



# BEAs and Due Care on Brownfield Sites



Initiating and completing Due Diligence can help prevent making a mistake and getting stuck with a site like Berlin & Farro.

**Pam Howd**

Compliance Assistance Specialist



# Due Diligence

A potential owner or operator is obligated to make all appropriate inquiry (due diligence) as to whether environmental contamination is present on a property.





# Potentially Contaminated Property

Phase I Environmental Site Assessment (ESA) identifies the type, and possible locations of potential contamination at a brownfields site.

Phase II ESA involves sampling soil, groundwater, and air to determine the locations of contamination.





# Baseline Environmental Assessments (BEA)

Gives a new owner/operator of a contaminated site, the ability to purchase contaminated property without being liable for pre-existing contamination.





# BEA and Due Care

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**After the date of purchase, occupancy or foreclosure of property, the BEA**

**☞ Must be conducted within 45 days**

**☞ Must be completed and dated within 60 days**

**☞ Must be submitted within 8 months**



# Owner/Operator Due Care Obligations

- ☑ **Prevent** exacerbation of pre-existing environmental contamination
- ☑ **Mitigate** immediate environmental threats
- ☑ **Prevent** human exposure to existing contamination





# Brownfield Redevelopment Grants and Loans



**Jeff Hukill**

Grant and Loan Coordinator  
Northern MI and Saginaw Bay



Edgewater Renaissance, St. Joseph



# What is a Brownfield?

“Abandoned, idle, or underused industrial and commercial properties where redevelopment is complicated by real or perceived contamination.”





# Why Redevelop a Brownfield?

## PROS

- Improvements to Environment
- Retention / Recovery of Tax Base
- Reuse of Existing Infrastructure
- Catalyst for Future Redevelopment
- Preservation of Greenspace
- Blight Elimination

## CONS

- It Takes Longer
- It Costs More



River's Edge, Traverse City



How Do You Fill the Money Gap?

**Incentives!**



# Brownfield Grants and Loans

## Our Purpose

**Level the Playing Field  
Between Brownfield and  
Greenfield Sites**





# Brownfield Grants and Loans

## Our History

**Since 1992, the Brownfield Grant and Loan Program has resulted in an estimated:**

- \$94 million awarded
- 223 Brownfield projects
- 18,000 new jobs created
- \$3.1 billion in new investment



Waterfront Park, Elberta



# Brownfield Grants and Loans

## Our Current Available Funding

\$ 4.1 Million for Brownfield Grants  
*Estimated to be gone by end of 2008...*

\$12.5 Million for Brownfield Loans  
*Estimated to be gone by end of 2009...*



**What Happens When the  
Money Runs Out?**



## Part of a Bigger Problem

- Brownfield Grants and Loans are only a small piece of the much larger DEQ Cleanup and Redevelopment Program.
- The funding for the entire Cleanup and Redevelopment Program is nearly exhausted.
- In addition, the Cleanup and Redevelopment Program provides for things such as:
  - Addressing risks to public health (contaminated drinking water sources; emergency spill response; demolition of unsafe or contaminated buildings; etc .)
  - Cleanup required for safe re-use of sites
  - Review of BEAs, Work Plans, etc. needed to purchase property without liability...



# Immediate Consequences



- **No new projects**
- Unable to address emergency needs
- Existing projects are being scaled back
  - Threats to public health, natural resources will be uncontrolled
  - Investment in cleanup systems may be lost
  - Redevelopment opportunities lost
- Work will be sacrificed at some sites already in-progress, so actions at others can proceed.



# Where Will the Funding Come From?

- Bonds passed in 1988 and 1998 have served as the primary source of funding for the Cleanup and Redevelopment Program in the past.



- Proposal for a new bond to address future funding is currently in the legislature.



Heartside neighborhood, Grand Rapids



# Brownfield Grants and Loans

GVSU's Renewable Energy Center, Muskegon



## Assuming a Funded Program....

### **Loans:**

- Up to \$1,000,000\*

### **Grants:**

- Up to \$1,000,000\*

\* Per applicant per year



# Brownfield Grant Requirements

1. Property must be a facility
2. No liable parties
3. Redevelopment must be identified



Harbor View condominiums and marina,  
Ludington





# Brownfield Loan Requirements

1. Property can be a suspected facility
2. Liability not a deal killer
3. Redevelopment must only be likely



Grand Valley State University  
Graduate Business School  
(former Mt. Vernon Foundry),  
Grand Rapids





# Brownfield Loans....

- 15-year term
- First 5 years payment & interest free
- Interest rate of 2%



Frankenmuth River Place



Detroit Riverfront Promenade



Oldsmobile Park, Lansing



# Grant / Loan Eligible Activities

- Evaluations
- BEAs



- Due Care / Remedial Action
- Sometimes Demolition



# Prioritizing Factors

1. Job Creation
2. Environmental Remediation
3. Private Investment



The Village at Grand Traverse Commons, part of the former Traverse City State Hospital



# Prioritizing Factors, cont.

4. Demonstrated Financial Need
5. Local Contribution



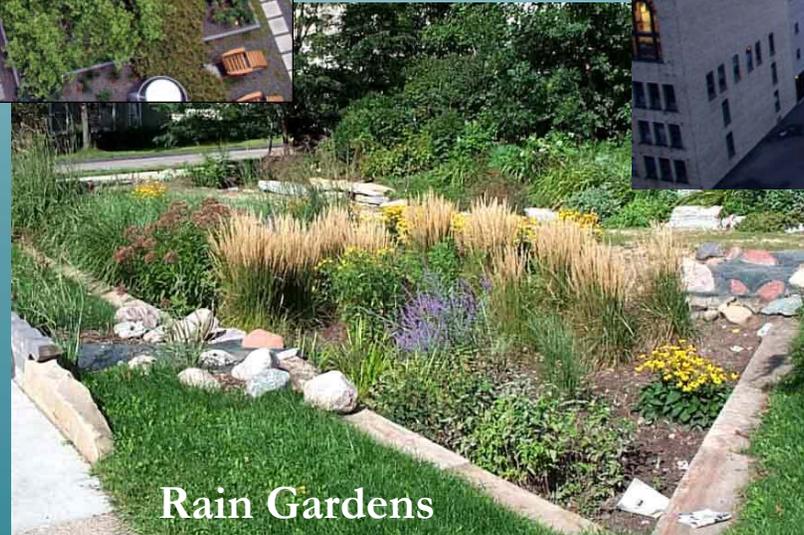
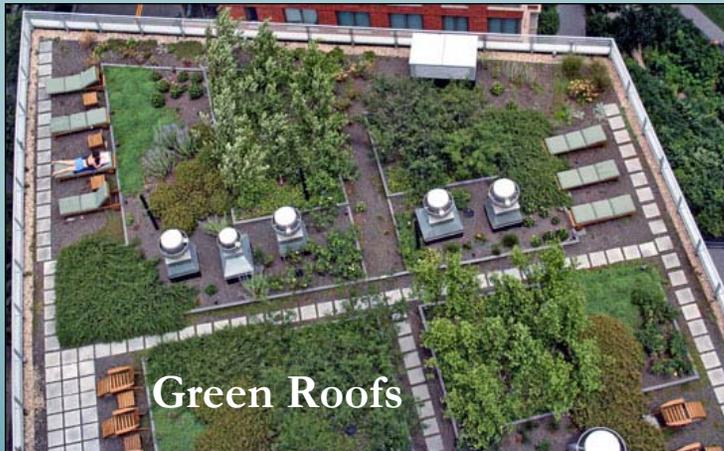
MA Houston Towers, at the former Heritage Hospital, Muskegon Heights





# Prioritizing Factors, cont.

6. Use of Non Point Source Controls
7. Use of “Green” Building Concepts





# How does it work?

- Call our office to discuss your project
- A single application is used for both grants and loans, available by contacting our office
- Applications are accepted year round



Oldsmobile Park, Lansing



# Who Do I Contact?

Contact the brownfield staff to discuss a project.

Northern Michigan & Saginaw  
Bay Area (Green):

**Jeff Hukill, 517-335-2960**

Central Michigan (Blue):

**Susan Wenzlick,  
231-775-3960 x 6312**

Southeast Michigan (Gold):

**Bruce Moore, 517-373-6413**

Southwest and Mid Michigan  
(Pink):

**Carrie Geyer, 517-335-6871**

