

INDUSTRIAL SITES REUSE PROGRAM

Program Guidelines | April 2017

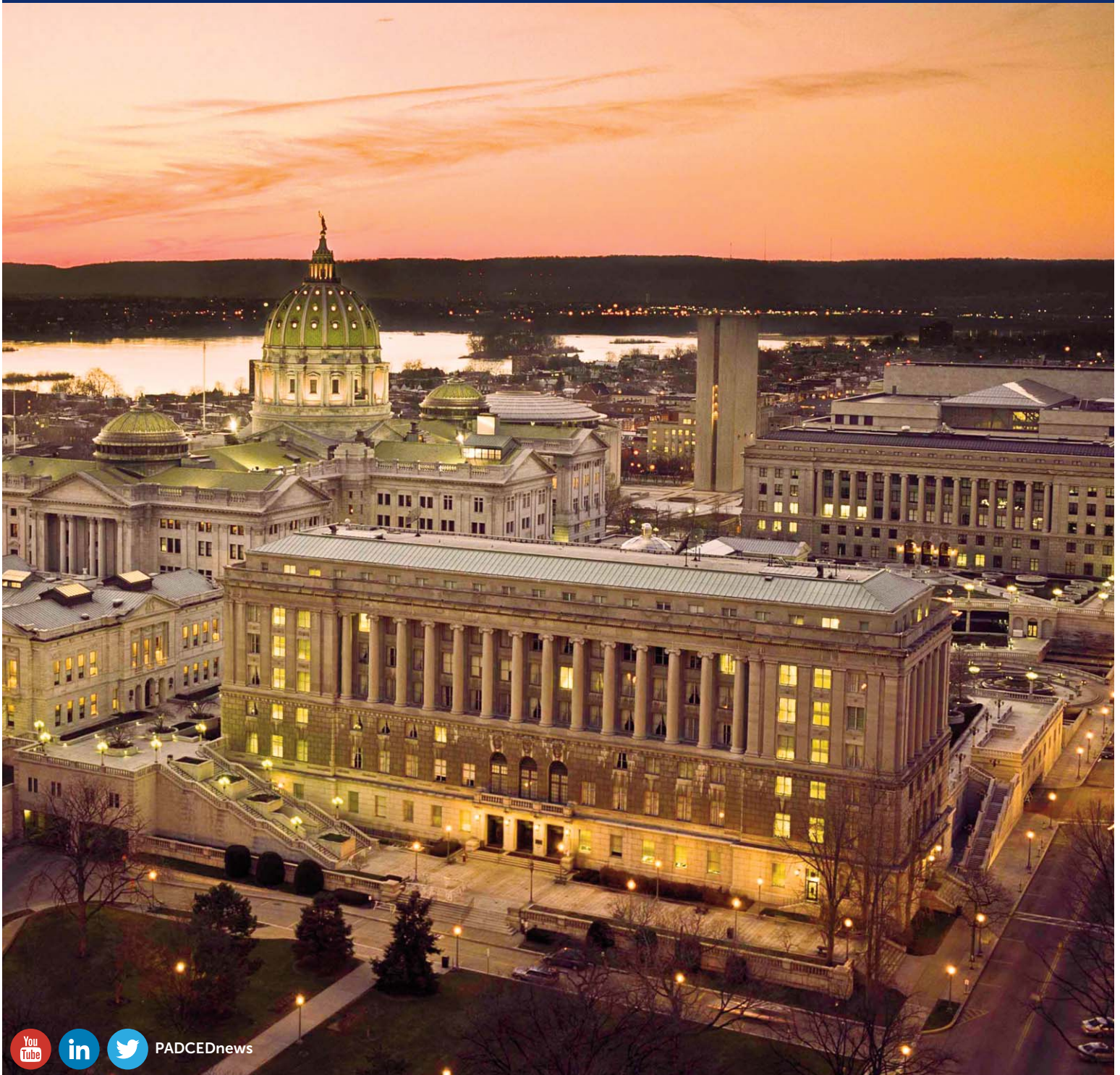


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Section I – Statement of Purpose

The Industrial Sites Reuse (ISR) Program provides grants and low-interest loans for environmental assessments and remediation. The program is designed to foster the cleanup of environmental contamination at industrial sites, thereby bringing blighted land into productive reuse.

Section II – Eligibility

Industrial Sites Reuse Program funds may be used for environmental assessments and remediation only by **eligible applicants who did not cause or contribute to environmental contamination at sites where industrial activity was conducted prior to July 18, 1995**. Industrial activity is defined as commercial, manufacturing, public utility, mining, distribution of goods and services, research and development, warehousing, stockpiling of raw materials, storage or repair and maintenance of commercial machinery and equipment, and solid waste management.

A. Eligible Applicants

The following entities are eligible to submit an application to the Department of Community and Economic Development (DCED):

1. **Municipality** – Any city, borough, town or township of the commonwealth.
2. **County** – Any county of the commonwealth.
3. **Municipal Authority** – Any authority created by a municipality pursuant to the Act known as the “Municipal Authorities Act.”
4. **Redevelopment Authority** – Any authority created pursuant to the Act known as the “Urban Redevelopment Law.”
5. **Economic Development Agency** – A nonprofit corporation or association whose purpose is the promotion or construction of industrial development projects.
6. **Private Company** – Any business, professional, or other enterprise.
7. **Investor/Developers** – Private real estate developers and investors whose business is the acquisition, development, construction, leasing, sale, operation, and financing of a real estate project.

B. Types of Assistance

Eligible applicants may apply for assistance as follows:

- 1. Grants for environmental assessments:**
Municipalities, Counties, Municipal Authorities, Redevelopment Authorities, and Economic Development Agencies that are applying for projects located in: (a) targeted communities as designated by the Secretary of Community and Economic Development; (b) boroughs with a population large enough for the borough to qualify to be chartered as a third class city; and (c) cities of the first class, second class, second class A, and third class (see Appendix I) may apply on their own behalf or on behalf of a private company or investor/developer. Also, Municipalities, Counties, Municipal Authorities, Redevelopment Authorities, and Economic Development Agencies that own the site on which the assessment is being conducted and that will oversee the cleanup of the site may apply for grants.
- 2. Grants for environmental remediation:**
Municipalities, Counties, Municipal Authorities, Redevelopment Authorities, and Economic Development Agencies may apply for grants to conduct environmental remediation work if they own the site and will oversee the cleanup of the site.
- 3. Loans for environmental assessments and remediation:**
All eligible applicants.

NOTE: The amount of grant funds available for projects each fiscal year is limited by statute. After all available grant funds are committed, applicants may request loan funds, or reapply the following fiscal year for a grant.

Section III – Use of Funds

Funds may be used by eligible applicants for phase I, II, and III environmental assessments and remediation of hazardous substances as described below.

A. Phase I Environmental Assessments

A Phase I Environmental Assessment is defined as a qualitative review of the site, using readily available information, field observations, and sometimes limited screening of samples of soils and water. Phase I assessments include pre-audit, on-site, and post-audit activities, which consist of, but are not limited to:

1. Review of relevant regulations.
2. Records and documentation review, including information relative to the operational history of the site and activities which may have contributed to the contamination. Records review may also include: abstracts; property maps; deed notices; liens and encumbrances; rights of ways and easements; restrictive covenants; zoning records; subsurface rights; judgments; tax records, notices and unpaid assessments; pending lawsuits; history of ownership and use; correspondence; building, sewage and water, and other permits; contracts for waste removal; location of sewage, drainage, electrical lines, waste processing and storage areas, and other modifications or improvements; and agreements or orders defining liability.

3. On-site inspection of the property.
4. Interviews with former employees, government agencies, and others familiar with the history of the site.
5. Preparation of the final report to include conclusions and recommendations for Phase II audits.

B. Phase II and III Environmental Assessments

Phase II and III environmental assessments are defined as in-depth field investigation, site characterization, sampling, testing and analysis to determine the source, nature and extent of the problem, the risks involved, and the identification of the cost of remediation and possible cleanup alternatives. Phase II and III assessment activities include, but are not limited to:

1. Soil borings.
2. Underground storage tank testing.
3. Installation of monitoring wells.
4. Analysis of air, ground water, surface water, and soil samples.
5. Asbestos analysis.
6. Transformer sampling.
7. Analysis of dispersal pathways including in-depth studies of the site's geology, hydrogeology, and surface water resources.
8. Development of remediation plans.

C. Remediation of Hazardous Substances

Funds may be used for the removal and remediation of hazardous substances and contaminants in accordance with the remediation standards established under Act 2 of 1995, the Land Recycling and Environmental Remediation Standards Act. Remediation activities include but are not limited to:

1. Removal of containers, regulated substances, or contaminated media.
2. Onsite and offsite treatment or incineration, or destruction or segregation of wastes.
3. Groundwater treatment, provision of alternative water supplies.
4. Storage and containment.
5. Covering.
6. Neutralization.
7. Recycling and reuse.
8. Repair or replacement of containers or collection systems.
9. Fencing and other security measures.
10. Monitoring and maintenance.

D. Remediation of Nonhazardous Waste or Debris

Loan funds may be used in accordance with Section IV. C. of these guidelines for the cleanup of nonhazardous waste and debris including, but not limited to, waste tires, coal refuse and other waste materials from previous mining activities, and other substances that are present at brownfields sites, but not identified as hazardous substances under Act 2 of 1995.

Section IV – Loan and Grant Parameters

A. Assistance Amounts

1. The maximum amount to be awarded for any assessment project will not exceed 75% of the total cost of the assessment, or \$200,000, whichever is less, in a single fiscal year.
2. The maximum amount to be awarded for any remediation project will not exceed 75% of the total cost of remediation, or \$1 million for grant recipients, whichever is less, in a single fiscal year. Remediation loans may exceed \$1 million based on the substantiated need for low-interest financing to maintain the validity of the remediation project.

B. Loan Rate and Terms

1. The interest rate on all Industrial Sites Reuse Loans will be 2%.
2. The term for loans used for assessments shall not exceed 5 years.
3. The term for loans used for remediation will depend on the nature and duration of remediation measures, but will not exceed 15 years.

C. Performance-Based Loans

DCED may make performance-based loans for the remediation of nonhazardous waste or debris as defined in Section III. D. of these guidelines. A performance-based loan may be forgiven to the extent that agreed upon performance measures and other requirements are accomplished by the loan recipient. Priority for performance-based loans will be given to projects that demonstrate a significant impact to the commonwealth or to a geographic region. Performance measures will be established based on the following criteria:

1. The magnitude and timelines of the cleanup.
2. The resulting economic benefit of the cleanup to the commonwealth, i.e. new job creation, private investment and redevelopment activities.
3. Method used to dispose of the waste or debris.

D. Security

All loans must be sufficiently secured as determined by DCED. Security may include business or personal guarantees, mortgages on real estate, bank letters of credit, or other forms of collateral.

E. Grant Closeout Requirements

Approved grants in the amount of \$100,000 or more require the grantee to provide a project audit prepared by an independent certified public accountant as defined under Pennsylvania law. The Single Audit performed for Federal audit purposes (A133) is not acceptable. Grants under \$100,000 require the grantee to submit a closeout report with appropriate supporting documentation identifying the expenditures of State funds consistent with the approved contract budget.

Closeout reports and audit guidelines are provided at dced.pa.gov/compliance.

Organizations that are not compliant with audit or closeout report requirement for prior contracts with DCED are ineligible to receive additional financial assistance from DCED until such audit or closeout report requirements are met.

Section V – Evaluation Criteria and Other Conditions

A. Evaluation Criteria

1. Funds are awarded on a competitive basis. Funding priority is given to projects:
 - Where contamination is reasonably suspected or known to exist.
 - At sites for which there is a bona fide prospective purchaser, and/or at sites that present the greatest potential for redevelopment.
 - Which are local or regional development priorities.
 - Which will result in the clean-up of contamination that is significantly affecting the environment.
 - Which have secured a high level of matching investment from other private and public sources.
2. Applications are also evaluated on the basis of the following criteria:
 - The permanence of the remedy.
 - The financial need of the applicant.
 - The ability of the applicant to repay the loan.
 - Cost-effectiveness of the project.
 - The financial or economic distress of the area in which the project is being conducted.
 - Project readiness.

B. Other Conditions

1. The applicant must demonstrate that the proposed project complies with local land use, zoning, and subdivision ordinances.
2. Funds for remediation projects will not be disbursed until the applicant takes title to the land on which remediation will take place.
3. Costs incurred prior to the grant or loan offer being made by DCED will be ineligible for reimbursement under the program.
4. DCED reserves the right to approve or reject contracts between the applicant and consultants for work that will be paid for with ISR funds.
5. No applicant can make or authorize any substantial change in an approved project without first obtaining the written consent from DCED.
6. The applicant will maintain full and accurate records with respect to the project. The DCED and DEP shall have free access to such records and to inspect all project work, and other relevant data and records. The applicant must furnish upon request of either department all requested data, reports, contracts, documents, and other information relevant to the project.
7. Applicants are required to submit a copy of the completed site assessment report to DCED before final payment of the grant or loan is made.

8. An officer, director or employee of an applicant who is a party to or has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant, and may not vote on action of the applicant concerning the project, nor participate in the deliberations of the applicant concerning the project.
9. No assistance is awarded to an applicant under this program unless the applicant certifies to the DCED that the applicant shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with program assistance must contain the commonwealth's official nondiscrimination clause.
10. All or a portion of the construction work associated with the project may be subject to the Pennsylvania Prevailing Wage Act, as determined by the Pennsylvania Department of Labor & Industry. It is the responsibility of the funding recipient to ensure that the Pennsylvania Prevailing Wage Act is followed, if applicable.
11. Applicants must comply with all applicable federal, state, and local laws and regulations dealing with bidding and procurement.
12. The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over related parties in the project. The program office requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the program office, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

Section VI – Application Instructions and Approval Process

A. Application Instructions

1. Applicants must first submit a Letter of Intent (LOI) to DCED outlining a general description of the project and its anticipated public benefits. The following information must be included in the LOI:
 - The legal name of the applicant for ISR funds.
 - Property location (include street address, municipality, county, and zip code). Include information on the size of the property. Approximate acreage or square feet is acceptable.
 - A narrative description of the project, including the planned future use of the site or the potential for reuse, and the strategic economic importance of the site.
 - The name of the current owners and operators of the site and use of site (type of operation).
 - A description of the applicant's past or present ownership interest in the project site, if any, and the date the site was purchased.
 - A narrative description of any known contamination at the site, or an explanation of why there is thought to be contamination at the site.
 - The amount and type (grant or loan) of ISR funds requested, and a description of the work to be performed with ISR funds, i.e. phase I, II, III assessments or remediation.

- An estimate of the total project cost and a breakout of the sources and amounts of matching funds for the project.
 - The name and telephone number of a contact person for the applicant. If applying for funding on behalf of an investor/developer or private company, include a contact name and phone number for the private company or investor/developer.
2. DCED and DEP review each LOI to ensure compliance with the program eligibility requirements. The LOI is considered part of the application, subject to the certifications required in the application.
 3. DCED will notify the applicant of the decision regarding the LOI within 30 days of receipt. If approved, DCED will supply the applicant with a link to the electronic Single Application for Assistance. The applicant should contact the DEP Regional Office to arrange a meeting to discuss the scope of work for the environmental assessment or remediation work.

If DCED receives a Single Application for Assistance for a project prior to the receipt of a letter of intent, the application will be held until DCED receives the letter of intent.

4. To ensure the information acquired from the assessment or that the remediation activities will be adequate and of acceptable quality, applicants are required to obtain approval for the proposed ISR scope of work from the appropriate DEP regional office. A copy of the DEP approved scope of work for the assessment or remediation work must be included as part of the application.
5. Applicant will submit an original and one copy of the completed application to DCED. DCED will forward a copy of the application to DEP for review.

B. Approval Process

1. Both DCED and DEP will review each application to ensure compliance with the program requirements. DCED will determine if the project will be competitive given the available funds.
2. DCED approves or rejects applications and notifies the applicant of its decision. If approved, DCED will send a formal grant or loan offer.
3. DCED prepares a grant or loan agreement and executes the agreement with the applicant. The following documents must be submitted to DCED prior to the disbursement of funds:
 - A list of all contractors submitting proposals.
 - Signed contracts with the successful bidder which contain the commonwealth's Nondiscrimination/Sexual Harassment Clause and/or evidence of prevailing wage, if applicable.
 - A final project cost-funding breakdown. Successful applicants are required to seek competitive bids for work funded by the ISR Program.

C. Contact

1. Letters of Intent and inquiries should be directed to:

Department of Community and Economic Development
Site Development Office
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225

(717) 787-6245

2. These guidelines can be accessed on-line at dced.pa.gov.
3. To schedule a meeting regarding the scope of work for the proposed Industrial Sites Reuse project, contact the DEP regional office serving you. (See Appendix II)

Appendix I – Classification of Cities

First Class:	Philadelphia		
Second Class:	Pittsburgh		
Second Class A:	Scranton		
Third Class:	Aliquippa	Jeannette	Warren
	Allentown	Johnstown	Washington
	Altoona	Lancaster	Wilkes-Barre
	Arnold	Lebanon	Williamsport
	Beaver Falls	Lock Haven	York
	Bethlehem	Lower Burrell	
	Bradford	McKeesport	
	Butler	Meadville	
	Carbondale	Monessen	
	Chester	Monongahela	
	Clairton	Nanticoke	
	Coatesville	New Castle	
	Connellsville	New Kensington	
	Corry	Oil City	
	DuBois	Parker City	
	Duquesne	Pittston	
	Easton	Pottsville	
	Erie	Reading	
	Farrell	Shamokin	
	Franklin	Sharon	
	Greensburg	St. Marys	
	Harrisburg	Sunbury	
	Hazleton	Titusville	
	Hermitage	Uniontown	

Appendix II – Department of Environmental Protection Contacts

Central Office

Bureau of Environmental Cleanup and Brownfields
Land Recycling Program
Rachel Carson State Office Building - 14th Floor
400 Market Street
Harrisburg, PA 17101

(717) 783-1566
Fax (717) 772-5598
E-mail: landrecycling@pa.gov

Regional Offices

Southeast Regional Office

(Bucks, Chester, Delaware, Montgomery, Philadelphia counties)

Thomas Canigiani, Environmental Cleanup and Brownfield Program Manager
2 East Main Street
Norristown, PA 19401
(484) 250-5690

Northeast Regional Office

(Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, Schuylkill, Susquehanna, Wayne, Wyoming counties)

Eric Supey, Environmental Cleanup and Brownfield Program Manager
2 Public Square
Wilkes-Barre, PA 18711-7090
(570) 820-4902

South-central Regional Office

(Adams, Bedford, Berks, Blair, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, York counties)

Benjamin Thonus, Environmental Cleanup and Brownfield Program Manager
909 Elmerton Avenue
Harrisburg, PA 17110-8200
(717) 705-4705

North-central Regional Office

(Bradford, Cameron, Centre, Clearfield, Clinton, Columbia, Lycoming, Montour, Northumberland, Potter, Snyder, Sullivan, Tioga, Union counties)

Randy Farmeric, Environmental Cleanup and Brownfield Program Manager
208 West Third Street
Williamsport, PA 17701
(570) 321-6525

Southwest Regional Office

(Allegheny, Armstrong, Beaver, Cambria, Fayette, Greene, Indiana, Somerset, Washington, Westmoreland counties)

Kevin Halloran, Environmental Cleanup and Brownfield Program Manager
400 Waterfront Drive
Pittsburgh, PA 15222-4745
(412) 442-4091

Northwest Regional Office

(Butler, Clarion, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Venango, Warren counties)

Anita Stainbrook, Environmental Cleanup and Brownfield Program Manager
230 Chestnut Street
Meadville, PA 16335-3481
(814) 332-6648

Appendix III – Supplemental Information

Supplemental Information for the Single Application for Assistance When Applying for Industrial Sites Reuse Program Funds

In addition to completing the Community and Economic Development Single Application for Assistance, please include the following items:

- Exhibit 1:** A letter from the appropriate DEP Regional Office, approving the proposed scope of work to be performed with ISR funds.
- Exhibit 2:** A copy of the scope of the work to be performed with ISR funds as approved by the DEP Regional Office.
- Exhibit 3:** Funding commitment letters from all other project funding sources (including equity commitments). Letters should include the applicable term, rate, and collateral conditions, and must be signed and dated.
- Exhibit 4:** Letters from local/county governmental entities supporting the proposed ISR project.
- Exhibit 5:** For ISR loan requests, attach financial statements of the Applicant for the last three years of operation. Financial statements should include balance sheets, income statements, cash flow statements, and notes to financials. Start up companies must provide three years projected financial statements.
- Exhibit 6:** For projects involving loans to real estate developers, provide a projected cash flow analysis covering the period of time from project commencement to lease-up/build-out.
- Exhibit 7:** For ISR loans, identify the collateral that will be offered to the Commonwealth as security for the ISR loan. If the proposed collateral is real estate, provide two complete as-is appraisals or one appraisal prepared by either a Member, American Institute of Real Estate Appraisers (MAI) or a PA State Certified Appraiser. The appraisals must be no more than six months old. If a personal guarantee is being offered as security, attach personal financial statements for the proposed guarantor(s). The personal financial statements should not be more than six months old and must be signed.
- Exhibit 8:** For ISR loans to private companies or private real estate developers, list the names and social security numbers of principal owners having a 20% or greater ownership interest in the company, partnership, etc.
- Exhibit 9:** Attach copies of the signed Bids/Quotations, contractor estimates, or engineer estimates that verify project cost estimates. Estimates must be current and dated. For lead based paint and asbestos removal, estimate must be prepared by a licensed certified professional.
- Exhibit 10:** Provide a map or plot plan detailing the location of the assessment/remediation work.