



# BROWNFIELD PRESENTATION

Brownfield Consultant Workshops 2018  
Department of Environmental Quality  
Remediation and Redevelopment Division (RRD)



# BROWNFIELD WORKSHOPS: SMOOTHER THAN A FRESH JAR OF SKIPPY

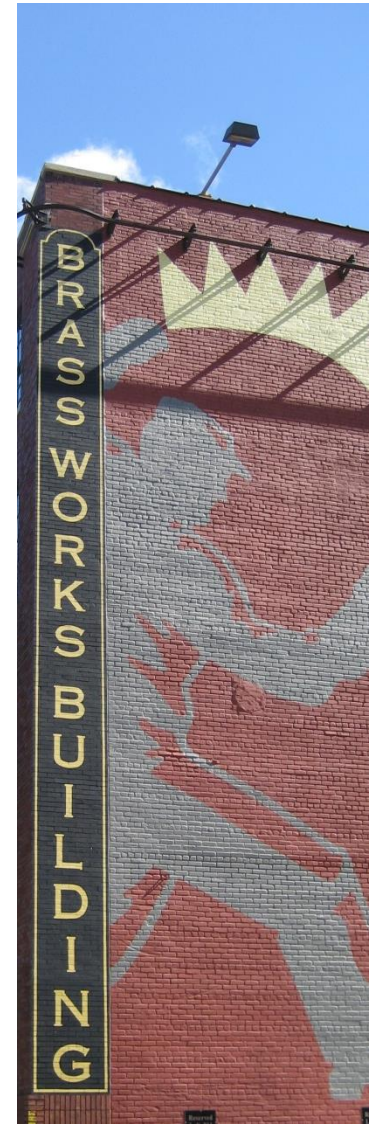
MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Intros
- Logistics
- Today's agenda
- When to ask questions
- When to tell us how we make you crazy



# WHAT ROCKS OUR WORLD?

- Part 196 – Brownfield Redevelopment Grants and Loans
- Part 201 – Cleanup program
- Part 213 – Underground Storage Tank program
- Act 381 – Brownfield Redevelopment Financing Act
- In 2017, Part 196 and Act 381 were amended to make brownfield incentives more consistent

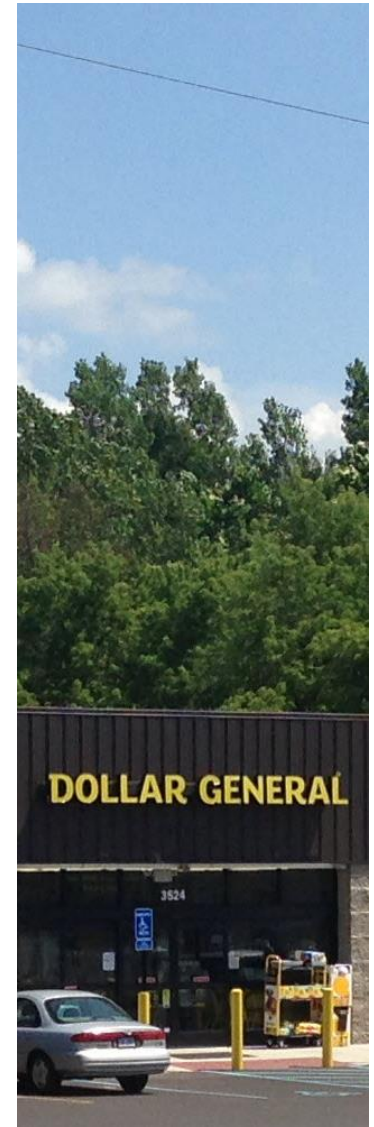




# HOW CAN THE DEQ PARTNER WITH YOUR COMPANY OR COMMUNITY?

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- DEQ incentives are:
  - Grants
  - Loans
  - Tax Increment Financing (TIF)
- Grants, Loans, and TIF pay for environmental costs that help:
  - Protect public health and the environment
  - Revitalize local economies



# NEXT WEEK THERE'S A BAKE SALE

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- \$5M *one-time* supplemental for grants/loans
- \$5M *annually* for Part 213 sites
- Restore Michigan's Environment would increase tipping fees to raise \$\$ for environmental programs; needs legislative approval
- Plan B:



# ACT 381: 2017 IN REVIEW

## MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

- Added Mold Abatement that is not a response activity as an MSF-eligible activity
- Added Brownfield Plan/Work Plan Implementation (up to \$30,000 per plan) as an MSF- and DEQ-eligible activity
- Act 381 Guidance now includes Solid Waste Disposal as an MSF-eligible Site Preparation activity
- Modified payment of TIR into the state BRF from “an amount equal to 3 mills” to “an amount equal to 50%” of the SET. Change from 3 mills to 50% of SET made because 6 mills are not always available for capture



# ACT 381: FEELING TRANSFORMED

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Added “Transformational Brownfield Plan” under MEDC

(see Act 381 for details)

## ■ Project Qualification Basis

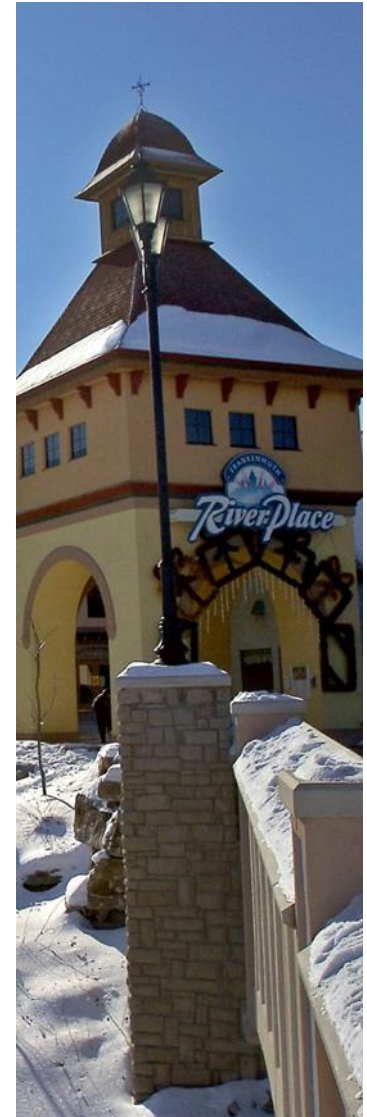
- A mixed-use project with a combination of retail, office, residential, or hotel use.
- Jurisdiction size and associated minimum capital investment (with limited statutory exceptions).
- Must demonstrate a positive economic impact to the State (fiscal and economic impact analysis).
- Must meet MEDC community development goals.
- Determination must be made that the Community Development incentives cannot meet the financial need of the project.

# ACT 381: MORE TRANSFORMED

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## Transformational Brownfield Plan cont'd

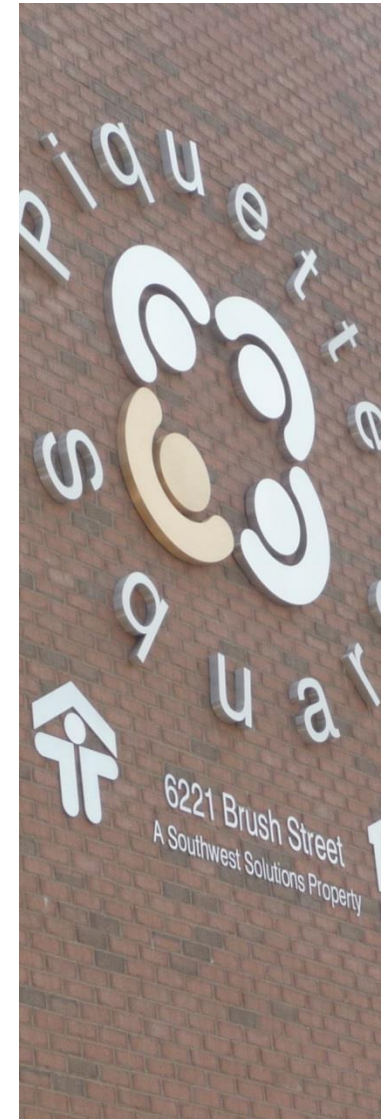
- **Eligible Activities**
  - Added vertical construction (new construction and rehabilitation)
- **Eligible Property**
  - Addition of “undeveloped property that was eligible property in a previously approved Brownfield plan that was abolished”
  - Can be a related program of investment on parcels that are not adjacent and contiguous to each component project.
- **Revenue Streams**
  - Traditional Property Tax Increment Revenue (TIR)
  - Construction Period Sales and Use Tax Exemptions
  - Construction Period Income Tax Revenue
  - Income Tax Capture Revenue
  - Withholding Tax Capture Revenue





# WHERE TO START?

- **Are you representing a developer?**
  - Talk with the LUG to ensure they are on board
  - Get in touch with a brownfield coordinator / CATeam / BDM
  - Think about the timing for incentives. Is there a BRA or does one need to be set up? Grants, loans, TIF approval take time.
  
- **Are you representing a local government?**
  - Do you have an interested developer?
  - Is there a BRA? Is the local government willing to set one up?

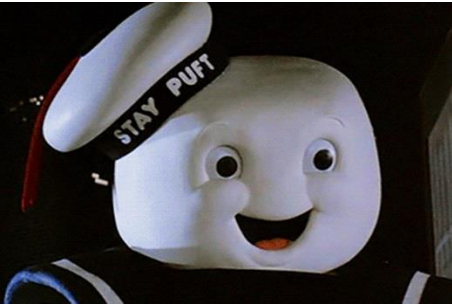


# THE PROJECT TEAM

- DEQ brownfield coordinator and district project manager
- MEDC CATEam / BDM and/or brownfield staff
- Local government needs to be all in
- Brownfield redevelopment authority
- Consultant
- Developer

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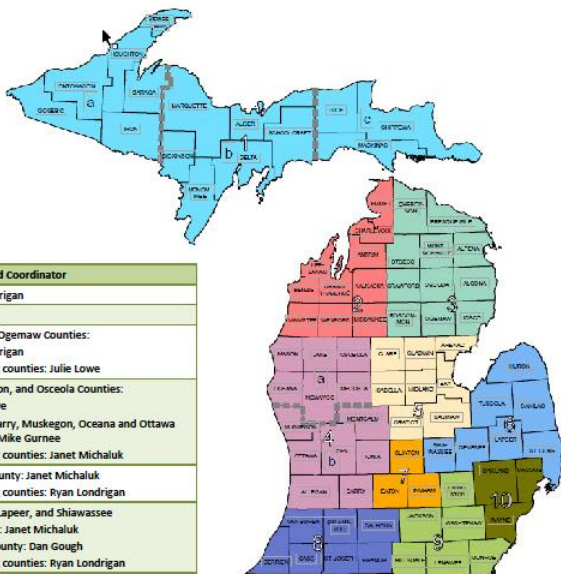


# WHO YOU GONNA CALL?

## MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

### MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

### DEPARTMENT OF ENVIRONMENTAL QUALITY BROWNFIELD REDEVELOPMENT PROGRAM CONTACTS



Region	Brownfield Coordinator
1	Ryan Londrigan
2	Julie Lowe
3	Iosco and Ogemaw Counties: Ryan Londrigan Remaining counties: Julie Lowe
4	Lake, Mason, and Osceola Counties: Julie Lowe Allegan, Barry, Muskegon, Oceana and Ottawa Counties: Mike Gurnee Remaining counties: Janet Michaluk
5	Gratiot County: Janet Michaluk Remaining counties: Ryan Londrigan
6	Genesee, Lapeer, and Shiawassee Counties: Janet Michaluk St. Clair County: Dan Gough Remaining counties: Ryan Londrigan
7	Janet Michaluk
8	Mike Gurnee
9	Livingston County: Janet Michaluk Remaining counties: Holden Branch
10	Oakland and Macomb Counties: Dan Gough Wayne County: Michelle Bakun

### Community Assistance Team Community Development



#### REGIONS

- 1 Upper Peninsula region**  
Jennifer Tucker 906.201.4367  
tuckerj6@michigan.org
- 2 Northwest region**  
Dan Leonard 989.387.4467  
leonardd6@michigan.org
- 3 Northeast region**  
Dan Leonard 989.387.4467  
leonardd6@michigan.org
- 4 West Michigan region**  
Sue DeVries 616.430.0280  
devries1@michigan.org  
Lindsay Viviano 517.249.0408  
viviano1@michigan.org  
(Kent, Muskegon, and Ottawa counties)
- 5 East Central Michigan region**  
Chelsea Rowley 989.475.7015  
rowleyc1@michigan.org
- 6 East Michigan region**  
Charles Donaldson 810.241.6658  
donaldsonc2@michigan.org
- 7 South Central region**  
Nate Scramlin 517.862.7742  
scramlinn@michigan.org
- 8 Southwest region**  
Emily Petz 269.568.0371  
petze1@michigan.org
- 9 Southeast Michigan region**  
Paula Holtz 517.243.5689  
holtzp@michigan.org

- 10 Detroit Metro region**  
Brittney Hoszkiw 517.420.7291  
hoszkiwb1@michigan.org  
(City of Detroit)  
Dominic Romano 313.418.7568  
romanod@michigan.org

# MATCHMAKER, MATCHMAKER

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## What makes a redevelopment project a good match for DEQ brownfield incentives?

- The site is suspected or known to be contaminated
  - *The project will result in environmental benefit*
- It has development interest or potential
  - *The project will create economic benefit*
- The community is on board





# YOUR PROJECT HERE

## MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

**ENVIRONMENTAL OUTCOMES:** Describe known or suspected environmental condition of the property, and response activities (including demolition) that are believed to be necessary for site reuse, and indicate which are proposed to be paid with a DEQ grant/loan. Indicate whether any underground storage tanks are present and whether they are regulated.

**ECONOMIC OUTCOMES:** Describe the new use of the property, and the jobs and investment that will result from the project. Indicate the expected date redevelopment is to be completed and whether there are any deadlines that could affect the grant or loan.

**COMMUNITY OUTCOMES:** Describe how the project fits local development plans and whether the project demonstrates placemaking or sustainable development concepts. Indicate whether the property is located in a Core Community, a Main Street Community, or traditional downtown.

**LOCAL COMMITMENT:** Describe sources, if any, such as tax increment to accept a loan for response activities.

**MAP:** Attach a map showing project location. A map of the site may also be attached.

**BUDGET:** Please provide a detailed budget below.

TASK			
Site assessment, baseline environmental assessment			
Investigation			
Transport / disposal of contaminated soils			
Vapor intrusion mitigation			
Capping / engineering controls			
Demolition / abatement			
Other response activities			
Grant / loan administration			
Third-party environmental oversight contractor, if needed (see note below)			
TOTAL	\$	\$	\$

# THE MEASURE OF A GOOD PROJECT

- **“Measurable Economic Benefit”** is the permanent jobs that are created or retained, the capital invested, or the increased tax base to the applicable county, city, village, and township where the project is located
- **“Measurable Environmental Benefit”** is the extent that the requirements of part 201 or part 213, or both, are advanced at a brownfield project where environmental conditions inhibit the site's redevelopment or reuse
- Grant projects must be expected to result in *measurable economic benefit* greater than the grant amount (except site assessments)

# HOW DO YOU KNOW WHICH INCENTIVES TO USE?

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- Talk to a DEQ brownfield coordinator
- Talk to MEDC Community Assistance Team (CATEam) or Business Development Manager (BDM)
- Look at When to Use What and Where



# THE MOST IMPORTANT TABLE YOU'LL SEE TODAY

## MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

### MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

#### WHEN TO USE WHAT AND WHERE

General Guide to Brownfield Incentives and  
Commonly Asked Questions on Eligible Costs

Note: This list of eligible activities and investments is not comprehensive for each of the incentive programs, and eligibility for some categories may be limited in terms of amount or application. Please discuss eligibility with the appropriate field staff representative from the Michigan Department of Environmental Quality (MDEQ) or Michigan Economic Development

Eligible Activity and/or Investment	MDEQ Brownfield Redevelopment Grant & Loan (Part 196)	Brownfield Redevelopment - Financing Act (Act 381)	
		MDEQ TIF (Environmental)	MSF TIF (Non- Environmental)
LUG/BRA Admin. of State-Funded/Approved Brownfield Activities	Yes	No	No
Evaluation/Investigation, BEA, Plan & Documentation of DCC	Yes	Yes	No
Implementing LRURs and other institutional controls	Yes	Yes	No
Interim Response	Yes	Yes	No
Remedial Action	Yes	Yes	No
Oversight of Environmental Contractor for BRA	Yes	Yes	No
Environmental Construction Management/Consulting	Yes	Yes	No
Engineering, Surveying and Design	Yes	Yes	Yes - QLGU
Professional Fees	Yes	Yes	Yes
Reasonable Legal Fees incurred to develop work plans (b)	No	Yes	Yes
Environmental Insurance	No	Yes (b)	No
Brownfield Plan Preparation	No	Yes	Yes
Work Plan Preparation	Yes	Yes	Yes
Long Term Operation & Maintenance Environmental System	No	Yes	No
Long Term Environmental Monitoring	No	Yes	No
Security Fencing (Temporary)	Yes	Yes	Yes
Security Fencing (Permanent)	Yes	Yes	No
Dewatering	Yes (a)	Yes (a)	Yes - QLGU, <u>not</u> (a)
Soil Erosion and Sedimentation Controls	Yes (a)	Yes (a)	Yes - QLGU
Clearing and Grubbing	Yes (a)	Yes (a)	Yes - QLGU, <u>not</u> (a)
Temporary Facility	Yes	Yes	Yes - QLGU
Site Grading	Yes (a)	Yes (a)	Yes - QLGU, <u>not</u> (a)
Sheeting & Shoring (Temporary)	Yes (a)	Yes (a)	Yes - QLGU
Sheeting & Shoring (Permanent)	Yes (a)	Yes (a)	No
Container Removal (ASTs, drums, hoists, etc.)	Yes (c)	Yes (c)	Yes (d)
Industrial Cleaning	Yes	Yes	Yes
Disposal of Solid Waste	Yes (b)	Yes (b)	Yes (d)
Dust control	Yes	Yes	Yes - QLGU
Dredging in waterways	Yes (b)	Yes (b)	Yes - QLGU
Pre-DEMOLITION Building Assessment (universal waste)	Yes	Yes	Yes

### MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

#### WHEN TO USE WHAT AND WHERE

General Guide to Brownfield Incentives and  
Commonly Asked Questions on Eligible Costs

Eligible Activity and/or Investment	MDEQ Brownfield Redevelopment Grant & Loan (Part 196)	Brownfield Redevelopment - Financing Act (Act 381)	
		MDEQ TIF (Environmental)	MSF TIF (Non- Environmental)
Lead, Mold, and Asbestos Survey	Yes	Yes	Yes
Lead, Mold, and Asbestos Abatement	Yes (b)	Yes (b)	Yes
Concrete Demolition and/or Recycling	Yes (a and/or b)	Yes (b)	Yes
Building & Site Demo (includes subsurface and unregulated USTs)	Yes (b)	Yes (b)	Yes
Interior Demolition	Yes (b)	Yes (b)	Yes
Deconstruction for Reuse/Recycling	Yes (b)	Yes (b)	Yes
Storm Water Management Practices	Yes (b)	Yes (b)	Yes - QLGU, (b)
Regulated UST Removal	Yes	Yes	Yes
Geotechnical Investigation	Yes (b)	Yes (b)	Yes - QLGU
Specialized Foundations	Yes (a)	Yes (a)	Yes - QLGU
Excavation of Unstable Material	Yes (b)	Yes (b)	Yes - QLGU
Transportation and Disposal of Unstable Material	Yes (a)	Yes (a)	Yes - QLGU
Backfill	Yes (a)	Yes (a)	Yes - QLGU
Asphalt/Concrete Placement	Generally No	Generally No	No
Topsoil/Seeding	Yes (b)	Yes (b)	No
Vertical, Underground, or Integrated Parking	No	No	Yes - QLGU
Public Infrastructure Improvements	No	No	Yes - QLGU
Other Site Preparation Activities	No	No	Yes - QLGU
Permitting Fees	No	No	No
Interest	No	Yes	Yes (potentially)

- a - Related to contamination
- b - Must meet specific criteria
- c - Related to due care or to mitigate future release
- d - Related to demolition

#### ABBREVIATIONS:

ASTs - Aboveground Storage Tanks  
BEA - Baseline Environmental Assessment  
DCC - Due Care Compliance  
LRUR - Land and/or Resource Use Restrictions  
LUG/BRA - Local Unit of Government/Brownfield Redevelopment Authority  
DEQ TIF - Department of Environmental Quality Tax Increment Financing  
MSF TIF - Michigan Strategic Fund Tax Increment Financing  
QLGU - Qualified Local Government Unit  
UST - Underground Storage Tank



# PITCH YOUR PROJECT (GRANTS AND LOANS)

- Consultant or local government writes a project proposal
- Proposal is submitted by the local government to DEQ brownfield coordinator
- Brownfield coordinator and district project manager review, ask questions
- Proposal goes to full brownfield unit for vetting
- Outcome could be yes, no, or questions
- The brownfield coordinator will report back on the outcome, amount, grant/loan split (if any), conditions

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# WRITE A GREAT APPLICATION (GRANTS AND LOANS)

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- When the proposal has been approved, the brownfield coordinator will send an application – it is not available on line
- Application is submitted to the brownfield coordinator, who writes up a package for management approval
- After the grant/loan is approved, the brownfield coordinator will contact the applicant and follow up with an award letter and contract
- The contract is boilerplate and not negotiable
- Nobody gets paid until there's a signed contract and approved work plan



# WRITE A GREAT WORK PLAN (GRANTS AND LOANS)

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- Everything has to be approved in advance – there are no pre-approved activities like 381
- Loan dollars are released when the work plan is approved
- Grant dollars are reimbursed after the money is spent
- Work Plan Amendments
- Act 381 Work Plans can function as a loan work plan



# WE'VE GOT ISSUES

- Common problems with grant and loan work plans:
  - They don't provide enough detail on the proposed work
  - They include activities that are not needed / appropriate / protective
    - Work that is already completed
  - Work plans are unclear / confusing about why work is needed



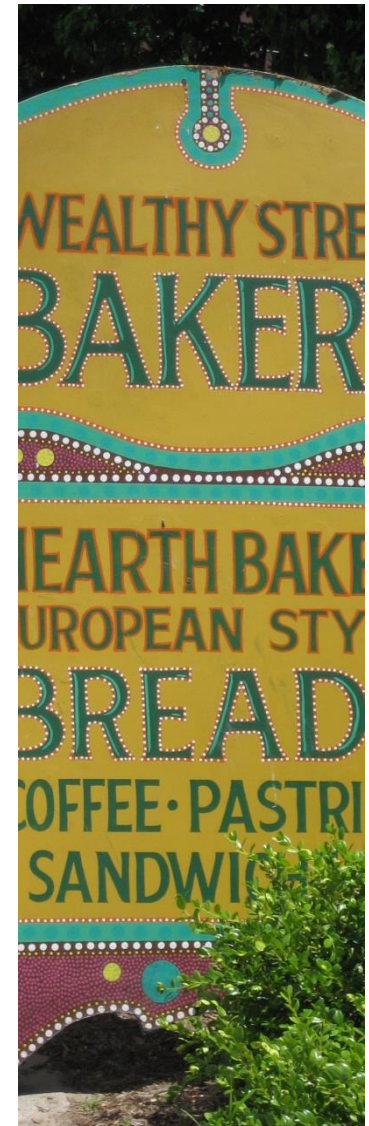


# HOW TO GET PAID IN ONE EASY STEP

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## Send in the form!

- Progress reports need to be sent in quarterly, even if you don't have expenses
- Include documentation
- Electronic submittal now required
- Stay current because we can't approve new work plans or budget changes unless we know project status
- How to get paid in less than 6 months at year-end (hint: send in the form on time)



# SEND IN THIS FORM!

## MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

### MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

#### BROWNFIELD REDEVELOPMENT PROGRAM GRANT AND LOAN QUARTERLY REPORT AND PAYMENT REQUEST FORM

517-284-5169 [DEQBrownfields@Michigan.gov](mailto:DEQBrownfields@Michigan.gov)

The following information is required to receive payment for incurred costs. This form should be separately completed for both grant and loan projects. ALL PAGES OF THE FORM MUST BE PROVIDED QUARTERLY WHETHER OR NOT WORK WAS COMPLETED AND REIMBURSEMENT IS REQUESTED. Fields that are calculated by the form are shown in Brown.

#### PROJECT DETAILS

Grantee / Borrower Name:		<input type="checkbox"/> Grant Report <input type="checkbox"/> Loan Report	
Project Name:		Tracking Code:	Request #:
Purchase Order Number:		Location Code:	
Dates of Reporting: Begin:		End:	Quarter: <input type="checkbox"/> Fiscal Year: <input checked="" type="checkbox"/>
Name of Contact Person:		Contract Expires On:	
Title of Contact Person:		Phone Number:	
Remittance Address:			
City:	State:	<input type="text" value="Michigan"/>	Zip Code:

#### EXPENDITURES

List all expenditures for the quarter and attach invoices from contractors and subcontractors

Invoice Number	Invoice Date	Vendor	Task Number (refer to approved work plan)	Amount	Proof of Payment (list check number or other reference)
<input type="button" value="Add Row"/>	<input type="button" value="Delete Row"/>				
TOTAL:					

#### PROGRESS REPORT

Task Number	Work plan Budget Approved to Date	Invoiced This Quarter	Invoiced to Date	Activity this quarter (include progress made, status, budget, concerns, and/or problems encountered)
TOTALS:				
<input type="button" value="Add Row"/>	<input type="button" value="Delete Row"/>			

Describe proposed activity next quarter including proposed date to complete.  
The field below will expand as you type. If additional room is desired, please attach additional sheets to this form.

Page 1 of 2

EQP4451 (Rev 2/19/2018)

#### Brownfield Redevelopment Grant and Loan Quarterly Report and Payment Request

Project Name:  Report #:  Fiscal Year:  Quarter:

#### LOAN AWARDS INTEREST EARNED

LOAN REPORTS ONLY: Interest earned on loan funds disbursed shall be reported in each quarterly progress report with supporting documentation. Please check the box below that corresponds to the appropriate statement regarding disbursed loan funds. If you cannot select one of the options below, please select "Loan Report" from the top of Page 1.

- ☐ Our interest statement is attached.  
☐ Our loan disbursement is not in an interest-bearing account.

#### STATEMENT OF REVIEW AND APPROVAL

BY SUBMITTING THIS QUARTERLY REPORT AND CHECKING THE BOX BELOW, THE GRANTEE / BORROWER AND THE REPORT SUBMITTER (IF DIFFERENT) CERTIFY THAT ALL WORK PERFORMED AND THE ASSOCIATED EXPENDITURES CONTAINED WITHIN THE REPORT ARE TRUE. THE GRANTEE / BORROWER ACKNOWLEDGES THAT FALSIFICATION OF RECORDS MAY RESULT IN THE TERMINATION OF THE GRANT / LOAN CONTRACT AND OTHER APPROPRIATE LEGAL REMEDIES.

- ☐ By checking this box, I, the grantee / borrower, verify that I have reviewed and approve the submitted invoices and progress report.

Please type name of individual checking the above statement:

Please email the completed form and all supporting documentation to your Brownfield Grant and Loan Coordinator and to [DEQBrownfields@Michigan.gov](mailto:DEQBrownfields@Michigan.gov)

Note: In order for the submittal to be considered complete and in compliance with the contract:

Copies of all contractor and subcontractor invoices must be attached. For Loan projects, a bank statement showing the balance of the loan funds and interest earned (if any) must also be attached.

All parts of this form must be completed and submitted quarterly whether or not there have been expenditures.

Page 2 of 2

EQP4451 (Rev 2/19/2018)

# BUT DON'T DO THIS (PLEASE)

## ■ Common problems with quarterly reports:

- Supporting documentation is missing
- Invoices are submitted that are not listed on the payment request
- Invoices are listed on the payment request but were not submitted
- Charges aren't explained / supported by the progress report
- Math doesn't add up
- Invoices don't match task items
- Invoices are for more than one fiscal year (breaking up is hard to do, but it has to be done or payment is delayed)
- Tasks and task numbers don't match work plans or Appendix A



# HOW TO FINISH A GRANT OR LOAN PROJECT

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- Send in all the invoices
- Send in all the reports
- Write a final report for the grant/loan
- 10% retained from invoices will be released when we get the goods





# WHAT SHOULD AN ACT 381 WORK PLAN INCLUDE?

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- As much detail as possible using the recommended templates
- TIF Table
  - TIF table is required and can be found on [miplace.org](http://miplace.org)
  - Abatements are easier to account for on standard template
  - Can be PDF (staff does not review formulas)



# FOR A GREAT ACT 381 WORK PLAN, DO THIS

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## ***Part One: Math***

- Work Plan eligible activity costs can't exceed Brownfield Plan eligible activity costs
- Include total square footage of project and components (retail, parking, residential, etc.)
- Break out integrated/vertical parking major subcategory costs in the eligible activity table
- For eligible activities that allow only *incremental* increase of costs to be reimbursed (urban storm water management, foundation work to address special soil concerns, etc.), specify that the costs are only those that exceed costs that would be incurred on a greenfield
- Include property tax abatement information within the Work Plan narrative. Include number of years and overall anticipated value.
- Ensure figures are consistent throughout the Work Plan and across different incentive applications (capital investment, jobs, etc.)

# AND ALSO THIS

## *Part Two: Not Math*

- Identify jobs created as “full-time equivalent” with a single average wage. Do not include construction jobs and/or construction wages (except Transformational)
- Indicate whether Infrastructure Improvements in the public ROW or within an easement
- Transmittal letters are not required for a draft Work Plan. MEDC staff will request transmittal letters once the work plan is close to the MSF Board date or MSF Delegate Signature

# WHO DOES WHAT?

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- DEQ approves “Department-specific activities” plus work plan development, environmental insurance, and attorney or consultant fees “not in the ordinary course of acquiring and developing real estate”
- MEDC approves “Non-Environmental Eligible Activities” in Act 381 definitions





# WHAT HAPPENS WHEN THE SCOPE OF WORK CHANGES?

- Approval for unanticipated costs – email followed by updated Brownfield Plan if needed
- Work plan amendments

## What constitutes an amendment?

- Project scope change (Use change, square footage change, etc.)
- Time extension to complete eligible activities (plans prior to FY16)
- Change in eligible activity costs
- Change in eligible activity type
- Change in eligible property (add, subtract, parcel combination)
- Change in local millage availability

## Who do you contact?

- MEDC: CTeam or BDM are available, but unless the amendment is coupled with the addition of a new incentive, Brownfield staff handles all amendments.
- DEQ: work with your brownfield coordinator

# HOLDING HANDS

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How do MEDC and DEQ staff collaborate on Act 381 work plans?

- MEDC and DEQ staff meet monthly to touch base on projects, discuss policy issues
- MEDC requests DEQ verification of facility status
- MEDC and DEQ staff collaborate on projects where costs may overlap agencies



# MAKING A LIST, CHECKING IT TWICE

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How does MSF determine support for Act 381 Work Plans?

- Does the project meet organizational goals?
- What are the individual merits of the project?
- Eligible activity availability (core vs. non-core)



# REQUIRED BRA REPORTING

## DON'T MAKE US COME FIND YOU

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- Act 381– Brownfield Redevelopment Authorities – Required by legislation
- Annually by August 31 via Online Portal
- BRA must report even if no Tax Increment Revenue was collected
- MEDC and DEQ review and evaluate submissions





# BREAK!

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# BROWNFIELD REALITY - (DEQ)

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A redevelopment  
project with  
environmental  
complications.

**Part 201 / 213**

Start with a simple  
question...



# ELIGIBLE ACTIVITY OR NOT?

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IS THE ACTIVITY  
NECESSARY TO  
ADDRESS  
CONTAMINATION?

OR

IS THE ACTIVITY THE  
SAME ON A  
GREENFIELD SITE?

POSSIBLE  
DEQ FUNDING

DEVELOPER  
FUNDING

# FUNDING FOR OUR MISSION

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- GRANTS
- LOANS
- ACT 381 Tax  
Increment Financing





# PARTIAL LIST OF ELIGIBLE ACTIVITIES

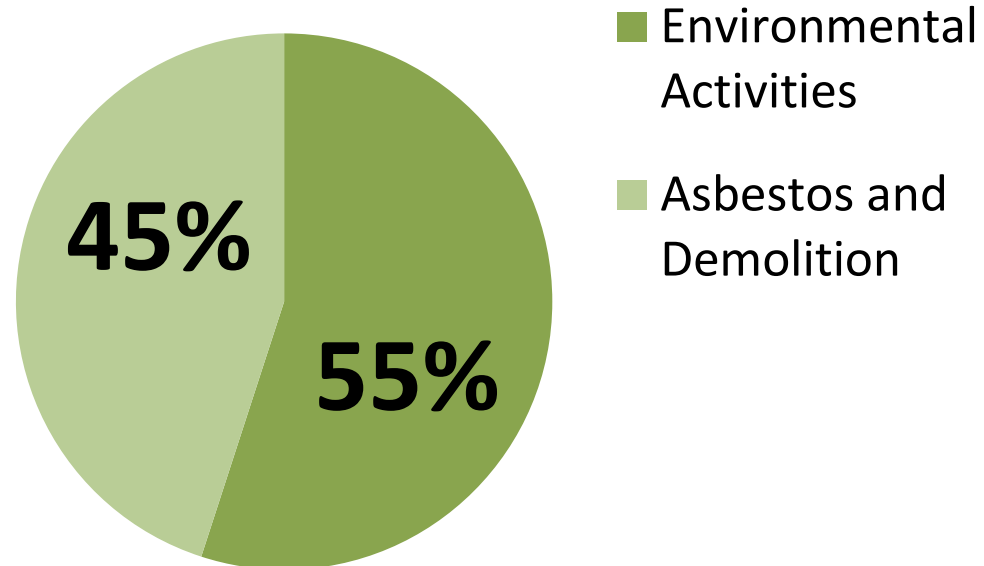
- Phase I ESAs, Phase II ESAs, and BEAs
- Due Care Investigation, Reporting, and Planning
- Asbestos, Lead, and Mold Survey
- Response activities, Vapor Mitigation, Capping, etc.
- Soil and Groundwater Disposal
- Hazardous Material Removal
- UST Removal and Closure
- Dust Control
- Sheeting and Shoring
- Industrial Cleaning
- Unstable Soil Disposal, Specialized Foundations
- Administration fees
- Demolition \*
- Lead, Asbestos, Mold Abatement \*
- Removal and disposal of sediments \*
- Disposal of solid waste \*

**\* Up to 50% of  
DEQ Funding**

# THE 50-50 RULE: HOW?

Percent of Grant

- **DEMO**
- **LEAD**
- **ASBESTOS**
- **SEDIMENT**
- **SOLID WASTE**



# 50 – 50 RULE: WHAT AND WHY?

- DEQ program is Part 201/213 - driven
- There are other significant and expensive non-201/213 impediments to redevelopment
- Requests are far greater than DEQ funding available



# TRACKING 50/50 ITEMS

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Combination of all items must meet 50-50
- Proposed budget must show the split
- Must draw funds down evenly
- Show status by task on each quarterly report



# EXAMPLE TRACKING SPREADSHEET

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

## ITEMIZED GRANT EXPENDITURES (QUARTER 18-3)

Activity	ASBESTOS/DEMO		ENVIRONMENTAL
Bid Specs	\$2,000		\$2,000
Asbestos Air Monitoring	\$1,000		-
Waste Drum Removal	-		\$3,000
Asbestos Abatement	\$15,000		-
Demolition	\$50,000		-
Soil Transport & Disposal	-		\$50,000
Vapor Mitigation	-		\$25,000
<b>Total</b>	\$68,000		\$80,000
Total Grant Expended	\$148,000		
Percent of Funding	46%		54%



# WAIT, I THOUGHT YOU SAID THE ONE ON THE LEFT!

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Structures
- Interior Demolition
- Pavement
- Site Features
- Properly Closed in Place USTs

Some demolition is a response activity and not subject to 50 – 50 Rule



# RESPONSE ACTIVITY OR NOT?

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

IS THE DEMOLITION  
NECESSARY TO  
REMOVE  
CONTAMINATION?

OR

IS THE DEMOLITION  
ONLY NECESSARY FOR  
REDEVELOPMENT?

ENVIRONMENTAL  
RESPONSE ACTIVITY

50/50 RULE



# TYPICAL DEMOLITION PROJECT

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM



**\$75,000 Env.**

**\$20,000 Demo**

**DEQ Grant Funds**

**\$10,000 BEA**

**\$50,000 UST**

**\$15,000 VI System**

**\$2,000 Asbestos**

**\$18,000 Demo**

**\$95,000 Total Grant**

# DEMO PROJECT MATCHING FUNDS

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

## *Developer Costs*

\$10,000 BEA

\$50,000 UST

\$75,000 Env.

## *DEQ Funding*

\$15,000 VI System

\$2,000 Asbestos

\$18,000 Demo

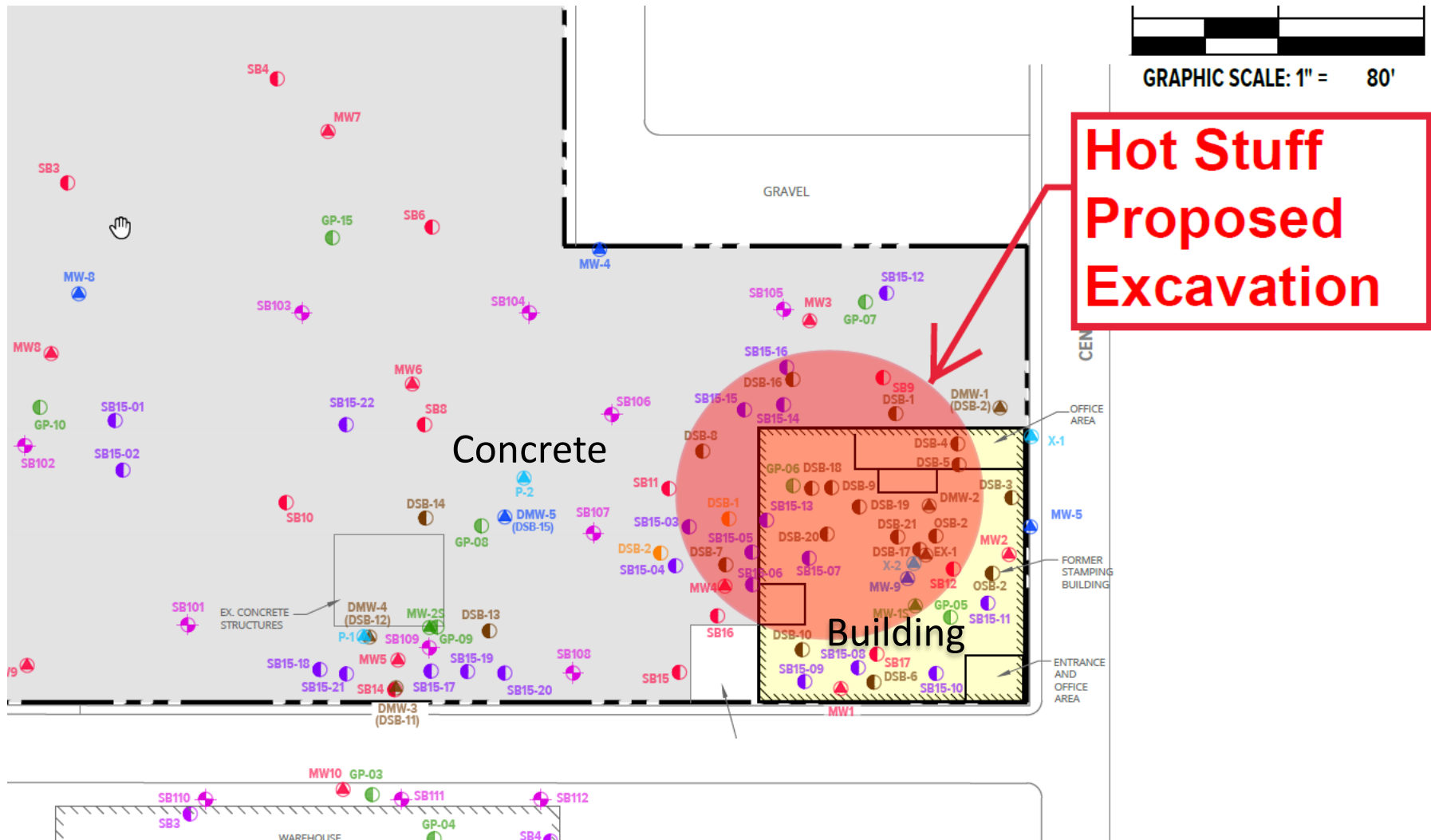
\$20,000 Demo

\$35,000 DEQ Support

Environmental activities  
funded by other sources can  
match DEQ funds



**MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM**





# LEAD, ASBESTOS, AND MOLD – OH MY!

## Activities not subject to 50-50 Rule

- Survey (must be part of a facility/due care investigation)
- Lead / asbestos released to the environment
- Friable/flaking lead/asbestos that is a threat to human health or the environment
- Abatement that is part of response activity



# LEAD, ASBESTOS, AND MOLD – OH MY!

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

All other lead, asbestos, mold activities only necessary to facilitate redevelopment are subject to the 50-50 Rule





# DREDGING / SEDIMENTS

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

Two conditions always required

1) Economic development project

2) Facility or sediments will create a facility

Only the additional costs incurred due to contamination



# DREDGING / SEDIMENTS

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

## The Act of Dredging

VS.

## Dredge Spoils Management

- a) Testing, transportation and disposal at landfill.
- b) Upland disposal and cover.
- c) Costs to develop restrictive covenants.





# SOLID WASTE

- **Part 115 Wastes**
  - Tires
  - Furniture
  - Asphalt shingles
  - Some slags, ash, sludge
- **No, we can not dig out landfills**
- **Property must be a facility**





# DEWATERING

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM



Only added costs directly associated with contamination.

Incremental cost for Transport, Disposal, Treatment.

DEQ fund lowest cost feasible method: frack tank, NPDES permit, sanitary sewer, etc.



# NON-ENVIRONMENTAL DEMO, LEAD, ASBESTOS, ETC. - MSF

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Demolition of structures, foundations, parking lots, etc. and transportation/disposal of non-recyclable elements
  - If contaminated soils are included, MSF will only cover costs of excavation, not transportation/disposal
- Lead, Asbestos and Mold Abatement, if part of structure and not friable
- Solid Waste Removal is a Site Prep activity



# NON-ENVIRONMENTAL DEWATERING - MSF

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- **Dewatering is an MSF Site Prep Activity during**
  - Excavation for unstable materials
  - Excavation to support underground parking
  - Foundation work to address special soil concerns, fill, or urban storm water management





# SOIL EXCAVATION & HANDLING

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Excavation
- Transport
- Disposal

...May be DEQ-eligible but ONLY the added costs directly associated with contamination



# CAN DEQ FUND EXCAVATION?

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

IS THE SOIL  
EXCAVATED TO  
REMOVE  
CONTAMINATION?  
(I.E. SOURCE  
REMOVAL)

OR

IS THE SOIL  
EXCAVATED FOR  
CONSTRUCTION  
REASONS?

YES, EXCAVATION IS ELIGIBLE  
RESPONSE ACTIVITY

NO, NOT ELIGIBLE



# UNSTABLE SOIL - DEQ

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

**DEQ will pay for the lowest cost transportation and disposal option or specialized building foundations**

- Must be contaminated
- Non-indigenous fill
- Written engineering analysis



# UNSTABLE SOIL - MSF

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- **Excavation for Unstable Materials is an MSF Site Prep Activity**
  - Must be non-indigenous material
- **Foundation Work to Address Special Soil Concerns is an MSF Site Prep Activity**
- Other unstable soil should seek professional help.





# OTHER ELIGIBLE COSTS

- **Soft Costs**
  - Engineering, Bidding
  - Design, Survey
  - Oversight, Project Management
  - HASP
  - Reporting
  
- **Associated Costs**
  - Soil erosion and sedimentation control
  - Survey, Staking
  - Traffic Control
  - Shoring
  - Backfill
  - Compaction, Testing



# UNANTICIPATED COSTS

If using DEQ  
funding:

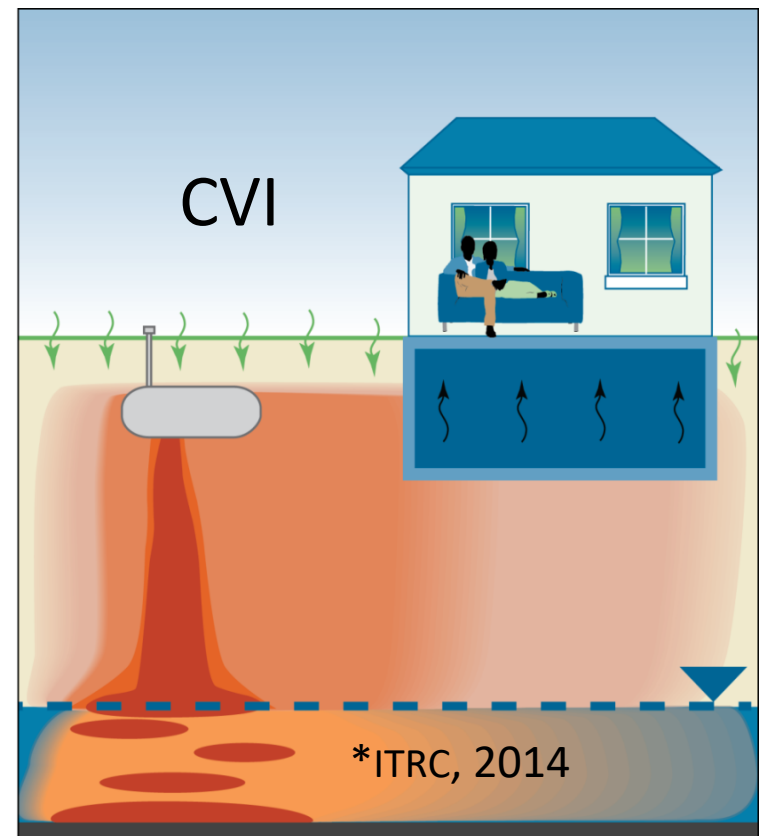
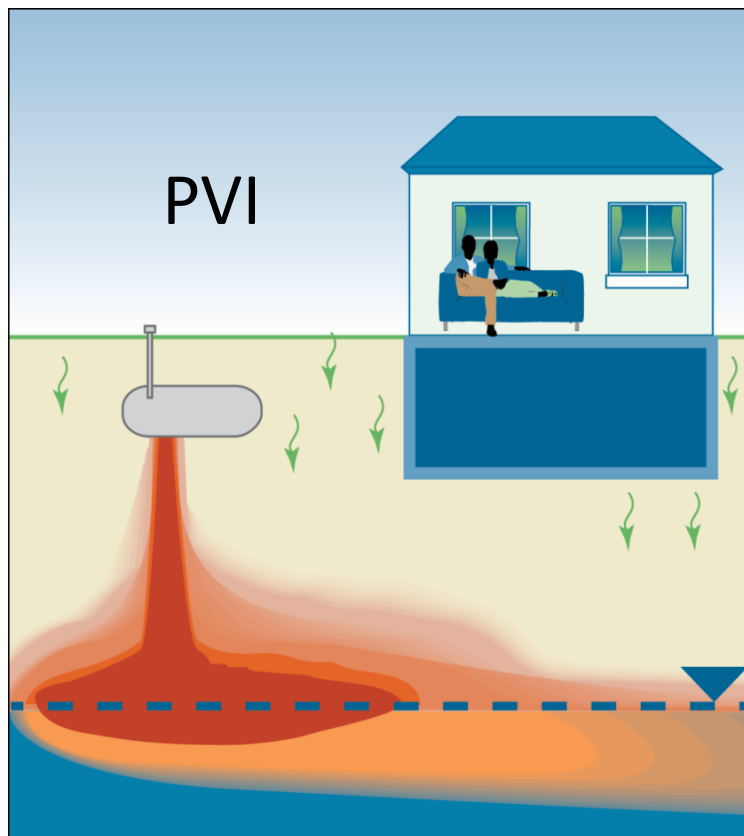
- call from the field
- get a verbal ok
- must follow up in writing



# VAPOR MITIGATION

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

## NEW REALITY





# LIABILITY

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

DEQ funding generally cannot benefit a party that is responsible for causing a release.

*...but there is still a lot we can do.*



# WHAT IF THERE IS A LIABLE PARTY?

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- Developer = No DEQ funding
- Seller = Assessment and Due Care (response activity with TIF)
- Viable 3<sup>rd</sup> Party Exists = Assessment and Due Care (response activity with loan/TIF)
- LUGs = Loan with 50% Match



# LIABILITY MATRIX

Viable, liable party	Possible DEQ funding sources for eligible activities with a liable party		
	Assessment activities	Due care activities	Response activities
No viable liable party	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF
Third party unrelated to development (Not seller, developer, or LUG)	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF	Loan; Act 381 TIF
LUG – Grant / Loan request	Loan with 50% match	Loan with 50% match	Loan with 50% match
Seller of the property	Grant, Loan, Act 381 TIF	Grant, Loan, Act 381 TIF	Act 381 TIF
Developer of the property	NONE	NONE	NONE



# CONSULTANTS AND SUBCONTRACTORS (GRANT/LOAN)

MICHIGAN  
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REDEVELOPMENT  
PROGRAM

- **Competitive Bidding**
  - Not Professional Services (consultant)
  - Not labs
  - Any Contractor/Trade over \$20,000
- **Conflict of Interest**
  - When you work for the developer and the LUG
  - 3<sup>rd</sup> Party Oversight
- **10% markup on subcontractors, lab fees, etc.**
  - Must provide receipts





# PROJECT ADMINISTRATION AND OVERSIGHT (GRANT/LOAN)

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

A local unit of government can be reimbursed for its grant/loan administration at up to 3% of the grant or loan amount

Communities may hire consultants to manage non-technical services or provide technical oversight over another consultant limited to 5% of the grant or loan amount

The DEQ may approve both administration and oversight on a project with a maximum cost of 8% of the grant or loan amount



# **BUT WE ALREADY SPENT THE MONEY!**

## **PRE-APPROVED ACTIVITIES FOR 381 TIF ONLY**

- **Site assessments**
- **Pre-demolition and building hazardous materials surveys**
- **Asbestos, mold, and lead surveys**
- **BEAs**
- **Due care planning**

## **NO LOOK BACK FOR DEQ GRANTS AND LOANS**

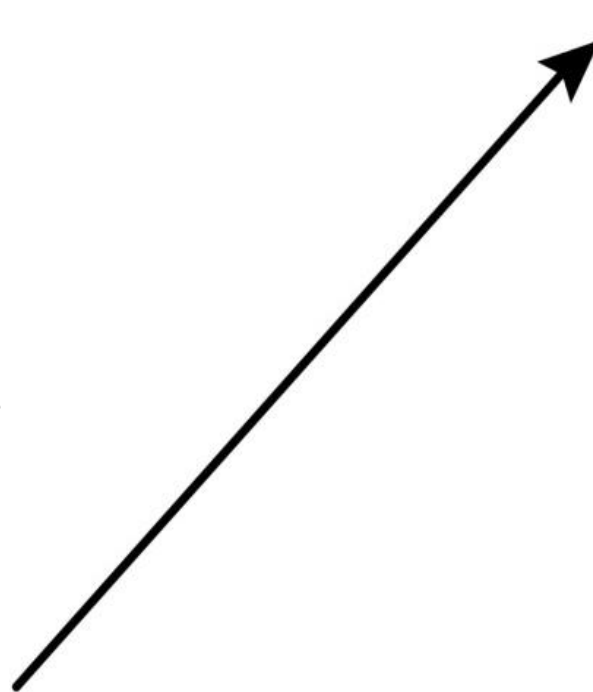
**Non-Environmental Eligible Activities – Get engaged with CATeam/BDM as early as possible to discuss project needs and timelines**

# THINGS THAT ARE NEVER ELIGIBLE, NO HOW, NO WAY

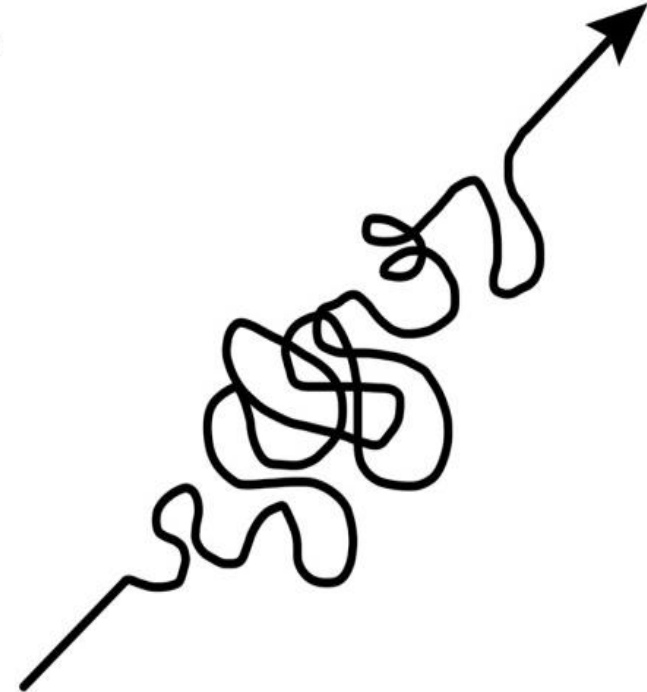
- Anything that would be required for the development of an uncontaminated site
- Construction costs unless related to contamination
- Transport / disposal of anything that isn't contaminated
- Excavation or dewatering for construction
- Building slabs (even if it's a "cap")
- Drinking water supply replacement
- Operation and Maintenance
- Attorney fees / legal advice (except as allowed by Act 381)
- Equipment purchase
- Third party damages
- Fees (local fees, etc.)
- Cost to prepare grant/loan application
- Activities conducted outside a DEQ-approved work plan
- Things that don't pass the laugh test

# TIMING IS EVERYTHING

- How long does it take?
- Incentives cost time
- Coordinate incentives with the real estate transaction and construction schedules



**Expectation**



**Reality**



# HOW TO DELAY A PROJECT

- Don't engage the LUG, DEQ, and CATeam early
- Have a big hairy liability issue
- Don't understand site conditions
- Propose fuzzy activities and costs in the scope of work
- Change the financing package
- Don't execute a reimbursement agreement
- Find weird buried stuff



# OTHER FUNDING EXISTS IN THE WORLD\*

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

- EPA 128a Program
- Refined Petroleum Funds (RPF)
- Other Direct DEQ Funding
- MIPlace.org or michiganbusiness.org

\*Ryan Londrigan direct quote



# WHO ARE WE, AND WHY ARE WE HERE?

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM

**DEQ Mission.** The Michigan Department of Environmental Quality promotes wise management of Michigan's air, land, and water resources to support a sustainable environment, healthy communities, and vibrant economy.

# PARTNERS IN ECONOMIC DEVELOPMENT: THE NUMBERS

MICHIGAN  
BROWNFIELD  
REDEVELOPMENT  
PROGRAM



**36 Brownfield  
Projects**

\$27M in incentives

- \$9.4M grants and loans
- \$17.6M brownfield TIF

Impact

- 2,935 jobs
- Private investment = \$892M

ROI

- \$32/DEQ \$ invested



# #MIBROWNFIELDS

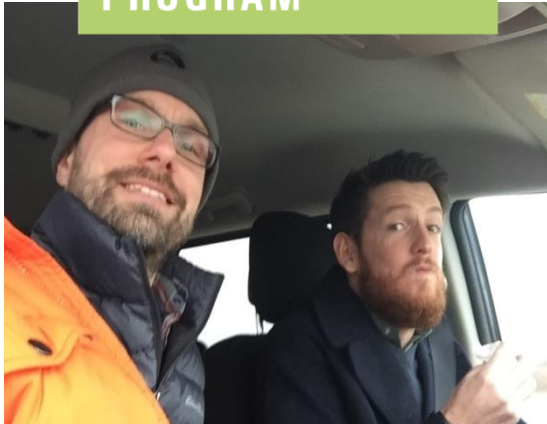
## WWW.MICHIGAN.GOV/DEQBROWNFIELDS

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CATeam members can be found at <https://www.miplace.org/globalassets/media-documents/cateam-map.pdf> - check your emailed agenda for this link

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The BRU Crew can be found at [http://www.michigan.gov/documents/deq/deq-rrd-Revised\\_staff\\_map\\_ada\\_615211\\_7.pdf](http://www.michigan.gov/documents/deq/deq-rrd-Revised_staff_map_ada_615211_7.pdf) - check your emailed agenda for this link

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