

Biennial Report

**2007-2009**



**The Department of Commerce**

201 West Washington Avenue

P.O. Box 7970

Madison, WI 53707-7970

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# ACKNOWLEDGEMENTS

The **2007-2009 Biennial Report** was produced by the Department of Commerce.

The report was prepared under the direction of **Louie Cornelius**, Director, Bureau of Policy and Budget, and **Tony Hozeny**, Director, Office of Communications.

It was written by **Debra Miller**, Policy and Budget Analyst, and **Barbro McGinn**, Senior Communications Specialist, with assistance from staff in the Bureau of Policy and Budget and throughout the Department.

The authors wish to express their gratitude to all Commerce staff who contributed information to this report.



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*Governor Jim Doyle*



*Secretary Aaron Olver*

# Grow Wisconsin: Strengthening and Expanding Our Economy

By

**Aaron Olver, Secretary  
Wisconsin Department of Commerce**

Economic Development is Governor Doyle's top priority. Since taking office, Governor Doyle put Wisconsin at the forefront of economic development by identifying goals and measurable outcomes so that scarce economic development funds can be wisely and effectively used.

During the 2007-2009 biennium, Governor Doyle continued to advance *Grow Wisconsin* with innovative initiatives. These initiatives:

## **1. EXPAND the Powerful Enterprise Zone Tax Credits Program**

- Provides a large company creating jobs in a designated zone with a refundable income and franchise tax credit equal to seven % of the company's payroll paid to new full-time employees (EZ-E).
- Allows a 100-% credit for training costs.
- Allows for a new job retention credit of up to 7 % of payroll if the company is an original equipment manufacturer (OEM) with a significant supply chain in the state or the company employs more than 500 full-time employees in the enterprise zone, and the company makes a significant capital investment in property in the enterprise zone (EZ-R).
- Allows for a new 10-% refundable credit for companies making significant capital expenditures in an enterprise zone.

## **2. CREATE an Aggressive Jobs Tax Credit for Significant Job Creation**

- Provides up to \$5 million per year in new refundable payroll tax credits to small and medium sized business relocating to or expanding in Wisconsin.

## **3. SIMPLIFY and CONSOLIDATE Wisconsin's Tax Credit Programs into one new, easy-to use, flexible program**

- Provides income tax credits to businesses that
  - create manufacturing jobs,
  - train current employees
  - make capital investment
  - retain jobs in connection with location or retention of a corporate headquarters in Wisconsin.

## **4. ENCOURAGE Research and Development with a New Super R&D Tax Credit**

- Provides a dollar-for-dollar credit for qualified research expenses paid or incurred by a business in a tax year that exceeded 1.25 times the average annual amount of qualified expenses paid or incurred in the previous three tax years.
- Offsets future tax liabilities.

**6. DEVELOP Opportunities for All Dairy Manufacturing Facility Investments**

- Provides a refundable credit that allows dairy farms to claim an income tax credit for 10 % of the amount paid for dairy manufacturing modernization or expansion expenses.
- Now expanded to members of cooperatives.

**7. MODERNIZE and BUILD Wisconsin's Meat Processing Facilities**

- Provides a refundable tax credit that allows meat processors to claim an income tax credit for 10 % of the amount paid for meat processing modernization or expansion costs.

**8. LEVERAGE Investment in Wisconsin Start-up Businesses**

- Provides a 100-% income tax deferral of long-term capital gains for those who invest their capital gains in Wisconsin start-up businesses designated by the Department as Qualified New Business Ventures.
- Allows deferral of taxes on up to \$10 million of gain realized from sales of capital assets held for more than one year if reinvested in a Qualified New Business Venture.

**9. BOLSTER Biotechnology and Manufacturing Research and Development**

- Provides a new sales and use tax exemption for purchases of machinery used exclusively for research and development.

**10. ENHANCE the Nation's Most Effective Early Stage Investment Tax Credits**

- Allows more Wisconsin companies in more industries the opportunity to invest in Qualified New Business Ventures.
- Increases supply of tax credits.
- Extends credits to the gross premiums tax, creating a new and powerful investment opportunity for Wisconsin's insurance industry.
- Allow companies, not the government, to decide how to best incent outside investment.
- Allows transferability of credits from beyond our borders.

The new programs, described in further detail within, will help us meet the needs of existing businesses and attract new ones.

Also described within are the activities and accomplishments of the Department in other areas that contribute to the success of Wisconsin and its economic vitality: the global business marketing and outreach; housing and community development; the safety of citizens in constructed buildings, mechanical systems and the environment.

We will continue to build upon the successes of the 2007-2009 biennium and help fulfill Wisconsin's vision of becoming a vibrant state where people can live, work and play.

## ACCOMPLISHMENTS

### Business Development Division

Governor Jim Doyle signed five Acts over the biennium to continue the expansion of *Grow Wisconsin* and provide Wisconsin with the necessary tools to foster economic development by attracting businesses and stimulating the growth of businesses currently residing in Wisconsin.

During the 2007-2009 biennium, the Division of Business Development awarded over \$335 million to 887 recipients through the tax credit, loan and grant programs it administers. The awards will leverage investment of \$1.9 billion. In making these awards, Commerce has aided the creation of 11,932 jobs and the retention of 16,894 jobs.

#### **I. New tax credit programs enacted during the biennium and changes to existing tax credit programs**

##### **A. 2007 WI Act 20, the 2007-2009 biennial budget, made several changes to the early stage investment tax credit provisions implemented by 2003 WI Act 255.**

1. For tax years beginning after December 31, 2007, it increased the amount of tax credits that may be claimed annually under the angel credit from \$3 million to \$5.5 million, and increased the amount of tax credits that may be claimed annually under the early stage seed investment tax credit from \$3.5 million to \$6 million.
2. Allows Commerce to use leftover tax credits from one year in a subsequent year.
3. Requires that an investment must be kept in an investment or with a certified fund manager for at least three years.
4. The maximum basis for an angel investment changed from \$500,000 to \$2 million.
5. For the angel investment tax credit, it allows qualified investments in businesses engaged in the construction of power plants that derive energy from renewable resources, providing the business meets all of the other eligibility requirements.

44 Qualified New Business Ventures (QNBVs) were certified during the 07-09 biennium. During calendar 2007, 30 venture fund investments were made totaling \$10.4 million and earning \$2.6 million in investment tax credits, and 243 angel investments totaling \$8.2 million and earning \$2.1 million in investment tax credits were made. During calendar year 2008, 54 venture fund investments were made totaling \$17.1 million and earning \$4.2 million in investment tax credits, and 274 angel investments were made totaling \$8.9 million and earning \$2.2 million in investment tax credits.

## **B. Act 20 changes to other, existing tax credit programs and new tax credits**

1. Enterprise Zone Jobs Tax Credit Calculation Change. Act 20 modified the calculation for the Enterprise Zone Jobs Tax Credit program, which was created by 2005 WI Act 361. The new formula simplified the credit and allowed it to be claimed for new high-paying jobs.

Changes in the Enterprise Zone legislation allowed Business Development to offer tax credit assistance to companies such as Mercury Marine, Republic Airways and Oshkosh Corporation to retain and/or create jobs in Wisconsin.

2. Beloit Gateway Development Opportunity Zone. Extended the zone by two years and allocated an additional \$2 million in tax credits to the zone, for a total of \$6.7 million in tax credits. The expiration date for the zone is September 1, 2010.

Two businesses, Alliance Development Corporation and Menlo Logistics, Inc. were certified as a result of the extended expiration date.

3. Medical Records Income Tax Credit. Created a 50% income and franchise tax credit for health care providers who purchase computer hardware or software that is used to maintain medical records in an electronic format. Commerce certifies health care providers as eligible to claim the credit. The implementation of this credit has been delayed until January 1, 2012, by 2009 Act 28.

4. Dairy Manufacturing Facility Investment Tax Credit (DMFIC). Created a refundable dairy manufacturing facility investment tax credit under the income and franchise tax provisions that is equal to 10% of the amount paid in a tax year for dairy manufacturing modernization or expansion related to a claimant's dairy manufacturing operation. The credit can be claimed for tax years beginning after December 31, 2006 and before January 1, 2015. The maximum aggregate amount of tax credits that a claimant can claim is \$200,000, and unused credits can be carried forward up to 15 years. The total amount of credits that can be claimed in a year is limited to \$600,000 for tax years beginning after December 31, 2006, and before January 1, 2008, and to \$700,000 for tax years beginning after December 31, 2007, and before January 1, 2015. Commerce is responsible for allocating tax credits among claimants.

39 DMFIC awards were made in the 07-09 biennium.

## **C. 2007 WI Act 183. Changes to the airport development zone, agricultural development zone, and technology zone tax credits**

The 2005 WI Act 487 created the Airport Development Zone (AIRDZ) program to help attract, promote, retain and encourage the expansion of airports in Wisconsin. The AIRDZ program provides tax credits to businesses that locate or expand operations and increase investment or employees in an AIRDZ zone. Act 183 allowed Commerce to allocate the amount of unallocated airport development zone tax credits to agricultural zones and technology zones.

Business Development did not receive any applications during the 07-09 biennium for the AIRDZ program.

**D. 2009 WI Act 2 changes to existing tax credit programs and new programs.**

1. Changes to the Angel and Early Stage Investment credits created by 2003 WI Act 255.
  - a) Changed the Angel Credit to authorize angels to claim 25% of the investment in the year the investment was made (effective for tax years beginning after December 31, 2007).
  - b) Extended the Early Stage Seed Investment Credit to insurance companies subject to the gross premiums tax (effective for tax years beginning after December 31, 2008).
  - c) Eliminated the \$2 million maximum investment by an angel in a qualified new business venture (QNBV) that may qualify for credits (effective for tax years beginning after December 31, 2007).
  - d) Modified criteria for certification of a QNBV (effective for tax years beginning January 1, 2009).
  - e) Increased the maximum investment a QNBV may receive that qualify for credits:
    - (1) From \$1 million to \$4 million for tax years beginning after December 31, 2007, and before January 1, 2011.
    - (2) From \$4 million to \$8 million for tax years beginning after December 31, 2010.
  - f) Increased the annual amount of credits Commerce may allocate.
    - (1) For the angel credit, increased the limit from \$5.5 million to \$18 million, plus an additional \$250,000 for nanotechnology businesses, for tax years beginning after December 31, 2010.
    - (2) For the Early Stage Seed Credit, increased the limit from \$6 million to \$18.5 million, plus an additional \$250,000 for nanotechnology businesses, for tax years beginning after December 31, 2010.
  - g) Authorized transferability for the Early Stage Seed Investment Credit beginning with tax years starting on January 1, 2009.
  - h) Required that businesses or fund managers applying to Commerce for certification specify in the application the amount they wish to raise, and authorized Commerce to certify the business or fund manager and determine the amount of the investment that qualified for the credit.

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2008, 54 venture fund investments were made totaling \$17.1 million and earning \$4.2 million in investment tax credits, and 274 angel investments were made totaling \$8.9 million and earning \$2.2 million in investment tax credits.

2. Dairy Cooperative Credit. Extended the previously mentioned Dairy Manufacturing Facility Investment Tax Credit to members of cooperatives. They may claim the refundable credit based on the volume of milk they deliver to the coop. The credit is effective for tax years beginning after December 31, 2008 and before January 1, 2017. Commerce may allocate \$600,000 in FY 10 and \$700,000 in each subsequent year.

3. Meat Processing Facility Tax Credit. Created a new, refundable credit similar to the Dairy Credit, equal to 10% of the amount the claimant paid for meat processing modernization or expansion. The credit is effective for tax years beginning after December 31, 2008 and before January 1, 2017. Commerce may allocate \$300,000 in FY 10 and \$700,000 in each subsequent year. The implementation of this program is pending the promulgation of administrative rules.

4. Tax Credit Consolidation. Deleted the Enterprise Development Zones, Community Development Zones, Agricultural Development Zones, Technology Development Zones, and Airport Development Zones programs and create a new, consolidated tax credit program. The program allocates tax credits to businesses for job creation, capital investment, employee training, and job retention (if connected to the location or retention of a corporate headquarters in Wisconsin).

Consolidation of the tax credit programs has allowed Business Development to offer tax credit assistance to companies such as Palermo Villa, Central Sprinkler Company, and Skyward, Inc. to retain and/or create jobs in Wisconsin.

#### **E. 2009 WI Act 11 - Changes to enterprise zone jobs credits**

2005 Wisconsin Act 361 created a refundable enterprise zone tax credit to encourage businesses to invest and create jobs in areas of the state that have great economic need. Eligible businesses that conduct operations in a certified enterprise zone are eligible to claim the refundable enterprise zone tax credit. Commerce is required to give preference to areas of greatest economic need when designating zones. Tax credits are available based on the businesses' payroll and property in the zone, and on qualified training expenses. Under the enterprise zone program, Commerce is authorized to designate up to 10 areas in the state and the enterprise zone may not exceed 50 acres. Act 11 eliminated the requirement that the area to be designated as an enterprise zone not exceed 50 acres and required Commerce to specify whether the enterprise zone is located in a Tier I or Tier II county or municipality. Commerce is directed to define "Tier I county or municipality" and "Tier II county or municipality" by administrative emergency rule. The Act also authorizes Commerce to consider whether designation as an enterprise zone would promote the retention of jobs in the area.

These changes have allowed Business Development to offer tax credit assistance to companies such as Mercury Marine, Republic Airways and Oshkosh Corporation to retain and/or create jobs in Wisconsin.

## II. Loans and Grants: new programs created by and changes made to existing programs by Act 20.

**A. Wisconsin Development Fund (WDF).** Provided \$7,873,400 GPR in FY08 (compared to \$7,098,400 in the first year of the 05-07 biennium) and \$7,098,400 in FY09 in funding for the WDF (the same funding level as the second year of the 05-07 biennium). Repayment spending authority of \$4,050,000 was provided for each year of the biennium.

The Governor proposed provisions in the 2007-2009 biennial budget to restructure the WDF, the Legislature also restructured the program. The WDF board was expanded to include two legislative members, one appointed by the Speaker of the Assembly, and one appointed by the Senate Majority Leader. It also required all members, including current members, to be confirmed by the Senate and established economic development objectives. Finally, the following, inactive programs were deleted: mining economic development grants and loans, certified capital companies (retains reporting requirements), recycling rebates, and the GPR appropriation for Brownfield grants.

In the 07-09 biennium, 159 WDF awards were made, resulting in, retaining, creating or training 7,444 jobs and leveraging \$372 million. Of the 159 awards, 121 (76%) were made to small businesses with less than 100 employees.

**B. Manufacturing Extension Center Grants.** Provided an additional \$350,000 GPR annually for manufacturing extension grants. Total annual funding for the grants will be \$1.2 million GPR in a separate appropriation (not from WDF).

Business Development made two MEC awards: \$1 million to Wisconsin Manufacturing Extension Partnership and \$200,000 to Northwest Manufacturing Outreach Center.

**C. Gaming Grants and Loans.** Transferred \$1,000,000 in FY08 and \$350,000 in FY09 from tribal gaming revenues to repayments. Overall spending authority remained the same at \$5,077,400 for the biennium.

29 awards were made during the biennium, leveraging \$27 million.

**D. Diesel Idling Program.** The following changes were made to this program:

1. Provided an additional \$1,000,000 in Segregated Revenues (SEG) in each year of the biennium. This was one-time funding. The program was scheduled to end on June 30, 2011. Act 28 extends this end date to June 30, 2015.
2. Changed the %age of eligible costs paid by the program from 70% to 50%.
3. Specified that the number of units the program will fund for an applicant is a cumulative total over the life of the program, beginning with grants awarded in FY08.
4. Specified that for an applicant who owns or operates at least 501 but not more than 2,500 eligible truck tractors, the applicant could receive a grant for the greater of 30 truck tractors (instead of 25 under current law), or 5% of the number of eligible truck tractors.

5. Specified that for an applicant who owns or operates at least 2,501 eligible truck tractors, the applicant could receive a grant for the greater of 125 truck tractors, or 3% of the number of eligible truck tractors.

6. During the biennium, 261 awards were made. 83% of these awards were to small businesses with less than 100 employees.

**E. The Wisconsin Entrepreneurs' Network (WEN)** funding was increased from \$500,000 to \$600,000, the maximum grant that WEN may receive.

**F. Increased funding for WEN operations** allowed for continued entrepreneurial assistance across the state. In the 07-09 biennium, WEN Regional Directors provided early planning grants to 174 entrepreneurs across the state and provided over 3,000 hours of business assistance counseling.

**G. Renewable Energy Initiative (WEIF).** Appropriated \$7 million in FY08 and \$15 million in FY09 from the recycling fund for grants to companies and researchers to develop and commercialize renewable fuel and energy technologies in Commerce. Commerce also received 1.0 FTE position to administer the program. WDF repayments appropriation may be used for renewable energy awards and funding from the new appropriation may also be used for other WDF awards. During the biennium, 27 awards were made leveraging \$51 million.

### III. Organizational and other changes

**A.** The Division of International and Export Services became the Bureau of Export Development within the Division of Business Development. The Bureau provides a variety of services to firms seeking to expand their sales into new markets around the world.

**B.** 2007 WI Act 125. This legislation consolidated and updated the economic development activities administered by Commerce and other state agencies. The legislation defined economic development programs, established a comprehensive annual reporting requirement, and required the development of programmatic goals and accountability measures for economic development grants and loans. This legislation was the result of an LAB audit (Report 06-9).

In October 2008, Commerce published the first online State of Wisconsin Annual Economic Development Programs Report. The reported will be updated annually and posted on Commerce's website.

### IV. Bureau of Export Development

#### Exports

Between July 2007 and June 2009, Wisconsin firms exported a total of \$38,450,783,530 worth of products, compared to \$34,192,811,992 in the previous biennium. That represented a 12.45% increase. Wisconsin exports peaked in the 3<sup>rd</sup> quarter of 2008 at \$5.4 billion. The global recession reduced worldwide demand and contributed to declines during the 4<sup>th</sup> quarter of 2008 and the 1<sup>st</sup> quarter of 2009. By the 2<sup>nd</sup> quarter of 2009, exports had resumed their upward climb.

During the biennium, one-third of Wisconsin products shipped out of the United States were Industrial Machinery. Electrical Machinery, the #2 category, accounted for 11.8%. Scientific and Medical Instruments, the #3 category, accounted for 10.4%. The #4 category was Transportation Equipment, accounting for 9.5%.

Our North America Free Trade Agreement partners Canada and Mexico continued to be the top destinations for Wisconsin exporters. While the total dollar values of exports to those two countries grew over the biennium, their share of purchases from Wisconsin dropped to 39.3% from 44.0% in the previous biennium. China again ranked 3<sup>rd</sup>, accounting for 6.2% of Wisconsin exports, followed by Germany, Japan, and the United Kingdom at 3.7%, 3.6%, and 3.5% respectively.

### Trade Missions

Commerce coordinated the Governor's trade mission to Japan and China in September 2007. The Governor led a 34-person Wisconsin delegation to the U.S. Midwest/Japan Conference in Tokyo. Additional businesspeople joined to form a 57-person delegation that made stops in Shanghai, Beijing, Ningbo, and Harbin.

Wisconsin participated in two multi-state trade missions coordinated by the Council of Great Lakes Governors during the biennium.

A trade mission to Chile, Argentina and Brazil was held April 20-29, 2008, and included six Wisconsin companies plus others from Minnesota and Ohio. In a post-mission evaluation, Jeff Gunderson, Director of Sales & Marketing for Glue Dots Industrial Division, predicted that "over the next two years I would guess this will generate \$100,000+ in business for us on a yearly basis. I was extremely happy with the mission, delighted about the results, and hope that I can participate in another mission in the future."

Three Wisconsin companies joined a similar mission to Australia and New Zealand, which took place March 1-11, 2009. Pennsylvania and Ohio also contributed to that delegation. Thomas Stenger, CEO of Reconyx Inc., wrote as follows in his post-mission evaluation: "We've realized approximately \$100,000 of sales as a result of this mission, with more sales in the pipeline." Plank Enterprises, Inc. reported \$509,000 in sales to an Australian client whom Stenger met on the CGLG mission.

The Commerce Secretary also led a business development mission to Ireland and the United Kingdom in March 2008. This trade delegation included 11 company representatives from throughout Wisconsin. As a result of the business appointments coordinated as part of the mission, Chris Frigo, President of Forte Composites in De Pere, indicated that the company began to export directly to a new and major target customer in the UK. Sales to this customer are in excess of \$100,000/year and that business now accounts for over 22% of their annual volume. Forte also foresees the longer-term possibility of forming a strategic partnership, with another UK company, which would involve the licensing of their technology.

### Trade Show Grant Program

Over the course of the biennium, the bureau awarded 51 trade show grants to Wisconsin firms seeking to exhibit at international events.

DNAStar, Inc. used a Trade Show Grant to exhibit at the European Society of Human Genetics in Barcelona, Spain, from May 31-June 3, 2008. The firm obtained 75 leads, 25% from Germany, 15%

from France, 15% from UK, and the rest spread across Europe and the Middle East. The firm identified and signed an Italian distributor who will also handle Spain. The new distributor committed to \$100,000 in sales in the first year. Other end-users who could make purchases of approx. \$50-75,000 were also identified. Seven months after the show, Robert Steinhauser reported that "over \$70,000 of business from June through December" had been generated by the show.

Kracor, Inc. used a Trade Show Grant to exhibit at the Marine Equipment Trade Show in Amsterdam, The Netherlands, from November 18-20, 2008. Within two months of the show, the firm reported 60 leads for OEM customers and \$200,000 in new business quotes.

### Counseling and Assistance

During the biennium, Commerce staff based in Wisconsin or Commerce-contracted offices in Brazil, Canada, China, Europe, and Mexico provided counseling or research services to 1,174 Wisconsin businesses, organizations, or individuals. Wisconsin-based staff conducted 1,264 consulting sessions. The International Trade Offices completed 69 Agent/Distributor Searches, 12 Client/End-User Searches, and 12 Market Overviews (plus 82 additional Market research projects). The offices also conducted 554 consulting sessions with Wisconsin businesses.

Due to budgetary constraints, the contract for a European Office was not renewed in 2009.

Success in international markets can take significant amounts of market research followed by relationship development. It is not uncommon for the full process to take two or more years for some exporters. Depending upon a firm's experience level and its industry, Commerce export assistance can help facilitate sales relatively quickly while others may set the stage for sales that will not be finalized for several years.

Examples of success resulting from counseling sessions and searches conducted by the international trade offices include:

One year after having the Brazil Office conduct an Agent/Distributor Search, Plank Enterprises, Inc. reported sales of \$129,000 to one of the Brazilian leads identified in the search.

The Mexico Office conducted an Agent/Distributor Search for Conflex, Inc. that resulted in \$30,000 worth of actualized sales and other potential future business.

As a result of a search and appointments arranged by the Wisconsin Trade Office in Mexico as part of a trade mission in the previous biennium, the CMM Group secured two orders worth a total of \$950,000 in Mexico (one shipped in February 2009 and the other in June 2009).

## **V. Set-Asides.**

### **A.** Act 20 contained provisions for the following legislative awards:

1. Allied Painters Union. Grants of \$125,000 from WDF in FY08 and FY09 for training.
2. Chippewa Valley Technical College. Grant of \$160,000 during the biennium from WDF to the NanoRite Facility.
3. Cornerstone Ice Arena. Grant of \$50,000 during the biennium from WDF to the Village of Ashwaubenon.

4. Hobbs Ice Arena. Grant of \$50,000 during the biennium from WDF to the City of Eau Claire.
5. Fox River Boardwalk. Grant of \$2,800,000 during the biennium from WDF to the City of Green Bay.
6. Community Youth Center. Grant of \$25,000 during the biennium from WDF to the City of Mondovi.
7. City of Stevens Point. Grant of \$15,400 in FY08 from WDF for economic development.
8. Manufacturing Devaluation Property Tax Loss. Grants for up to a total of \$360,000 in FY08 from WDF to municipalities that have experienced manufacturing devaluation property tax loss in Wood, Adams, and Portage counties.
9. Pulp and Paper Mill Grants. Grants of not more than \$5 million during the biennium from the Renewable Energy Grants program to a pulp and paper mill to emerge from bankruptcy.
10. Pulp and Paper Mill Loans. Two loans of \$1 million each during the biennium from sources to be determined by Commerce (the Governor vetoed the language specifying that it come from WDF repayments) to a pulp and paper mill to emerge from bankruptcy.

**B.** 2009 WI Act 2 provided for \$2,630,000 in FY09 set-asides from the WDF.

1. \$1,000,000 to the Wisconsin Regional Training Partnership/Building Advisory Group Skilled Trades Employment Program for expansion of job training and retraining, including green building and alternative energy systems installation
2. \$150,000 to the Painters and Allied Trades, District Council 7 for training workers in the construction industry on green building practices.
3. \$175,000 to the Painters and Allied Trades, District Council 7 for training in remediation services.
4. \$175,000 to the Wisconsin State Council of Carpenters for training in the installation of windmills and other alternative energy sources.
5. \$72,000 to the Wisconsin State Council of Carpenters for training in sustainable building practices.
6. \$248,000 to the Wisconsin Pipe Trades Association, Local 75 for a mobile training facility.
7. \$265,000 to the Wisconsin Laborers' District Council for training.
8. \$275,000 to the Wisconsin Operating Engineers for training in geothermal energy and wind energy systems.
9. \$270,000 to the International Brotherhood of Electrical Workers for training in solar energy systems.

## **Environmental and Regulatory Services Division**

The Environmental and Regulatory Services (ERS) Division is the administrative unit for the petroleum programs in the Department. The Division has two bureaus – Petroleum Environmental Cleanup Fund Awards (PECFA), and Petroleum Products and Tanks (PPTB). The PECFA Bureau is responsible for oversight of clean-up of releases from petroleum storage tanks and for implementing a reimbursement program to offset clean-up costs. The Petroleum Products and Tanks Bureau is responsible for the regulation of petroleum fuel quality, and the storage, handling and use of petroleum and other hazardous liquids.

### **Bureau of Environmental Cleanup Fund Award (PECFA)**

During the past two years, this bureau attained several successes, summarized as follows:

#### **Site Review Section:**

The most important activity of the Site Review Section is to finalize (or close) sites that have achieved the cleanup standards set by the state of Wisconsin. In the past two years, Site Review staff closed 336 sites. This is very significant considering the number of sites open during that period, which averaged about 600 total open sites. In order to optimize the use of PECFA funds, a bidding process is used. The total number of sites bid during this reporting period was 184.

Many of the remaining open sites in the program are stalled sites. During this reporting period, an additional \$35,000 grant from the Environmental Protection Agency was secured. This grant's main objective was to provide section staff with the resources to pursue active site management for these stalled sites. In this project, 113 sites were identified as stalled. The effort of actively managing the stalled sites led to the closure of 67 (57%) sites that otherwise would have remained open due to the lack of cleanup activities. In addition, during the active management of sites, an additional 25 sites were identified as stalled and of those 25 sites, 12 achieved closure before June of 2009.

#### **Claims Review Section:**

Over \$27 million dollars were paid in the Claims Section for the cleanup of contaminated sites during this reporting period. The number of claims that were reviewed and paid was 1,542 for an average of 64 per month. This number is smaller in comparison with previous years. The reason for this situation is that there are a reduced number of sites open and the cleanups are harder to achieve due to having stalled sites and, in general more difficult sites to deal with.

As sites become harder to close, some innovative means for moving sites have been developed. The Agent Status system for consultants was implemented. This system allows consultants to act as an agent for the responsible party without the need to use loans from banks, which many times responsible parties are not able to access. The project was extremely successful, and during this reporting period there were over 100 sites that reported agent status and over 300 claims paid for work at those sites. This has helped substantially to move projects forward that otherwise would have been stalled.

In the Claims Section, appeals are assigned to the PECFA legal counsel. The numbers of appeals has been reduced substantially, a result of dealing efficiently with pre audited claims received and the effective work of the legal department. In July of 2007, there were 21 pending appeals totaling over

\$350,000. In June of 2009, the number of appeals pending was reduced to 10, with less than \$60,000 in total appeals.

### **Bureau of Petroleum Products and Tanks (PPTB)**

**Chapter Comm 10 Update** - During 2007-2009 biennium, the Bureau comprehensively updated chapter Comm 10 of the Wisconsin Administrative Code, which addresses safe storage, transporting and dispensing of flammable, combustible and hazardous liquids. These liquids, such as gasoline, are an important and often essential element in daily life. However, the liquid and vapor phases of these products migrate extremely easily, which can result in serious fire, environmental, and health-exposure risks.

Over the past several years, engines and motor-fuel chemistry have become more much complex and more susceptible to moisture and non-compatibility issues; motor-fuel storage and transporting now include higher-risk practices; employees at service stations typically no longer have the fuel and engine awareness that owner-operators had 20 years ago; storage, dispensing, and monitoring facilities and equipment have become much more complex, with periodic, precise leakage testing and detailed recordkeeping requirements; and the payment from the Department's PECFA program for remediating releases has risen to more than \$1.5 billion, with new releases still occurring.

These factors all led to a need to improve regulatory oversight, so that Wisconsin's residents, businesses and visitors continue to have a reliable source of quality fuels while maintaining fire safety, minimal health risks, and environmental protection.

The comprehensive changes to Comm 10 addressed advances in technology, emphasized fire and life safety, increased consumer protection, achieved compliance with recently enacted federal requirements, streamlined administrative and enforcement processes, clarified which requirements apply to existing equipment rather than only to new equipment, improved the operation and maintenance requirements, increased the focus on the components that have the greatest potential for releasing hazards to the environment, and improved the requirements for release reporting and environmental assessments.

The rule changes also implemented the operator-training criteria issued by the United States Environmental Protection Agency (US EPA) in response to the federal Energy Policy Act of 2005, for all underground storage tank systems that are federally regulated. Virtually every gas station in the country uses these tank systems and is affected by these criteria. Many other businesses also use these tank systems, for similar purposes, and are likewise affected.

These criteria include establishing three classes of operators, specifying the responsibilities and necessary training for each class of operator, setting a 2012 deadline for completing the training, developing several approaches for obtaining the training, and requiring retraining for operators who fail to maintain significant compliance with the technical requirements.

The training options range from participating in a training and testing program delivered by a nationally recognized organization, on-line interactive training and testing, approved company-sponsored training programs, and reciprocity with other states' training programs. Operators who are already well versed in the operation of their storage system may only need to pass a test.

The rule changes were developed and implemented with substantial input from the industry stakeholders who are affected, such as the Wisconsin Petroleum Marketers and Convenience Store Owners Association

(WPMCA). The bureau also began extensive outreach to other stakeholders, such as the non-English speaking operators or operators who have substantial difficulty with the English language. Overall compliance with the training and testing criteria is expected to substantially increase the level of compliance with the comprehensively updated technical requirements.

**WMPCA & WISPEC Training Sessions** – On February 1, 2009, Wisconsin Administrative Code Comm 10 revision went into effect after eight years in development. Prior to the effective date, Commerce staff in conjunction with the WPMCA and the Wisconsin Petroleum Equipment Contractors Association (WisPEC) held ten meetings around Wisconsin to educate and answer questions of members and others in attendance. The sessions, which were reviewed well by the associations, stressed changes to the revised code as well as items that required clarification. A brochure detailing what owners and operators should know relating to the operation of petroleum tanks systems was produced. The educational brochure was developed using input from several staff, including inspectors from the field; 10,000 copies will be distributed to owners throughout the State.

**SWOT Analysis** - The PPTB hired a contractor to review Petroleum Products and Tanks Bureau programs and procedures. The model used is a business tool to identify Strength, Weakness, Opportunity, and Threat (SWOT). The programs and processes that were evaluated included: Tank Permits-To-Operate, Storage Tank Plan Approval, Material Approvals, and Credentialing, Contract Field Inspections, Tankers, and Internal support functions, Retail Field Inspections and Petroleum Product Sampling and Testing. The review, funded by US EPA grant funds, assessed effectiveness of the programs and processes of the bureau to identify and provide recommendations listing potential improvements of individual programs and processes evaluated. Recommendations are being implemented to improve our operational effectiveness and efficiency.

**Facility Ranking Developed** - In keeping with our desire to fulfill all the requirements of the Energy Policy Act of 2005, the Bureau established a goal to exceed the obligation to inspect federally regulated underground storage tanks systems once in a three-year period. Our inspection resources are limited, so the bureau focuses on the facilities that need our attention the most. A group of inspectors were asked to develop a method of ranking facilities. A program was developed to classify retail service stations, or “facilities,” into three classes. The A facilities are high priority and have serious and repeated code violations. The B facilities are medium priority, with repeated, but less serious code violations. The C facilities are low priority and are in compliance on a regular basis. To test whether the ranking system would result in improved code compliance, the bureau applied it to a limited group of sites in the FY09 inspections as a pilot.

During the pilot year FY 09, each inspector inspected their five highest priority A facilities every 6 months, the rest of the A's and B's every 12 months and the C's as often as possible, but at least every 24 months. The exception was Milwaukee, which was “control” group. The Milwaukee inspectors inspected all the A's and B's every 12 months and the C's at least every 24 months. During the year, the bureau tracked changes in the number of “A”, “B” or “C” facilities as well as feedback from inspectors using the system.

Between 7/08 and 7/09, the number of "A" sites went down by about 25% statewide, including in Milwaukee. Of the 85 "A" sites that were identified to be in the pilot, only 47 remained A's by 7/09, a reduction of about 45%.

| Statewide    | Jul-08 | Jul-09 | % change |
|--------------|--------|--------|----------|
| A facilities | 493    | 367    | -25.56%  |

|              |      |      |        |
|--------------|------|------|--------|
| B facilities | 636  | 755  | 18.71% |
| C facilities | 2933 | 2909 | -0.82% |

| Milwaukee    | Jul-08 | Jul-09 | % change |
|--------------|--------|--------|----------|
| A facilities | 131    | 99     | -24.43%  |
| B facilities | 88     | 105    | 19.32%   |
| C facilities | 393    | 401    | 2.04%    |

| Pilot sites  | Jul-08 | Jul-09 | % change |
|--------------|--------|--------|----------|
| A facilities | 85     | 47     | -44.71%  |
| B facilities | 0      | 20     |          |
| C facilities | 0      | 17     |          |

Increasing the frequency of inspections to educate and correct the serious issues improved the Bureau's goal to eliminate releases to the environment.

**Inspector training** - U. S. EPA underground storage tank (UST) grant funds were secured and used for advanced training of inspectors in Automatic Tank Gauge technology. Retail inspectors, Underground/Aboveground Tank Specialists and Local Program Operators convened for two-day sessions in various parts of the State for training conducted by nationally known instructor Ben Thomas of Pro Training Solutions. The sessions that were divided into classroom and field exercises, and provided information and experience on the functionality of systems to accurately record product inventory and monitor tank systems for leaks.

**Energy Policy Act of 2005** – Energy Policy Act guidelines listed the following items requiring completion by the specific dates listed: Secondary Containment or Financial Responsibility (after 2/8/07), Delivery Prohibition (after 8/8/07), Two-Year Inspections (after 8/8/07), State Compliance Report to EPA (after 8/8/07), Public Record (after 9/30/07), Operator Training (after 8/8/09), Three-Year Inspections (after 8/8/10). All of the guideline items were completed on or before the required deadlines. All of the items were either previously codified or were inserted in the code revision that became effective February 1, 2009; in the area of inspections, financial responsibility and delivery prohibition. The bureau had those items in place before the guidelines were published. Operator training rules were written during the biennium covered by this report with an effective date of August 1, 2009.

**Octane Surveys** – Environmental protection, consumer protection and customer service are high priorities for the daily operations within the bureau. A program to conduct random octane checks was implemented to verify that octane labeling at gas stations matched the octane of the fuels being dispensed. Samples were collected from gas stations by ERS inspectors and sent to a certified lab for analysis. The results showed a high compliance rate and accurate labeling at retail sites. In addition, the resulting data was used to calibrate fuel sampling equipment owned by the bureau. The octane surveys are being continued to maintain a high level of consumer protection.

**Additional Projects** – Several additional projects were initiated to improve customer service and increase efficiency and effectiveness. 1) A companion document to Administrative Code Comm 10 was written and revised during the biennium. The document, titled Comm 10 Compendium, gives examples, explanations and interpretations of the code in a form that helps make the code user friendly. 2) An update to the bureau's website was completed, improving contact and data information, 3) A new

lab/office in Holmen, shared with the Division of Safety and Buildings, improved efficiency and exposure to the public. The new office is in a location that is easier for the public to locate, park and conduct business. 4) A Continuous Improvement process was used to improve the interaction between permit and inspection staff when solving issues related to the permit-to-operate underground petroleum and chemical storage tanks. A timeline was developed, and the information gathered by staff members was streamlined to avoid duplication of efforts and improve efficiency.

**UST State Program Approval (SPA)** - Since 1991, Wisconsin has maintained and enforced administrative rules relating to the storage of flammable, combustible and hazardous liquids in underground storage tanks, or USTs. These rules are contained in Comm 10, and were based upon the EPA UST regulations.

Federal law allows state UST programs approved by EPA to operate in lieu of the federal program. Tank owners and operators in states that have an approved UST program do not have to deal with two sets of statutes and regulations (state and federal) that may be conflicting. Act 20 included the penalty provisions necessary to achieve state program approval. Once the State's program is approved, the federal grant for the PECFA program will be increased by \$50,000 per year.

In the summer of 2008, the ERS division prepared and submitted an application of approximately 500 pages of materials to demonstrate that the WI UST program is no less stringent than the federal standards, contains provisions for adequate enforcement, and regulates at least the same USTs as are regulated under federal standards. Because Comm 10 was revised in February 2009, the application was re-written and re-submitted in April 2009 and is currently undergoing EPA review.

**Storage Tank and Facility Inspection** - The table "Storage Tank and Facility Compliance Statistics" (see Appendix 3) shows the progress made over the last three fiscal years in bringing tanks and facilities into code compliance and in completing more inspections each year.

## **Global Ventures Division**

The Division of Global Ventures was established by the Department during the 2007-2009 biennium. The Division strategically targets the world's leading companies for investment in the state, with emphasis on matching Wisconsin's expertise and core competencies with the needs of innovative companies, and attracting leaders in emerging industry sectors. Targeted sectors include high technology (biotechnology, information technology, nanotechnology), renewable energy, advanced manufacturing (water technology, wind turbine components, precision manufacturing), advanced agriculture and environmental technology.

During the 2007-2009 biennium, the Division accomplished several important strategic alliance successes, including:

- **Pfizer**. The Division's efforts assisted in the signing of a new agreement between Pfizer and Cellular Dynamics International (CDI) and Wisconsin Alumni Research Foundation (WARF), assisted by the efforts of the Division.
- **GE Global**. This company invests \$50-\$75 million annually in five locations around the world. The Division provided assistance as GE Global reviewed Wisconsin technologies to identify potential investments in the state and visited Madison during this review.
- **GE Healthcare**. The Division met with GE Healthcare and facilitated its contact with WARF to express its interest in increasing its investments in Wisconsin and negotiating contracts similar to their "master agreement" in radiology and in four other areas of potential interest. These investments could represent millions of dollars of investment in Wisconsin.
- **GE Energy**. The Division worked with GE Energy to implement Smart Grid technology in Wisconsin. Seven ARRA proposals were submitted by Wisconsin energy companies to upgrade the energy infrastructure.
- **Water Council**. The Division worked to establish Wisconsin as a water-related technology global leader. Specifically, the Division organized a Fortune magazine article that resulted in a feature article for Milwaukee as one of the leading water technology areas in the nation. Mickey Judkins, the Administrator of the Division, serves on the International Water Council committee.
- **U.S./Japan Conference**. The Division organized the Governor's schedule of meetings with Japanese and U.S. corporate leaders in September 2008. Events organized by the Division included a day of golf at Whistling Straits and a dinner hosted by the Kohler family.
- **World Stem Cell Summit**. The Division led the organization of the World Stem Cell Summit in Madison in September of 2008. This summit recognized Governor Doyle's leadership in stem cell legislation and Wisconsin's leadership in stem cell research and development. Wisconsin had eleven booths at this event.
- **Energy Generation, Transmission and Storage Systems (EGTSS) Consortium**. The Division worked with a small leadership team consisting of UW-Milwaukee Vice Chancellor Colin Scanes, UW-Milwaukee Dean Michael Lovell, UW-Madison Dean Paul Percy and Wisconsin Office of Energy Independence Director Judy Ziewacz to establish the EGTSS Consortium. This will organize

Wisconsin's 130 energy sector researchers into a powerful coalition that will help recruit company leaders in this emerging industry sector.

- American Wind Energy Association (AWEA). The Division worked to build Wisconsin's presence at the AWEA show in Chicago. Governor Doyle was a speaker on a Governor's panel. He met with wind companies Vestas, Acciona, Uriel Wind, GE Energy and Gamesa to establish Wisconsin as a preferred provider for wind turbine component manufacturing.
- Wind Energy Supply Chain Seminar. Division staff served on an executive committee to develop this seminar for Wisconsin manufacturers to convert to wind turbine component manufacturing. This event was held in March 2009 and attended by 640 companies. Governor Doyle keynoted at this event, and both the Governor and the Secretary met with wind manufacturing leaders including Gamesa, GE Energy and Vestas.
- BIO International Convention. The Division researched, scheduled and organized the Governor's appointments at the 2008 and 2009 BIO conventions, a large global event for the biotechnology industry. Also, the Division led the statewide presence at BIO convention with Forward Wisconsin, and continues to work with the Wisconsin Technology Council on tradeshow outreach in five targeted areas.

## **Housing and Community Development Division**

The Division of Housing and Community Development's three bureaus provide a broad network of financial and technical assistance programs that enhance economic opportunities, revitalize communities, expand the supply of affordable housing, and address the needs of homeless and special needs households throughout Wisconsin. The Division distributed over \$142 million of available funding to 694 projects. Over 90% of the housing assistance benefited households with incomes that were at or below 50% of the county median income.

### **Bureau of Community Finance**

The Bureau of Community Finance provided over \$76 million of financial assistance to local units of government and community-based organizations during the biennium.

#### **CDBG-Public Facilities**

The Community Development Block Grant - Public Facilities (CDBG-PF) program awarded over \$12.7 million to 40 local governments for public infrastructure projects including water and sewer projects, community centers, fire stations, libraries and senior centers. These funds leveraged an additional \$27.7 million of other public investment for infrastructure improvements.

**Example:** A \$750,000 CDBG-PF award supported the expansion of the Hodan Center in Mineral Point that supports work-related services, day services, supported employment services, and special programming services for individuals with severe disabilities. Many of the individuals are provided employment through production of food products under the Recipes for Independence Program, which supports DATCP's "Buy Local/Buy Wisconsin" initiative.

#### **CDBG-Public Facilities for Economic Development**

The CDBG-Public Facilities for Economic Development program awarded over \$3.2 million for 10 projects, principally funding water, sewer and street expansions, or improvements needed to accommodate business development within a community. These projects leveraged over \$102 million of other public and private investment and helped to create or preserve 1,533 jobs. Three projects, including a new hospital, an expansion of a food packaging industry, and the expansion of a metal plating manufacturer, generated almost \$75 million of outside investment.

#### **CDBG-Emergency Assistance Program (EAP)**

The CDBG-EAP provided assistance for housing repair and replacement, site clean-up, infrastructure repairs, business assistance, and acquisition/demolition in response to the storms and flooding that occurred in 2007 and 2008. In 2008, three awards related to tornados and nine awards related to severe flooding were made totaling over \$4 million. In 2009, 12 municipalities and 24 counties located throughout the 31 counties in presidentially declared disaster areas were awarded over \$38 million. CDBG-EAP funds were used in conjunction with FEMA, SBA and other donated funds to provide flood recovery assistance.

#### **CDBG – Housing**

For the biennium, the division held two competitive CDBG-Housing grant opportunities and awarded \$11.9 million to 39 communities for housing rehabilitation, homebuyer assistance, and special affordable

housing projects. All of the funds benefited households at or below 80 % of their county's median income. The CDBG housing funds are awarded regionally to assure statewide geographic impact. During 2007-2009, CDBG-Housing funds provided rehabilitation and energy assistance to 340 units, homebuyer assistance to 24 households, handicapped accessibility modifications for 15 units, and addressed lead-based paint issues for 142 units.

**Example:** The City of Evansville received a \$300,000 grant for the conversion of a second floor downtown historic building into eight affordable apartments. The Village of Dorchester received a \$106,000 grant for the conversion of a vacant school into 14 assisted living units as well as creating 20 jobs. The Village of Unity received a \$272,500 grant for the conversion of a vacant school into 11 affordable apartments.

### **HOME – Homebuyer and Rehabilitation and HCRI**

Federal Home Investment Partnership Program (HOME) funds, combined with state Housing Cost Reduction Initiative (HCRI) funds, provided over \$12.8 million to local units of government and housing organizations for rental and owner-occupied rehabilitation, homebuyer assistance, and for foreclosure prevention. All activities benefit low income households. HOME-HBR/HCRI funds provided rehabilitation and energy assistance to 2,152 units, homebuyer assistance to 1,042 households, handicapped accessibility modifications for 199 units, and addressed lead-based paint issues in 365 units.

### **Neighborhood Stabilization Program (NSP)**

The NSP, funded with one-time Federal Housing and Economic Recovery Act (HERA) resources, assisted 32 local units of government and non-profit agencies to redevelop and rehabilitate foreclosed and abandoned residential properties to prevent further decline of neighborhoods most severely impacted by foreclosures. The \$35 million in local aids will assist more than 550 abandoned and deteriorating properties throughout the state.

### **HOME – Rental Housing Development**

During the biennium, the HOME-RHD program awarded over \$10 million to housing agencies for construction of low-income rental units throughout the state. HOME-RHD funds assisted completing 1,302 rental units, including 118 handicapped accessible units. Many projects involve WHEDA's low income housing tax credits.

### **Manufactured Housing Rehabilitation and Recycling (MHRR)**

State funding totaling \$140,000 was awarded to a lead agency to provide critical repairs to owners of manufactured homes or to properly dispose of abandoned homes in an environmentally-safe manner. The funds will rehab or recycle over 90 units statewide.

### **Brownfields**

The Brownfields Grant Program provides financial assistance to communities and businesses for projects that address environmental contamination and promote economic development. During the 2007-2009 biennium, the Brownfields Grant Program awarded \$12 million for 32 projects to clean up and redevelop contaminated properties. These projects will create over 520 jobs, restore 126 acres of abandoned or under-utilized contaminated properties and add \$289 million in value to local property tax rolls.

**Example:** The City of Shawano received a \$400,000 grant for the redevelopment of an unoccupied and underutilized downtown site to create a new world headquarters for Cooperative

Resources International, Inc. (CRI). This project will result in the creation of 31 full-time positions paying an average wage exceeding \$19 per hour.

### **CDBG-Recovery (CDBG-R)**

The CDBG-R program, funded with one-time Federal American Recovery and Reinvestment Act (ARRA) resources, awarded grants totaling \$7 million to local units of government for projects that will stimulate the economy through projects that modernize infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. These projects will leverage \$14 million in other funding and create or retain over 480 jobs.

**Example:** The City of Plymouth received a \$760,000 grant to construct the 29,000-sq.-ft. Plymouth Intergenerational Coalition Center that will house the Plymouth Senior Center, Growing Generation Child Care Center (which will serve 100 children), the Plymouth Head Start Program, and the Family Resource Center of Sheboygan County.

## **Bureau of Planning and Downtown Development**

### **Community-Based Economic Development (CBED)**

State funded Community-Based Economic Development (CBED) grants provided \$1.4 million to 48 community-based organizations for a variety of local economic development initiatives. Over one-third of the CBED funds assisted in business incubator development and operations. Other CBED projects included supporting youth entrepreneurship programs and venture capital development initiatives.

### **CDBG-Planning**

The CDBG-Planning program awarded over \$800,000 to 48 local units of government, funding local or regional plans that address community, economic, or housing development. These included:

- 16 grants funded under the Governor's Waterfront Revitalization Initiative to improve and capitalize on the tourism potential of underutilized waterfront areas.
- a reuse plan for an empty 100,000-sq.-ft. building for use as a food processing facility and incubator
- two studies to explore reuse of recently-closed paper mills, and
- a plan to renovate an historic Downtown.

### **Wisconsin Main Street Program**

The Main Street Program is based on the National Main Street Center's Four Point Approach and provides technical assistance to communities for downtown revitalization. This assistance addresses such topics as:

- business recruitment & retention
- volunteer development
- organizational structure
- market analysis
- economic development
- promotional planning
- historic preservation

The Wisconsin Main Street Program currently has 36 participating communities. Reinvestment in the form of building rehabilitation projects, new construction, and new businesses highlight Main Street's success.

**EXAMPLE:** The City of Beloit purchased the former Woolworth Building in 2003, originally planning to demolish the building and construct a parking ramp for a large international downtown company. However, this plan stalled. The Downtown Beloit Association worked to save the building, and in 2007 the façade was restored. Ultimately, Jackie Gennett and Rich Horbaczewski of Grass is Greener Gardens proposed plans for a grocery store focusing on local products. In July 2008, Bushel & Peck's Local Market opened, featuring wine, beer, lunch and take-out of homemade meals. The business also serves as a staging point to supply restaurants from Chicago to Madison. This new anchor has generated new traffic, a diverse customer base, and was identified as a need for downtown and area residents.

**EXAMPLE:** Executive Place is located in Stevens Point. Its office space is located on three separate lots, which were formerly an old gas station and two other buildings with limited parking. Wisconsin Main Street came up with a schematic design that kept this infill construction in harmony with the existing streetscape in the downtown. The building cost \$4.5 million and took almost two years to complete. The Association of Downtown Businesses, in conjunction with Wisconsin Main Street, created a one-page marketing piece to aid in the leasing of the building. This building has created an entrance to Main Street and downtown Stevens Point.

### **Wisconsin Main Street Program Investment Statistics and Return on Investment (ROI) 2007-09**

- 644 Building Rehabilitations = \$87,298,902
- 35 New Buildings = \$66,996,188
- 407 New Businesses = 2,109 New Jobs
- \$ 3,547,244 estimated real estate taxes generated by building rehabilitations and new buildings (ROI)
- \$ 4,070,000 estimated state sales taxes generated by new businesses (ROI)
- \$ 1,974,024 estimated state income taxes generated by new jobs (ROI)
- \$ 11.99 return for every state dollar invested through Wisconsin Main Street Program

### **Wisconsin Business Retention and Expansion Study Program (WIBRES)**

The WIBRES program is designed to help communities develop a systematic approach to business retention and expansion efforts. The study process combines a personal site visit with a survey instrument to collect information from chief executive officers on the local business climate. Program objectives include:

- Determining future expansion/relocation plans of companies in order to set up an early warning system for local action
- Identifying specific concerns and problems of the local businesses and provide swift, effective solutions

- Acquainting business executives with assistance available through various economic development programs
- Gaining an understanding of the business community's view of the local economy, and
- Improving the communications bridge and strengthen relationships between local/county government and the business community

Wisconsin communities benefiting from the WIBRES program during the 2007-2009 biennium include: the cities of Osceola, Washburn, and Waunakee, as well as the counties of Barron, Columbia, Crawford, Dodge, Douglas, Green, Polk, and Rusk counties.

### **Relocation**

Relocation Plan Review ensures that public entities undertaking projects that displace persons or businesses have in place a relocation plan that addresses relocation assistance and fair compensation for those displaced.

### **Bureau of Supportive Housing**

The Bureau of Supportive Housing provides financial assistance to local units of government and housing-related organizations for creating additional affordable housing for both renters and homebuyers, expanding home ownership opportunities, and sustaining a network of organizations dedicated to providing supportive services to persons with special housing needs and working to prevent homelessness in Wisconsin.

Over a dozen state, federal and private funding sources combined to provide over \$25 million for affordable-housing and homeless-shelter activity during the biennium. Homeless and transitional housing programs assisted 13,000 households annually. Homeless programs combined provided over 1,200,000 shelter nights over the biennium.

### **HOME Tenant Based Rental Assistance (TBRA) Program**

Nine agencies throughout the state-received over \$1.8 million to help homeless and very low-income households to become more independent and reach self sufficiency, including households fleeing domestic violence situations. Funds provide rental assistance to households for:

- transitioning from W-2 payment positions to unsubsidized employment
- completing participation in supportive housing/housing counseling programs for families with incomes less than 50 % of county median income
- continuing education (high school or other) of teenage parents, and
- being chronically homeless and suffering from a severe mental illness.

### **HUD Emergency Shelter Grant, Transitional Housing, Critical Assistance, and Homelessness Prevention Program**

HUD Emergency Shelter Grant, and State Transitional Housing and Homelessness Prevention Program funds are made available on an annual basis in a combined application. The federal and state funds provide \$4.3 million annually to 66 non-profit entities. Funds are provided for serving households that are homeless or at risk of becoming homeless through renovation /rehabilitation of emergency shelters, providing essential services, and through homelessness prevention activities.

### **State Shelter Subsidy Grant (SSSG) Program**

The bureau awarded 71 grants totaling more than \$3.4 million to local emergency shelter programs to support emergency shelter facility operations or motel vouchers for homeless persons. SSSG awards are based on the %age of the total number of shelter nights provided by the agency. Over 450,000 nights of shelter were provided annually.

### **Housing Opportunities for Persons with AIDS (HOPWA)**

Over \$750,000 in federal HOPWA funds were made available to provide housing and services to households affected by AIDS/HIV. AIDS Resource Center of Wisconsin (ARC/W) successfully administers these funds on a statewide basis, except for the Milwaukee Metro area and Pierce and St. Croix counties, which receive HOPWA funds directly from HUD. ARC/W serves approximately 200 households annually.

### **HOME - Wisconsin Fresh Start (WFS)**

The Wisconsin Fresh Start Program (WFS) awards funds to agencies to establish and sustain programs based on the Operation Fresh Start, Inc., service model. The program is designed to provide on-site housing construction and rehabilitation work experience, off-site academic classes and supportive services for at-risk young people. The WFS program received \$2.5 million for 28 local project sites where houses were built and sold for low-income households. During the biennium, over 200 young people successfully completed the program, which represents over a 70-% success rate. Among the successful participants, many have earned their high school equivalency degree or returned to school. Other enrollees have achieved various skill competencies and greater-than-minimum wage jobs.

### **Wisconsin ServicePoint (WISP)**

The WISP Homeless Management Information System (HMIS) has been expanded to over 200 agencies. This tool tracks cyclical shelter usage by specific individuals and quantifies the number of homeless individuals and families that are using shelters and services. Over 700 individuals, active users statewide, have been trained and are using the WISP HMIS system. To date, 235,000 client records have been entered into the system. Approximately 2,500 client records are entered each month. This nationally recognized management information system is designed to provide a picture of the scope of Wisconsin's homelessness problem, improve service delivery to needy individuals and evaluate the effectiveness of those services.

### **WIFrontDoor**

WIFrontDoor is a housing and services inventory implemented in 2005. Since that date, over 117,000 units of affordable housing have been listed on the website. In the last two years, clients made 164,000 housing searches.

The system affords owners and managers of rental housing units the ability to quickly post vacancies and remove leased units, and gives prospective tenants the ability to conduct searches for available units based on affordability, unit size, amenities, location and other key features. A complete searchable list of housing units and social service contacts offered to low and moderate income households is also available.

### **Health Professions Loan Assistance Program (HPLAP)**

The HPLAP awarded over \$1.3 million of state and federal Department of Health & Social Services funds to assist health professionals' pay off student loans in exchange for a three-year commitment to practice in an underserved area of Wisconsin. The HPLAP was transferred to the UW Office of Rural Health in the 2009-11 biennial budget.

### **SSI/SSDI Outreach, Access and Recovery (SOAR)**

SOAR made seven awards totaling over \$252,000 to service agencies to assist with better coordination of supportive services and benefit assistance for individuals who are homeless and living with mental illness.

### **Shelter Plus Care (S+C)**

The Shelter Plus Care Program awarded over \$466,000 to provide rental assistance for hard-to-serve homeless persons with mental illness in connection with supportive services funded from sources outside the program.

### **Projects for Assistance in Transition from Homelessness (PATH)**

The federally-funded PATH program provided \$1.4 million through six grants for client services that included: outreach, screening, diagnostic and substance abuse treatment, habilitation, rehabilitation and mental health services, case management, housing and supportive services and services through a jail diversion program.

## Safety and Buildings Division

The Division of Safety and Buildings protects the health, safety and welfare of people through several programs related to building construction, building systems, safety, health and the environment. The Division administers and enforces state laws and administrative rules in these programs (elevators, commercial buildings, amusement rides, 1- and 2-family dwellings, public swimming pools, etc.) through a variety of services (plan review, inspection, permitting, consultation, training, administrative rule development, etc.).

During the 2007-2009 biennium, the Division expanded and enhanced its services, and created efficiencies in service delivery and operations.

### Legislation Affecting the Division

The Division accomplished the following during the 2007-2009 biennium, as a result of legislation:

- ◆ 2007 WI Act 203 - regulation of retail suppliers of liquefied petroleum gas (LPG). The Division updated its licensing code to provide for the licensing of LPG supplies, and began licensing individuals.
  
- ◆ 2007 WI Act 14 - requirement that individuals seeking to obtain a building permit obtain continuing education. The Division updated its administrative rules to incorporate the requirements of Act 14. Specifically, the Division implemented the Dwelling Contractor Qualifier credential, issued to individuals who have met the continuing education requirements and are seeking to obtain residential construction permits, and required that this credential number be listed on residential construction permit applications.
  
- ◆ 2007 WI Act 205 - requirement for carbon monoxide detectors in public buildings used for sleeping or lodging purposes. The Division updated the Commercial Building code to incorporate the requirements of Act 205.
  
- ◆ 2007 WI Act 225 - requirement that cigarettes sold in Wisconsin meet fire safety standards. The Division implemented a program for certification (by manufacturers) that cigarettes sold in Wisconsin meet the fire safety standards specified in s. 167.35, Stats.
  
- ◆ 2005 WI Act 456 - regulation of conveyances, particularly residential elevators and installers/mechanics of commercial and residential conveyances. The Division updated administrative rules to reflect the requirements of Act 456, implemented conveyance-related credentialing, and also implemented residential conveyance plan review, inspection and permitting.
  
- ◆ 2007 WI Act 63 - regulation of electrical wiring and installers of electrical wiring. Act 63 strengthened requirements for the regulation of electrical wiring throughout the state, and required the licensing of individuals installing electrical wiring. The Division began the development of administrative rules regarding these requirements.

In addition to the accomplishments associated with new legislation, the Division achieved several efficiencies and enhancements that improved services to its customers, thereby improving the safety of Wisconsin citizens

Amusement Rides. The Division revised Comm 34, the administrative rules for the operation of amusement rides, strengthening requirements for ride owners and operators, and improving safety for ride users.

Continuing Education Training: The Division expanded the methodology of continuing education training provision by developing a training CD for use by holders of the Dwelling Contractor Qualifier credential to meet continuing education requirements of that credential.

Utilization of Information Technology (IT). Efficiencies and enhancements implemented by the Division during the biennium include several related to the utilization of IT. IT continues to be a high priority in the Division's work to streamline work processes, meet public demand and promote safety services. The increased utilization of IT applications in credentialing, plan review, inspection and product approvals has assisted the Division in implementing new laws and rules and meeting its customer interaction and efficiency goals.

- ◆ Web scheduling. The Division continued to enhance online scheduling for building and plumbing plan review appointments. The scheduler includes an automatic estimated time calculation for plan assignment to reviewers. It also generates appointment confirmation/completed application forms based on customer entry, which are emailed to the requestor.
- ◆ Fax Plan Submittal. The federal Consumer Products Safety Commission required public pool owners to install drain suction controls based on federal requirements, known as the Virginia Graeme Baker (VGB) Act. The Division expedited plan submittals for VGB swimming pool modifications by developing a process for submittal and approval by fax. The Division assisted Wisconsin owners by using automation so that they could reduce the time the pool would be out of operation.
- ◆ On-Line application/renewal capacity. The Division expanded on-line capacity for some of its services (e.g., credential application), with the goal of continuing to expand this capacity to more services.
- ◆ Water Treatment Systems. Customers can submit plans for review and schedule a review online. In cooperation with the DNR, the Department now conducts reviews of treatment devices for health contamination.
- ◆ Electronic Funds Transfer and Invoicing. The Division implemented e-pay business services for most credential renewals, registrations for which no pre-requisite documents need to be reviewed, and for payment of invoices. This allows customers to pay immediately and has reduced processing time for customers and the Division.
- ◆ Electronic Data Interchange and Improved Automated Inspection Workflow. The Division has expanded electronic data interchange (with staff and partners regarding impending and completed workload) to include the amusement ride program.

◆ Amusement Ride Database. The Division significantly revised its amusement ride database, improving the program's data collection and management capabilities. The database includes the dates and locations where rides are operating, complaints and credential violations, and also auditing and accident reporting. The revisions improved the re-inspection rate and led to increased compliance.

### **Quantitative Accomplishments**

The Division successfully adopted 20 administrative rules, including five emergency rules; provided 543 training sessions, performed 33,210 plan reviews and conducted 138,416 inspections (by Division staff and contracted inspectors); and implemented 12 new credentials affecting 18,470 new credential holders.

Please see Appendix 2 for further detail regarding quantitative accomplishments of the Division.

**WISCONSIN DEPARTMENT OF COMMERCE**  
**Appendix 1: Financial Assistance Programs, 07-09 Awards by Program**

| Program   | Awards | Project Cost | Award Amount | Leverage    | Jobs * Retained | Jobs * Created |
|---|--------|--------------|--------------|-------------|-----------------|----------------|
| Agricultural Development Zone                   | 3      | 12,452,051   | 562,000      | 11,890,051  |                 |                |
| American Indian Technical Assistance            | 1      |              | 188,000      |             |                 |                |
| Blight Elim & Brownfield Redevelopment          | 3      | 7,997,092    | 980,000      | 7,017,092   |                 |                |
| Business Employees' Skills Training (RED)       | 3      | 129,640      | 14,600       | 115,040     |                 |                |
| Business Employees' Skills Training (WDF)       | 18     | 153,057      | 77,300       | 75,757      | 7               | 1              |
| Brownfields                                     | 31     | 37,313,641   | 11,625,000   | 33,508,141  |                 | 72             |
| CBED Business Assistance                        | 9      |              | 193,890      |             |                 |                |
| CBED Community Planning                         | 3      |              | 57,500       |             |                 |                |
| CBED Incubator Technical Assistance             | 5      |              | 46,000       |             |                 |                |
| CBED Incubator Operations                       | 8      |              | 136,800      |             |                 |                |
| CBED Incubator Startup/Expansion                | 2      |              | 117,500      |             |                 |                |
| CBED Development Project                        | 2      |              | 45,000       |             |                 |                |
| CBED Regional                                   | 11     |              | 412,300      |             |                 |                |
| CBED Legislative                                | 2      |              | 185,000      |             |                 |                |
| CBED Entrepreneurship                           | 3      |              | 59,000       |             |                 |                |
| CBED Venture Capital                            | 4      |              | 100,000      |             |                 |                |
| CDBG Housing                                    | 68     | 23,847,499   | 23,847,499   |             |                 |                |
| CDBG Housing - Special Projects                 | 3      | 678,500      | 678,500      |             |                 |                |
| Community Development Block Grant - Recovery    | 8      | 15,316,850   | 4,730,000    | 10,586,850  |                 |                |
| Community Development Zone                      | 9      | 34,275,000   | 2,362,000    | 31,913,000  |                 | 316            |
| Customized Labor Training                       | 9      | 25,073,584   | 1,058,280    | 24,015,304  | 912             | 136            |
| Diesel Truck Idling Reduction                   | 262    |              | 2,851,563    |             |                 |                |
| Diesel Exhaust Retrofit Grant                   | 3      |              | 50,000       |             |                 |                |
| Dairy Manufacturing Facility Investment Credit  | 39     | 93,648,977   | 1,300,001    | 92,348,976  |                 |                |
| Development Opportunity Zone                    | 2      | 5,653,679    | 215,000      | 5,438,679   |                 | 8              |
| Dairy 2020 Early Planning Grant                 | 5      | 205,900      | 191,400      | 14,500      |                 |                |
| CDBG Emergency Assistance                       | 1      |              | 180,407      |             |                 |                |
| Economic Development                            | 11     | 151,946,056  | 5,160,500    | 146,785,556 | 1235            | 557            |
| Film Production Company Investment Credit       | 4      | 3,923,001    | 309,754      | 3,613,247   |                 |                |
| Film Production Services Credit                 | 11     | 11,537,931   | 5,852,111    | 9,795,888   |                 |                |
| Flood Recovery Small Business                   | 6      | 3,482,000    | 2,934,000    | 548,000     |                 |                |
| Economic Diversification                        | 27     | 26,700,150   | 3,674,000    | 23,026,150  | 123             | 8              |
| HOME Investment Partnership-Affordable Housing  | 33     | 13,094,556   | 13,094,556   |             |                 |                |
| HOME Investment Partnership-Supportive Housing  | 18     | 1,921,624    | 1,921,624    |             |                 |                |
| HOME Rental Housing Development Loan            | 21     | 11,642,424   | 11,642,424   |             |                 |                |
| Homelessness Prevention Program                 | 38     | 3,100,000    | 3,100,000    |             |                 |                |
| Homeless and Emergency Shelter Grants           | 168    | 4,018,200    | 4,018,200    |             |                 |                |
| Housing Critical Assistance Program             | 1      | 600,600      | 600,600      |             |                 |                |
| Housing Opportunities for Persons with AIDS/HIV | 2      | 801,790      | 801,790      |             |                 |                |
| Housing Special Projects - Federal              |        |              |              |             |                 |                |
| Industrial Revenue Bond                         | 40     | 281,111,160  | 209,373,798  | 71,737,362  |                 |                |
| Legislative Award (WDF)                         | 31     | 30,102,852   | 6,492,400    | 23,610,452  |                 |                |
| Legislative-Wisconsin Entrepreneurial Centers   | 2      | 2,400,000    | 1,200,000    | 1,200,000   |                 |                |
| Legislative Award Renewable Energy              | 3      | 14,227,055   | 7,000,000    | 7,227,055   | 570             |                |

**WISCONSIN DEPARTMENT OF COMMERCE**  
**Appendix 1: Financial Assistance Programs, 07-09 Awards by Program**

| Program                                    | Awards | Project Cost | Award Amount | Leverage    | Jobs * Retained | Jobs * Created |
|--|--------|--------------|--------------|-------------|-----------------|----------------|
| Legislative Award-MEC                      | 4      | 21,762,230   | 2,400,000    | 19,362,230  |                 |                |
| Legislative - Wisc. Tech. Council          | 6      | 1,280,400    | 500,000      | 780,400     |                 |                |
| Minority Business Development              | 14     | 6,746,033    | 1,085,000    | 5,661,033   | 25              | 23             |
| Major Economic Development                 | 10     | 191,561,935  | 7,662,500    | 183,899,435 | 2654            | 636            |
| Milk Volume Production (CDBG-ED)           | 21     | 31,580,976   | 3,103,500    | 28,477,476  | 81              | 154            |
| Milk Volume Production (RED)               | 11     | 6,659,750    | 584,000      | 6,075,750   | 18              | 18             |
| Public Facilities                          | 40     | 40,341,084   | 13,257,112   | 30,081,844  |                 |                |
| Public Facilities for Economic Development | 10     | 105,375,844  | 3,234,000    | 102,141,844 | 5               | 95             |
| Planning                                   | 39     | 60,000       | 651,725      | 30,000      |                 |                |
| Qualified New Business Venture             | 44     | 44,590,624   | 39,362,500   | 25,403,124  |                 |                |
| Qualified Venture Fund                     | 11     |              |              |             |                 |                |
| Rural Economic Development Microloan       | 6      | 6,666,000    | 530,000      | 6,136,000   | 21              | 24             |
| Enterprise Development Zone                | 47     | 531,748,240  | 33,234,675   | 501,263,565 | 4574            | 1443           |
| Regional Marketing Grant                   | 4      | 620,000      | 400,000      | 220,000     |                 |                |
| Shelter Plus Care Grant                    | 2      | 455,688      | 455,688      |             |                 |                |
| State Shelter Subsidy Grant                | 81     | 3,451,000    | 3,451,000    |             |                 |                |
| Technology Assistance Grant                | 4      | 75,000       | 60,000       | 15,000      |                 |                |
| Technology Bridge Grant                    | 2      | 200,000      | 200,000      |             | 1               |                |
| Technology Development Fund                | 2      | 800,000      | 300,000      | 500,000     |                 |                |
| Technology Development Loan                | 1      | 1,825,000    | 320,000      | 1,505,000   |                 |                |
| Technology Matching Grant                  | 4      | 3,565,210    | 440,000      | 3,125,210   | 3               | 10             |
| Technology Venture Fund Loan               | 22     | 51,678,000   | 3,871,000    | 47,807,000  | 27              | 28             |
| Technology Zone                            | 35     | 231,886,075  | 7,380,896    | 224,655,179 | 22              | 429            |
| Urban Early Planning Grant                 | 1      | 20,000       | 15,000       | 5,000       |                 |                |
| Wisconsin Energy Independence Fund         | 26     | 52,035,493   | 7,688,980    | 44,346,513  | 115             | 93             |
| Wisconsin Fresh Start                      | 22     | 2,623,100    | 2,623,100    |             |                 |                |
| Wisconsin Trade Project                    | 47     | 232,500      | 232,500      |             |                 |                |

\* For Jobs Training programs, reflects Existing Jobs Trained and New Jobs Trained.

**WISCONSIN DEPARTMENT OF COMMERCE**  
**Appendix 2: Safety and Building Technical Assistance Data**

**Credentialing /Titling**

|  |        |
|--|--------|
| Different Credential Categories                | 72     |
| Individual Credentials issued                  | 71,651 |
| Credential tests administered                  | 7,706  |
| Manufactured Home titles issued (new/transfer) | 14,816 |

**Plans Reviewed**

|  |        |
|--|--------|
| Commercial Building Plans                        | 15,301 |
| General Plumbing Plans                           | 5,370  |
| Private Onsite Wastewater Treatment System Plans | 8,432  |
| Elevator Plans Reviewed                          | 1,239  |
| Petitions for Variances Processed                | 943    |
| Plumbing and POWTS Product Approvals             | 1,121  |
| New Building Material Approvals                  | 51     |
| Public Swimming Pool Review                      | 753    |

**Inspections Conducted**

|  |          |
|--|----------|
| Commercial Building Construction Inspections | 32,754   |
| Elevator Inspections                         | 42,301 * |
| Boiler & Pressure Vessel Inspections         | 53,190 * |
| Ski Tow Inspections                          | 433      |
| Amusement Rides Inspections                  | 2,822    |
| Electrical Inspections                       | 1,661    |
| Public Sector Safety                         | 853      |
| Plumbing Inspections                         | 1,704    |
| Mechanical Refrigeration Inspections         | 2,765    |
| Ammonia Storage Inspections                  | 113      |

**Training Conducted**

|           | Sessions | Attendees |
|-----------|----------|-----------|
| Elevators | 136      | 568       |
| Boilers   | 15       | 507       |
| Plumbing  | 82       | 3,332     |

|                    |     |       |
|--------------------|-----|-------|
| POWTS              | 144 | 4,650 |
| Mine Safety        | 157 | 3,421 |
| Manufactured Homes | 9   | 861   |

**Aid Payments**

|  |              |
|--|--------------|
| 2% Fire Dues paid to municipalities                                  | \$27,694,563 |
| Wisconsin Fund septic system repair or replacement funds distributed | \$5,968,357  |

\* Includes inspections conducted by state staff & agents.

**WISCONSIN DEPARTMENT OF COMMERCE**  
**Appendix 3**  
**Environmental and Regulatory Services**  
**Storage Tank and Facility Compliance Statistics**

| <b>Storage Tank and Facility Compliance</b>                           | <b>FY 2009</b> | <b>FY 2008</b> | <b>FY 2007</b> |
|---|----------------|----------------|----------------|
| <b>Federally Regulated Marketers</b>                                  | % Compliant    | % Compliant    | % Compliant    |
| In Compliance with all Release Prevention                             | 78.6%          | 79.8%          | 74.8%          |
| In Compliance with all Release Detection                              | 80.4%          | 76.5%          | 74.7%          |
| In Compliance with both   | 66.5%          | 64.6%          | 59.7%          |
|   |                |                |                |
| <b>Federally Regulated Non-Marketers</b>                              | % Compliant    | % Compliant    | % Compliant    |
| In Compliance with all Release Prevention                             | 96.0%          | 95.2%          | 93.6%          |
| In Compliance with all Release Detection                              | 95.7%          | 94.8%          | 93.3%          |
| In Compliance with both   | 92.6%          | 90.5%          | 88.4%          |
|   |                |                |                |
| <b>Total facilities assigned for inspection</b>                       | 10,009         | 10,027         | 9,872          |
| Total Marketing Sites   | 3,934          | 3,914          | 3,745          |
| Total Non-Marketing Sites   | 6,075          | 6,113          | 6,127          |
|   |                |                |                |
| <b>Total tanks assigned for inspection</b>                            | 26,810         | 26,719         | 26,014         |
| Total Underground tanks assigned for inspection                       | 12,663         | 12,725         | 12,757         |
| Total Aboveground tanks assigned for inspection                       | 14,147         | 13,994         | 13,257         |
|   |                |                |                |
|   |                |                |                |
| <b>Facilities inspected in FY*</b>                                    | 9,068          | 9,033          | 8,696          |
| *includes facilities where the tanks may have been removed or deleted |                |                |                |
|   |                |                |                |
| <b>Tanks inspected in FY</b>  | 23,141         | 22,406         | 22,001         |
|   |                |                |                |