

Baseline Study
**Opportunities for Financing Great Lakes
Cleanup and Ecosystem Restoration**

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Baseline Study
Opportunities for Financing Great Lakes Cleanup
and Eco-Systems Restoration

I - SUMMARY OF FINDINGS

Purpose/background

In order to help develop new financing products for ecosystems restoration, the Northeast-Midwest Institute has reviewed several existing entities within the Great Lakes basin that have the capacity to issue tax-exempt financing instruments. This opportunity baseline suggests which institutions offer the best prospects for financing ecosystem restoration, and it identifies policy reforms that could enable more Great Lakes entities to finance restoration efforts. This report is a first step of a larger effort, supported by the Great Lakes Protection Fund, to identify and provide substantial new financing for Great Lakes protection and restoration.

The need for enhanced funding to finance cleanup of contaminated sediments in the Great Lakes (hereafter referred to as “Great Lakes cleanup”) and eco-systems restoration has been documented by the Great Lakes Regional Collaboration in their December, 2005 report, “Great Lakes Regional Collaboration Strategy (to Restore and Protect the Great Lakes).” That report estimates the need for federal Legacy funds to be \$2.25 billion total (or \$150 million annually between 2006 and 2020).

This analysis explores opportunities to finance that cleanup through programs and institutions that may have been formed for other purposes but have conceivable application to contaminated sediment cleanup, including:

- Clean Water State Revolving Funds;
- Water-sewer authorities;
- Port authorities;
- State environmental bond issues.

This report looks beyond the two obvious federal sources for Great Lakes cleanup - Great Lakes Legacy funds and Army Corps of Engineers - for three reasons:

- That the current level of Legacy funding (\$10 million in fiscal year 2004 and \$22 million in 2005) is only about one-tenth of the need;
- That both Legacy and Army Corps funds have non-federal match requirements (35 percent for Legacy funds) that have proven difficult to meet for states and localities;
- That Great Lakes cleanup creates certain economic and other benefits, which, if captured, potentially becomes a source to finance the cleanup.

The latter point requires some amplification relative to the current analysis. While most work on potential funding has focused on grant sources, this analysis also looks at loan sources. The reason is that parallel Great Lakes studies attempt to quantify property value increases that might follow from cleanup of contaminated waterfronts (land and water). At least in theory, the

cleanup may cause a significant rise in property values, and that increase is potentially capturable through a Tax Increment Financing (TIF) mechanism. Conceptually, this provides a revenue stream to pay off a loan.

Clean Water State Revolving Funds (CWSRF)

1. *Great Lakes cleanup appears to be an eligible use of CWSRF/Non-Point Source (NPS) funds.* However, there are no known instances where CWSRF funds have been used for cleanup of contaminated sediments. EPA Region 5 would need to give an affirmative determination as to eligibility;
2. *There must be a viable/reliable revenue source to service the CWSRF loan.* Because most of the Great Lakes states leverage CWSRF funds on the bond market, bond rating agencies must be convinced of the reliability of the revenue source. In-depth analysis in the next phase of this study will be required to determine if TIF financing could produce a sufficiently reliable revenue source.
3. *There is a cost advantage associated with using the CWSRF program to finance Great Lakes cleanup projects.* Assuming that a revenue source can be identified, e.g. if TIF financing proves feasible, there would be a substantial savings in interest costs by using the CWSRF program, compared with conventional bond market financing.
4. *However, there are numerous obstacles and issues, outlined in the CWSRF section of this report, that would need to be overcome in order for CWSRF to work on a broad scale. The three most difficult are:*
 - a. Two states (Illinois and Wisconsin) lack statutory or administrative authority to fund a project like Great Lakes cleanup and a third (Pennsylvania) appears to be in a grey area;
 - b. With federal appropriations declining, most states are already looking at a pipeline of projects that exceeds their ability to fund. The Great Lakes cleanup would have to successfully compete for limited dollars, and, if successful, the downside is that numerous other worthy projects won't get funded.
 - c. If Congressional appropriations continue to decline, the CWSRF's will not be a viable source for Great Lakes cleanup financing.
5. *If a given project is eligible for Great Lakes Legacy funds, but there are insufficient grant funds for the non-federal share, a loan from CWSRF, linked to TIF financing, should be explored.* A case would have to be made that, because local TIF financing is the repayment source for the SRF loan, the loan should therefore count as "non-federal." Since this scenario is perhaps a "usual" rather than an "exceptional" case, a recommendation is for Great Lakes planners to address this issue with Legacy Fund, SRF administrators, and EPA Region 5 in order to establish a policy that allows use of SRF funds as "non-federal share" as long as the repayment source of the SRF loan is non-federal.
6. *CWSRF may work for financing some individual Great Lakes cleanup projects, depending on the individual circumstances in the state; however, basing an overall Great*

Lakes cleanup plan on the CWSRF's would be quite problematic. A possible solution to the difficulties of working through each state would be a threefold strategy:

- a. There should be a special congressional earmarked appropriation under the SRF program for the Great Lakes cleanup.
- b. There should be a multi-state entity formed and designated as the recipient of those funds.
- c. The new entity would operate much like the individual state CWSRF's, leveraging the earmarked appropriation to create a larger fund, and then loaning the funds at a discounted rate to communities, states, OR TO ITSELF to carry out Great Lakes Cleanup.

Water-Sewer Authorities

1. *Water and sewer authorities are unlikely participants in Great Lakes cleanup under current practices.* The narrow definition of projects that water and sewer districts undertake follows from the self-supporting nature of these entities – water and sewer fees (or, in two cases, dedicated property taxes) are expected to pay both capital and operating costs; thus, these entities generally do not undertake water quality projects that are unrelated to their core mission. The only example of a water-sewer district undertaking a watershed restoration project was in Milwaukee, but that project was undertaken under flood protection authority, not a water quality mandate. Some observers contend that water and sewer authorities could be more active in water quality projects (such as sediment cleanup), while staying within their current legal authority; nevertheless, the self-supporting nature of their activities would tend to mean that their only involvement would be as a conduit to the bond market, much like port authorities.

Port Authorities

1. *Most port authorities of the Great Lakes states are not potential sources for cross-subsidies.* Some observers may have looked at the Port Authority of New York-New Jersey (PANYNJ) as a potential model, in that PANYNJ controls vast revenue sources from bridge and tunnel tolls, and is commonly viewed as having the capability of cross-subsidizing a variety of port-related projects. Our survey of the Great Lakes port authorities did not find port authorities that have capabilities that parallel PANYNJ.
2. *Statutory restrictions probably eliminate participation on the part of the port authorities in Toledo, Milwaukee, and Duluth.* Port authorities that appear to have sufficiently broad authority include Indiana, Illinois, and Cleveland-Cuyahoga County; however a legal opinion should be obtained before any assumptions are made. Detroit's current authority is limited, but pending legislation would allow the authority to issue self-supporting bonds for any purpose.
3. *Most of the port authorities that could participate would do so as conduits to the bond market for projects that are self-supporting from identified revenues.* This would be the same role that port authorities play in financing major private business expansions. The advantages (to the business or to the Great Lakes cleanup project) are modest – somewhat

more favorable terms and saving certain fees. In this kind of financing the port authorities are not spending or risking port authority funds in any fashion. Note that the recently announced cleanup of the Ashtabula River involved the creation of a port authority to act as a banker for the other financing sources (the Port authority did not commit any funds).

4. *Two port authorities – Duluth and Cleveland-Cuyahoga County – have broader involvement in infrastructure development, ownership/development of land, and, in one case, the development of a waterfront park. These activities are not necessarily self-supporting and conceivably lay the groundwork for participation in Great Lakes cleanup if tied to port/economic development objectives.*

State Environmental Bond Issues

The states of Ohio, Michigan, New York, and Pennsylvania have passed voter-approved bond issues that provide major financial commitments to environmental improvements, brownfields redevelopment, and sensible growth. These vary widely as to whether they can be used for Great Lakes cleanup/ecosystem restoration.

1. *The overall conclusion is that these bond issues are currently very limited as a resource for Great Lakes cleanup.*
2. *The only clear authority to use bond funds for sediment cleanup is in Michigan (under the Clean Michigan bond issue) where \$25 million was specifically appropriated for cleanup of contaminated sediments. However, a 2005 annual report listed only \$1.5 million of that \$25 million as “remaining to be appropriated.”*
3. *Both the New York Clean Air - Clean Water Bond Issue and Pennsylvania’s Grow Green II require interpretation to determine eligibility. Both list as eligible projects that “implement a watershed restoration plan.” New York’s program, authorized in 1996, no longer has funds available. Grow Green was authorized in 2005 with funding of \$230 million devoted to cleanup of rivers and streams, abandoned mines, and brownfields.*
4. *Clean Ohio and New York’s Environmental Protection Fund do not appear to include authority for cleanup of contaminated sediments. Eligible sites/projects for the “Open Space and Watershed Protection” part of Clean Ohio are projects to protect or enhance riparian corridors and watershed protection measures. Ohio (bond funds authorized in 2000) is also currently going through the last round of funding applications. New York’s Environmental Protection Fund can only be used for acquisition of land.*
5. *The Great Lakes team should attempt to get in on the ground floor in any states that may be considering new versions of soon-to-be-exhausted bond funds. Ohio, New York, and Michigan are all near the end of their spending authority. If new bond issues are being planned, it would be important to make the case for clear language and dedicated funds for cleanup of contaminated sediments.*

Potential Models

Michigan's Brownfields Redevelopment Authorities (BRA's) are a good model for the use of Tax Increment Financing (TIF). Two sediment cleanup projects have been approved for BRA TIF financing. Although neither project has proceeded, the principle has been established that the BRA's are a potential vehicle to link TIF to sediment cleanup. See appendix 6 for details.

The Rouge River National Wet Weather Demonstration Project should be examined as a potential model for water/sewer districts to take on broader environmental objectives, as well as a potential model for inter-jurisdictional cooperation to achieve environmental benefit. The Rouge River project started out with a focus on combined sewer overflow, but expanded their mission to include watershed protection, wetlands restoration, and, in one instance, the cleanup of contaminated sediments (Lake Newburgh). (See more detail in appendix 5)

Ohio's Water Resource Restoration Sponsor Program offers watershed restoration grants that are leveraged from CWSRF loans. The State pairs up a watershed restoration project that needs grant funds with a municipality that is seeking loan funds. The State will consider reducing the interest rate to the municipality so that the municipality can pass along their cost savings to the watershed restoration project in the form of a grant (See Ohio SRF description in appendix 1 for more detail). The projects funded through this mechanism are not multi-million dollar projects; never-the-less, this could be one piece of the puzzle in patching together a local match for a Legacy grant.

Minnesota's recently passed Clean Water Legacy (CWL) is a potential model for States boosting environmental funding through dedicated revenue sources. CWL was proposed as an \$80 million/annual program to be funded from fees on municipal wastewater connections and septic permits. It passed in June, 2006 as a \$25 million program - \$15 million funding from the general fund and a commitment to use \$8.31 million in bonding for phosphorus reduction at wastewater treatment plants. http://cleanwaterlegacy.net/CWL_overview.pdf Eligible uses of funds include:

- Assessing lakes, rivers, and streams;
- Prioritizing and accelerating TMDL cleanup plans
- Implementing restoration activities to cleanup rivers;
- Assisting cities in meeting cost of waste water treatment upgrades.

General Conclusions

1. *There is no universal approach that will work in all circumstances.* Individual projects will have to be tailored to the financing resources that may be available in that state at the particular time that the project is being planned.
2. *Although the circumstances will vary widely from state to state, the first place to start for loan funds would be the Clean Water State Revolving Funds (CWSRF).* If TIF financing proves feasible, borrowing from the CWSRF's, rather than going directly to the bond

market, would save substantial interest costs. This approach, however, is complicated by the growing demand for and shrinking supply of CWSRF funds.

3. *Grant funds are going to be hard to come by, but the first place to look would be funds available through statewide bond issues, assuming that those programs which are at or near the end of their spending authority become renewed in some fashion.* Grants from these bond funds rarely exceed \$1 million (see point 5, below). A second place to look for grant funds is state Non-Point Source (NPS) Section 319 programs. To the extent that some states have their own state-funded NPS programs and may have broader project eligibility criteria than EPA, some modest funding may be available as a non-federal match for Legacy funds.
4. *The Great Lakes team should attempt to get in on the ground floor in any states that may be considering new versions of soon-to-be-exhausted bond funds.* Ohio, New York, and Michigan are all near the end of their spending authority. If new bond issues are being planned, it would be important to make the case for clear language and dedicated funds for cleanup of contaminated sediments.
5. *When non-federal match requirements (for Great Lakes legacy or Corps of Engineers funding) exceed the scope of available grant funds, Great Lakes cleanup planners should explore a larger loan that could be repaid using tax increment financing.* As an example, a \$30-million cleanup might require a \$10.5 million non-federal match to qualify for Legacy funds. Typical state grants available for clean water purposes might be less than \$2 million. The case would need to be made that a \$10.5 million low-interest loan is equivalent to (has the same net present value as) a \$2 million grant. If TIF financing proves feasible, the loan could then be repaid using the TIF.
6. *Follow-up studies on the feasibility of using TIF to finance Great Lakes Cleanup should examine the role that philanthropic organizations might play in offering a credit enhancement to improve TIF feasibility/credit rating.* Any scenario that involves borrowing, be it from a bank or from CWSRF or from the bond market (accessed through a port authority), involves credit rating, and a Philanthropic organization could offer a cleanup project a credit enhancement, which might be some kind of limited guaranty. The advantage for the project is better terms. The advantage for the philanthropic institution is that their funds are only used if project revenues fall short.

II - Clean Water State Revolving Funds

The Northeast-Midwest Institute surveyed the Clean Water State Revolving Funds in each of the Great Lakes states. The detailed results are in Appendix 1.

How the CWSRF's work

The State Revolving Loan Funds (SRF's) are sources of low-interest financing for a variety of projects that contribute to clean water and safe drinking water objectives.

Federal Capitalization of State Revolving Loans (SRF). Congressional appropriations to the Environmental Protection Agency (EPA) under the SRF program are used as Capitalization Grants for the State SRF's – all states operate SRF programs. There are two components to the SRF's: Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF). Cleanup of contaminated sediments does not appear to be an eligible use of the Drinking Water funds, which are used for improvement of “public water systems.” The Drinking Water funds are also of lower magnitude.

The EPA allocation to the states is based on a formula that gives weight to “community needs” (wastewater treatment system/improvement needs, and non-point source needs), as judged by a survey undertaken by the states every three years. States must provide a 20 percent match.

The states either re-loan the funds directly to qualifying projects or they use the funds to leverage a larger bond fund, which is then re-loaned for qualifying projects. About one-half of all states use the Capitalization Grants to leverage bond funds – the leveraged bond funds are usually double the EPA capitalization grant. Ohio also uses loan repayment funds to leverage a larger amount of bond funds, with the result that their ratio of EPA funds to leveraged bond funds exceeds 1:4.

Interest Rate and Terms. Interest rates are subsidized and currently average in the range of 2.5 percent to 3.6 percent, about one-half of market rates for tax-free municipal bonds. Interest rates can go as low as 0 percent - most states have adopted policies giving interest-rate discounts to communities that qualify for hardship, as indicated by low median income and low population/tax base. Some states achieve lower interest rates by leveraging a lower amount of bond funds with higher reserves. Michigan is one such state – their current interest rates are 1.63 percent. The term is usually 20 years, with some exceptions for communities that request longer terms due to financial hardship.

Funding Levels. Historically, Congress has appropriated on the order of \$1.3 billion annually in CWSRF capitalization grants, although appropriations were reduced in fiscal 2005 to \$1.1 billion, then \$887,000 in fiscal 2006, and the President's fiscal 2007 budget proposes a further reduction.

In 2005, the EPA appropriation (\$1.1 billion) was converted into \$4.9 billion in out-going loans for projects. This ratio is achieved by three factors: in-coming loan payments going back out as

new loans; the state match (20 percent); and the practice of leveraging the EPA funds for larger bond market proceeds. Over 18 years the CWSRF program has loaned a total of \$52.7 billion for clean water projects.

Among the Great Lakes states, Wisconsin, Pennsylvania, and Ohio have significant state-funded programs that go well beyond the 20 percent match.

Table 1 charts the funding inputs and outputs of the Great Lakes states. For the year 2005, EPA capitalization grants totaled \$396 million in the eight Great Lakes states, which resulted in \$2.1 billion in loans.

Categories of Funding. CWRLF can be used for three kinds of projects:

1. Point Source - usually public wastewater treatment (section 212 projects)
2. Non-point source (section 319)
3. Estuary Projects (section 320)

The vast majority (96 percent over the life of the program) of CWRLF financing has been used for public wastewater facilities improvements, including Combined Sewer Overflow (CSO) projects, which is a growing demand on CWSRF funding. These are all classified as Point Source projects.

Of the three CWRLF categories, Great Lakes cleanup, particularly the cleanup of contaminated sediments, would qualify only for Non-Point Source funding. The Great Lakes are not identified as eligible for Estuary assistance.

Non-Point Source (NPS) funding. The NPS program began with an emphasis on addressing urban run-off through best management practices. However, states have been given reasonably wide latitude to finance a wide range of NPS projects as long as it can be demonstrated that they are consistent with Clean Water Act objectives. Over the 18-year life of the SRF program, only 4 percent of the funding has been used for NPS projects; however NPS projects constitute 39 percent of all projects, and the proportion is growing. Most state CWRLF's can fund private, as well as public and non-profit entities. Projects that have been funded under the NPS category include:

- Landfill capping, closure, and monitoring;
- New landfill - leachate facilities;
- Land acquisition to protect water quality;
- Brownfield remediation;
- Stormwater management BMP, such as sediment traps and basins;
- Agriculture BMP and animal waste management;
- Structural erosion control projects;
- Septic system rehabilitation & replacement;
- Abandoned well sealing;
- Street sweepers, catch basin vacuum vehicles;
- Watershed restoration;

- Acid mine drainage treatment;
- Wetlands protection and restoration;

While this list does not specifically include cleanup of contaminated sediments (and we have seen no examples of NPS funds being used for cleanup of contaminated sediments), most state administrators believe that their NPS authority could include just that kind of project. Cleanup of contaminated sediments would appear to have at least as direct a relationship to water quality improvement as brownfields cleanups, as one example.

Since some judgment is involved, it would be important to get an EPA headquarters determination that cleanup of contaminated sediments is eligible. NEMW discussed the issue with Jim Hanlon, Chief, EPA Waste Water Management Division, and his interpretation was that if the state included a Great Lakes cleanup in their Intended Use Plans, the projects would be eligible. Follow up should also involve consulting with EPA Region 5,

Note, however, that some states have statutory or regulatory restrictions that may eliminate funding of Great Lakes cleanup under the NPS program. These are summarized below under “State Statutory and Regulatory Limitations.”

Limited Grants. There are also Section 319/NPS grants, and some states complement the federal dollars with additional State funds. The federal dollars support demonstration projects, educational activities, and capacity building rather than general NPS construction projects. Thus, a sediment cleanup project would only be eligible for the federal program as a pilot/demonstration. The grant program is funded at approximately \$200 million annually, so the funding levels are insufficient to constitute more than a minor contribution to Great Lakes cleanup. To the extent that some states have their own Section 319 programs, and may have broader project eligibility criteria, some modest funding may be available as a non-federal match for Legacy funds.

Ohio also offers watershed restoration grants that are leveraged from CWSRF loans. Through their Water Resource Restoration Sponsor Program, the state pairs up a watershed restoration project that needs grant funds with a municipality that is seeking loan funds. The state will consider reducing the interest rate to the municipality so that the municipality can pass along their cost savings to the watershed restoration project in the form of a grant (See Ohio SRF description in Appendix 1 for more detail). The projects funded through this mechanism are not multi-million dollar projects; nevertheless, this could be one piece of the puzzle in patching together a local match for a Legacy grant.

Issues in Use of CWSRF/NPS Financing for Great Lakes Ecosystem Restoration

There are several potential issues and obstacles that need to be addressed in assessing whether CWSRF's are a viable source of funding for Great Lakes cleanup.

Revenue Source for Loan Repayment. To state the obvious, the CWSRF program is a loan, not a grant program, and there must be a reliable revenue source. Each proposed loan is rated for the credit-worthiness of the borrower, as well as for the reliability of the revenue source.

Because most of the Great Lakes states leverage CWSRF funds on the bond market, bond rating agencies must be convinced of the reliability of the revenue source. A corollary is that credit enhancement in the form of a foundation guaranty could be a key to making a TIF financing deal feasible for CWSRF funding.

Some of the revenue sources that have been approved for CWSRF loans include:

- Utility user fees;
- Stormwater management fees;
- Dedicated portion of local county or state taxes or fees;
- Membership dues for a non-profit organization;
- Fees paid by developers;
- Business revenues;
- Fees paid by homeowners.

If TIF financing proves to be a viable revenue source for Great Lakes cleanup, it would presumably work as a revenue source for a CWSRF loan.

Declining EPA Capitalization/Increasing Demand for CWSRF Funding. Congressional appropriations to the CWSRF program have declined 34 percent in six years (without accounting for inflation). Several surveyed states indicated that they are seeing increasing demand for CWSRF funding from community wastewater projects, at the same time that EPA capitalization grants are being reduced. This is leading to a higher level of competition for scarce dollars, as well as greater delays, due to the queuing of qualified projects. Part of the increase in demand is coming from EPA enforcement action related to Combined Sewer Overflow (CSO) projects (for example, Michigan is attempting to assist a \$2 billion CSO project in Detroit).

If congressional appropriations continue to drop, the CWSRF program will not be a viable funding source for a major new project, like Great Lakes cleanup.

Listing Great Lakes Cleanup in “Intended Use Plans” and Competitive Ranking. In order to be eligible for CWSRF funding, Great Lakes cleanup would have to be listed in each state’s “Intended Use Plan.” Currently, none of the Great Lakes states list sediment cleanup in their plans; however, these plans are amended, annually. Because most of the Great Lakes states are reaching a point where there is (or will soon be) competition among eligible projects, Great Lakes cleanup would have to rank above competing uses of funds. The obvious downside is that if Great Lakes cleanup is successful, numerous other worthy projects will not get funded.

State Statutory and Regulatory Limitations. One obvious limitation is that states cannot spend money outside their borders. Therefore it would be important to map out the contaminated “areas of concern” vis-à-vis state borders.

Some states, including Michigan and Wisconsin, also restrict eligible recipients to local public entities. If this is the case in a given state and if the parties carrying out the cleanup are private entities, then a pass-through mechanism would have to be explored. This is not uncommon in the CWSRF program.

Additionally, several states have statutory limitations that could affect their ability to participate:

- Illinois does not currently have the authority to fund NPS projects;
- Wisconsin participates in NPS projects, and the state's SRF enabling legislation does not restrict eligible uses of funds beyond the federal statute; however, state regulation currently only permits NPS funding to be used for urban run-off/best management practices and brownfields development.
- Pennsylvania appears to be similar to Wisconsin – interpretation may be needed.
- If later decisions determine that the States should carry out the cleanup, each state statute should be reviewed to determine whether the state can loan funds to itself.

On the positive side of the ledger, the survey did not find that any states have particular budgetary limits on either the size of individual NPS projects or the proportion of CWSRF funds that can be devoted to NPS projects.

Coordination of Multi-jurisdiction and Multi-State projects. To state the obvious, working out multi-state financial responsibility, as well as planning, and implementing a Great Lakes cleanup project would be a Herculean task. As just one example, the ranking of potential CWSRF projects is a state-by-state proposition. If one state ranks the Great Lakes cleanup lower than other projects, Great Lakes cleanup may not make the grade for funding in that state, leading to a potential imbalance as some states move forward while others lag behind.

Michigan and New York – cross investment structures for DWSRF and CWSRF

A number of states, including Michigan and New York, have structured their DWSRF and CWSRF programs using pooled bond security enhancements: cross-collateralization and short-term cross investment. These security enhancements allow the resources of one SRF to be used to secure the repayment of leverage bonds of the other program. Under a short-term cross-investment structure a state may use available funds from one SRF program to help cure a default in the other. A cross-investment structure provides additional security to bond holders and reduces the cost of borrowing to SRF programs.

Conclusions/recommendations

1. Great Lakes cleanup appears to be an eligible use of CWSRF/NPS funds, although EPA Region 5 would need to give an affirmative determination as to eligibility;
2. There must be a viable/reliable revenue source to service the CWSRF loan. Because most of the Great Lakes states leverage CWSRF funds on the bond market, bond rating agencies must be convinced of the reliability of the revenue source. A corollary is that credit enhancement in the form of a foundation guaranty could be a key to making a TIF financing deal feasible for CWSRF funding.
3. Assuming that a revenue source can be identified, there is likely to be a cost advantage associated with using the CWSRF program to finance the cleanup project; e.g. if TIF financing proves feasible, there would be a substantial savings in interest costs by using the CWSRF program, compared with conventional bond market financing.
4. However, there are numerous obstacles and issues, outlined above, that would need to be overcome in order for CWSRF to work on a broad scale. The three most difficult are:
 - Two states (Illinois and Wisconsin) are lacking in statutory or administrative authority to fund a project like Great Lakes cleanup and a third (Pennsylvania) appears to be in a grey area;
 - With federal appropriations declining, most states are already looking at a pipeline of projects that exceeds their ability to fund. The Great Lakes cleanup would have to successfully compete for limited dollars, and, if successful, the downside is that numerous other worthy projects won't get funded.
 - If Congressional appropriations continue to decline, the CWSRF's will not be a viable source for Great Lakes cleanup financing.
5. If a given project is eligible for Great Lakes Legacy funds, but there are insufficient grant funds for the non-federal share, a loan from CWSRF, linked to TIF financing, should be explored. A case would have to be made that, because local TIF financing is the repayment source for the SRF loan, the loan should therefore count as "non-federal." Since this scenario is perhaps a "usual" rather than an "exceptional" case, a recommendation is for Great Lakes planners to address this issue with Legacy Fund, SRF administrators, and EPA Region 5 in order to establish a policy that allows use of SRF funds as "non-federal share" as long as the repayment source of the SRF loan is non-federal.
6. CWSRF may work for financing some individual Great Lakes cleanup projects, depending on the individual circumstances in the state; however, basing an overall Great Lakes cleanup plan on the CWSRF's would be quite problematic. A possible solution to the difficulties of working through each state would be a threefold strategy:
 - There should be a special congressional earmarked appropriation under the SRF program for the Great Lakes cleanup.
 - There should be a multi-state entity formed and designated as the recipient of those funds.

- The new entity would operate much like the individual state CWSRF's, leveraging the earmarked appropriation to create a larger fund, and then loaning the funds at a discounted rate to communities, states, OR TO ITSELF to carry out Great Lakes Cleanup.

III - Port Authorities

The Northeast-Midwest Institute surveyed the following port authorities:

- Cleveland-Cuyahoga County Port Authority;
- Detroit/Wayne County Port Authority;
- Duluth Seaway Port Authority;
- Illinois International Port District/Port of Chicago;
- Port of Milwaukee;
- Ports of Indiana; and
- Toledo/Lucas County Port Authority.

The detailed survey findings are in Appendix 2

General role of Port Authorities

To achieve their goals, port authorities in the Great Lakes have a variety of mechanisms for financing public and private projects—deemed to be in the public interest—at low or fixed interest rates, often with tax savings as well. This paper provides an overview of these financing mechanisms and their potential use in funding ecosystem restoration in the Great Lakes Basin.

The Great Lakes' major port authorities were established to manage port operations and, in many cases, support job creation and infrastructure development. Many of them have adopted a broader mission of facilitating economic development and urban revitalization—goals that complement efforts to maintain a thriving port by strengthening regional competitiveness.

Some of the public port authorities in the Great Lakes have become major investors in waterfront redevelopment, which can yield profits to subsidize maritime activity. Minnesota's St. Paul Port Authority pioneered the concept of financing economic development on a regional basis, and the ports of Toledo and Cleveland soon followed suit. In fact, the Cleveland-Cuyahoga County Port Authority developed and owns the Cleveland Browns Stadium and the Rock and Roll Hall of Fame and Museum.

Port Authority Bond Financing Mechanisms

Port authorities generally fund their own operations through tax revenues and income from industry-related activities, but they commonly use revenue bond financing to support economic development. The port authorities in Chicago, Cleveland, Detroit, Duluth, Indiana, and Toledo all have some bonding authority; of those reviewed by the Northeast-Midwest Institute, only the Port of Milwaukee did not. These tools provide low-interest rates and fee structures, offering a competitive advantage over traditional developer/bank investments that usually charge high fees and penalties.

Program Structure: Generally, entities borrow money through, not from, the port authority by using port authority bonds to access the financial markets to borrow capital. The port authority's development finance activities are self-supporting, operating on the revenues generated from

financing transactions. Bond issues are not general obligations of, and are not secured by, the full faith and credit of the port authority.

Cleveland's port authority uses a system of cash reserves to collateralize the bonds. All borrowers must deposit an amount equal to 10 percent of the proceeds of the bonds in a Primary Reserve Fund for each issuance, which secures the specific obligation. In case of default, the reserve makes the debt service payments to the extent that sufficient funds are available. The Duluth Seaway Port Authority's bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The authority, state, and political subdivisions have no obligation for repayment of the bonds.

Bond Financing Uses: The Ports of Indiana uses bond financing expansively, for constructing manufacturing facilities, revitalizing downtown areas, redeveloping brownfields, and expanding airports not only around ports, but throughout the state. The Cleveland-Cuyahoga County Port Authority may issue bonds or notes for the acquisition, construction, furnishing, or equipping of any real or personal property.

Bond financing through the Duluth Seaway Port Authority is more restricted, limited to facilities and property that are needed or convenient for storing, handling, or transporting freight; accommodating passenger traffic; and establishing rail and water transfer in the port district.

Potential for Financing Ecosystem Restoration

Statutory Restrictions: Statutory restrictions probably eliminate participation on the part of the Port Authorities in Toledo, Milwaukee, and Duluth. Port authorities that appear to have sufficiently broad authority include Indiana, Illinois, and Cleveland-Cuyahoga County; however a legal opinion should be obtained before any assumptions are made. Detroit's current authority is limited, but pending legislation would allow the authority to issue self-supporting bonds for any purpose.

No Track record: The Great Lakes' major port authorities have not used their revenue bonding authority to finance ecosystem restoration projects. However, port authority representatives in Cleveland, Chicago, and Indiana said they would be willing to consider the possibility of financing an ecosystem restoration project. The key is having a defined source of repayment for the bonds that are issued.

In Indiana, it could be argued that environmental cleanup and ecosystem restoration are "gauged to the end" of retaining and attracting jobs, which are authorized uses of port bonding. And under the port authority's flexible debt repayment structure, financing could be provided if a philanthropic foundation or other entity was willing to invest in the ecosystem restoration bonds.

Detroit's port authority has no latitude under its legal authority to finance ecosystem restoration. However, pending legislation (House Bill 5028) would permit the authority to issue, from time to time, bonds or notes in principal amounts considered necessary to provide funds for any purpose.

It is not unprecedented for at least a portion of a port authority-financed project to generate no direct revenue stream. For example, Cleveland's port authority agreed to spend \$6.25 million to buy a piece of property to both expand port operations and create a public waterfront park. It also has financed urban infrastructure improvements that included street art and landscaping.

Conclusion

1. *The Port Authorities of the Great Lakes states are generally not potential sources for cross-subsidy.* Some observers may have looked at the Port Authority of New York-New Jersey Port (PANYNJ) as a potential model, in that PANYNJ controls vast revenue sources from bridge and tunnel tolls, and is commonly viewed as having the capability of cross-subsidizing a variety of port-related projects. Our survey of the Great Lakes port authorities did not find port authorities that have capabilities that parallel PANYNJ.
2. *Statutory restrictions probably eliminate participation on the part of the Port Authorities in Toledo, Milwaukee, Duluth. Port authorities that appear to have sufficiently broad authority include Indiana, Illinois, and Cleveland-Cuyahoga County;* however a legal opinion should be obtained before any assumptions are made. Detroit's current authority is limited, but pending legislation would allow the authority to issue self-supporting bonds for any purpose.
3. *Those port authorities that could participate would do so as conduits to the bond market for projects that are self-supporting from identified revenues.* This would be the same role that port authorities play in financing major private business expansions. The advantages (to the business or to the Great Lakes cleanup project) are modest – somewhat more favorable terms and saving certain fees. In this kind of financing the port authorities are not spending or risking port authority funds in any fashion.
4. *Two port authorities – Duluth and Cleveland-Cuyahoga County – have broader involvement in infrastructure development, ownership/development of land, and, in one case, the development of a waterfront park. These activities are not necessarily self-supporting and conceivably lay the groundwork for participation in Great Lakes cleanup if tied to port/economic development objectives.*

IV - Water and Sewer Authorities

Surveyed districts

Northeast Midwest Institute surveyed the following entities with respect to their ability to participate in Great Lakes cleanup and ecosystems restoration:

- Metropolitan Water Reclamation District of Greater Chicago
- Milwaukee Metropolitan Sewerage District
- Northeast Ohio Regional Sewer District (Cleveland area)
- St Paul – Metropolitan Council Environmental Services (MCES)
- City of Detroit, Water and Sewerage Department
- Rouge River National Wet Weather Demonstration Project
- Milwaukee Water Works

While this is not an exhaustive list of water and sewer authorities in the Great Lakes area, it is at least a representative sample, and encompasses the larger systems. Appendix 3 contains the detailed survey results.

Water and Sewer Districts – authority and types of capital projects

Most of the water and sewer authorities surveyed are regional entities created by the state legislature. There is a close correspondence between statutory authority and the types of capital projects funded, i.e. if a district carries out waste water capital projects, their statutory authority limits their involvement to precisely those activities. The narrow definition of projects that water and sewer districts can undertake follows from the self-supporting nature of these entities – water and sewer fees (or, in two cases, dedicated property taxes) are expected to pay both capital and operating costs; thus, these entities are not given free reign to undertake environmentally beneficial projects that are unrelated to their core mission. *Conclusion: none of the permanent districts surveyed appear to have current legal authority to carry out a Great Lakes cleanup and ecosystem restoration project* (potential exception for drinking water noted below).

Northeast Midwest also surveyed one demonstration program, the Rouge River National Wet Weather Demonstration Project. Rouge River, although primarily created to address Combined Sewer Overflow (CSO) issues, holds promise as a model for water-sewer districts carrying out watershed restoration and other environmental/water quality projects, including one project to **cleanup contaminated sediments**. Rouge River is further discussed below and in the appendix.

The following table summarizes the types of capital projects that the districts undertake:

<i>Permanent Districts</i>	<i>Areas of authority/capital project involvement</i>		
	<i>Waste water/ sewage treatment</i>	<i>Drinking water</i>	<i>Watershed protection/restoration</i>
Chicago Water Reclamation Dist.	Yes	No	No
Milwaukee Metro. Sewerage Dist.	Yes	No	Yes, for flood control
NE Ohio Regional Sewer District	Yes	No	Planning and TA only
St. Paul Metropolitan Council Environmental Services	Yes	No	No (monitors water quality in rivers and lakes)
Detroit Water and Sewerage Department	Yes	Yes	No
Milwaukee Water Works	No	Yes	No
<i>Demonstration program:</i>			
Rouge River National Wet Weather Demonstration Proj.	Yes – addressing CSO	No	Yes

Note that one of the districts (Milwaukee) also participates in watershed protection projects; however Milwaukee’s watershed activities are under their flood protection authority, not a more general environmental/water quality authority.

Methods of financing capital projects

Most of the districts finance capital projects using a combination of borrowing from the state’s Clean Water State Revolving Fund (CWSRF) and either General Obligation (GO) Bonds or revenue bonds. Sources of repayment are usually water and sewer fees, which can be “wholesale” (to the city/town) or directly to the property owner. Districts in Milwaukee and Chicago use a property tax levy as a dedicated revenue source.

<i>Permanent Districts</i>	<i>Fiscal 05 capital budget</i>	<i>Primary financing source</i>	<i>Secondary Financing source</i>
Chicago Water Reclamation Dist.	\$160 million	GO bonds	CWSRF
Milwaukee Metro. Sewerage Dist.	\$67 million	CWSRF	GO Bonds
NE Ohio Regional Sewer District	\$140 million	CWSRF	GO bonds
St. Paul Metropolitan Council Environmental Services	\$60 million	GO Bonds	CWSRF
Detroit Water and Sewerage Department	\$375 million	Revenue Bonds	CWSRF
Milwaukee Water Works	\$17 million	GO bonds	
<i>Demonstration Project:</i>			
Rouge River National Wet Weather Demonstration Proj.	\$350 million	Congressional earmark	GO bonds

CSO projects as using up most borrowing capacity

Combined Sewer Overflow (CSO) projects now constitute the biggest category of sewer district capital projects. In many cases CSO projects are of a magnitude (over \$1 billion in NE Ohio, Chicago, Detroit, and Rouge River) that projects are being stretched over 20 or even 30 years in order to fit within the entity’s capital financing capabilities. For Great Lakes cleanup, the message is that, even if statutory limitations noted above were able to be overcome, participation in Great Lakes cleanup would involve very difficult choices and borrowing capacity issues, unless a new revenue source can be linked in with the Great Lakes cleanup.

Great Lakes Cleanup as a drinking water benefit

Note that Detroit has authority for the area drinking water system, as well as the waste water system, and the region is reliant on the Great Lakes as the main source of drinking water. The question then becomes: could the district participate in a Great Lakes cleanup project that has benefit for the quality of the drinking water? Detroit indicated that such a project could only be justified if the contamination constituted “a threat to drinking water supplies.” Because their drinking water meets current standards, there is no “threat.” This intersection (cities that use Great Lakes as drinking water source/Great Lakes cleanup that would improve the drinking water) is the only grey area where we can see a potential justification for the use of water and sewer funds for Great Lakes cleanup.

The City of Milwaukee Water Works department addressed the contaminated drinking water problem by undertaking a \$10 million project to extend the drinking water intake point out further into Lake Michigan. The result is that their drinking water is now rated among the best in the country. Although other water departments were not surveyed, the tentative conclusion is that, even if statutory restrictions could be overcome, there is likely little incentive for water departments to participate in Great Lakes cleanup.

Rouge River as a potential model

Rouge River National Wet Weather Demonstration Project's primary mission is addressing Combined Sewer Overflow issues, but it is also heavily involved in watershed protection, habitat protection, stream restoration, and, in one instance, **cleanup of contaminated sediments** (Lake Newberry - <http://www.rougeriver.com/pdfs/weftec99-03.pdf>). The funding for Rouge River is primarily Congressional earmarks (\$346 million to date); so the funding scheme may not be replicable. However, Rouge River could serve as a potential model on two other levels:

- As a model for inter-jurisdictional cooperation for an environmental benefit;
- As a model for water-sewer authorities to expand their involvement with watershed protection measures that benefit water quality.

The Rouge River project is described in greater detail in the appendix 5.

Conclusion

Water and sewer authorities are unlikely participants in Great Lakes cleanup under current practices. It would take BOTH statutory changes AND a new revenue source in order for water and sewer authorities to participate. The narrow definition of projects that water and sewer districts undertake follows from the self-supporting nature of these entities – water and sewer fees (or, in two cases, dedicated property taxes) are expected to pay both capital and operating costs; thus, these entities generally do not undertake water quality projects that are unrelated to their core mission. The only example of a water-sewer district undertaking a watershed restoration project was in Milwaukee, but that project was undertaken under flood protection authority, not a water quality mandate. Some observers contend that water and sewer authorities could be more active in water quality projects (such as sediment cleanup), while staying within their current legal authority; nevertheless, the self-supporting nature of their activities would tend to mean that their only involvement would be as a conduit to the bond market, much like port authorities.

The Rouge River National Wet Weather Demonstration Project should be examined as a potential model for water/sewer districts to take on broader environmental objectives, as well as a potential model for inter-jurisdictional cooperation to achieve environmental benefit. One particular project, the cleanup of contaminated sediments at Lake Newburgh, is especially noteworthy for this investigation. (See Appendix 5.)

V - State Environmental Bond Issues

Surveyed States

Northeast-Midwest Institute surveyed the following bond issue-authorized programs with respect to their ability to participate in Great Lakes cleanup and ecosystems restoration:

- “Clean Ohio” Bond Issue
- Pa “Grow Greener II” Bond Issue
- New York Bond Issues: “Clean Air - Clean Water (CA-CW)” and “Environmental Protection Fund (EPF)”
- “Clean Michigan” Bond Issue

The detailed survey results are in Appendix 4.

General purposes of Funds:

	Clean Ohio	Pa Grow Greener II	NY CA-CW	NY EPF	Clean Michigan
Year/amount	2000/\$400 million	2005/\$625 million	1996/\$1.75 billion	1992	1997/\$675 million
Brownfields	•	•	•		•
Urban redev't/ waterfront revital'n/historic preservation	•	•	•	•	•
Watershed protection/rivers and lakes cleanup	•	•	•		•
Farmland and forest preservation		•	•	•	
Trails and parks	•	•	•	•	
Lead paint					•
Habitat and fish hatchery protection		•			
Air quality					•
Solid waste					•

Revenue source if not general obligation debt capacity

Ohio adopted a liquor tax to support the brownfields part of Clean Ohio. Pennsylvania adopted a \$4/ton municipal waste fee to support Grow Green.

Funding/remaining funds for water quality projects

Three of the bond funds – Michigan, Ohio, and NY/CA-CW - are at or near the end of their spending authority. Michigan’s 2005 annual report listed \$1.5 million of the \$25 million designated for cleanup of contaminated sediments as “remaining to be appropriated.” Clean Ohio is now taking applications for the fourth and final round of funding (which includes \$37.5 million for watershed protection and open space conservation.) New York’s Clean Air-Clean Water (CA-CW) bond is either fully spent or fully obligated.

The two funds that still have unobligated funding are:

- New York’s Environmental Protection Fund (EPF) has a new infusion of \$200 million from the State legislature.
- Pennsylvania’s Grow Green II was authorized in 2005 and “cleanup of rivers and streams” was part of a larger cleanup category, including brownfields, which was authorized at \$230 million.

Statutory authority vis-à-vis Great Lakes cleanup

The only state that specifically authorized expenditures for cleanup of contaminated sediments was Michigan, which authorized \$25 million. Michigan’s statutory language, which might serve as a model for other states to incorporate sediment cleanup in a bond issue, is “Money allocated under section 19607(1)(c) shall be used for response activities for the remediation of contaminated lake and river sediments pursuant to part 201.”

New York CA-CW and Pennsylvania’s Grow Green would require interpretation as to whether cleanup of contaminated sediments is eligible. Both of those states list as eligible projects that “implement a watershed restoration plan.” There may be an unfortunate disconnect here – it’s not clear whether any of the plans prepared for Great Lakes cleanup meet the definition of a “watershed plan;” nor is it clear whether cleanup of any AOC’s have been listed in any watershed plans. This may be a moot point, because New York’s CA-CW fund is exhausted and the only AOC in Pennsylvania is not planned for active remediation. Never-the-less, if new bond funds are passed in the future based on language in past bills, it’s quite possible that cleanup of contaminated sediments will still be in a grey area.

New York’s EPF and Ohio’s Clean Ohio authority do not appear to include cleanup of contaminated sediments. Ohio’s activities are fairly strictly defined as “Open space and watershed conservation.” New York’s EPF is a land-purchase only program.

Conclusion and Recommendation

1. *The overall conclusion is that these bond issues are currently very limited as a resource for Great Lakes cleanup.*
2. *The only clear authority to use bond funds for Great Lakes cleanup is in Michigan (under the Clean Michigan bond issue) where \$25 million was specifically appropriated for cleanup of contaminated sediments. However, a 2005 annual report listed only \$1.5 million of that \$25 million as “remaining to be appropriated.”*

3. *Both the New York Clean Air - Clean Water Bond Issue and Pennsylvania's Grow Green II require interpretation to determine eligibility.* Both list as eligible: projects that “implement a watershed restoration plan.” It is unclear whether the remediation plans that have been prepared for Great Lakes Areas of Concern constitute “watershed Restoration Plans.” New York’s program, authorized in 1996, no longer has funds available. Grow Green was just authorized in 2005 with funding \$230 million devoted to cleanup of rivers and streams, abandoned mines, and brownfields.
4. *Clean Ohio and New York's Environmental Protection Fund do not appear to include authority for cleanup of contaminated sediments.* Eligible sites/projects for the “Open Space and Watershed Protection” part of Clean Ohio are projects to protect or enhance riparian corridors and watershed protection measures. Ohio (bond funds authorized in 2000) is also currently going through the last round of funding applications. New York’s Environmental Protection Fund can only be used for acquisition of land.
5. *Great Lakes advocates should attempt to get in on the ground floor in any states that may be considering new versions of soon-to-be-exhausted bond funds.* Ohio, New York, and Michigan are all near the end of their spending authority. If new bond issues are being planned, it would be important to make the case for clear language and dedicated funds for cleanup of contaminated sediments.

Appendix 1

Survey of
Clean Water State Revolving Funds

New York State CWSRF

Contact: James Gebhardt NYS Environmental Facilities Corporation 50 Wold Road Albany, NY 12205 (518) 457-0886 New York State Environmental Facilities Corporation 518-402-6924	<i>Size of fund:</i>	<i>CWSRF Averages \$700 million loans annually</i>
	<i>Use of \$\$ for Non-point Source</i>	<i>10-15 %</i>
	<i>Use of fund for estuaries</i>	<i>One project</i>
	<i>GL cleanup in Intended Use Plan?</i>	<i>No</i>
Web site: http://www.nysefc.org/home/index.asp?page=14		

Total size: \$10.3 billion in assets

EPA capitalization and state matching share: \$146 million/fiscal 04; \$116 million/fiscal 06 (note EPA's number is \$98 million; \$91 million/fiscal 2007 (Budgeted)

Leveraging bond funds: Yes, they use the EPA funds to leverage bond funds, usually @ 2:1 ratio.

Bonds issued in fiscal 2005 - \$1.2 billion (Clean Water and Drinking Water)

Clean Water Loans: average \$700 million annually

Indications of availability of future funds: There has been some growth in demand for the funds at the same time that EPA has cut back (due to lower Congressional appropriations); consequently there is now a growing queue or backlog of qualifying projects. Therefore a major new project (Great Lakes cleanup) would have to score higher than other projects in the queue.

Use of funds for non-point source projects

- **Percent of CWSRF funds used for Non-point Source:** 12 percent
- **Examples of non-point source projects:** Landfill capping, closure, and monitoring • New landfill and leachate facilities • Land acquisition to protect water quality • Brownfield remediation • Stormwater management BMP
- **Example:** One of the largest land purchases involving EFC occurred with the acquisition of the Tahawus Tract, nearly 10,000 acres in the Adirondack High Peaks area. The purchase advanced the Governor's commitment to preserve one million additional acres of land over the next 10 years. The Open Space Conservancy, Inc. (OSI), a not-for-profit agency, was able to purchase the land with help from the Clean Water SRF, which provided \$6 million in low-cost financing. The Clean Water SRF provides funding for land acquisition projects that protect water quality.

The Tahawus Tract encompasses water resources such as the headwaters of the Hudson River, Henderson Lake, Sanford Lake, Preston Ponds, smaller ponds, streams and wetlands. Protecting water bodies and forest ecologies in their natural state maintains high water quality within watersheds. The use of conservation easements on working forest lands is an important tool in maintaining water quality to the highest standards. CWSRF financing assisted OSI to protect a

critical tract of land for water quality protection, and relieved enormous recreational pressure in the Park's most sensitive and heavily visited wilderness area.

- ***Any statutory or regulatory restriction that would prevent use of Non-point source/CWRLF funds from being used for Great Lakes cleanup?*** NO
- ***Is Great Lakes cleanup in the Intended Use Plan?*** No

Other creative uses of CWSRF:

New York has a cross-investment structure that allows CWSRF and DWSRF to optimize security for bond investors.

Under a short-term cross-investment structure a state may invest funds from one SRF program to cure a default in the other. In ***New York's program***, if a borrower fails to repay a Clean Water State Revolving Fund (CWSRF) or DWSRF loan, the first source to cover the default is the individual program debt service reserve. With a short-term cross-investment structure, when the debt service reserve and other reserve funds are depleted, the second revolving fund can "invest" funds to cure the deficiency. The investment is made by the borrowing SRF selling a bond to the investing SRF program. The bond must be a short-term investment so that the lending SRF is repaid after the borrowing SRF recovers from loan defaults.

A cross-investment structure provides additional security to bond holders and reduces the cost of borrowing to SRF programs. As the newer program, the DWSRF program benefits from the existing coverage levels, diversification and credit quality of the CWSRF program. These benefits are accomplished even though the chances of a cross-investment actually occurring are remote due to the extraordinary level of debt service reserves (often 50 percent of bond size) found in many leveraged SRF programs.

Ohio CWSRF

Contact: Ohio Environmental Protection Agency 614-644-2832 Robert Monsarrat, Section Manager (614) 644-2832 Bob.Monsarrat@epa.state.oh.us Web site: www.epa.state.oh.us/defa/wpclf2.html	<i>Size of fund:</i>	\$449.2 million in loans for 2005
	<i>Use of \$\$ for non-point source</i>	About 3.5% of all funds in 2005 used for NPS
	<i>GL cleanup in Intended Use Plan</i>	No

The CWSRF in Ohio is administered under the Ohio Water Pollution Control Fund

Total size: CWSRF Loans closed: Fiscal 2005 - \$449.2 million; anticipated for fiscal 2007 - \$250 million

EPA capitalization: \$75.8/Fiscal 2004; 49.8 million/fiscal 2006; \$38.6 million/fiscal 2007

Leveraging bond funds: Yes, they use the EPA funds to leverage bond funds. They have a higher leveraging ratio than other states because they also leverage in-coming payments on loans.

Interest rates: generally @ 3.34 percent currently (pegged to 125 basis points below the index for Municipal GO bonds). Can reduce to 0 percent for hardship cases.

Indications of availability of future funds: There has been growth in demand for the funds (\$204.5 M obligated in 2002, \$449 M obligated in 2005) primarily due to increased wet weather control needs at the same time that EPA has cut back (due to lower Congressional appropriations); thus there is now greater emphasis on the “scoring” of projects – low scoring projects are unlikely to be funded.

Use of funds for non-point source projects

- **Percent of CWSRF funds used for Non-point Source:** 3.5 percent
- **Examples of non-point source projects:** Types of Projects: Animal/Cropland Ag BMPs (linked deposit) • Development of BMPs • Brownfield remediation • Remediation of leaking UST • Landfill capping and closure • New landfills and leachate treatment facilities • Watershed Restoration (see “Other creative uses of CWSRF,” below).
- **Entities eligible for NPS:** Public, private, individuals, and businesses are all eligible.
- **Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???** No – appears to be eligible although Great Lakes cleanup is not recognized as a class of need in the Intended Use Plan.
- **Example:** the Ohio State Revolving Fund provided a low interest loan to a homebuilder to construct a variety of preventive nonpoint source measures to protect the Darby Creek, which is one of the highest quality watersheds in the State. The Darby Creek is recognized by the U.S. Department of Agriculture, the Nature Conservancy, and many others as a "national treasure." It is one of the five best warm water river habitats in the continental U.S. and the last refuge of many threatened or endangered species. Cost: \$1,125,900 in two loans.

- *Is Great Lakes cleanup in the non-point source Intended Use Plan?* No

Other creative uses of CWSRF:

Ohio's Water Resource Restoration Sponsor Program (WRRSP), established in 2000, illustrates how a CWSRF program can be tapped to address multiple problems within a watershed. In Ohio's WRRSP municipalities pair up with watershed restoration partners such as a land trust or a park district and access the Ohio CWSRF program for project funding. Municipalities receive a CWSRF loan that will cover the costs of a wastewater treatment system project and a watershed restoration project. The watershed restoration project is undertaken by an experienced governmental organization partner, such as a park district, or by a non-governmental organization partner, such as a land trust. To encourage these partnerships, Ohio's CWSRF program lowers the interest rate on the CWSRF loan to the municipality by 0.2 percent, so that the annual cost will be slightly below the cost they would have experienced with a project loan that excluded the restoration project. The Ohio CWSRF then provides an up-front refunding of future interest payments in an amount equal to the cost of the restoration project. This allows the municipality to convert their interest rate savings into funding for the watershed restoration project. This program reinforces the idea that wastewater treatment and watershed restoration have the same goal—water quality.

Pennsylvania CWSRF

<p>Contact: Pennsylvania Infrastructure Investment Authority (PENNVEST) 717-783-6798</p> <p>Brion Johnson Beverly Reinhold breinhold@state.pa.us</p> <p>Web site: www.pennvest.state.pa.us/pennvest/cwp/browse.asp?A=4</p>	<i>Size of fund:</i>	Ave \$160 million in State/fed loans annually
	<i>Use of \$\$ for non-point source</i>	Small portion
	<i>GL cleanup in non-point source plan</i>	No

Total size: has made \$4.28 billion in loans and grants over 18-year span

EPA capitalization: \$43 million/Fiscal 2005; \$35 million/fiscal 2006

Out-going loans:

	State Loan	Federal Loan	Total Loan
2003-04	64,965,425	123,113,961	188,079,386
2004-05	91,963,602	113,576,274	205,539,876
2005-06	10,233,981	234,334,225	244,568,206
	167,163,008	471,024,460	638,187,468

Leveraging bond funds: They have not leveraged the federal funds, but have leveraged the State funds; they are planning to leverage the federal funds, as well, in fiscal 2007.

Interest rates: They have complex rating system to determine interest rates. The ceiling is 3/4 of an index of general obligation (state) bonds rates; the floor is 1 percent interest; the average is 2.2 percent.

Indications of availability of future funds: They routinely have requests for more projects than they can fund. They use a ranking system with a cut-off point to determine whether a project will be funded. Combined Sewer Overflow (CSO) projects account for a growing portion of their demand.

Use of funds for Non-point Source projects

- **Percent of CWSRF funds used for Non-point Source:** (small)
- **Examples of non-point source projects:** Stormwater/urban run-off/BMP's funded through state program. Federal program used to fund "On-lot" program for septic system rehabilitation & replacement, and acid mine drainage treatment, and brownfields cleanup.
- **Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???** Appears to be in a grey area, legal interpretation would be needed.
- **Is Great Lakes cleanup in the non-point source Intended Use Plan?** No

Wisconsin CWSRF

<p>Contact: Wisconsin Department of Natural Resources 608-266-2621</p> <p>Bob Ramharter, Section Chief (608) 266-3915 Robert.Ramharter@dnr.state.wi.us</p> <p>Jeannie Cargill/Becky Scott (608) 267-7587 rebecca.scott@dnr.state.wi.us</p> <p>Web site: www.dnr.state.wi.us/org/caer/cfa/EL/elindex.html</p>	<p><i>Size of fund:</i></p>	Loans for fiscal 2005 totaled \$210 million
	<p><i>Use of \$\$ for non-point source</i></p>	For urban run-off/best management practices only. Use for cleanup of contaminated sediments requires an administrative change.
	<p><i>GL cleanup in Intended Use Plan</i></p>	No

CWSRF operates under the Wisconsin Environmental Improvement Fund. State funds (revenue bonds and GO bonds) committed to Clean Water Act purposes exceed the federal funds.

Total size: Loan amounts in fiscal 2005: \$165 million state and \$51 million federal, total \$211 million. (note EPA's number is \$135 million)

EPA capitalization: EPA capitalization was averaging \$34 million annually up to 2005; 2005 - \$29.4 million; 2006 - \$23.9 million.

Leveraging bond funds: EPA does not count Wisconsin as a "leveraged state;" although State bond funds well exceed the federal portion.

Complimentary State Program: Clean Water Fund Program – \$150 million annually in loans and hardship grants to localities for wastewater treatment upgrades.

Indications of availability of future funds: At this point they have been able to fully fund all eligible projects; however, with declining EPA funding, their ability to fund projects in the pipeline will depend on the State continuing to authorize bond funds at the same or an increasing level. They are anticipating continued heavy demands on their funds from Milwaukee which has a long-term capital plan addressing stormwater and Combined Sewer Overflow (CSO) issues.

Interest Rates: between 50 percent and 70 percent of market rates; lower rates available for communities that meet certain criteria for hardship.

Use of funds for Non-point Source (NPS) projects.

All NPS projects have been to support urban run-off/best management practices.

Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???

Wisconsin's statutory authority allows funding of NPS projects consistent with federal authority, which (as discussed elsewhere) probably allows use of funds for Great Lakes cleanup. However, Wisconsin's administrative code only allows use of NPS funds to address urban run-off through BMP's and

brownfields cleanups. Use of the funds for cleanup of contaminated sediments is not currently an authorized use under the Wisconsin Administrative Code.

Also note that a statutory limitation is that the CWSRF can only assist local government – no private or non-profit entities are eligible. The State would not be an eligible entity.

Michigan CWSRF

Contact: Chip Heckathors, (517) 373-2161 heckathc@michigan.gov Web site: http://www.michigan.gov/deq/0,1607,7-135-3307_3515_4143---,00.html	<i>Size of fund:</i>	\$176 million in loans closed - FY 05
	<i>Use of \$\$ for non-point source</i>	None in FY 05; one in FY 06
	<i>GL cleanup in Intended Use Plan?</i>	No

Total size: \$2.26 billion total from inception

EPA capitalization and state matching share:

- EPA – fiscal 2005/\$46 mil; fiscal 2006/\$38 million
- State 20 percent match: fiscal 2006/\$9 mil; fiscal 2006/\$7.4 million

Leveraging bond funds: Yes, they use the EPA funds to leverage bond funds. In 2005 the ratio was 1:1.5.

Loans issued in fiscal 2005 - \$176 million (note EPA’s number is \$148 million)

Indications of availability of future funds:

- Until this year they have had more capacity than demand for the funds;
- Intended Use Plan includes @ \$600 million in projects for fiscal 2007;
- Anticipating demand of at least \$500 million annually for next 5 years; esp. because Detroit is under an EPA order to remedy their Combined Sewer Overflow (CSO) problem;
- They have some carry-over from past years - their capacity is about \$210 million per year.
- The gap (\$210 million capacity vs. \$500 - \$600 million demand) can only be covered if the State proceeds w/ additional capitalization from the \$1 billion GO bond issue that was authorized by the voters in 2002 under the Great Lakes Water Quality Bond Initiative.

Interest rate: 1.625 percent - They achieve greater interest subsidy by leveraging a smaller amount on the bond market with larger reserves.

Use of funds for Non-point Source projects

- **Percent of CWSRF funds used for Non-point Source:** only one project committed for fiscal 2006/\$2.2 million (less than 2 percent)
- **Examples of non-point source projects:** Urban stormwater retention (fiscal 2006 project)

Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???

- In Michigan only public agencies are eligible for NPS assistance;
- Would need legal interpretation that Great Lakes cleanup qualifies as a NPS project.

Other creative uses of CWRLF: Michigan has a cross-investment structure between CWRLF and DWRLF, similar to that described for New York, above. It’s designed to give maximum security to bond holders which translates into more favorable interest rates for borrowers.

Illinois SRF

Contact: Illinois Environmental Protection Agency Water Pollution Control Loan Program Geoff Andres (217) 782-2027, Geoff.Andres@epa.state.il.us Mike bowers Mike.bowers@epa.state.il.us	<i>Size of fund:</i>	Average - \$140 million loans closed annually
	<i>Use of \$\$ for non-point source</i>	No – statutorily limited to Wastewater projects (section 212 projects)
	<i>GL cleanup in Intended Use Plan?</i>	No
Web site: http://www.epa.state.il.us/water/financial-assistance/waste-water/index.html		

Financial summary fiscal 2005:

- began year w/ \$198 million from:
 - EPA capitalization/\$61 million (note EPA’s figure is \$49.2 million);
 - Carry-over/\$73 million;
 - Repayments/\$65 million
- Loans closed: \$157.2 million (note EPA’s number is \$62.2 million)
- Ending w/ carry-over to 2006 of 51.36 million

Interest: 2.5 percent for all projects (distressed unsewered communities are eligible for grant assistance)

Indications of availability of future funds:

- Will still have carryover from fiscal 2006 to fiscal 2007
- Anticipate no carryover to fiscal 2008 – demand may exceed supply

Use of funds for Non-point Source projects:

- Examples of non-point source projects: None – not permitted under Illinois statute

Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???

- Cannot currently fund NPS projects (by Ill statute)

Indiana CWSRF

Contact: Indiana Finance Authority – Environmental Programs Matt Martin, Finance mgr, 317-234-1278 Jim McGoff, Director, 317-234-2916 Web site: http://www.in.gov/ifa/srf/	<i>Size of fund:</i>	FY 06 - \$266 million - closed loans for CWSRF
	<i>Use of \$\$ for non-point source</i>	\$39 million
	<i>GL cleanup in Intended Use plan?</i>	No

Total size: \$1.8 billion in loans as of June 30, 2006

EPA allocation: fiscal 2006 - \$22 million; fiscal 2005 - \$26 million

Leveraging bond funds: Yes, they use the EPA funds to leverage bond funds, usually @ 2:1 ratio, i.e. \$22 million leverages \$44 million

Loans closed in fiscal 2006 - \$266 million - Clean water

Indications of availability of future funds: Demand for funds is exceeding supply; funding only communities that are on “priority list” (a subset of total qualifying projects). They are considering a limit on the size of the loan for any one project. A major new project (Great Lakes cleanup) would have to score high enough to fall within the fundable range on the SRF PPL.

Use of funds for non-point source projects

- **Examples of non-point source projects:** Wetlands protection and restoration; on-site sewage disposal systems; Agriculture BMP’s; stormwater BMP’s; Riparian Buffers and conservation easements; wellhead and source water protection measures;
- **Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???** May be restricted to serving only localities – could State be the borrower???
- **Is Great Lakes cleanup in the Intended Use Plan?** No

Minnesota CWSRF – (not interviewed)

<p>Contact: MINNESOTA Minnesota Pollution Control Agency 651-296-6300</p> <p>Contact: Jeff Freeman, 651/296-2838; jeff.freeman@state.mn.us</p> <p>Juline Holleran Regional Environmental Management 651-296-7701</p> <p>Web site: www.pca.state.mn.us/water/revolvingfund.html</p>	<i>Size of fund:</i>	Ave \$150 million loans closed
	<i>Use of \$\$ for non-point source</i>	Yes
	<i>GL cleanup in non-point source plan</i>	No
	<i>State program resource</i>	Clean Water Legacy

EPA allocation: fiscal 2006 - \$16 million; fiscal 2005 - \$20 million

Loans closed - \$111 million/2005; \$210 million/2004 - Clean water

Complimentary State Program:

- **Clean Water Partnership** – grants available for non-point source projects (see examples, below). However, a specific exclusion is funds cannot be spent on “in-lake treatment.”
- **Clean Water Legacy:** Passed in June, 2006, funding for the CWL includes \$15 million from the general fund and \$8.31 million in bonding for phosphorous reduction at wastewater treatment plants. http://cleanwaterlegacy.net/CWL_overview.pdf Eligible uses of funds include:
 - Assessing lakes, rivers, and streams;
 - Prioritize and accelerate TMDL cleanup plans
 - Implement restoration activities to cleanup rivers;
 - Assist cities in meeting cost of waste water treatment upgrades.

Use of funds for non-point source projects

- **Examples of non-point source projects:** Animal Ag waste management (local govt. pass-through) • Conservation tillage equipment (local govt. pass-through) • Structural erosion control projects (local govt. pass-through) • Septic system rehabilitation & replacement (local govt. pass-through) • Abandoned well sealing (local govt. pass-through) • Street sweepers, catch basin vacuum vehicles, sediment traps and basins
- **Statutory or other restrictions that would prevent use of funds for Great Lakes cleanup???** Cannot assist projects under enforcement action, but Great Lakes cleanup appears eligible for NPS funds or Clean Water Legacy funds.

Is Great Lakes cleanup in the Intended Use Plan? No

Appendix 2
Survey of Port Authorities

Cleveland-Cuyahoga County Port Authority

<p>Contact: Linda E. Highsmith-Poole Vice President, Development Finance 216-241-8004 ext. 24 lhighsmith@portofcleveland.com</p> <p>Yvette Mosby Development Finance Manager 216-241-8004 ext. 20 ymosby@portofcleveland.com</p> <p>Web site: www.portofcleveland.com</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2" rowspan="2" style="text-align: left;">Revenue Bond matrix</th> <th colspan="2">Source of revenue</th> </tr> <tr> <th style="text-align: left;">From the project</th> <th style="text-align: left;">From port revenues</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: left; vertical-align: middle;">Use of revenue</td> <td style="text-align: left;">Direct Port facilities</td> <td style="background-color: #FF00FF;"></td> <td style="background-color: #FF00FF;"></td> </tr> <tr> <td style="text-align: left;">Other Public improvements*</td> <td style="background-color: #FF00FF;"></td> <td style="background-color: #FF00FF;"></td> </tr> <tr> <td style="text-align: left;">Private dev't financing</td> <td style="background-color: #FF00FF;"></td> <td style="background-color: #FF00FF;"></td> </tr> </tbody> </table> <p>* Unrelated to specific private development</p>	Revenue Bond matrix		Source of revenue		From the project	From port revenues	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds?

The Cleveland-Cuyahoga County Port Authority is a government agency created to manage maritime operations at the Port of Cleveland. Its strategic mission includes assisting private industry in retaining and creating jobs by facilitating economic development through financing services and other development tools in partnership with local and state development agencies.

The port authority's Development Finance Group supports the community's private industry through financing vehicles that enhance the competitiveness of the area. The port authority may issue bonds or notes for the acquisition, construction, furnishing, or equipping of any real or personal property; and also issue revenue bonds beyond the limit of bonded indebtedness provided by law. By acting on behalf of a borrowing entity as a conduit issuer of special obligation revenue bonds, the port authority may provide financing for eligible public and private community projects.

Revenue Bonds:

Source of Revenues: Entities borrow money through, not from, the port authority by using port authority bonds to access the financial markets to borrow capital. The port authority's development finance activities are self-supporting and operate solely on the revenues generated from financing transactions.

The port authority uses a system of cash reserves to collateralize the bonds. All borrowers must deposit an amount equal to 10 percent of the proceeds of the bonds in a Primary Reserve Fund for each issuance, which secures the specific obligation. Bond obligations are loans, TIF, and financing leases.

- Based on the project? Yes
- Based on the general revenues to the Port? No

Use of Revenues: Bond financing may be provided for new construction, real estate, equipment, or the acquisition or rehabilitation of existing facilities in a tax-exempt or taxable format, depending on the federal regulation.

Statutory or other restrictions that may prevent use for ecosystem cleanup: Bonds are issued in accordance with the Ohio Revised Code and a Trust Indenture of November 1, 1997, between the port

authority and a local financial institution. Bond issues are not general obligations of, and are not secured by, the full faith and credit of the port authority.

Bond fund transactions involve projects funded through the Fixed Rate Financing Program, which provides long-term, fixed interest-rate financing of \$1 million to \$9 million to credit-worthy business and government organizations for owner-occupied industrial, commercial, and government projects.

The Fixed-Rate Financing Program makes it possible for smaller businesses to access the U.S. capital market and borrow money at investment grade rates, and benefits many larger businesses that find an investment grade rating costly and difficult to maintain. By borrowing through the port authority, which has an unlimited debt ceiling, companies can avoid raising their own debt rating and pay fixed interest rates that are much lower than those offered by banks.

Borrowing capacity/Capacity for additional indebtedness: The port authority has an unlimited debt ceiling.

For all Bond Fund financing transactions, debt service is provided through the borrower's lease or loan payments unless a default arises, in which case the reserve system established by the port authority and borrowers in the Bond Fund make the debt service payments to the extent sufficient funds are available. For all conduit debt transactions, debt service is provided by the borrower's lease payments and certain other specified revenue sources, but the port authority has no obligation to repay this debt.

Other Port Authority Financing:

The Development Finance Authority offers a portfolio of financing options tailored to fit individual needs. Entities borrow money through, not from, the port authority by using port authority bonds to access the financial markets for the borrowing of capital. The port authority's development finance activities are self-supporting and operate solely on the revenues generated from financing transactions.

The Development Finance Authority's 100 percent financing includes capitalized interest and financing costs for public improvements—such as roadways, sidewalks, lighting, water and sewer, landscaping, and parking garages.

The Infrastructure Financing Program makes it possible for developers, cities and other regional organizations to finance public infrastructure projects, such as streets, roads, underground utilities, sidewalks, street lights, landscaping and public parking garages. This type of financing is particularly attractive for mixed-use developments and can be financed using tax increment or special assessment as the revenue stream to pay for the public improvements. The program offers 30-year fixed, tax-exempt rates and debt secured by tax increment financing and/or special assessment.

Methods of credit enhancement/interest rate reduction: The Cleveland-Cuyahoga County Port Authority is using \$47 million in federal New Markets Tax Credits to lower the interest rates of its financing programs. Under the program, federal tax credits are awarded to investors who make improvements in qualified areas, including about 85 percent of Cleveland's census tracts and 25 percent of other areas of Cuyahoga County.

In conjunction with Cohen & Company Ltd. and Cohen International LLC, the port authority created the Northeast Ohio Development Fund to administer the tax credit program. The fund intends to provide loans and investments in support of businesses and real estate projects located in low-income communities in Cleveland, Ohio.

GO Bonds, if applicable: NA

Examples of Use of Funds for Ecosystem Cleanup:

According to Yvette Mosby, the port authority's development finance manager, the port authority would be willing to consider the possibility of financing an ecosystem restoration project. The key is having a defined source of repayment for the bonds that are issued. As a first step, the applicant would provide a thorough project description, information about the borrowing entity, and desired terms of financing, which the port authority would direct to its investment banker. The banker would determine whether the transaction was a good fit with the port authority's loan program(s).

Although the port authority has not yet funded an ecosystem restoration project, a few recent projects have involved components that generate no direct revenue stream.

- **Purchasing Land to Create a Public Park:** In June 2004, the port authority agreed to spend \$6.25 million to buy a piece of property—including a marina and green space—for expanding port operations and increasing public access to the waterfront. The project creates both jobs and a public park—donated to the city by the port authority.
- **Funding Street Beautification:** In March 2004, the port authority joined the city and the Downtown Cleveland Partnership in a project to beautify a portion of Superior Avenue and encourage redevelopment in the neighborhood. The port board approved an issuance of up to \$3.2 million in bonds to finance infrastructure improvements for Superior Avenue between East 17th and East 30th streets that include street art and landscaping.

Detroit/Wayne County Port Authority

Contact: John K. Kerr Economic Development (313) 331-3842 Ext 311 kerr@portdetroit.com Web site: www.portdetroit.com		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" rowspan="2" style="text-align: left; padding: 5px;">Revenue Bond matrix</th> <th colspan="2" style="text-align: center; padding: 5px;">Source of revenue</th> </tr> <tr> <th style="text-align: center; padding: 5px;">From the project</th> <th style="text-align: center; padding: 5px;">From port revenues</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">Use of revenue</td> <td style="padding: 5px;">Direct Port facilities</td> <td style="width: 30px;"></td> <td style="width: 30px;"></td> </tr> <tr> <td></td> <td style="padding: 5px;">Other Public improvements*</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding: 5px;">Private dev't financing</td> <td style="background-color: #ff00ff;"></td> <td></td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;">* Unrelated to specific private development</p>		Revenue Bond matrix		Source of revenue		From the project	From port revenues	Use of revenue	Direct Port facilities				Other Public improvements*				Private dev't financing		
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Does the Port have the authority to issue bonds?

The port has unlimited bonding authority, issuing bonds that are repaid from project revenue—whether from rent payments or taxes generated from the development.

Under pending state legislation (House Bill 5028), the port authority will be authorized to make grants, loans, and investments; and borrow money and issue bonds and notes to finance part or all of the costs of developing port facilities and secure the bonds and notes by mortgage, assignment, or pledge of any of its money, revenues, income, and properties. Bonds and notes of the authority would not be a debt or liability of the state. The authority’s property used for a public or governmental purpose would be exempt from property taxes, and the authority’s income and operation would be exempt from all taxes and special assessments of state or of local governments.

Revenue Bonds:

Source of Revenues: Bonds that are repaid from project revenue—whether from rent payments or taxes generated from the development

Pending state legislation (House Bill 5028) would create a Michigan Port Authority Fund under the jurisdiction and control of the port authority, to be administered for the general operations of the authority and to secure any notes or bonds of the authority. All authority bonds or notes would be payable solely from revenues or funds pledged or available for their payment. Bonds and notes of the authority would not be a general obligation of the authority. Bonds and notes of the authority would not be a debt or liability of the state and would not create or constitute any indebtedness, liability, or obligations of the state nor constitute a pledge of the full faith and credit (or the taxing power) of the state.

- Based on the project? Yes
- Based on the general revenues to the Port? No

Use of Revenues: According to John Kerr, the port authority’s economic development contact, the port authority’s current enabling legislation does not allow it to bond ecosystem restoration projects. However, pending legislation (House Bill 5028) would permit the authority to issue, from time to time, bonds or notes in principal amounts considered necessary to provide funds for any purpose.

In addition, state law allows for cross-jurisdictional cooperation and interlocal agreements, which allow entities to work together by passing or sharing powers to accomplish a mutually agreed upon project. Kerr believes there must be a few entities in Michigan that are allowed to bond out ecosystem restoration or remediation. For a port authority bond to be used in such a case, if it were legally permissible, there would have to be a revenue stream identified to pay the debt service and retire the bond. This could be accomplished through a number of creative ways, but with money tight from local to state units of government, it might be tough to find.

Statutory or other restrictions that may prevent use for ecosystems cleanup: Under current law the port authority may not finance ecosystem cleanup.

Tax exempt, if pass private activity test? Under the proposed law (House Bill 5028), bonds or notes of the authority could be issued as tax-exempt or taxable bonds or notes.

GO Bonds, if applicable: NA

Duluth Seaway Port Authority

Contact: Lisa Marciniak Port Promotion Manager (218) 727-8525; (800) 232-0703 lmarciniak@duluthport.com Web site: www.duluthport.com		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" rowspan="2" style="text-align: left; padding: 5px;">Revenue Bond matrix</th> <th colspan="2" style="text-align: center; padding: 5px;">Source of revenue</th> </tr> <tr> <th style="text-align: center; padding: 5px;">From the project</th> <th style="text-align: center; padding: 5px;">From port revenues</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle; padding: 5px;">Use of revenue</td> <td style="padding: 5px;">Direct Port facilities</td> <td style="width: 20px;"></td> <td style="background-color: #FF00FF;"></td> </tr> <tr> <td style="padding: 5px;">Other Public improvements*</td> <td style="width: 20px;"></td> <td style="background-color: #FF00FF;"></td> </tr> <tr> <td style="padding: 5px;">Private dev't financing</td> <td style="background-color: #FF00FF;"></td> <td style="width: 20px;"></td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;">* Unrelated to specific private development</p>		Revenue Bond matrix		Source of revenue		From the project	From port revenues	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds?

The authority has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The authority, state, and political subdivisions have no obligation for repayment of the bonds.

According to state law (MN Statutes 2005, 469.062, Subd. 3), the authority may issue and sell its negotiable revenue bonds. The bond resolutions and indenture, if any, must list the facilities whose net revenues are to be pledged for the bond and interest payments.

Revenue Bonds:

Source of Revenues:

- Based on the project? Yes.
- Based on the general revenues to the Port? Yes—land leases, operating fees, economic development investments, and related financing activities (the port authority owns certain waterfront properties as well as an industrial park near Duluth International Airport and manages two tax increment financing districts.)

Use of Revenues: The allowable purposes of revenue bonds are related to the development of a seaport or other purpose under section 469.055, subdivision 6, of the authorizing statute—to acquire, purchase, construct, lease, or operate bulkheads, jetties, piers, wharves, docks, landing places, warehouses, storehouses, elevators, cold storage plants, terminals, bridges, or other terminal or transportation facilities.

Statutory or other restrictions that may prevent use for ecosystem cleanup: Facilities and property financed by revenue bonds must be needed or convenient for storing, handling, or transporting freight, passenger traffic, and establishing rail and water transfer in the port district.

GO Bonds, if applicable: NA

Illinois International Port District, The Port of Chicago,

<p>Contact: Anthony G. Ianello, Executive Director 1-800-THE-PORT 773-646-4400 info@theportofchicago.com or info@illinoisinternationalportdistrict.com Web site: www.theportofchicago.com</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Revenue Bond matrix</th> <th colspan="2" style="text-align: center;">Source of revenue</th> </tr> <tr> <td style="width: 15%;"></td> <td style="width: 45%;"></td> <td style="width: 15%; text-align: center;">From the project</td> <td style="width: 25%; text-align: center;">From port revenues</td> </tr> </thead> <tbody> <tr> <td rowspan="3" style="vertical-align: middle;">Use of revenue</td> <td>Direct Port facilities</td> <td></td> <td></td> </tr> <tr> <td>Other Public improvements*</td> <td></td> <td></td> </tr> <tr> <td>Private dev't financing</td> <td></td> <td></td> </tr> </tbody> </table> <p>* Unrelated to specific private development</p>	Revenue Bond matrix		Source of revenue				From the project	From port revenues	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds? Yes

Revenue Bonds:

Source of Revenues:

- Based on the project? Yes
- Based on the general revenues to the Port? No.

Use of Revenues: According to Executive Director Anthony Ianello, the port has to have a cash flow stream coming in to substantiate the bond; a bond could not be used simply to restore natural land because there would be no source of revenue. To clean up or restore land through bond financing, there would have to be a warehouse or some other source of revenue constructed on the land to produce revenue for repayment

GO Bonds, if applicable: NA

Port of Milwaukee

<p>Contacts: Eric Reinelt Acting Port Director</p> <p>Betty Nowak Trade Development/Marketing (414) 286-3511</p> <p>Web site: http://www.city.milwaukee.gov/display/router.asp?DOCID=307</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" rowspan="2" style="text-align: left; padding: 5px;">Revenue Bond matrix</th> <th colspan="2" style="text-align: center; padding: 5px;">Source of revenue</th> </tr> <tr> <th style="text-align: center; padding: 5px;">From the project</th> <th style="text-align: center; padding: 5px;">From port rev's</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle; padding: 5px;">Use of revenue</td> <td style="padding: 5px;">Direct Port facilities</td> <td style="width: 50px;"></td> <td style="width: 50px;"></td> </tr> <tr> <td style="padding: 5px;">Other Public improvements*</td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;">Private dev't financing</td> <td></td> <td></td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;">* Unrelated to specific private development</p>	Revenue Bond matrix		Source of revenue		From the project	From port rev's	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds? No

The Port has access to industrial revenue bonding through the City of Milwaukee and other incentive programs

Revenue Bonds:

GO Bonds, if applicable

Ports of Indiana

Contact: Cary Nicholas, Comptroller David Hanaford (317) 232-9205 info@portsofindiana.com Web site: www.portsofindiana.com		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Revenue Bond matrix</th> <th colspan="2" style="text-align: left;">Source of revenue</th> </tr> <tr> <th colspan="2"></th> <th style="text-align: center;">From the project</th> <th style="text-align: center;">From port revenues</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle;">Use of revenue</td> <td style="padding: 2px;">Direct Port facilities</td> <td style="width: 30px;"></td> <td style="width: 30px;"></td> </tr> <tr> <td style="padding: 2px;">Other Public improvements*</td> <td></td> <td></td> </tr> <tr> <td style="padding: 2px;">Private dev't financing</td> <td style="background-color: #FF00FF;"></td> <td></td> </tr> </tbody> </table>		Revenue Bond matrix		Source of revenue				From the project	From port revenues	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds?

The Ports of Indiana has provided development financing since 1988, and in the 2003 legislative session obtained statutory changes (Senate Enrolled Act 454) that allow the agency to offer development financing to firms statewide, not just for port tenants.

Revenue Bonds:

Source of Revenues: Private companies repay the bond through a lease agreement.

- Based on the project? Yes
- Based on the general revenues to the Port? No

Use of Revenues: Development financing uses bonding authority to build or expand a facility on behalf of a private company. It can be used for constructing manufacturing facilities, revitalizing downtown areas, redeveloping brownfields, and expanding airports. Scott Sigman of the port authority staff said it could be argued that environmental cleanup and ecosystem restoration are “gauged to the end” of retaining and attracting jobs, which are authorized uses of port bonding. The issue is how to ensure repayment of the bonds. Sigman could envision a private placement in which a philanthropic foundation or other entity was willing to invest in the bonds and be patient about repayment; there is flexibility in structuring the debt repayment.

Statutory or other restrictions that may prevent use for eco-systems cleanup:

General Counsel David Hanaford said the funding authority is limited to “self-liquidating” projects that can generate revenues to repay the loan.

GO Bonds, if applicable: NA

Toledo-Lucas County Port Authority

<p>Contact: Jerry Arkebauer Lisa Wagner (419) 243-8251</p> <p>Web site: www.toledoportauthority.org</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Revenue Bond matrix</th> <th colspan="2" style="text-align: left;">Source of revenue</th> </tr> <tr> <th style="width: 15%;"></th> <th style="width: 35%;"></th> <th style="width: 15%;">From the project</th> <th style="width: 35%;">From port revenues</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="vertical-align: middle;">Use of revenue</td> <td>Direct Port facilities</td> <td></td> <td></td> </tr> <tr> <td>Other Public improvements*</td> <td></td> <td></td> </tr> <tr> <td>Private dev't financing</td> <td style="background-color: #FF00FF;"></td> <td></td> </tr> </tbody> </table> <p>* Unrelated to specific private development</p>	Revenue Bond matrix		Source of revenue				From the project	From port revenues	Use of revenue	Direct Port facilities			Other Public improvements*			Private dev't financing		
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Does the Port have the authority to issue bonds? Yes

In addition to its loan programs, the port authority issues revenue bonds through its Northwest Ohio Bond Fund, offering small and medium-sized companies throughout the state access to the national capital market for long-term, fixed interest rate bonds as if the companies were rated BBB+. Financing ranges from \$1 million to \$8 million.

Revenue Bonds:

Source of Revenues:

- Based on the project? The port authority issues revenue bonds through its Northwest Ohio Bond Fund
- Based on the general revenues to the Port? No.

Use of Revenues:

Statutory or other restrictions that may prevent use for eco-systems cleanup: Lisa Wagner of the port authority staff believes bond funds are for fixed assets only and could not be used for an ecosystem restoration project, unless perhaps it was ancillary to construction.

Tax exempt, if pass private activity test? The port authority issues tax-exempt or taxable conduit bonds based on the use of the proceeds. Tax exempt bonds may be used for manufacturing, nonprofit 501(c) 3, and governmental operations

GO Bonds, if applicable: NA

Appendix 3

Survey of Water and Sewer Districts

Metropolitan Water Reclamation District of Greater Chicago

<p>Contact:</p> <ul style="list-style-type: none"> • Jacqueline Torres (312) 751-5600, jacqueline.torres@mwrdd.org <p>Web site: http://www.mwrddgc.dst.il.us/</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Regional authority • Waste water only • Capital projects - \$250 million annually • No legal authority for ecosystems cleanup
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Authority: Authorized by State; has responsibility for sewer (sanitary and storm water) system and waste water treatment. Area is Chicago region – includes about 100 municipalities. No involvement with the drinking water side.

Major or Typical Projects: Tunnel and Reservoir Plan (TARP,) also known as “Deep Tunnel.” This underground tunnel system stores untreated wastewater during storms until the district is able to treat it. Estimates suggest that more than 578 billion gallons of overflows have been captured and conveyed to water treatment plants thanks to the tunnel system. More than \$2 billion has already been spent on the project which is expected to be complete around 2015. Funding is 75 percent Corps of Engineers to 25 percent state (the State authorizes the authority to issue GO Bonds.)

Financing Sources:

- **GO Bonds:** Issues GO bonds for specific projects – last was \$150 million, 2 yrs ago
- **Revenue Bonds:** No
- **CWSRF:** Yes, borrowed \$180 million, 2 years ago
- **Other:** Army Corps for TARP, above

Repayment sources: Real estate tax surcharge (dedicated tax) and, secondarily, user charges.

Total capital budget: \$1.5 billion/5 years

Watershed or eco-systems restoration/protection projects: No

Drinking water source – great lakes? NA

Projects to protect drinking water source: NA

Statutory or other restrictions that may prevent use for ecosystem cleanup: The district has no authority to participate in Great Lakes cleanup. Their statutory authority is limited to waste water conveyance and treatment.

Milwaukee Metropolitan Sewerage District

<p>Contact: Mark Comiskey, Director of Capital Financing, (414) 272-5100 mkaminski@mmsd.com</p> <p>Web site: http://www.mmsd.com/home/index.cfm</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Regional authority • Sewer and flood protection only • Capital projects - \$80 million/2005 • No legal authority for ecosystems cleanup
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Authority: As a regional government agency providing wastewater treatment and flood management services for 28 communities, the Milwaukee Metropolitan Sewerage District (MMSD) serves 1.1 million people in a 420 square-mile service area. Established by state law, the District is governed by 11 commissioners and does have taxing authority. (Note: no authority over drinking water)

Major or Typical Projects: Deep Tunnel Combined Sewer Overflow project (\$2.3 billion project); Northwest Side Relief Sewer for aging and undersized sewer infrastructure, with the resulting sewer overflows - \$121 million

Capital Financing Sources:

- **Clean Water State Revolving Loan Fund** - \$67 million in loans – 2006; also accesses state and federal grant sources.
- **GO Bonds:** Issues GO bonds only when CWSRF is tapped out
- **Revenue Bonds:** No

Repayment of CWSRF and GO bonds: Property tax levies on their 18 member communities or on individual homeowners in 10 non-member communities

Total capital budget: \$419 million

Watershed or eco-systems restoration/protection projects: : Greenseams – acquisition for watershed protection and flood control (legal authority for this is flood control)

Drinking water source – great lakes? Mostly Lake Michigan

Projects to protect drinking water source: Their authority is only on the waste water side. Drinking water would be the City of Milwaukee, at least as the lead.

Statutory or other restrictions that may prevent use for ecosystem cleanup: Their legal authority does not appear to extend to ecosystem cleanup – authority is for waste water and flood protection only.

Borrowing capacity/Capacity for additional indebtedness: \$2.3 billion CSO Deep Tunnel project will stretch debt capacity for foreseeable future.

Northeast Ohio Regional Sewer District (Cleveland area)

<p>Contact:</p> <ul style="list-style-type: none"> • Mike Bucci, Director of Finance, 216-881-6600 • Francis Greenland, Director of Capital Projects (survey contact) <p>Web site: http://www.neorsd.org/</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Regional authority • Sewer and waste water treatment only • Capital Projects – about \$140 million annually • No legal authority for ecosystems cleanup
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Authority: Created by the State of Ohio (Chapter 6119), the District is responsible for wastewater treatment facilities and interceptor sewers in the greater Cleveland Metropolitan Area. This service area encompasses the City of Cleveland and all or portions of 59 suburban municipalities in Cuyahoga, Summit and Lorain Counties and includes a diversified group of manufacturing and processing industries

Major or Typical Projects:

- Wastewater Treatment Plants (WWTPs) - owns and operates three major wastewater treatment plants;
- Interceptor Sewers;
- Combined Sewer Overflow Control - throughout the Greater Cleveland area.

Capital Financing Sources:

- **CWSRF:** 2005/\$65 million
- **GO Bonds:** not usually, but will begin GO bonds in future, esp as CWSRF declines and CSO needs expand.
- **Revenue Bonds:** No
- **Other:** Operational revenue/Pay-go

Sources of repayment: Sewer service charges

Total capital budget: The District has adopted a 30-year schedule to design and construct the Combined Sewer Overflow Control Program to limit pollution caused by combined sewer overflows during heavy rainfalls. This \$1.6 billion program is in addition to the \$820 million already invested for the same purpose.

Watershed or eco-systems restoration/protection projects: watershed protection and planning - working with local communities to ensure that small streams and tributaries are properly maintained.

Drinking water source – great lakes? NA

Projects to protect drinking water source: NA

Statutory or other restrictions that may prevent use for ecosystem cleanup: The district has no authority to participate in Great Lakes cleanup. Their statutory authority is limited to waste water conveyance and treatment.

Borrowing capacity/Capacity for additional indebtedness: A 30-year \$1.6 billion plan to address CSO problems has been adopted. This will stretch debt capacity for the foreseeable future.

St Paul – Metropolitan Council Environmental Services (MCES)

<p>Contact: 651-602-1000 Capital projects - Bryce Pickart / 651-602-1091 bryce.pickart@metc.state.mn.us</p> <p>Web site: http://www.metrocouncil.org/environment/environment.htm</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Regional authority • Waste water only • Capital projects – about \$110 million annually • No legal authority for ecosystems cleanup
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Authority: Waste water facilities and operation, under the Metropolitan Council since 1972. Statutory authority for this bonding is MN Statute 473.541 (3)

Major or Typical Projects:

Principle financing Source:

- **CWSRF** - About \$50 million annually funded through the Public Facilities Authority (CWSRF), but that source is declining. Shortage of PFA funds is causing greater use of GO bonds
- **GO Bonds** – GO bonds – usually about \$60 million annually. These are self-supporting based on water-sewer revenues. (GO bonds have interest rate advantage over revenue bonds)
- **Revenue Bonds:** No:

Source of revenues for repayment: Sewer user fees and “sewer Availability fees, either “wholesale” (to the community) or to individual property owners.

Total capital budget: \$116 million/2005; \$106 million/2006

Watershed or eco-systems restoration/protection projects: River and lake water quality monitoring, but no watershed restoration capital projects.

Drinking water source – great lakes? No – Mississippi River, lakes, ground water

Projects to protect drinking water source: No, their authority is only on the waste water side.

Statutory or other restrictions that may prevent use for ecosystem cleanup: No, their authority is only for waste water systems. Sewer bond proceeds must be used for the “acquisition or betterment of any interceptors or treatment works determined to be necessary or desirable for the metropolitan disposal system.”

Borrowing capacity/Capacity for additional indebtedness:

City of Detroit, Water and Sewerage Department

<p>Contact:</p> <ul style="list-style-type: none"> • Woodrow McCarty, (313) 964-9460, w.mccarty@dwsd.org; • also Bob Walters, Detroit Law Dept, 313-237-3074 <p>Web site: http://www.dwsd.org/</p>	<p>Summary:</p> <ul style="list-style-type: none"> • City agency w/ regional board and authority • Waste water and drinking water • Capital projects – about \$300 million annually • No legal authority for ecosystems cleanup
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Authority: City of Detroit agency with board representing diverse interests, provides water and sewer services for Detroit and 125 surrounding communities

Major or Typical Projects: Detroit has undertaken three Combined Sewer Overflow (CSO) projects, directly and is one of the participants in the Rouge River National Wet Weather Demonstration Project (see separate entry). CSO projects comprise \$1.0 billion of the \$1.8 billion 5-year capital budget

Financing sources:

- **GO Bonds:** no
- **Revenue Bonds:** 2005 – \$375 million
- **CWSRF:** one current project, additional to revenue bonds

Source of revenues for repayment: revenues from water-sewer charges

Total capital budget: \$1.8 billion/5 years

Watershed or eco-systems restoration/protection projects: No, participated in fund-raising for Rouge River project, but no direct involvement

Drinking water source – great lakes? Yes, Lake Huron and Detroit River

Projects to protect drinking water source: Can only participate if there were a “threat to the drinking water supply.” A threat would be contamination that causes the drinking water to not meet federal drinking water standards

Statutory or other restrictions that may prevent use for ecosystem cleanup: No, there authority is strictly waste water and drinking water; see also last question.

Borrowing capacity/Capacity for additional indebtedness: at their ceiling – CSO projects stretching borrowing capacity. .

Milwaukee Water Works

<p>Contact:</p> <p>Web site: http://www.mpw.net/Pages/water/docs/2004AnnualRpt.pdf</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Drinking Water only - operations and capital projects for Milwaukee and suburbs; • Capital projects: \$15 million annually; • No statutory authority for GL cleanup.
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Authority: Water service to Milwaukee and nine suburban jurisdictions (wholesale customers)

Major or Typical Projects: Projects to maintain and improve the water treatment and delivery system. In 2003 completed a project to extend the intake pipe by feet further out into Lake Michigan, a \$10 million project, designed to assure that the water intake avoids closer in areas that have higher levels of contamination.

Source for capital financing:

- **GO Bonds:** The Milwaukee Capital Improvement program annually provides between \$12 and \$20 million for the water system.
- **Revenue Bonds:** No

Repayment source: water service charges and general fund revenue.

Watershed or eco-systems restoration/protection projects: No

Drinking water source – great lakes? Yes

Projects to protect drinking water source: In 2003 completed a project to extend the intake pipe much further out into Lake Michigan, a \$10 million project, designed to assure that the water intake avoids closer in areas that have higher levels of contamination.

Statutory or other restrictions that may prevent use for ecosystem cleanup:

Borrowing capacity/Capacity for additional indebtedness:

Rouge River National Wet Weather Demonstration Project

<p>Contact: Mike Flowers, Wayne Co Dept of Environment, 313-224-8284</p> <p>Web site: www.rougeriver.com/cso http://www.rougeriver.com/index.html</p>	<p>Summary:</p> <ul style="list-style-type: none"> • Regional demonstration project funded primarily through Congressional earmarks; • CSO projects; • Also encompasses: watershed protection, habitat protection, wetlands restoration, and cleanup of contaminated sediments.
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Note Rouge River is also written up as an appendix to the narrative report.

Authority: The Alliance of Rouge Communities (ARC) is a voluntary public watershed entity currently comprised of 39 municipal governments (i.e., cities, townships, and villages) and two counties (i.e., Wayne, and Washtenaw) as authorized by Part 312 (Watershed Alliances) of the Michigan Natural Resources and Environmental Protection Act (MCL 324.101 to 324.90106) as amended by [Act No. 517, Public Acts of 2004](#). Funding from a Congressional appropriations totaling \$346 million and from Wayne County, Michigan

Projects: oversees the 17 combined sewer overflow abatement projects under construction (11 retention treatment basins and 6 sewer separation projects).

Financing Sources:

- **Congressional earmarks:** \$346 million
- **GO Bonds:** Local match
- **Revenue Bonds:**

Repayment source:

Total capital budget: total project is projected to be \$1.3 billion

Watershed or eco-systems restoration/protection projects: They carry out a number of watershed restoration, habitat protection, and wetlands restoration projects: <http://www.rougeriver.com/restoration/>

Statutory or other restrictions that may prevent use for ecosystem cleanup: None – they have completed one project involving cleanup of contaminated sediments: Newburgh Lake - <http://www.rougeriver.com/pdfs/sampling/nl-00.pdf> . They also monitor contaminated sediments in area rivers and lakes.

Borrowing capacity/Capacity for additional indebtedness: dependent on Congressional earmark

Appendix 4

Survey of
State Environmental Bond Issues

Clean Ohio Bond Issue

<p>Contact:</p> <ul style="list-style-type: none"> • Ohio Public Works Commission • Lou Mascari • 614-466-0880 <p>Web site: http://www.clean.ohio.gov/</p>	<p>Summary:</p> <ul style="list-style-type: none"> • \$400 million bond issue/authorized in 2000 • In last round of grants • Open Space and Watershed Conservation – does not appear to include cleanup of contaminated sediments
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Background:

- \$400 million bond issue – designed to last 4 years;
- Proposed by Governor Bob Taft in 2000;
- Passed by legislature also in 2000 as House Bill 3
- Authorized by voters in November 2000 – 57 percent in favor;
- Implemented by the legislature as House Bill 3

Allowable uses of Funds:

- Brownfields/\$50 million annually
- Open space and watershed conservation/\$37.5/annually
- Farmland Preservation/\$6.25/annually
- Recreational Trails/\$6.25/annually

Amount: \$400 million

Balance still available: Currently taking application for the last of four funding rounds.- money will be expended in fiscal 2007.

GO bonds or Revenue Bonds: GO bonds

When does program expire? xxx

Revenue Source: funding for the brownfields part of Clean Ohio was a dedicated liquor tax; there was no dedicated funding source for the remaining conservation programs.

Brownfields:

- **Eligible entities:** Public and quasi-public agencies; private and non-profit eligible only if there is a formal agreement with a public agency; RP/cause or contributor not eligible.
- **Eligible expenditures:** Site testing, cleanup (including asbestos), demolition
- **Upper limit or largest awards:** upper limit for cleanup - \$750,000
- **Benefit numbers to date:**
 - Polluted Brownfields Cleaned: 122 sites
 - New Jobs Created: 6,380

Open space and watershed conservation:

- **Eligible sites/projects:** Projects to protect or enhance riparian corridors and watershed protection measures – must be prioritized by the local district integrating committee.

- ***Eligible entities:*** non-profits and units of local government
- ***Typical or significant projects:*** watershed protection and restoration, including acquisition of sensitive land
- ***Upper limit or largest awards:*** \$1.0 million – Beecher’s brook forest acquisition
- ***Benefit numbers to date:***
 - Wildlife Habitat Protected: 23,000 acres
 - Family Farms Protected: 20,000 acres
 - Recreational Trails Created: 140 miles
 - Total Projects: 372
 - Acres Protected: 23,000

Statutory or other restrictions that may prevent use for Great Lakes ecosystem cleanup: The Open Space and Watershed Conservation Program does not have statutory authority to participate in Great Lakes cleanup.

Pa Grow Greener II Bond Issue

Contact: <ul style="list-style-type: none">• Russ Wagner, 717-772-5807• ruwagner@state.pa.us Web site: http://www.depweb.state.pa.us/growinggreener/site/default.asp	Summary: <ul style="list-style-type: none">• \$625 million bond issue authorized in 2005• Cleanup of contaminated sediments may be eligible if identified as priority in watershed plan
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Background:

- Adopted in 2005 (Act 45)
- \$625 Million bond issue authorized by voters
- 6 years;
- Revenue source - \$4/ton municipal waste disposal fee

Allowable uses of Funds:

- Cleanup of: rivers and streams; abandoned mines, and brownfields - \$230 million
- Preserve natural areas and open spaces; improve state parks; and enhance local recreational needs - \$217.5
- Protect working farms - \$80 million;
- Revitalize communities through investments in housing and mixed-use redevelopment projects - \$50 million
- Repair fish hatcheries and aging dams \$27.5 million
- Habitat-related facility upgrades and repairs - \$20 million

Up to \$90 million of the above may be distributed as a block grant to counties.

Amount: \$625 million

Balance still available: \$500 million

GO bonds or Revenue Bonds: GO Bonds

When does program expire? 2011

Revenue Source for Bonds: \$4/ton municipal waste disposal fee

Cleanup of rivers and streams, abandoned mines, and brownfields

- **Eligible sites/projects:** New or innovative drinking water or waste water protection/improvement; brownfields, alternative energy, watershed protection, flood protection
- **Priorities for watershed protection:**
<http://164.156.71.80/VWRQ.asp?docid=0442d740780d00000000a8300000a83&context=2&backlink=WXOD.aspx%3ffs%3d0442d740780d000080000a8100000a81%26ft%3d1> Generally in priority order:
 - Projects where TMDL's have been adopted and the project reduces TMDL's

- Watershed protection projects identified in a watershed restoration plan meeting EPA's criteria for non-point source funding, esp where TMDL source analysis has been completed;
 - Projects that reduce non-point source pollutant loads by implementing a watershed protection plan;
 - Projects that implement water quality trading;
 - Stream restoration projects that have considered "legacy sediments;"
 - Developing watershed protection plans in areas defined by EPA as needing a watershed plan;
 - Implement non-point source projects to restore or improve water quality for an impaired water body in areas not having a watershed protection plan
- **Eligible entities:** local public agencies (not state agencies), recognized watershed organizations and non-profits
 - **Upper limit or largest awards:** largest - \$7.7 million

Statutory or other restrictions that may prevent use for Great Lakes ecosystem cleanup: Appears eligible if identified in a watershed protection plan or TMDL plan

Clean Michigan Initiative - Bond Issue

Web site: http://www.michigan.gov/deq/0,1607,7-135-3307_31116---,00.html	Summary: <ul style="list-style-type: none">• \$675 million bond issue authorized in 1997• Cleanup of contaminated sediments budgeted for \$25 million, but only \$1.5 million remain
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Background:

- 1997
- \$675 Million bond issue authorized by voters

Allowable uses of Funds:

- Brownfield Redevelopment and Environmental Cleanup - \$335 million
- Protect and Enhance Michigan's Lakes, Rivers, and Streams - \$165 million – includes \$25 million for contaminated sediments
- Reclaim and Revitalize Local Waterfronts - \$50 million
- Make Critical State Park Improvements - \$50 million
- Enhance Local Parks and Recreational Opportunities - \$50 million
- Pollution Prevention - \$20 million
- Protect Public From Lead Hazards - \$5 million

Amount: \$675 million total; \$165 million - Protect and Enhance Michigan's Lakes, Rivers, and Streams - \$165 million – includes \$25 million for contaminated sediments

Balance still available: of \$25 million designated for contaminated sediments, 2005 annual report lists \$1.5 million as “remaining to be appropriated.”

Watershed or eco-systems restoration/protection projects: Yes

Statutory or other restrictions that may prevent use for Great Lakes ecosystem cleanup: None – contaminated sediment cleanup is specifically defined as an allowable use.

New York Bond Issues: Clean Air - Clean Water (CA-CW); and Environmental Protection Fund (EPF)

<p>Contact:</p> <ul style="list-style-type: none"> • Don Zelazny, GL program coordinator • 716-851-7220 <p>Web site: http://nyswaterfronts.com/grantopps_cleanairbond.asp http://www.dec.state.ny.us/website/dlf/opensp/opepfl4.html</p>	<p>Summary:</p> <ul style="list-style-type: none"> • CA-CW - \$1.75 billion, authorized in 1996 • Funds now exhausted • Cleanup of contaminated sediments potentially eligible if identified in watershed protection plan • EPF authorized in 1992 • \$200 million authorized FY 2007 • Cleanup of contaminated sediments not eligible
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Background:

- Clean Air – Clean Water (CA-CW) - \$1.75 billion bond issue authorized by voters in 1996
 - Funds are now exhausted or fully committed
- Environmental Protection (EPF) Bond Issue – authorized in 1992
 - Most recent legislative session – appropriation of \$200 million

Allowable uses of Funds:

- CA-CW:
 - Brownfields
 - Clean water
 - Drinking water
 - Solid waste
 - Air Quality
- EPF:
 - Land acquisition for Open Space and Land Conservation:
 - Local governments and not-for-profit organizations to purchase park lands or historic resources as well to develop and preserve these resources.
 - Purchase of land to be included in the Forest Preserve, State Parks, the State Nature and Historical Preserve, State Historic Sites, Unique Areas and other categories.

Clean Water projects under CA-CW:

- **Eligible sites/projects:** projects promoting water quality, habitat protection, open space protection and development of waterfront parks, recreation, and historic preservation. Environmental Protection Fund accepting applications in the following categories:
 - Urban Waterfront Redevelopment
 - Preparing or implementing a waterbody/watershed management plan
 - Coastal education and NYSCRIP signage programs
 - Community visioning and development of revitalization strategies
 - Completing or implementing a Local Waterfront Revitalization Program
 - Creating a Blueway Trail
- **Upper limit or largest awards:** largest award - \$1 million

Appendix 5

Rouge River National Wet Weather Demonstration Project

**As a model for water and sewer authorities addressing clean water/environmental issues
and as a model for inter-jurisdictional cooperation in achieving an
environmental objective**

Appendix 5

Rouge River National Wet Weather Demonstration Project

As a model for water and sewer authorities addressing clean water/environmental issues and as a model for inter-jurisdictional cooperation in achieving an environmental objective

The [Rouge River National Wet Weather Demonstration Project](#) (Rouge Project) began in 1992 and is a comprehensive program to manage wet weather pollution to restore the water quality of the Rouge River. To date, Congress has appropriated \$346 million in earmarked funds for the project; a local match of 20 percent has been patched together for each project.

The Rouge River Watershed in Southeast Michigan, is largely urbanized, spans approximately 438 square miles, and is home to over 1.5 million people in 48 communities and 3 counties and is a tributary to the Detroit River. This cooperative watershed management effort between federal, state and local agencies is supported by multi-year federal grants from the [U.S. Environmental Protection Agency](#) and additional funding from local communities. This grant is being managed by [Wayne County](#).

The Alliance of Rouge Communities (ARC) is a voluntary public watershed entity currently comprised of 39 municipal governments (i.e., cities, townships, and villages) and two counties (i.e., Wayne, and Washtenaw) as authorized by Part 312 (Watershed Alliances) of the Michigan Natural Resources and Environmental Protection Act (MCL 324.101 to 324.90106) as amended by [Act No. 517, Public Acts of 2004](#).

Officially formed in January of 2006, the ARC members represent public agencies with water management responsibilities whose jurisdictional boundaries are totally or in part located within the Rouge River watershed located in southeast Michigan. The state law authorizing the formation of watershed alliances throughout Michigan was modeled after a [Memorandum of Agreement](#) (MOA) adopted by the Rouge River watershed communities and counties in August of 2003, which successfully guided a regional effort over a three year period to address watershed-wide water quality and water quantity issues.

The 2003 MOA was developed by the communities and the three counties to respond to declining federal grant funds to Wayne County for the [Rouge River National Wet Weather Demonstration Project](#) that had supported watershed-wide management efforts since 1993. During the three years of operation under the MOA, the Rouge River watershed communities voluntarily contributed nearly \$900,000 to match available federal funding for cooperative watershed management activities. The first year budget for the ARC (2006) is approximately \$600,000 with fifty percent local and fifty percent federal funding.

Under the [ARC bylaws](#) all cities, townships and villages as well as the counties located totally or in part within the Rouge River watershed are eligible for membership. Over 95 percent of the eligible communities and counties have adopted the bylaws through formal action of their respective governing authorities. In addition, the bylaws provide for membership of other public entities in the watershed who under state law are required to have a water discharge permit. Several public agencies are still considering membership.

As a model for water-sewer authorities to expand activities for broader environmental/water quality benefit

Watershed management. The early focus of the Rouge Project was on the control of CSOs in the older urban core portion of the downstream areas of the Rouge Watershed. As a finite number of point source CSO discharges could be identified and responsibility for each defined, the traditional regulatory approach of issuing NPDES permits mandating corrective action worked relatively well. Additional monitoring of the river showed that the other sources of pollution such as storm water runoff, discharges from illicit connections, and discharges from failed on-site septic systems, needed to be controlled before full restoration of the river would be achieved throughout the watershed.

Based upon what was learned, the focus of the Rouge Project became more holistic to consider the impacts from all sources of pollution and use impairments in receiving waters by using the watershed management approach.

The seven subwatershed groups (SWAGs) comprised of Rouge River communities have developed watershed management plans and submitted them to MDEQ in accordance with the requirements of the Michigan General Storm Water Permit. The subwatershed management plans do not require state approval; however, the individual pollution prevention initiatives emanating from the watershed planning process require state approval as the activities specified in the initiatives become permit requirements upon approval. The subwatershed management plans are now being implemented.

Cleanup of contaminated sediments/Newburgh Lake. Newburgh Lake had offered recreational opportunities, but this resource suffered from various problems. Since Newburgh Lake was created in the early 1900s, sediments have accumulated. These sediments, some contaminated with pollutants, have significantly degraded the recreational quality of Newburgh Lake. Shallow water depths resulting from the sediment accumulation and nutrient-rich water have led to excessive growth of aquatic plants. Moreover, some of these sediments contain toxic contaminants such as polychlorinated biphenyl's (PCBs) that have entered the food chain and are currently present in the fish. These contaminated fish result in a potential human health hazard associated with fish consumption. To eliminate this possible hazard, it was necessary to remove the contaminated sediments.

This led to the Newburgh Lake Restoration Project which focused on the following objectives:

- Eliminate PCB fish advisory
- Enhance water quality
- Enhance recreation

Planning for the restoration project began in 1993 followed by the final design being completed in 1996 with construction starting in April 1997 and completion in October 1998.

The most challenging phase of the project was the excavation and removal of 558,000 tons of sediments, much of which was contaminated with PCBs. Beyond sediment removal, 7 acres of fish spawning beds and habitat structures were built throughout the lake bottom; 10 acres of

beneficial aquatic vegetation were planted in constructed shoal areas; 28,000 pounds of PCB contaminated fish were eradicated and removed from the lake and its adjacent waterways; over 30,000 fish of various species were restocked; and numerous shoreline and infrastructure upgrades were made to enhance the recreational use of the surrounding park area.

For a brief, two page summary of the Newburgh Lake Restoration Project click on the following: [Newburgh Lake Restoration Project Profile](#). To obtain additional details on the pollution problems that existed in Newburgh Lake, see [What was the Pollution Problem?](#). To see a brief description of the overall restoration plan see [What was the Restoration Plan?](#). Shortly after the restoration project was completed, the Rouge Project developed a summary document of what had been accomplished in the Lake restoration along with projections of what anticipated changes would occur over the next three years. That document can be viewed at [How Newburgh Lake Has Changed](#). For photographs of the project see [Newburgh Lake Photo Library](#). Individuals need to take an active role in eliminating future pollution problems in Newburgh Lake. For information on that subject see [Our Actions Affect Newburgh Lake](#). By clicking on [Reports](#), access is obtained to detailed technical reports on the Newburgh Lake Restoration Project. Within the listing are the following reports: "Newburgh Lake Restoration", "Sediment Remediation Techniques, Review of Existing References with Application to Newburgh Lake", and "Wayne County Newburgh Lake Restoration Project Final Construction Report."

Wetlands Restoration. The Inkster Valley Constructed Wetlands Project site is located in the Inkster Valley Golf Course within the City of Inkster, north of Michigan Avenue between Inkster and Henry Ruff Roads. The study wetlands are located in [three areas](#) situated adjacently to the Rouge River. A [summary of the study wetlands](#) is available. The Inkster Valley Golf Course has a total of seven wetland mitigation and enhancement areas throughout the golf course. [A summary of each of these areas](#) is also available. The ultimate intent of this demonstration project is to determine the effectiveness of, and develop design guidelines for, the use of existing and created freshwater wetlands for treating nonpoint source pollution. The evaluation will include identification of pollutants removed by the wetlands, the efficiency of the removal processes, and the effects of sediments on removal efficiency. Specific objectives of the wetland demonstration project include the development of a site selection strategy for assessing the use of existing and restored wetlands and for the development of a methodology that would facilitate the identification of feasible locations for the design and construction of new wetlands.

Site selection techniques were developed, presenting an integrated approach, incorporating elements of the ecological features, wetland hydrology, water quality considerations, watershed characteristics, and surrounding land use. The design of the sites incorporated features that allow for manipulation of storm water flow quantity and duration, and allow for the direct comparison of the effectiveness of nonpoint source pollution control in existing and created wetlands receiving storm water runoff from a single watershed.

Design criteria for each of the wetland areas were developed from modeled hydrological data in combination with characteristics of the available treatment area. The wetland creation and enhancement areas contain similar design elements that provide comparable experimental data which can be related to known design parameters. These elements include the incorporation of a sediment forebay to filter large particles before the storm water enters the wetland system;

treatment of "first flush" for most storm events; designed discharge outlets to the Rouge River with monitoring capabilities; and intermediate monitoring points where applicable.

A five-year monitoring program is in place to measure the impacts of storm water runoff on the plants and other biota of the flood plain wetlands areas. By annually monitoring the vegetation, and comparing the results to the baseline data compiled in 1995 (prior to the construction of the storm water retention system), it will be possible to discern and measure any major changes. Monitoring is also being done of aquatic macroinvertebrate populations in these areas. These data will be important for understanding long-term environmental impacts of water resource management in wetland ecosystems.

Appendix 6

Michigan's Brownfields Redevelopment Authorities

As a model for use of TIF financing to achieve a cleanup objective

Michigan's Brownfields Redevelopment Authorities (BRA's)

As a model for use of TIF financing to achieve a cleanup objective

BRA's get their statutory authority from the **Brownfield Redevelopment Financing Act, Public Act 381 of 1996**, http://www.michigan.gov/deq/0,1607,7-135-3311_4110_23246-63519--,00.html.

Many BRA projects are funded through the **Revitalizing Revolving Loan (RRL)**
http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262-9307--,00.html

Summary of the Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended

The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381), established a method to finance environmental response activities at contaminated properties. It allowed municipalities to develop and implement brownfield redevelopment financing plans to capture local and school property taxes from a contaminated property to cover the costs associated with conducting environmental response activities on that property.

Act 381 was amended in June of 2000. The amendments provided municipalities with additional tools for brownfield redevelopment by allowing capture of local and school property taxes for a wider variety of properties and activities. In qualified local governmental units, eligible properties include those that are blighted or functionally obsolete and eligible activities include infrastructure improvements, demolition, lead or asbestos abatement, and site preparation.

Act 381 was amended again in December of 2002. The main provision was extension of the sunset through December 2007 for approval of work plans to capture school taxes to conduct eligible activities under a brownfield plan.

Act 381, as amended, can be found at www.michiganlegislature.org.

GENERAL PROVISIONS

- A municipality may establish one or more brownfield redevelopment authorities (authority) to implement brownfield plans.
- A county may operate an authority on behalf of a municipality located within the county only if the municipality concurs with the provisions of the brownfield plan for the eligible property located within the municipality.
- An authority may develop a brownfield plan that identifies which properties the authority will conduct eligible activities on and from which it will capture taxes.
- A municipality must hold a public hearing before approval of a brownfield plan.

TAX CAPTURE PROVISIONS

- All additional property taxes, including taxes levied for school operating purposes, that come from the increased value of an eligible property over a base year (the year the property was added to the brownfield plan) can be captured. For the purposes of this act, school taxes are considered the local school operating tax and the state education tax. Taxes already captured as part of an existing tax increment financing plan (under other state laws) and taxes levied to pay off specific obligations are exempt.
- Approval of a work plan by the Department of Environmental Quality (DEQ) and the Michigan Economic Growth Authority (MEGA) is necessary if school taxes (local school operating tax and the state education tax) will be captured to conduct eligible activities.

- MEGA must approve a work plan for a project whether or not school taxes will be captured along with local taxes if a brownfield plan includes properties that are adjacent or contiguous to an eligible property and taxes will be captured for public infrastructure improvements that directly benefit the eligible property or for demolition, lead or asbestos abatement or site preparation that are **not** response activities under Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA).
- The percentage of local taxes captured must be equal to or greater than the percentage of school taxes captured - taking into account all tax capture plans in place, either under Act 381 or other state laws.
- An authority may issue revenue and tax increment financing bonds and notes in order to finance the eligible activities and then capture taxes from the eligible property to pay off the obligations.
- An authority may establish a local site remediation revolving fund and place excess captured taxes from properties at which eligible activities are conducted into the local fund. The authority can use the local fund to conduct eligible activities at other eligible properties.
- Excess school taxes for eligible activities approved by MEGA cannot be captured for the local site remediation revolving fund. However, the revolving fund may be used to fund MEGA eligible activities on eligible properties.
- An authority may capture up to \$75,000 per year in **local** taxes for reasonable and actual administrative and operating expenses of the authority.
- School taxes may not be used for response activities that benefit a party who is liable under [Section 20126 of Part 201](#) of the NREPA.
- The state or authority may take appropriate legal action to recover the costs of eligible activities funded through tax capture from person(s) who are liable for the contamination.

HOW CAPTURED TAXES CAN BE USED

Captured taxes can be used to cover the costs of one or more eligible activities that are conducted at the eligible property from which the captured taxes are generated.

Eligible property

An eligible property is property that was used or is currently used for commercial, industrial, or residential purposes and is either in a [qualified local governmental unit](#) and is a [facility as defined in Part 201](#) of the NREPA, is functionally obsolete, or blighted **OR** is not in a qualified local governmental unit and is a facility. Parcels that are contiguous and adjacent to that property are also considered eligible property if development of these parcels will increase the captured taxable value of that property.

Eligible activities

For a **facility** requiring DEQ approval:

- Response activities to complete a [Baseline Environmental Assessment](#) (BEA).
- Response activities needed for an owner or operator to comply with the [due care](#) requirements of Part 201 of the NREPA.
- Additional response activities that are above and beyond BEA or due care activities for a facility.

In a **qualified local governmental unit** requiring MEGA approval:

- Public infrastructure improvements.
- Demolition that is not a response activity.
- Lead or asbestos abatement.
- Site preparation that is not a response activity.

Relocation of public buildings and operations for economic development is also an eligible activity requiring MEGA approval.

Captured taxes can only be used for the cost of the eligible activities and for the following: the cost of principal and interest of any obligations issued by the authority to finance the eligible activities and the cost of preparing and approving work plans for the eligible activities.

An authority can capture local and school property taxes from an eligible property in excess of the amount needed to pay for the eligible activities approved by DEQ. The excess captured taxes must be placed into a local site remediation revolving fund to be used only for eligible activities at other eligible properties within the brownfield plan area. This excess capture can continue for up to five years after the aforementioned costs are covered. Excess school tax capture is limited to the actual cost of the response activities or up to five years, whichever comes first. Excess school taxes cannot be captured on activities approved by MEGA; however, the revolving fund may be used to fund MEGA eligible activities on eligible properties.

QUESTIONS?

For answers to questions frequently asked of the DEQ regarding Act 381, please link to the [Frequently Asked Questions](#) document in Microsoft Word format.

Questions regarding preparation and submission of an Act 381 work plan should be directed to the agency responsible for review of the eligible activity.

DEQ-Remediation and Redevelopment Division
Darlene Van Dale, 989-705-3453, vandaled@michigan.gov or
Ron Smedley, 517-373-4805, smedleyr@michigan.gov

Michigan Economic Development Corporation
Peter Anastor, anastorp1@michigan.org

Revitalizing Revolving Loan (RRL)

[Revitalizing Revolving Loan Projects](#)

Purpose:

The Revitalization Revolving Loan (RRL) Program is designed to support local community efforts to redevelop brownfield properties by providing eligible entities with low-interest loans which may be used to evaluate contaminated or potentially contaminated properties, demolish dangerous or hazardous buildings that obstruct redevelopment, and to conduct interim response actions necessary to investigate a property or demolish a building.

Goals of the Program:

To promote the economic redevelopment and safe reuse of abandoned, vacant, or underutilized brownfield properties where contamination is known or believed to have occurred.

Criteria:

A proposed project must have economic development potential. A municipality must pledge its full faith and credit to secure the loan. When the Brownfield Redevelopment Authority (BRA) is the applicant, the municipality under which the BRA was formed, must make this pledge. The Michigan Department of

Treasury will approve the applicant's ability to incur the debt. Loans are offered at an interest rate of 2.0 percent, simple interest. There are no payments or interest due for the first five years after a loan is awarded. Annual payments begin in the fifth year of the loan. The full amount must be repaid within 15 years of the loan award. This arrangement provides an excellent opportunity for a community, or the BRA, to use tax incremental financing under the provisions of the Brownfield Redevelopment Financing Act, 1996 PA 381, as amended, to capture future taxes generated from the redevelopment of the property, to repay the loan. The PA381 also provides the authority for the community to capture an additional amount of the incremental tax increase, after having repaid the loan, to use of future Brownfield redevelopment activities in their communities, essentially creating a local revolving fund. The Revitalization Revolving Loan program is limited to funding site assessments and demolition. Loan funds can not be used for site clean-up activities.

Dollar Amount(s) Available (Min or Max.):

There is no minimum or maximum loan amount.

Eligibility:

Any county, city, township, village, or BRA may apply for a loan. Eligible activities include environmental evaluations, demolition of hazardous or dangerous buildings, and interim response activities required to facilitate evaluation and demolition. The property at which a loan is used must be either a known site of environmental contamination, or believed to be contaminated, based on current or historic use. In other words, the property is a "facility" as defined in Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Application Process:

Applications are accepted on a continuing basis.

Source(s) of Funds:

The RRL Fund was originally capitalized with general funds and additional funds per PA 480 of 1996.

Authority:

Part 201 of the Natural Resources and Environmental Protection Act, 1994 of PA 451, as amended.

Other financing source for BRA cleanups are:

- Brownfield Redevelopment Grants: http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262-151085--,00.html
- Brownfield Redevelopment Loans http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262-151086--,00.html