

April 29, 2009

Ms. Deborah Orr
United States Environmental Protection Agency
Region 5 (SM5J)
77 West Jackson Blvd.
Chicago, Illinois 60604

RE: American Recovery and Reinvestment Act Supplemental Funding for Brownfields
Revolving Loan Fund (RLF) Grantees

Dear Ms. Orr:

The Illinois Environmental Protection Agency (IEPA) respectfully requests \$5,000,000 in American Recovery and Reinvestment Act (ARRA) Supplemental Funding for Brownfields Revolving Loan Fund (RLF) Grantees (\$4 million for Hazardous Substances and \$1 million for Petroleum) for the Illinois Revolving Loan Fund (Cooperative Agreement # BF-00E47101-0). Considerations for Supplemental Funding are presented in the attached *Supplemental Funding Request: Illinois Revolving Loan Fund*.

In 1999, the Illinois Brownfields Redevelopment Revolving Loan Fund Coalition received a \$3.5 million Brownfields Cleanup Revolving Loan Fund (BCRLF) grant award from the United States Environmental Protection Agency (USEPA). In March 2008, the BCRLF was transitioned to a Revolving Loan Fund (RLF) and Illinois was awarded a cooperative agreement grant for \$1.7 million.

To date, Illinois has engaged six loans under the BCRLF totaling over \$2.1 million and two loans under the RLF totaling \$373,234. Illinois is currently working with 23 potential borrowers on 26 new loans/sub-grants totaling over \$9.5 million. Illinois is facing an approximate \$8.2 million RLF program budget shot fall considering the current \$1.3 million balance in the RLF. The attached *American Recovery and Reinvestment Act Supplemental Funding Request: Illinois Revolving Loan Fund* includes tables that summarize all previous loans made under the BCRLF and RLF programs, as well as new pending/potential RLF borrowers/loans.

It should be noted that funding from the Illinois RLF is only available to municipalities, and that the Illinois EPA has worked with the respective communities through the investigation phase of each project. Furthermore, of the 26 project sites identified on the attached table, USEPA provided ARC funding for investigation and/or development of the cleanup plan for thirteen of the sites. A combination of state brownfield grants and municipal funds were used for the investigation and develop the cleanup plans at the other sites.

We look forward to a favorable review of our request for supplemental funding. Please call Mr. Steve Colantino at 217/785-3497 if you have questions.

Sincerely,

Gary P. King, Acting Bureau Chief
Bureau of Land

Attachments

CC: Mr. David R. Lloyd
Director, EPA Office of Brownfields and Land Revitization
United States Environmental Protection Agency
1200 Pennsylvania Avenue NW (MC:5105T)
Washington, D.C. 20460

Ms. Keary Cragan
USEPA – Region 5 (SM5J)
77 W. Jackson Blvd.
Chicago, Illinois 60604

**American Recovery and Reinvestment Act
Supplemental Funding Request:
Illinois Revolving Loan Fund**

The Illinois Environmental Protection Agency (Illinois EPA) hereby formally requests \$5,000,000 in American Recovery and Reinvestment Act (ARRA) supplemental funding (\$4,000,000 for Hazardous Substances and \$1,000,000 for Petroleum) for the Illinois Revolving Loan Fund Program. Requested funding will be accepted and managed as a separate award, but administered consistent with the State's existing Brownfields Cleanup Revolving Loan Fund administered by the Office of Brownfields Assistance (OBA).

The amount requested herein is in addition to the \$4 million supplemental RLF funding request submitted by Illinois EPA on February 5, 2009 requesting funding under the existing EPA pre-ARRA RLF procedures. Illinois EPA has not received an award of any funds pursuant to this request.

The following answers address the considerations listed in EPA's *FY2009 Process and Considerations for Brownfields Revolving Loan Fund Grant Supplemental Funding*.

1. The RLF grantee must have made at least one loan or subgrant AND have significantly depleted existing available loan and/or subgrant funding.

The Illinois EPA has engaged eight loans totaling \$2,516,984 (six BCRLF loans totaling \$2,143,750 and two RLF loans totaling \$373,234). The BCRLF was transitioned to an RLF in March 2008. The OBA currently has either identified or received requests for loan/sub-grant funds from twenty-three borrowers totaling \$9.5 million for 26 new project sites. Eleven of the 26 projects are shovel-ready, in that on-site work could start within 90-days or less of the award of this ARRA stimulus supplemental. With the current \$1.3 million balance in the existing RLF, Illinois faces a funding short fall of \$8.2 million.

Please refer to Attachment 1 (*BCRLF / RLF Loan Summary*) for a list of engaged and Attachment 2 (*Illinois RLF ARRA Supplemental Funding Project List*) for a list of potential new loans and sub-grants.

2. Demonstrated need for supplemental funding, including the number of sites and communities that may benefit from supplemental funding.

As indicated above, Illinois EPA is currently working with 23 borrowers on various stages of loan/sub-grant development, eligibility and processing for cleanups at 26 brownfield sites. The total value of pending/potential loans/sub-grants is \$9,530,000. All of target loan/sub-grant sites are municipally owned (or controlled) and the municipalities are not potentially liable under CERCLA 107 for cleanup costs at the site. Furthermore, all the sites are currently enrolled in the Illinois EPA Site Remediation Program (SRP), which is the State's voluntary cleanup program. It should be noted that up to this point Illinois has not awarded *sub-grants* from the Illinois RLF; rather choosing to use (allocate) funds as direct loans to municipalities. However, realizing the purpose of ARRA funding and its importance in stimulating local development and economic growth, the IEPA is prepared to award ARRA supplemental funding as sub-grants to eligible applicants.

3. Demonstrated ability to administer and “revolve” the RLF (BRLF) grant, and administer subgrant(s) and/or loan(s).

The Illinois RLF is administered by the OBA within the Illinois EPA Bureau of Land. OBA is staffed with senior environmental specialists from across the Agency and provides a wide array of experience, expertise and services to borrowers in both applying for and administering loan/sub-grants and managing projects. Under the Illinois RLF, loans/sub-grants are only provided to municipalities and the borrowers are required to enroll the target sites into the Illinois Site Remediation Program (SRP) which is the state’s voluntary cleanup program. This requirement/process adds an extremely high degree of accountability to the State’s program and ensures all eligibility issues are met and allows for open tracking of program elements. All loan funded activities are performed under approval from the SRP and under constant oversight from OBA staff (Brownfield Representatives).

OBA Brownfield Representatives work closely with the SRP project managers and will provide continuous oversight and guidance on loan/sub-grant funded cleanups. Furthermore, considering most, if not all, borrowers are also current or former state brownfield grantees; OBA has knowledge and a working history of the projects and borrowers.

To date, the OBA has successfully processed, engaged and serviced eight loans (six from the BCRLF and two from RLF) for a total of \$2,516,984.

Repayment schedule of loans made thus far has been tied exclusively to sale and/or redevelopment of the target sites. The down turn in the economy has stalled the sale and redevelopment of all, but one of the target loan sites; consequently no repayment of loan funds have occurred to date. The City of Canton just announced that property of loan #1 was recently selected as the location of a medical equipment manufacturer. Subsequently, the Agency expects the City will start repayment of the loan in the near future. Currently, all target loan sites remain owned by the municipalities and are actively being marketed for sale and/or redevelopment.

Approximately five years ago, the Illinois EPA developed a comprehensive electronic data tracking system to programmatically track key information, including, but not limited to, award amount, disbursements, detailed borrower information, contractor information and loan period, for both the state municipal grant program and the RLF program. This program is currently maintained, up to date and will be instrumental in tracking ARRA stimulus funding separate from the RLF program funds, and it is envisioned this data tracking program can be modified, if necessary, to meet any new reporting/tracking/accountability requirement.

4. Demonstrated ability to use the RLF grant to address funding gaps for cleanup.

Illinois’ ability to use the balance of its Illinois RLF and the requested ARRA supplemental funds is predicated on the following:

1. Currently, OBA is working with 23 potential borrowers (municipalities) on loans for cleanup funding at 23 brownfield sites. The total value of pending loans/sub-grants is \$9,530,000. Illinois EPA currently has an un-obligated RLF loan fund balance of \$1,326,766.
2. Since 1998, Illinois EPA has issued over \$18 million in state grants to 130 municipalities for investigation and limited cleanup activities at over 350 brownfield sites across Illinois. OBA estimates that as many as 30 current state grantees (in addition to the 23 identified in Attachment 2) will seek RLF funding to conduct cleanup activities once investigation activities are completed. The current lack of States brownfields grant funds combined with the success of the State’s RLF program

has spurred communities to turn to the RLF for funds to complete projects many have been working on for years under the state grant program. The number of new communities considering loans is at an all time high. Illinois can and will use any supplemental funds provided as a tool to close the gap created by the funding problems of the State brownfields grant program.

5. Community benefit from past and potential loan(s) and/or subgrant(s).

Work performed under the six BCRLF loans was completed on time and under budget. Work under the two current RLF loans is underway, and also on-time and under budget. Loan funded cleanup activities are an intricate part of the overall redevelopment/reuse plan of the two communities currently performing RLF funded cleanup as well as the communities identified in Attachment 2.

Community benefit is real and immediate. As one example, OBA is prepared to immediately award the Village of Lyon's RLF funds to conduct cleanup activities at an abandoned quarry, which will be the new municipal center and community park. Contractors can literally be on-site conducting brownfields cleanup activities within two weeks of award of ARRA supplemental funding. The Village has invested over \$1 million of their own money for site investigation/preparation/cleanup, and has reported that the project will likely not proceed without RLF funds.

It is a certain fact that if not for the Illinois RLF program, the six borrowers' under initial loan program would not have been able to address the health concerns and realize reuse/redevelopment potential at the target sites. Without future RLF funding, many Illinois communities will NOT be able to realize their brownfields cleanup and redevelopment potential.

Upon request, Illinois EPA will provide letters of support from the existing borrowers commenting upon the efficiency and direct benefit of the program. Similarly, letters of support for supplemental funding can be obtained and provided from the pending borrowers.