

LOAN GUIDE



Helping You Turn Brownfields
Into Opportunities

Turn your property from this...

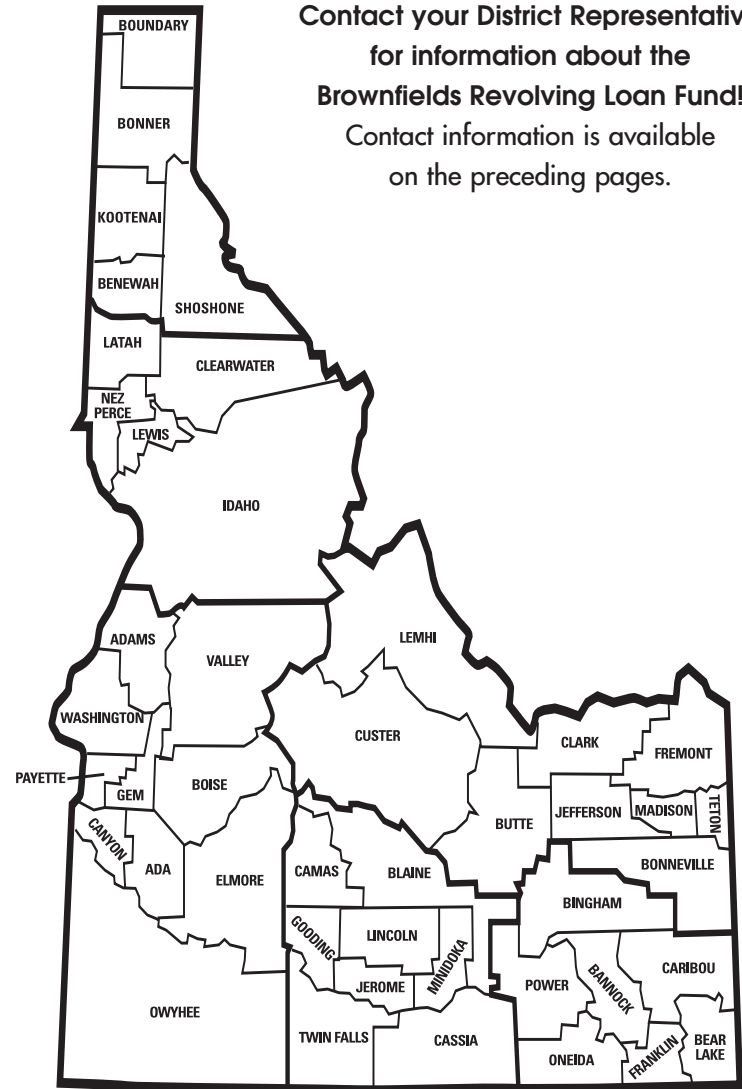


To this, with a Brownfields
Revolving Loan!



Idaho Economic Development Districts

Contact your District Representative
for information about the
Brownfields Revolving Loan Fund!
Contact information is available
on the preceding pages.



LOAN
GUIDE



IDAHO BROWNFIELDS
REVOLVING LOAN FUND

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BROWNFIELDS BASICS

What are brownfields?

Brownfields are properties where expansion, redevelopment, or reuse is complicated by the presence or *perceived* presence of a hazardous substance, pollutant, or contaminant. Examples include abandoned gas stations, dry cleaners, landfills, illegal drug labs, and old industrial, mining, or mill sites.

Why are brownfields important?

Idaho has thousands of brownfields. These often-abandoned sites can create safety and health risks for surrounding residents, blight an area, increase unemployment, and are frequently tax delinquent. *At the same time, brownfields present a tremendous opportunity for developers, investors, and lenders to develop very profitable projects in prime locations.*

What is the Idaho Brownfields Revolving Loan Fund?

The Idaho BRLF makes almost \$3,000,000 available to help qualifying borrowers finance the cleanup phase of projects that reuse brownfields properties. Funded by a grant from the U.S. Environmental Protection Agency, the BRLF is a project of the Reuse Idaho Brownfields Coalition, consisting of Idaho's six economic development district organizations and the Idaho Department of Environmental Quality. The fund is administered by Sage Community Resources, which is one of the six economic development district organizations.

BACKGROUND

Many factors can affect the redevelopment of brownfields properties, including site ownership, the value of the property, regulatory requirements, potential for future site use, community support, and the actual cleanup itself. The EPA established the *Brownfields Economic Redevelopment Initiative* to creatively address these concerns and fund actual cleanup, thereby providing a much greater opportunity for states, local governments, and public and private developers to return brownfields properties to a useful purpose. In addition, both the federal government and the State of Idaho offer tax incentives for brownfields redevelopment.

As part of this EPA Initiative, the Reuse Idaho Brownfields Coalition has been granted \$3,000,000 to establish the Idaho Brownfields Revolving Loan Fund (BRLF). This Loan Guide provides information about the BRLF, including site and borrower eligibility, allowable cleanup costs, and the loan application process. It is intended to serve as a resource in determining whether your project qualifies for a BRLF loan. Basic loan terms and conditions are discussed. Should you decide to proceed with a loan application or need additional information, please contact the **Reuse Idaho Brownfields Coalition member listed for your county on pages 14-15.**

To apply for a Brownfields Revolving Loan, **please complete the Loan Application available on our website at: www.idahobrownfields.org**

What Makes A Site Eligible For A Brownfields Revolving Loan?

Each brownfield site and environmental cleanup is unique. However, all potential cleanups considered for loan funds are required to participate in the Idaho Department of Environmental Quality's (DEQ) Voluntary Cleanup Program, described in more detail later in this Loan Guide.

BRLF funds may be used at sites that are:

- publicly-owned, either directly by a municipality or indirectly through a quasi-public entity such as a public development authority;
- owned by a nonprofit group such as a community development corporation;
- privately-owned by current or prospective property owners, banks, or developers.

BRLF funds may be used to cover a number of site situations that don't pose an *immediate* threat to public health or safety. Eligible site activities include prevention, abatement, or removal of hazardous substances or contaminants that might threaten public safety, drinking water supplies, or sensitive ecosystems.

Funds may *not* be used on:

- sites listed or proposed for listing on the National Priorities List (Superfund sites);
- sites where an enforcement action is planned or taken;
- sites under the control of the federal government. However, properties held in trust for Native American tribes are eligible.

An analysis and evaluation of each application will include a review of the environmental risks associated with the cleanup and the proposed redevelopment.

What Are Allowable Project Costs?

Cleanup activities covered by BRLF loan funds may include:

- removal of structures if required to address contamination;
- fences, warning signs, or other security or site control precautions;
- drainage controls; stabilization of berms, dikes, impoundments; drainage of or closing lagoons;
- capping of contaminated soils;
- chemicals and other materials to retard the spread of the release or mitigate its effects;
- excavation, consolidation, or removal of highly contaminated soils from drainage or other areas;
- removal of drums, barrels, tanks, or other bulk containers that contain or may contain hazardous substances, pollutants, or contaminants, including petroleum;
- removal of source materials, including free product recovery;
- containment, treatment, or disposal of hazardous materials and petroleum contamination;
- provision of alternative water supply where immediately necessary to reduce exposure to contaminated household water;
- site monitoring activities, including sampling and analysis, that are necessary during the cleanup process, including determination of the effectiveness of a cleanup;
- site assessment activities that are reasonable, necessary and incidental to the cleanup process, such as confirmation sampling;
- costs associated with meeting public participation, worker health and safety, and interagency coordination requirements;
- DEQ Voluntary Cleanup Program fees;
- environmental insurance to limit liability for future additional cleanup costs.

BRLF funds may *not* be used for:

- pre-cleanup environmental assessment;
- cleanup of a naturally occurring substance, or repairing or improving public/private drinking water supplies that have deteriorated *through ordinary use*;
- monitoring and data collection necessary to apply for, or comply with, environmental permits under other Federal and state laws, unless the permit is required as a component of the Voluntary Remediation Work Plan;
- development activities that are not part of the cleanup.

Who Can Qualify For Loan Funds?

Eligible borrowers can be any legal entity, municipality, or individual authorized to incur debt and enter into legally binding agreements. A borrower may be the current owner, a prospective owner, or a developer of a site.

All BRLF loans must be repaid. As funds revolve, then additional brownfields properties can be cleaned up. Therefore, borrowers must meet certain financial and technical criteria to qualify for revolving loan funds.

As with traditional loans, an analysis and evaluation will be made of each loan application to make certain applicants have the resources to repay the loan. This evaluation includes financial analysis and credit history, determination of collateral, and the commitment made by the borrower (loan guarantees).

Additional project considerations may include the social and economic benefits of the redevelopment project, including an evaluation of the property's marketability and land value, visibility, neighborhood conditions, and physical infrastructure. Though these additional criteria are important, primary consideration is given to the financial and environmental risks of the proposed project.

To be eligible for a BRLF loan, a borrower must have:

- access to and control of the site and/or have a written agreement that the property owner will cooperate with the cleanup activities;
- possession of the technical expertise or have access to the technical resources to successfully undertake the proposed cleanup and redevelopment;
- a DEQ-approved Voluntary Remediation Work Plan.

Borrowers are *not* eligible if:

- it's a site where the borrower is potentially liable under CERCLA Section 107 (Superfund Act);
- the borrower is currently suspended or debarred from receiving federal funding, or otherwise declared ineligible;
- the borrower caused or contributed to the contamination of the site, or has been subject to any environmental penalties for lack of compliance at the site subject to the loan.

Should you decide to proceed with a loan application or need additional information, please contact the **Reuse Idaho Brownfields Coalition member listed for your county, as indicated on the contact list on pages 14-15 of this Loan Guide.**

What Are The Terms and Conditions Of The Loan?

The goal of the BRLF program is to fund the cleanup of brownfields properties in order to promote economic development, reinvestment, and job creation and retention. Loans will be structured to encourage borrowers to put properties back into productive use.

In most cases, loan funds will be used to supplement other sources of funding such as municipal or community development funds, other brownfields funds, investor funds, or as *gap funding* to attract traditional lending institutions for redevelopment. A technical team is available to assist you in identifying available fund sources to help meet the cleanup and redevelopment project needs.

All Loan Application forms are available on the Idaho BRLF website at: www.idahobrownfields.org. A checklist also is provided on the website to help ensure that your application is complete.

Loan Terms

- Loans can range up to \$1,200,000, not to exceed 80% of the total eligible project costs.
- Generally, the interest rate will not exceed prime plus two percent, but will be determined on a project by project basis. *Low or zero interest rates may be offered to encourage short-term repayments.*
- The maximum loan term is five years. However, full repayment is required when:
 - 1) the project is refinanced;
 - 2) the project is sold.
- A loan origination fee of not more than two percent of the loan may be charged. In addition, a \$500 nonrefundable loan application fee will be due at the time of loan application.
- All loans require collateral, which may include reasonable business and personal assets.
- Scheduled repayment is required during the term of the loan, and may be fully amortized, including principal and interest, or interest only.

What Is The Voluntary Cleanup Program?

As a member of the coalition that established Idaho's BRLF, the Idaho Department of Environmental Quality (DEQ) wants to help your project succeed, and offers the Voluntary Cleanup Program (VCP) and other brownfields programs to assist you. Participation in the VCP, which provides technical assistance from the DEQ for cleanups voluntarily initiated, is required in order to be eligible for a BRLF loan. VCP participation can also provide many other benefits, including:

- an expedited remediation process;
- a seven-year partial property tax exemption;
- a "Covenant Not to Sue" from DEQ;
- use of site-specific risk-based cleanup standards;
- use of institutional controls in cleanup plans;
- avoiding an adversarial enforcement action;
- "lender liability" protections.

To enter the VCP, participants submit an application form and a nonrefundable \$250 application fee to DEQ. If DEQ determines the site and applicant are eligible, the applicant then enters a VCP Agreement with DEQ, pays a \$2,500 deposit for DEQ's oversight costs, and develops a cleanup plan, called a Voluntary Remediation Work Plan. This Work Plan must be made available for public comment, and is reviewed and approved by DEQ before an application for a BRLF loan can be considered. Once the Work Plan and BRLF loan are approved, DEQ continues to provide oversight and assistance throughout the cleanup process.

DEQ oversight costs are generally allowable expenses under the BRLF program. If the initial \$2,500 VCP deposit does not cover all of DEQ's oversight costs, DEQ will provide as much advance notice as possible, and may request successive \$2,500 oversight deposits. DEQ will refund any unspent portion of the deposit when cleanup is completed.

After cleanup is completed, the participant submits a Cleanup Completion Report to DEQ, and DEQ issues a Certificate of Completion upon approval. At that point, the participant may request from DEQ a Covenant Not to Sue.

VCP Application Form and More Information

For the VCP Application Form and more information about the VCP and other DEQ brownfields assistance programs, please see the DEQ website at: www.deq.idaho.gov/Applications/Brownfields

You are also encouraged to contact the **DEQ staff members listed on page 16 of this Loan Guide** for more information about brownfields sites, cleanup, and assistance programs.

What Is The Community Involvement Plan?

Because local communities have a vested economic and social interest in brownfields redevelopment, federal and state environmental statutes provide for community involvement in decisions surrounding cleanup of contaminated properties. *In fact, case study shows that the most successful local programs are initiated by private and public sector community leaders working together in a concerted effort.*

Fostering an open process and opportunities for public involvement in each BRLF project is required. A process involving the community in the decision-making from the outset will help ensure that the cleanup and redevelopment addresses community needs and has community support, thus making the project more likely to succeed.

As part of participating in the BRLF loan program, each borrower will be asked to prepare a site-specific Community Involvement Plan. **A step-by-step "Community Involvement Plan Guide" is available on the Idaho BRLF website to assist you with this process: www.idahobrownfields.org.** In addition, a 30-day public comment period for community review of the proposed cleanup alternatives is required.

The Community Involvement Plan must contain a site description, discuss the prepared cleanup plan with alternatives, propose a schedule for the cleanup, and provide background on the community, including its concerns and issues. (A Site Assessment or Phase I may provide some of this information.)

Convenient Pre-Screening Checklists

Please review the following checklists for eligibility before completing the Loan Application forms.

Borrower Eligibility:

- The borrower is authorized to incur debt and enter into legally binding agreements.
- The borrower has access to and control of the site, or has a written agreement that the property owner will cooperate with the cleanup activities.
- The borrower can demonstrate the financial ability to repay the loan in a timely fashion.
- The borrower has not caused or contributed to the contamination at the site.
- The borrower is not or has not been subject to any penalties for lack of compliance with environmental laws and regulations at the site subject to the loan.

Site Eligibility:

- The property is idled, underutilized, or abandoned.
- The applicant did not cause or contribute to the contamination.
- The applicant is not or has not been subject to any penalties for lack of compliance with environmental laws and regulations.
- The property is located in the State of Idaho.

If the above criteria are met, please proceed. If not, please discuss the specific circumstances with a **Brownfields contact person for your area, as listed on pages 14-15 of this loan guide.**

Redevelopment Criteria:

The following considerations will be used to evaluate projects. *While these criteria are important, a negative answer will not automatically disqualify a project.* Please work with your respective Brownfields contact person should you have questions or be uncertain about the intent of specific criteria.

- The project has a site reuse/redevelopment plan with near-term economic viability.
- The project will result directly *or indirectly* in job creation/retention. (The number and types of jobs created and/or retained by each project will be an evaluation factor.)
- The project will demonstrate that it improves the existing environmental conditions. (The extent of environmental improvement will be an evaluation factor.)
- The project will be ready to proceed upon acceptance of the application and must provide a realistic plan for cleanup and redevelopment. (Cleanup should begin within 90 days of execution of the loan documents.)
- The borrower will submit monthly progress reports to the relevant jurisdiction until completion of the final cleanup report.
- Following completion of the final report, the borrower will submit quarterly reports to the relevant jurisdiction describing redevelopment efforts at the site.

If these factors are affirmed, please proceed with your Loan Application. You are encouraged to work with the Brownfields contact person at your local economic development organization throughout this process. **For a list of contacts, please see pages 14-15 of this loan guide.**

Contacts for Brownfields Revolving Loan Fund Information:

District: 1

For These Counties: Benewah, Bonner, Boundary,
Kootenai, Shoshone

Contact: Jim Deffenbaugh, Executive Director
Panhandle Area Council (PAC)
11100 Airport Drive
Hayden, ID 83835
PH: (208) 772-0584 x 3005 FAX: (208) 772-6196
E-mail: jimd@pacni.org

District: 2

For These Counties: Clearwater, Idaho, Latah, Lewis, Nez Perce

Contact: Christine L. Frei, Executive Director
Clearwater Economic Development Association (CEDA)
1626-16th Avenue
Lewiston, ID 83501
PH: (208) 746-0015 FAX: (208) 746-0576
E-mail: clfrei@lewiston.com

District: 3

For These Counties: Ada, Adams, Boise, Canyon, Elmore, Gem,
Owyhee, Payette, Valley, Washington

Contact: Don Outram, Business Development Coordinator
Sage Community Resources
125 E. 50th Street
Garden City, ID 83714
PH: (208) 322-7033 x 227 FAX: (208) 322-3569
(800) 859-0321
E-mail: doutram@sageidaho.com

District: 4

For These Counties: Blaine, Camas, Cassia, Gooding, Jerome,
Lincoln, Minidoka, Twin Falls

Contact: Joe Herring, Executive Director
Region IV Development Association, Inc. (RIVDA)
P.O. Box 5079
Twin Falls, ID 83303
PH: (208) 732-5727 x 3003 FAX: (208) 732-5454
E-mail: joe@rivda.org

District: 5

For These Counties: Bannock, Bear Lake, Bingham, Caribou,
Franklin, Oneida, Power

Contact: Kathleen Lewis, Executive Director
Southeast Idaho Council of Governments (SICOG)
P.O. Box 6079
Pocatello, ID 83205
PH: (208) 233-4032 x 26 FAX: (208) 233-4841
E-mail: Kathleen@sicog.org

District: 6

For These Counties: Bonneville, Butte, Clark, Custer, Fremont,
Jefferson, Lemhi, Madison, Teton

Contact: Ted Hendricks, Executive Director
The Development Company
299 E. 4th North
Rexburg, ID 83440
PH: (208) 356-4524 x 312 FAX: (208) 356-4544
E-mail: ted.hendricks@ecipda.net

DEQ Contacts for Brownfields Site and Cleanup Information:

Idaho Department of Environmental Quality
1410 N. Hilton Street
Boise, ID 83706

Aaron Scheff, Brownfields Program Manager
PH: (208) 373-0420 FAX: (208) 373-0154
E-mail: aaron.scheff@deq.idaho.gov

Bruce Wicherski, Voluntary Cleanup Program Manager
PH: (208) 373-0246 FAX: (208) 373-0143
E-mail: bruce.wicherski@deq.idaho.gov

Additional Resources To Help You

The Brownfields Revolving Loan Fund can be used in conjunction with other federal, state, and local programs. To find out more about brownfields redevelopment, tax incentives, loan and grant programs, or additional project resources, visit the web sites below.

Federal

US Environmental Protection Agency, Economic Redevelopment Initiative:
www.epa.gov/brownfields/

US Dept of Commerce, Economic Development Administration:
www.eda.gov/Research/Brownfields.xml

US Dept of Agriculture, Rural Development Services:
www.rurdev.usda.gov

US Small Business Administration, Pollution Control Financing:
www.sba.gov/smallbusinessplanner/start/financestartup/SERV_POLLUTION.html

State

Idaho Department of Environmental Quality, Brownfield Revitalization Program: www.deq.idaho.gov/Applications/Brownfields