



PECFA POST



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ECONOMIC IMPACTS OF PECFA: MARSHFIELD CASE STUDY

The Wisconsin Department of Commerce (Commerce) Petroleum Environmental Cleanup Fund Award (PECFA) program's primary responsibility is to clean up petroleum-contaminated properties to protect human health and the environment. In comparison, the State of Wisconsin Brownfield Programs provide grant funds to assist with assessment and cleanup of environmental contamination of abandoned, idle or underused industrial and commercial property.

Recently, Commerce conducted a case study on the City of Marshfield as an example of how PECFA funding not only protects human health and the environment, but also achieves the same goals of redevelopment as the Brownfield Programs.

To date, 85 petroleum-contaminated properties in the Marshfield area have used or are using PECFA reimbursement to assist with petroleum cleanup costs. As a result of the 8.6 million dollars in PECFA funding reimbursed at the 85 properties in the City of Marshfield, 70 percent have experienced economic development, thereby increasing tax revenue and creating jobs for the city. In many cases, without PECFA funding the properties would not have been cleaned up and would have been either abandoned by the owner to become the responsibility of a municipality or have become blighted.

PECFA funding also contributes to local economies as consultants and subcontractors conduct cleanups. In addition, lending institutions that provide PECFA loans, professional consulting and engineering firms and the subcontractors the firms hire experience an increase in revenue.

An example in the City of Marshfield is the Wood Tire/A1 Water property. Following cleanup, the property was purchased from the City of Marshfield and redeveloped into a Holiday Inn and Convention Center. The pictures below show the property before and after redevelopment.



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This is one of many examples of how PECFA benefits Wisconsin by placing once tax delinquent properties back onto tax rolls, attracting new businesses and jobs, creating new recreational areas and reducing the pressure to develop open spaces much like the Brownfield Programs.

ELIGIBILITY OF A RELEASE FROM A NEW OR UPGRADED UST SYSTEM

I recently had my underground storage tank (UST) system removed, which operated until the removal. The closure assessment revealed soils contaminated with petroleum product at levels that will require an investigation and possibly remediation. Am I eligible for PECFA funding? This is a question that many owners or operators are going to be asking in the near future, as their aging underground petroleum storage tank systems must be closed or replaced with a modern system.



Current Wisconsin state statutes prohibit PECFA from reimbursing for costs associated with the investigation or cleanup activities from a discharge from a new or upgraded petroleum product storage tank system. For PECFA program purposes, the UST system is considered to be upgraded if the tanks and piping have cathodic (corrosion) protection along with spill and overfill devices. The UST system is considered new if it was installed after December 22, 1988 and met the performance standards in 40 CFR 280.20 (corrosion protected tank & lines, spill & overfill devices) at the time it was installed.

If evidence of petroleum contamination is found during the removal of new or upgraded tank systems, the Wisconsin Department of Natural Resources (DNR) must be notified. If there is evidence that suggests the contamination may be from a previous petroleum system, PECFA will determine the percentage of the costs that may be eligible for reimbursement from PECFA, based on current language in Administrative Rule, Chapter Comm 47.02(4).

LENDERS ON PREVIOUS CLAIM SUBMITTALS

The PECFA Claim Review Section has received many claims where the Form 7, Assignment of PECFA Reimbursement, indicates there is no lender; however, the previous claim submittal had a lender assigned. This typically occurs when a new scope of work was approved and the consultant has changed. The new consultant may not be aware the responsible party (RP) has a loan to fund the cleanup. In some instances, the RP has simply told the consultant, for whatever reason, they did not have a loan. Based on that information, no

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interest is submitted and the Form 7 shows no lender. This is problematic at claim review time.

The Form 7 assignment allows PECFA to send reimbursement checks directly to the lender that provided the loan to the RP. This ensures the PECFA proceeds pay for the cleanup loans and are not used elsewhere. If a lender is not involved, the checks are sent directly to the RP. Once a loan has been made, however, in order for PECFA to send the reimbursement check directly to the RP, PECFA must receive a written statement from the lender that states they are releasing their PECFA assignment.

If a lender has released their assignment, it is imperative to have that letter in the claim when it is submitted. This will trigger the claim reviewer to contact the lender for a final interest payoff, which ensures that all eligible interest is reimbursed. If the assumption is made that the RP has no loan and there is no background check on the part of the claim preparer to verify this, it could jeopardize interest reimbursement. There have been situations where the RP has told the consultant there is no loan and the claim was submitted well past the 120 day after closure submittal requirement. This resulted in the denial of interest, which may be difficult for the lender to recoup from the RP.

PENALIZED INELIGIBLE COSTS NOW ASSESSED IN CLAIMS

PECFA claims that include penalized ineligible costs per Comm 47.30(3)(b) are now being penalized per 47.30(3)(a). Therefore, if an owner/RP prepares and submits a claim that includes penalized ineligible costs, they will be penalized the ineligible cost and also be assigned an additional 50 percent penalty to that cost. In addition, consulting firms that prepare and submit claims that include penalized ineligible costs will be sent a notice requiring the firm pay Commerce the amount equal to 50 percent of the ineligible cost; the award for the claim will also be reduced to exclude those costs. Be reminded that the costs for work performed prior to May 1, 2006 are now considered a penalized ineligible and if they are included in a claim received today, the penalty will be applied.

CONSULTANT BUDGET REQUESTS

Consultants are reminded that costs on the Usual & Customary Cost Schedule (UCCS) for Task 7 (RC05) Regulatory Correspondence and Task 28 (SI05) Standardized Invoice, will no longer be included in cost cap approvals. Due to the inconsistent and unpredictable number of tasks, the eligibility of costs and number of tasks allowed will be determined at the time of claim review. Submittal of the proper supporting documentation with the claim will be required in order to be reimbursed. The reimbursement maximum for Task 7 of 12 per year will be enforced. There is no limit for Task 28; however, in order to be reimbursed for the task, the consultant or commodity provider must have completed a USSC Standardized Invoice and invoiced the RP. Task 28 may be claimed for each invoice submitted with a claim.

MIKE FEHRENBACH JOINS THE COMMERCE ENVIRONMENTAL AND REGULATORY SERVICE DIVISION

The Commerce Bureau of PECFA would like to welcome Mike Fehrenbach who started in August as the Bureau Director of Petroleum Products and Tanks within the Division of Environmental and Regulatory Services (ERS).

Fehrenbach, the former fire chief in Sauk City, has held a variety of fire department positions, including tank inspector. As Bureau Director, he oversees the operations of all of the "retail" tank inspectors in the state. As such, he and his staff are responsible for over 4,000 inspections a year. Mike has served as a firefighter, EMT, village trustee and board president in Sauk City following his service in the navy, which included two tours in Viet Nam.

Mike married his wife Genevieve "Jenny," a nurse, in 1973. The couple has two sons, Anton, 27, a project engineer living in St. Paul, Minnesota and Jacob, 23, a City of Beloit firefighter/paramedic.

PECFA SAYS GOODBYE TO WILL MYERS

Will "Woody" Myers accepted a position with the DNR Remediation and Redevelopment Program in August. Woody worked for the PECFA Site Review Section for eight years. Woody was involved in nearly 350 case closures during his time with Commerce. In addition, Woody worked cooperatively with the Department of Natural Resources on the development of scopes of work and public bidding. Commerce wishes him good fortune and looks forward to working with him in the future.

PECFA UPDATES SINCE THE LAST ISSUE OF THE POST:

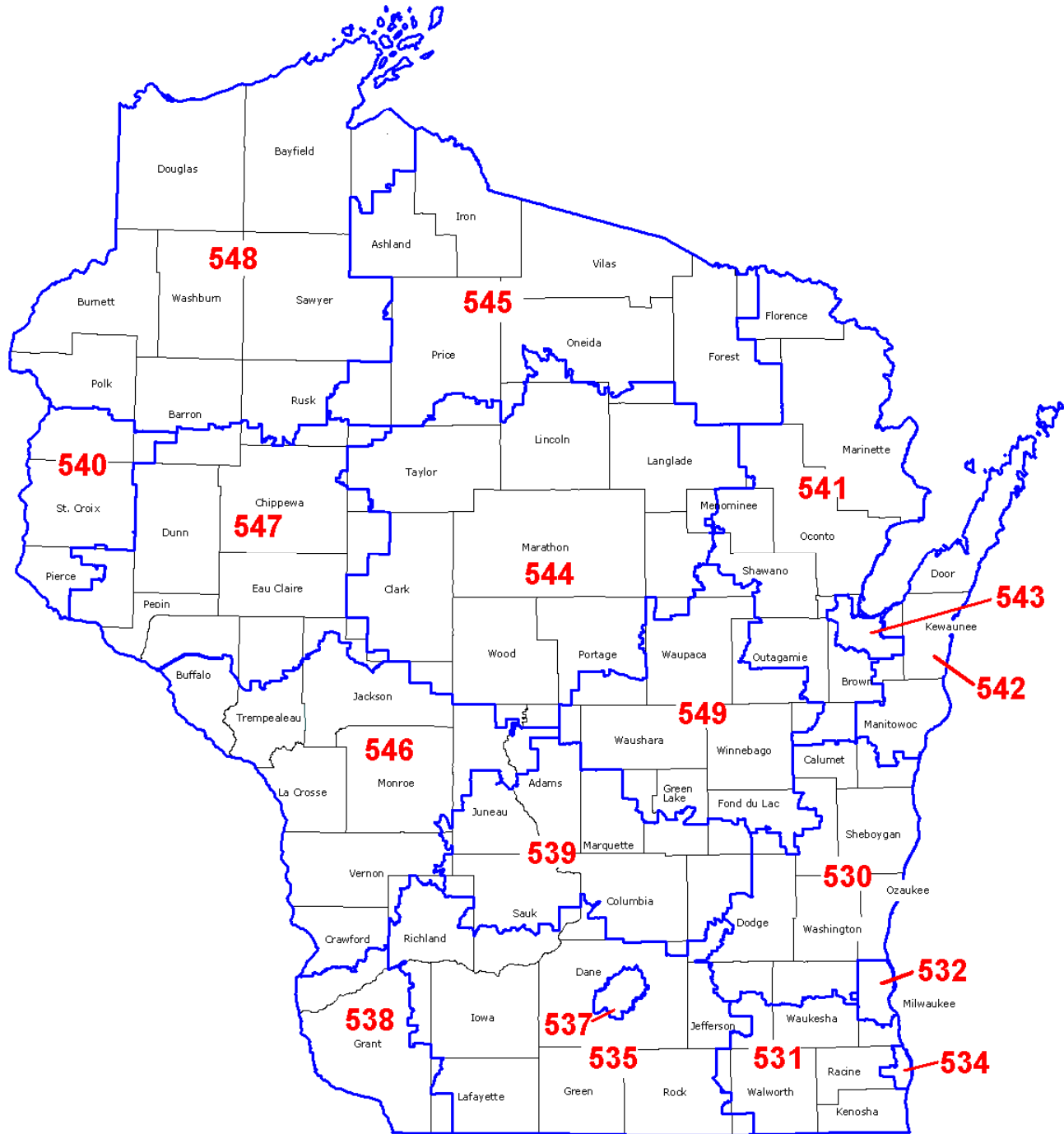
Update 34: <http://commerce.wi.gov/ERpdf/pecfa/ER-PECFA-Update34.pdf>

Update 35: <http://commerce.wi.gov/ERpdf/pecfa/ER-PECFA-Update35.pdf>

Update 36: <http://commerce.wi.gov/ERpdf/pecfa/ER-PECFA-Update36.pdf>

Update 37: <http://commerce.wi.gov/ERpdf/pecfa/ER-PECFA-Update37.pdf>

PECFA SITE REVIEW ZONE COVERAGE MAP



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*Outagamie, Winnebago, Fond du Lac Counties are managed by Robert Klauk and Tom Versteegen whereas the remainder of 549 sites, including the City of New London, are managed by Dee Lance.

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