

Financial Issues Committee

Meeting #1 Minutes

April 2, 2014, 2-4 p.m.

Waukesha State Office Building

141 NW Barstow St., Room 314 - Waukesha WI

Call-in option was also available

ATTENDEES

John Antaramian, EC Corp; Shelly Griswold, Fehr-Graham; Tory Kress, City of Milwaukee; Donna Volk, AECOM; Chris Valcheff, True North Consultants; Jason Scott, WEDC; Darsi Foss, DNR; Michael Prager, DNR; Jenna Soyer, DNR; Barry Ashenfelter, DNR.

AGENDA ITEMS #3-7: (Current/past funding sources; funding needs; funding options; other financial tools)

Discussion: John directed attendees to a financial table outlining the environmental management account (EMA) condition, on page 41 of the 2013 Legislative Fiscal Bureau Informational Paper 66 on Contaminated Land and Brownfields Cleanup Programs. He explained that EMA expenditures will soon outpace projected revenue and funding for brownfield programs, along with other EMA-funded programs and activities, will likely decline if nothing is done.

John suggested that the Study Group should work cooperatively with decision-makers to support efforts to bring the EMA into balance to prevent negative impacts to statewide clean-up programs. He said he felt that Clean Water Fund (CWF) debt service has placed a significant debt on the EMA, and perhaps there are other sources of revenue to pay that debt service.

The group discussed the status of the PECFA fund, and asked for information on its financial status for the next meeting. The group also asked for information on projections of tipping fee revenue in coming years.

One attendee noted that other states have lost their state brownfields funds, and that once lost, they are very difficult to recover. Group agreed that the Study Group should work to convey the importance of brownfields programs to policymakers, for environmental, economic and public health reasons.

Jason discussed WEDC's grant process, and noted that they are allotted about \$30 million a year for grants and then they have flexibility on how to prioritize and distribute those funds. In response to a question, he also noted that the old brownfields grant program at Commerce was budgeted at between \$5-7 million a year. Donna questioned why DNR has different pots of money for different types of cleanups. Group requested that a WEDC-like block grant type funding might work at DNR for environmental cleanups, including combining existing separate grant/loan/reimbursement programs.

It was suggested that DNR shouldn't compete with WEDC for state funding of brownfield grant/loan/assistance programs, but that it might be good if WEDC focused their financial assistance attention on private sector partners and DNR was given funding to direct to public sector (local government) partners.

The group discussed the dry cleaner cleanup reimbursement fund and noted that it is underfunded and only includes a small percentage of historic dry-cleaning facilities. This fee-funded program will run out of biennial funding in early summer this year and, therefore, not be able to reimburse any claims until next fiscal year when new program funding is allocated. This will, likely, mean that most cleanup activities will cease until new funding is available.

Beyond basic environmental assessments, investigations and cleanups, attendees identified funding needs such as creating local inventories of brownfields and ready-to-be-developed sites, vapor intrusion, sediment assessment and

management, urban green and public space, storm water management, demolition and waterfront revitalization. The group agreed to create a list of potential new and/or revised funding options.

Attendees discussed the issue of disposal of contaminated soil at quarries and whether there are any record keeping requirements, fees or financial assurances applied to quarry owners and/or haulers and transporters of waste disposed of there. Some members of the group wondered if, without records and reporting requirements, quarries and dumpers may be creating tomorrow's brownfields and pushing remediation costs onto state taxpayers. Illinois has a newer clean construction debris law, and requires fill loads to be certified as clean. Group felt the Study Group should review the overall issue of soil management related to brownfield remediation and redevelopment.

The committee discussed tax credits for brownfield work, special assessment areas for brownfields, and the property assessed clean energy (PACE) model of local funding, which includes local government loans to property owners for energy improvements that get paid back via special assessments on property tax bills. John directed staff to prepare a memo on these issues. The group felt that seeking new bonding authority was not feasible at this time.

John talked about TIF's as a funding source, and suggested the regular TIF law should reward communities that undertake brownfield cleanups by not applying cleanup TIF's against the 12% total value cap. He said local governments that take the risk of cleaning up a property shouldn't be penalized when the risk pays off and the TIF does well. He said an alternative to this would be to structure the ER TIF more like a regular TIF to give local governments greater flexibility. The group discussed, but did not resolve, how much environmental cleanup would be needed to qualify for a cap exemption, how to make an ER TIF easier to manage, etc.

Staff described the land recycling loan program, said it has many restrictions and only worked well for a few communities, and noted that about \$300,000 was currently available. John asked staff to find out if \$300,000 could be transferred to another appropriation.

The Group discussed other possible funding sources to research including the real estate transfer fee. Darsi mentioned that a Legislative Council memo had been created some years back regarding this possible funding source.

Superfund sites in Wisconsin were discussed. Federal policy requires states to take on operation and maintenance responsibilities at Superfund sites after 10 years of O/M. One Superfund site is soon to be transferred to the state and will cost about \$1 million a year to maintain and monitor. This money comes from the EMA. DNR staff was asked to identify current and near-term projected state Superfund costs.

Shelly said local government leaders and advocates need to talk to state policymakers about the economic benefits of brownfields redevelopment.

Darsi suggested contacting Lynn Morgan and Eric Bott to get their input on state fiscal and financial issues related to the brownfields program.

NEXT MEETING

April 16, 1:00 – 4:00 p.m.
Waukesha State Office Building
141 NW Barstow St. -- Room 314 in the East Building
Waukesha WI 53188

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