed by the Remediation and Redevelopment External Advisory Group and members of the public, and do not necessarily represent the opinions or the position of the Wisconsin Department of Natural Resources or other state agencies.

Remediation & Redevelopment External Advisory Group

Funding Sustainability Subgroup

December 9, 2022



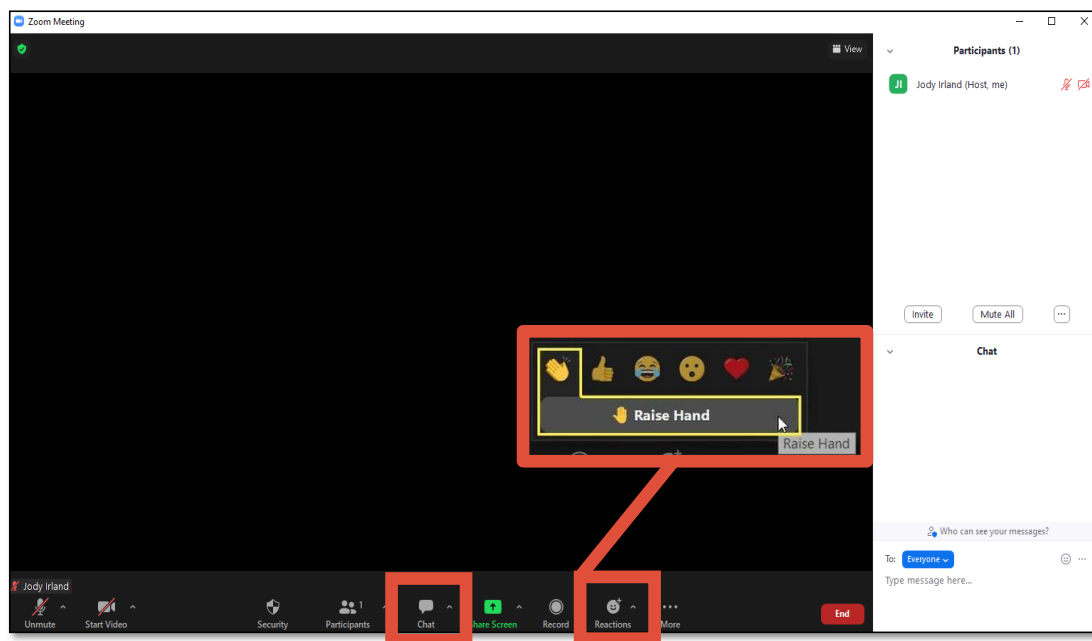


Welcome

WISCONSIN DEPARTMENT OF NATURAL RESOURCES | DNR.WI.GOV

Zoom Logistics

- Attendees can unmute themselves
- Speak freely, use chat, or raise hand
 - Zoom host will read chat and respond to raised hands
- Mute when not speaking
- Identify yourself before speaking





Introductions

Funding Sustainability - Subgroup Workplan

Purpose/ Objective:

The restoration and beneficial reuse of contaminated sites requires financial resources – both to assist parties in the investigation and cleanup and to fund the DNR staff who oversees this work. The objective of the Financial Subgroup is to evaluate and recommend improvements to current grant/funding programs and to recommend new programs or resources to fill current funding gaps. Meeting this purpose/objective includes providing recommendations for implementation that consider and incorporate environmental justice.

Deliverables and Milestones

- List of funding gaps
- List of additional recommended resources for investigation and cleanup of brownfields, and resources for innocent landowners and stalled sites, as appropriate
- Evaluation of NR 749 fees and implementation, with recommendations for revisions, if any

Expected Outcomes

- Gaps in funding bridged (e.g., PECFA, DERF, innocent landowners)
- Existing grant programs enhanced:
 - Wisconsin Assessment Monies (WAM)
 - Ready for Reuse (RLF)
- Marketing of grant programs improved
- Funding of DNR RR Program staff is sufficient and sustainable



Overview and Status of Existing Funding Mechanisms

RR Program Funding



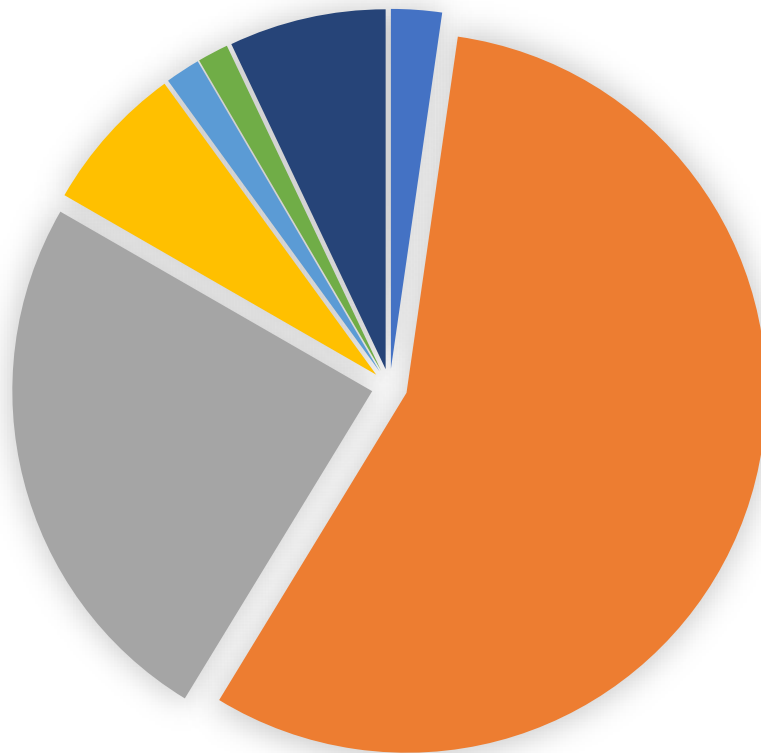
Ben Vondra

State & Federal Programs Section Chief

Cell: (608) 419-3918

benjamin.vondra@wisconsin.gov

RR Program Funding - Revenue



- Brownfields - 2%
- Federal Grants - 56%
- Petro Insp Fund - 25%
- RR Fees - 7%
- Haz Waste Fees - 2%
- DERF - 1%
- General Program Funds - 7%

State Revenues

Source	Use
Environmental Management Account (461)	General Program Operations. Shared account with other DNR Programs.
GPR (401)	General Program Operations
Environmental Repair / State Funded Response (472)	<ol style="list-style-type: none">1. Contractual – Clean up and investigation (Primary), temporary emergency water2. DNR CFA – contaminated well compensation fund
Dry Cleaner Environmental Response Fund (DERF)	Administered by DNR Community Financial Assistance. Assists dry cleaner RPs with response activities.
Petroleum Inspection Fund (PIF) (476)	LTE costs. Support for petroleum sites

Fees

Source	Use
Fee Rule	Pays for staff time to review documentation from the public (e.g. consultants and RPs).
Waste Fees	Pays for staff time to review documentation from the public (e.g. consultants and RPs).
VPLE	Pays for staff time to review documentation for sites enrolled in the VPLE program.

Federal Grants

Source	Use	
LUST	Petroleum leaking underground storage tanks	<i>All grants cover a portion of administrative costs (e.g. personnel, fringe, other). Some grants allow for contractual spending while others are only administrative in nature. Other funding sources must be used to fill any gaps in program activities.</i>
Superfund	Site specific for federally designated sites	
Brownfields	Regranting programs and administrative costs for redevelopment activities	
Hazardous Waste	Shared with DNR Waste & Law Enforcement Program. Staff costs to address RCRA sites.	
Great Lakes Restorative Initiative (GLRI)	Site specific for sediment (waterways) cleanup (e.g. Superior Slips, MKE AOC)	
DSMOA - DOD	Site-specific Army/Air Force	

RR Budget Summary – by appropriation

	FTE	Authorized	Notes
401	8.6	1,062,800	General Program Revenue (GPR)
416	9.0	991,600	We only brought in \$756,571 in revenue from fees in FY22 (Fee Rule/VPLE Billing); This is our savings account, and we like to keep a balance of between \$500-600k.
425	2.5	273,900	Waste fees
439		162,884	WisDOT Funding for LTEs
441	28.5	3,429,600	Federal grants – 128(a), Superfund, HazWaste, DSMOA
461	18.5	2,376,700	Primary appropriation
471	3.0	399,900	Brownfields
473	2.0	228,000	DERF admin
476	31.1	4,066,400	Petroleum Inspection Fund (PIF)
483	12.5	1,326,800	Leaking Underground Storage Tank (LUST)
495		29,154	Settlements
	115.7	16,639,638	

State Funded Response - Appropriation 472

Purpose: Department is authorized to lead in investigating and cleaning up contaminated sites.

- Approx. \$2.3 million authorized annually
- Must keep a minimum balance to account for emergent issues (e.g. major spills)
- Must account for ongoing and reoccurring state lead responsibilities
- Program engages in cost recovery

State Funded Response - Appropriation 472



Example Sites and Activities

- [Portage Canal](#)
- Landfill site state-lead (no RP)
 - Equipment installation, leachate hauling and snow plowing
- Temporary emergency water supplies
 - PFAS and other well contamination
- Emergency spill response
- Superfund site activities (state-lead)
- Vapor Intrusion Zone Contract
- Administrative support not covered by federal grants or state general purpose revenue

More information

- Financial Resources
 - [Financial Resources for Cleaning Up & Redeveloping Contaminated Properties | | Wisconsin DNR](#)
- Services and Fees
 - [Remediation & Redevelopment \(RR\) Program services and fees | | Wisconsin DNR](#)

Ben Vondra

State & Federal Programs Section Chief

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DNR Funding for Site Work



Gena Larson, DNR

Wisconsin Assessment
Monies (WAM)

&

Ready for Reuse (RFR)

EPA-Funded Grant/Loan Programs

WAM Contractor Services (DNR-managed)

- Up to ~ \$54,000 in services per property
- DNR hires contractor & oversees work

WAM Community-managed

- Up to \$100,000 grant to local government
- Local government selects contractor & oversees work

Ready for Reuse

- 0% interest loan, 22% match requirement
- Up to 30% loan forgiveness

Eligible Activities

Wisconsin Assessment Monies (WAM):

- Phase I & II Environmental Site Assessments
- Site Investigation (NR 716)
- Remedial action plans (NR 722)

Ready for Reuse (RFR):

- Cleanup
 - Soil management (open and closed sites)
 - Excavation of contaminated material
 - Soil vapor extraction system installation (passive and/or active)
 - Cap placement
 - Groundwater treatment

Program	Source	Year Started	Use	Total Funding	Current Funding Level
WAM – <ul style="list-style-type: none"> • contractor services • community managed • Vapor Assessment 	EPA	2010	Brownfield Site Assessment	\$5.3M	\$2M <ul style="list-style-type: none"> • \$600k contractor • \$300k community • \$700k vapor • \$400k personnel/travel
Ready for Reuse	EPA	2004	Brownfield Site Remediation	\$11M	\$821k current \$1.9M revolved



**WEDC Brownfield Programs for
The Department of Natural
Resources
RR External Advisory Group**

12/9/2022

Site Assessment Grant

- ▶ Grants to assist with conducting initial environmental assessment and demolition activities on an eligible abandoned, idle or underutilized industrial or commercial site
 - Up to \$150,000 to a local unit of government 80% Grant - 20% match
 - Eligible costs include environmental site assessments/investigations, demolition (and associated asbestos abatement), removal of containers and underground storage tanks
 - Must be owned by the municipality OR have access agreement
 - No firm redevelopment plan or end-use is needed, but community must describe potential end-uses and benefits to community

SAG Background and Funding

➤ Program was statutorily created under § 238.133 Wis. Stats.

- Funded through Segregated Funds (Environmental Fund) through the Biennial Budget
 - FY22 - \$1,000,000
 - FY23 - \$1,000,000
 - Funding has been consistent since program inception
- Limits grants to 15% of the available funds appropriated (i.e., \$150,000)

Brownfields Grant

- ▶ Grants for developing commercial and industrial sites that have been adversely affected by environmental contamination
 - Up to \$200,000 to businesses or municipalities
 - 25% Grant and 75% Match (1:1 for distressed county or opportunity zone)
 - Funds may be used for environmental work and/or demolition
 - Matching funds may be acquisition, rehab, demo, environmental and infrastructure
 - Ineligible costs include past costs and new construction
 - End-use must be identified and proposed investment secured
 - Must have DNR project manager involvement

Brownfields Grant Background and Funding

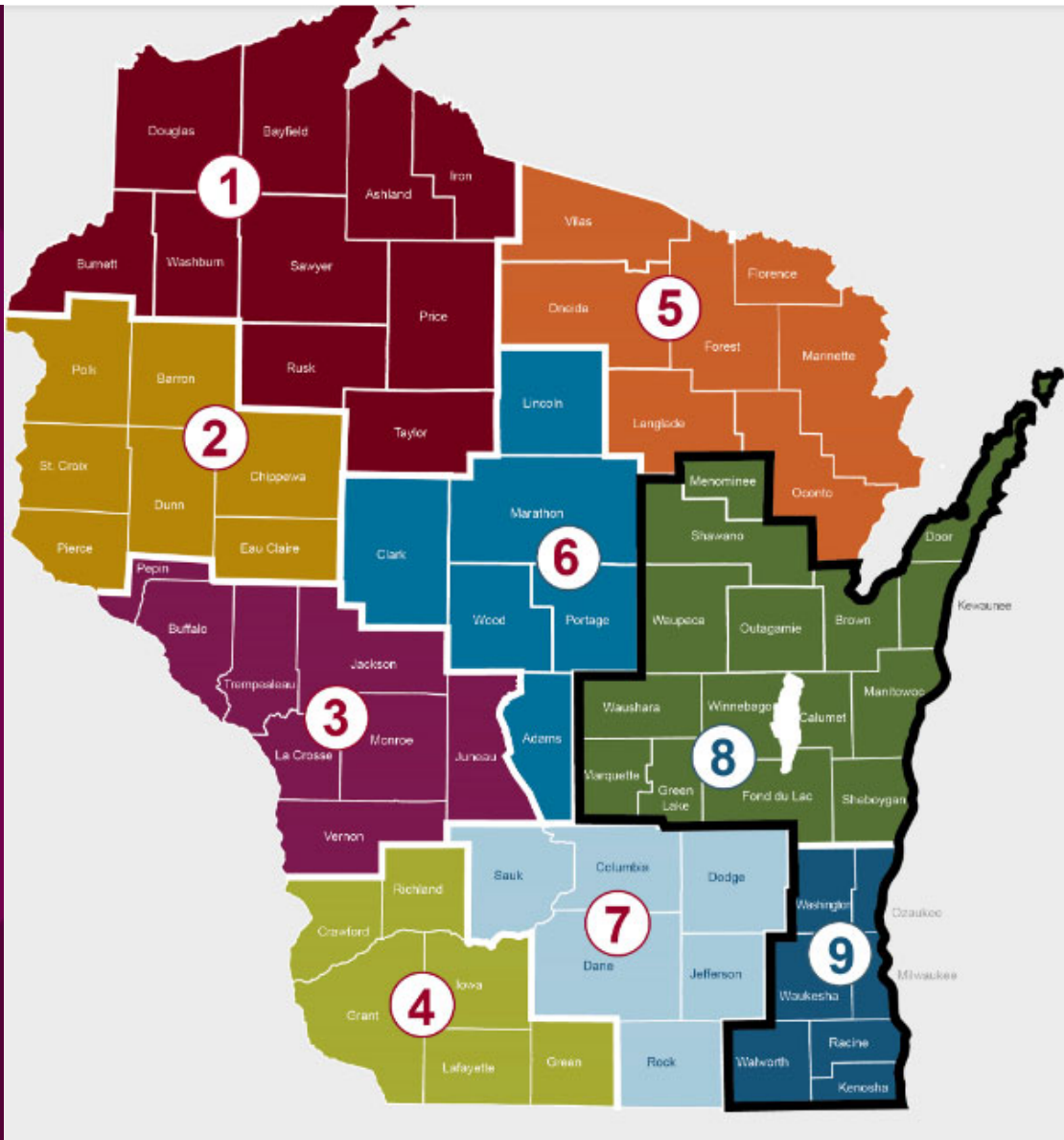
- Program was statutorily created under § 238.13, Wis. Stats.
 - Legislature determined program allocations under Department of Commerce with each Biennial Budget.
 - Max Grant initially \$1,250,000
 - Budget approximately \$7.5M
 - WEDC (beginning 2011) receives a block of funding for all programs.
 - Max Grant initially \$500,000, reduced to \$200,000 this year
 - Budget approximately \$5M, reduced to \$2.5M

Idle Sites Grant

- ▶ Grants for industrial, commercial and institutional sites that have been idle, abandoned, or underutilized for a period of at least five years.
 - Up to \$250,000 to local units of government
 - 25% Grant and 75% Match (1:1 for distressed county or opportunity zone)
 - Minimum acres needed
 - Industrial: 5
 - Commercial 10
 - Institutional: 5 (unless located in a downtown corridor)
 - Grant and matching funds may be used for environmental work, building rehab, demolition, infrastructure improvements (acquisition can be match)
 - Ineligible costs include past costs and new construction
 - Approved redevelopment plan or developers' agreement required
 - Causer of environmental contamination cannot have ownership interest

Idle Sites Grant Background and Funding

- Program was created using general block of funds allocated to WEDC Stats.
 - 2014 Budget of \$3,000,000.
 - Max Grant initially \$1,000,000
 - 2023 Budget of \$2,000,000
 - Max Grant of \$250,000



Regional Economic Development Directors

- | | |
|--------------------------------|--|
| 1) Dave Wierzba | 8) Naletta Sanchez & Jon Bartz |
| 2) Ray French | |
| 3) Mark Tallman | 9) Tracy Luber, Neil White & Natanael Martinez |
| 4) Ela Kakde | |
| 5) Jim Rosenberg | |
| 6) Melinda Osterberg | |
| 7) Vanessa Ineza & Jason Scott | |

<https://wedc.org/inside-wedc/contact-us/#regional>

Thank you!

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Funding Gaps



Group Discussion



Open Topics and Future Meetings

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CONNECT WITH US

Thank You!

DNR RR Program Contacts:

dnr.wi.gov/topic/Brownfields/Contact.html



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"WILD WISCONSIN:
OFF THE RECORD"

MEMORANDUM

TO: Jodie Peotter, Wisconsin Department of Natural Resources
CC: Bill Nelson
FROM: Ned Witte, Dave Misky
DATE: September 22, 2022
RE: RREAG Additional Agenda Item for September 23, 2022

Thank you for the opportunity to propose additional agenda items for this Friday's Remediation and Redevelopment External Advisory Group.

Multi-Site Legacy Residual Contamination Sites Revolving Fund Program

Issues

- Facilities like former gas stations and former dry-cleaning properties remain open issues in many communities.
- The larger entities in such industries have addressed their issues (e.g., Kwik Trip; Klinke's) while the small businesses, including many in environmental justice communities, merely went out of business and the problems remain.
- Contamination remaining in the environment is often worse than after the initial discharge.
- Human health impacts for VOC vapor intrusion are acute and increasingly understood to be worse than previously understood.
- Environmental justice communities may not have the resources to address single remedial action sites or Brownfields sites.
- The optimal end use of a remedial action site may not be a lucrative redevelopment opportunity but rather a park or community space; again, this concern hits environmental justice and smaller communities harder than "high profile," larger municipalities with desirable redevelopment sites.

Barriers

- Cleanups can be expensive undertakings - PECFA has sunset; DERF is underfunded and upside down due to funding tied to phased out products.

- Wisconsin has a mature pipeline of sites suitable for redevelopment – the sites remaining may not have an immediately associated viable responsible party (e.g. a seller who is also the RP) to address the issues or may be complicated by other variables.
- DNR RR staff bandwidth may not permit proactive attention to the sites that are priorities for LGUs
- Changes to Wis. Stat. ch. 227 has made Administrative Rulemaking a 30-month endeavor rife with challenges.
- Faster to promulgate a statute than an administrative rule.
- “Juice is not worth the squeeze” for many communities where the cost to define the unknown with no potential ability to recover costs is a barrier, or no funding is available at all
- DNR receipt of site-specific cost recovery funds are inflexible/directed to general fund.

Opportunities

- LGU programs (e.g. liability exempt status) have been very successful in achieving favorable outcomes and incentivizing investment in remedial action sites
- LGUs have certain cost recovery tools (i.e. 292.33 and 292.35) that have not been fully leveraged but which could complement DNR directed cleanup and redevelopment
- May lead to cleanups in EJ communities that have been overlooked.

Proposed Solution

- A new fund and program for LGUs – municipalities, counties, tribes
- Fund to address multiple sites at once
- Reuse of property not driven solely by redevelopment opportunity to maximize profit, but to maximize outcomes including utility of contaminated or perceived contaminated properties for multiple community uses.
- Conceptual approach:
 - Applicant LGU identifies 3-5 sites which meet certain criteria developed by subgroup (consideration: include preference for EJ-related sites).
 - Applicant LGU conducts PRP search and explores cost recovery options (292.33; 292.35)
 - Upon receipt of LGU proposal including the foregoing criteria and funding request, DNR evaluates application of 3-5 sites with Green Team meeting to identify funding opportunities
 - DNR oversight/approval of eligible costs
 - Create an appropriation where (a) the legislature may direct specific funds; and (b) any recovered costs owed to DNR secured through the LGU cost recovery options may feed back into the grant program rather than go to GPR.
- Objectives of program:
 - 3-5 cleanup sites within a community (in case of municipal applicant) or series of communities (in case of county applicant) across state of Wisconsin (not just major municipalities)
 - Cost recovery success for some of the applicants with percentage of cost recovery shared with DNR to continue program
 - Attention to smaller communities and EJ sites

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