Recycling America's Gas Stations

The Value and Promise of Revitalizing Petroleum Contaminated Properties

Report by the Northeast-Midwest Institute and the
National Association of Local Government Environmental Professionals 2002

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The Northeast-Midwest Institute is a Washington-based, private, non-profit, and non-partisan research organization dedicated to economic vitality, environmental quality, and regional equity for Northeast and Midwest states. Formed in the mid-1970's, it

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In spite of the barriers, states and communities are starting to take on the USTfield revitalization challenge — and starting to see success. Affordable

Findings: What Drives Success in USTfields Revitalization

Based on innovative efforts to revitalize USTfields across America, Section III of this report identifies a number of findings on what can drive success. These findings address issues related to resources, policies, regulations, government programs, and partnerships that will affect our nation's ability to revitalize these USTfields sites. The report findings also acknowledge that there are critical factors that distinguish the UST challenge from traditional brownfields redevelopment, including statutory constraints such as the petroleum exclusion


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FINDING 12:

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The UST challenge will require partnerships at every level of government to build the program infrastructure of support necessary to advance local USTfields efforts:

FINDING 18: States, localities, and EPA can build a foundation for future USTfield revitalization efforts by measuring, tracking, and promoting the results of USTfield efforts.

FINDING 19: EPA Regional offices must play a critical role in fostering USTfields initiatives, providing technical assistance and information to state and local efforts, connecting USTs with broader brownfields resources, and encouraging the replication of successful approaches.

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USTfield success will also require stronger partnerships among government, community groups, and a range of private players including developers, financiers, and oil companies:

FINDING 20: The potential for USTfield reuse will be strengthened if the public sector forms partnerships with, and provides outreach to, potential redevelopers and reusers of sites.

FINDING 21: More USTfield sites will be cleaned and reused if the public sector forms partnerships with, and provides outreach to, financiers and insurers of USTfields projects.

FINDING 22: Partnerships with major oil companies and petroleum marketers can grease the skids for site revitalization.

FINDING 23: Localities can enhance their overall USTfield reuse strategies by promoting proactive community involvement processes for USTfield projects.

ACTION ITEM RECOMMENDATIONS

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ACTION 1: EPA should provide direct USTfield Revitalization Grants to a variety of local government, state, regional, and tribal entities.

ACTION 2: States should redirect resources from the $1.91 billion in State funds now available for UST activities, as well as traditional economic development tools and resources, toward an UST reuse and redevelopment mission.

ACTION 3: EPA should clarify and publicize that the federal Brownfields Tax Incentive is available for use at USTfields.

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ACTION

USTFIELD PROFILES

GAS STATIONS, STORAGE FACILITIES, & OTHER OILY MESSES

WHY AN USTFIELDS INITIATIVE?

The problem of abandoned gas stations and other petroleum contaminated properties impacts most communities in America — not surprising, given an estimated 200,000 USTfield sites nationwide. And while UST sites share many of the characteristics of more traditional brownfields, USTfields are unique and require new approaches. Due to the size, ownership, and nature of USTfield sites, they can be comparatively more difficult to address than conventional brownfields. Until recently, communities have faced significant barriers to turning USTfields into productive places, because federal law and resources for brownfields could not be directed to these petroleum contaminated sites. As Mayor Preston Daniels of Des Moines, Iowa testified to the Senate Environment and Public Works Committee on behalf of NALGEP in June 2000: "Local governments need the flexibility to direct their federal brownfields tools and resources to their priority brownfields projects, including those that are blighted by petroleum." Some of the critical factors that have inhibited the redevelopment of petroleum contaminated sites thus far include the following:

STATUTORY CONSTRAINTS. These sites, often characterized by obsolete, leaking, or abandoned storage tanks, have not been addressed to date under EPA's brownfield program, because of the petroleum exclusion in the governing law, the Comprehensive Environmental Response, Compensation and Liability Act, better known as CERCLA or Superfund. This CERCLA provision has barred the use of federal brownfields funding on sites where petroleum is the only contaminant. In many communities, this has meant that sites with great potential for revitalization have been excluded from the redevelopment process.

LIMITATIONS OF FUNDING SOURCES. Communities that have used the federal Leaking Underground Storage Tank (LUST) trust fund to help with a response activity at a site are not able to tap into other EPA sources for assistance with other elements of reuse activity at that site, due to restrictions in federal law and regulations. The new brownfield law, discussed below, may also limit the potential to use brownfield grants or loans in combination with LUST resources.

REGULATORY AND PROCEDURAL ISSUES. The federal and state regulatory

mance and enforcement requirements to the scope of sites covered — can complicate efforts to articulate and translate lessons and recommendations from one community to another. For example, states have established their own cleanup funds to complement other sources, but coverage and deductibles differ, often considerably. Site eligibility stipulations and access procedures are not the same across state lines, and in fact, not all state funds cover abandoned tanks. Some of these funds are scheduled to expire in a few years, or be transformed into insurance-type programs. Some states provide assistance beyond cleanup to redevelopment, but many states end their role when the environ-

key conclusions of this report — that the USTfield challenge requires the reuse of a broader number of abandoned sites than those that have been targeted by the limited federal and state tank closure programs thus far, if these properties are going to be part of the revitalization of more American communities. And, with a new Brownfields Revitalization Act now available to address petroleum contaminated brownfields, and a new perspective at U.S. EPA on the revitalization of these sites, there is now an excellent opportunity to address the real USTfield needs of American communities.

It is against this backdrop that EPA launched its USTfields initiative — a "pilot" in the truest sense of the word. The ten pilots represent the beginning for EPA as well as the grant recipients. This initiative is meant to start to build the infrastructure of federal policies and regional support for state and local partnerships needed to bring revitalization objectives into the tank cleanup process.

EPA still needs to develop its own functional programmatic structure to best deliver its new program and ensure the effective coordination among all prospective USTfield partners in the cleanup and reuse arena. The agency is just beginning to identify viable strategies to encourage and facilitate the types of information and technical assistance exchange that will make the USTfields concept more readily acceptable to a wider range of partners. Accordingly, a key challenge that

This report will help enhance the prospect of an overall national USTfields program that can fulfill the Bush Administration's goal of common sense cleanups with important community benefits.

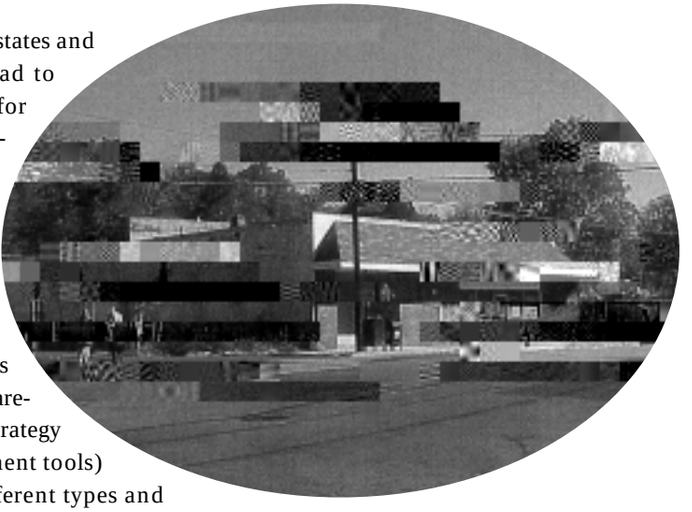
In October, 2000, EPA selected 10 pilot states (one from each of its EPA regions) to receive up to $100,000 each from the LUST Trust Fund for the cleanup and assessment of petroleum contaminated sites to drive the productive reuse of UST properties. In 2002, EPA plans to award 40 additional USTfields pilot grants. The initial 10 pilot states and their partner communities are:

- New Hampshire and the City of Nashua
- New Jersey and the City of Trenton
- Delaware and the City of Wilmington
- South Carolina and the City of Anderson
- Illinois and the City of Chicago
- New Mexico and the Laguna Tribe
- Missouri and Kansas City
- Utah and Salt Lake City
- California and the City of Oakland
- Oregon and the City of Portland

These states and cities are the pioneers of what EPA envisions to be a long-term approach to coping with tank-related petroleum contamination, one that will complement more conventional site strategies. Like the brownfield initiative at its early stages, USTfield pilot communities face formidable challenges. They must build effective state-local partnerships that are able to reach out to the private sector, and link various stakeholders together. They must leverage existing resources from unconventional arenas, such as brownfield programs and economic development authorities. Their efforts will succeed only if built on a solid foundation of information. Accordingly, this is the goal of the report — to build an information base that can be readily shared and used, that will foster effective state-local partnerships to promote UST site reuse.

To achieve this goal, this report examines the barriers, opportunities, and achievements of the first ten pilots, as well as highlights a few comparable efforts in states and communities that are not pilots. Ideally, the report will help enhance the prospect for the successful implementation of both the broader, 50-pilot USTfields initiative and an overall national program that can fulfill the Bush Administration's goal of "common sense cleanups" with important community benefits. Accordingly, the report:

- Provides an analysis of selected pilot efforts, and a series of UST profiles (Part II);
- Provides findings that analyze some of the cross-cutting issues that have arisen during program implementation, and identifies keys to success in USTfields revitalization (Part III);
- Offers recommendations on the future of the USTfields revitalization initiative, including opportunities for the implementation of the Brownfields Revitalization Act and EPA's initial 50-pilot USTfields initiative (Part IV);
- Identifies resources for further information and assistance on USTfields revitalization (Appendix 1); and
- Provides detailed, up-to-date information about tank-related programs, incentives, and policies in place in each of the initial ten pilot states (Appendix 2).



This report intends to show why it is advantageous for states and their communities to forge partnerships that can lead to reuse of sites with old tanks, and why it makes sense for these partnerships to pursue the goal of EPA's new USTfields initiative — facilitating practical approaches to environmentally responsible, economically viable tank site reuse. This report is not intended to be an "evaluation" — the effort is too new, the partnerships and policies too nascent — to make this report more than a snapshot of current endeavors and ideas. At the same time, though, it is clear that these USTfield pilots have accomplished a great deal: they have increased awareness of the issue and its opportunities; introduced the strategy of revitalization (and its attendant economic development tools) to the environmental arena; and established that different types and models of state and local approaches can effectively address the common problem of UST site contamination. And most importantly — tank sites are being cleaned up and reused. Even at this early stage in its life, the USTfields Initiative has tallied some successes.

Northeast-Midwest and NALGEP hope that this report can inform and encourage those with a stake in UST cleanups — from corner gas stations to large industrial storage sites — to consider how and why their USTfield efforts matter.

UNDERGROUND STORAGE TANK PROGRAM OVERVIEW

EPA administers the Underground Storage Tank (UST) program through its office of Underground Storage Tanks (OUST). Specifically, OUST has the responsibility for overseeing the Resource Conservation and Recovery Act (RCRA) Subtitle I program regarding USTs. OUST can also be expected to take the lead in the implementation of the petroleum cleanup portions of the Brownfields Revitalization Act. OUST provides technical and administrative support to EPA's regional, state, and territorial regulatory programs. Currently, some 85 percent of the funds that Congress allocates to OUST go directly to the states and tribes. Under the Brownfields Revitalization Act, EPA may provide funding both to states and directly to local governments for petroleum cleanups.

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OUST was created in 1985 in response to a congressional mandate to regulate UST activities nationally. Subtitle I was added to RCRA through the Superfund Amendments Reauthorization Act (SARA) to provide federal funds for assessments and cleanups to address petroleum releases from UST systems. SARA also established the Leaking Underground Storage Tank (LUST) trust fund, and detailed financial responsibility requirements for system owners and operators.

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An UST system is a tank and any underground piping connected to it with at least 1np6g connecorlue 8nderground . Te pv17.6(

action; closure; and financial responsibility. Note that compliance with these technical requirements does not necessarily mean that tanks are removed, which could pose future barriers for USTfields revitalization. Different requirements are in place for new and existing USTs:

- **New USTs are those that were installed or that had commenced installation after December 22,1988. These tanks are expected to comply with all technical standards when installed.**
- **Existing USTs are those that were in service or for which installation had begun on or before December 22, 1988. EPA granted a period during which existing tanks could come into compliance with the technical requirements. The deadline to upgrade existing USTs expired on December 22, 1998. Currently, tanks must either meet the technical requirements or be properly closed.**

FINANCIAL RESPONSIBILITY — Owners and operators must demonstrate they have the financial

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BROW I LDS R VITALIZATIO ACT

New federal law has created the opportunity to bring additional resources and incentives for UST-fields revitalization in America's communities. The Small Business Reliability Relief and Brownfields Revitalization Act, P.L. 107-118, signed into law on January 11, 2002, authorizes up to .7(w on Januar67 -1.1667ll')17.7(68 evitalifund reson1, lly-1.21cle(1,p ofnals R)35.8(evitalicontamin oppob R)38(y')0 petroleu

MAKE, MODEL AND YEAR PART II

Profiles of UST Reuse in the Initial 10 EPA Pilots and Other Areas

As the brownfield universe evolves, it is clear that sites with tank-related conta-

This report profiles cities and states with USTfields projects already underway.

"New Hampshire has shown how public resources can leverage private sector and municipal investment to resolve USTfields sites that would other-

Applicants that seek FUND coverage must own the facility and property where the tanks are housed, and comply with tank rules such as requirements for the removal of substandard tanks. They also must initiate the site cleanup. According to state officials, about 71 percent of all leaking USTfields are eligible to participate in the program, and a top DES priority is encouraging owners to cover the deductible and subsequently trigger the use of FUND to leverage the most cleanups possible.

Using the example of the Belmont Gulf site, the chart below illustrates how FUND can add value to an USTfield — in this case, more than $130,000 of value:

To date, DES has successfully cleaned up 2,000 UST and above-ground storage tank sites, the majority with FUND support. The approximately 1500 sites that have not been cleaned up are, in many cases, more difficult to address because of the severity of the contamination, owner recalcitrance, or lack of resources. FUND eligibility can be a significant tool for addressing these USTfields sites and it is noteworthy that DES has been able to establish FUND eligibility for USTfield sites that have been abandoned or are owned by people that lack the capabilities or resources to address the petroleum contamination. New Hampshire's USTfields program is rapidly expanding to continue to fill this need.

New Hampshire is working on more than 10 USTfield revitalization projects using EPA USTfield pilot funds and other leveraged resources. The following elaboration of the Belmont Gulf and Huckins Oil sites, and a discussion of three other projects in the Town of Canaan, demonstrate how New Hampshire has been able to leverage resources, expertise, and other assistance from a variety of sources to successfully revitalize its USTfields.

Be tG a H ' G OG e

A Supplemental Environmental Project is facilitating the reuse of the former Belmont Gulf and the Huckins Oil sites, both contaminated by petroleum and owned by the same person. SEPs are "environmentally beneficial projects," negotiated by EPA or a state as part of an enforcement settlement action, in which a violator agrees to carry out certain activities even if they are not legally required to do so, in lieu of stiffer cash penalties. In this case, the SEP monies primed the pump in a way that resolved uncertainty about the contaminated properties and allowed site revitalization to proceed.

The Town of Belmont initiated work at the Belmont Gulf site, completing two phases of a site investigation. However, based on the results of their investigations, the town decided not to take the property for back taxes because of liability concerns about known petroleum contamination at the site. To move towards action, DES used its USTfield pilot funds to complete test site investigations and remove all underground piping and tank system-related equipment. DES removed 19 abandoned drumsund,m cost of Wih
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- removing the remaining tank and contaminated soil;
- obtaining soil confirmation samples after the removal and completing the closure report;
- characterizing soil to determine whether soils in one test pit area should be removed; and
- sampling groundwater to determine where permanent monitoring wells should be installed.

These DES actions helped the town become eligible for additional FUND assistance, since removal, closure, and tank registration would satisfy the compliance requirement and taking the property for back taxes would satisfy the ownership requirement. DES is paying the deductible for its work at the Belmont site from the SEP settlement at the Huckins Oil site. In addition, Belmont can submit an invoice for prior site investigations for reimbursement from the FUND. Overall, this innovative enforcement approach broke the logjam at two sites that had previously not been moving toward cleanup.

On May 16, 2001, Belmont Selectmen voted to take the property for back taxes. The town will use the property to gain access to land-locked, town-owned conservation land and will eventually build a parking lot at the former service station. DES removed the underground storage tank during the summer of 2001 and completed the source area soil characterization and permanent monitoring well installations. If soil removal or long term groundwater monitoring is required, the related costs will be reimbursable from the FUND.

"Trenton encounters USTs at every redevelopment site, which can derail a project. EPA's USTfields funding could be a solution to these unexpected expenses."

Michele Lee Christina-Nieves
Trenton Economic Development Director

CANAL PLAZA: This vacant lot is a former dairy and important part of the City's past and future. It is situated near the Delaware and Raritan Canal which runs through Trenton, near a new affordable housing development (built on a former brownfield), and across the street from Battle Monument Park, a historic site commemorating the Battle of Trenton. This neighborhood was also the center of civil rights rioting in the City in the 1960s. During an environmental investigation of the property, an unexpected, 1,000 gallon UST was uncovered. The tank and 150 tons of contaminated soil have since been removed. The site will be redeveloped by a faith-based developer, who is considering the construction of market rate housing on the site – the first market rate housing constructed in Trenton in years — as well as community open space.

In each case, USTfield-related activities such as tank and soil removal have improved the marketability and redevelopment prospects for the target sites.

For more information, contact New Jersey's Terri Smith at 609.984.3122 or visit <http://www.state.nj.us/dep/srp/bust/bust.htm>; call EPA Region II's Ben Singh at 212.637.4237; or contact Michele Christina-Nieves, Trenton's Director of the Economic Development Division at 609.989.3509, or mchristina@trentonNJ.org.

DELAWARE — FIRST STATE TAKES THE LEAD TO REHABILITATE ABANDONED USTFIELDS

The Delaware Fund for the Inability to Rehabilitate Storage Tanks ("FIRST" Fund) has enabled the "First State" to respond to USTfields that are abandoned or owned by individuals with no resources to rehabilitate the site. The program uses state-financed contractors to perform removal, assessment, remediation, and emergency response at sites that otherwise would lay idle. Unlike other funds that reimburse owners or purchasers that pull tanks and remediate the sites, through the FIRST Fund the state itself conducts the removal and related work at eligible sites, with no deductible costs necessary to trigger fund coverage.

In Delaware, the private sector has rehabilitated USTfields for commercial reuse at desirable sites, such as prime corner lots, and the Department of Natural Resources and Environmental Control (DNREC) has spurred cleanup at sites with financially solvent owners. The FIRST Fund will clean up the remaining "problematic" tanks, which are in less desirable locations and lacking responsible parties. The fund can also address tanks whose owners are not required to notify the state of their existence because they were taken out of operation before 1974.

DNREC developed the FIRST Fund with the Delaware Leaking Underground Storage Tank Committee, a stakeholder group of government entities, industry groups, and environmental and citizen organizations. Delaware's 1999 budget funded the program at $500,000 annually through a petroleum tax, and the program's policy was adopted in March 2000.

Concerns were raised about using state funds to remediate sites that ultimately will increase the property value for a subsequent owner who will reap financial benefits. However, the state decided that the alternative would be leaving numerous sites idle. In addition, FIRST Fund cleanups proceed at DNREC's pace in keeping with the department's process, thus discouraging speculators that might seek to trigger the fund to complete a transaction during a "window" based on a real estate deal.

Under the program, DNREC may at its discretion pursue cost recovery for certain sites from the "owner," defined as the last person to use the tank rather than former owners of the system or the current property owner. In addition, DNREC pursues private sector insurance coverage at sites with no identified solvent owner.

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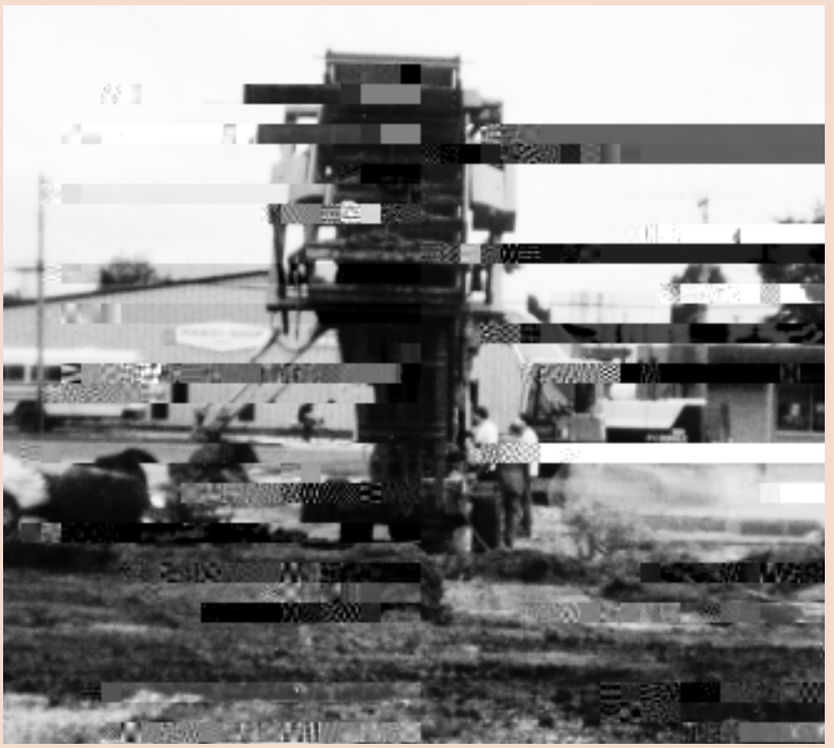
The Delaware FIRST Fund is spurring rehabilitation at Trader's Gulf, a former gas station located near the center of the Town of Odessa at the gateway to a historic district. The owner/operator and his wife died with no will, leaving the site ownership uncertain. The site contains six registered USTs and two unregistered, regulated USTs, and some evidence suggests a total of ten USTs may be



SOUTH CAROLINA — A "SUPERB" FOCUS ON PRE-1974 TANKS

South Carolina has large rural areas and many of its stations, as well as a majority of those in the target City of Anderson, were "mom and pop" stores that closed when Interstate 85 opened and drew new development closer to that corridor. While some prime locations have been purchased by chain retailers, less desirable sites have been left behind. Most of their owners are holding these sites, which have little real estate value.

South Carolina provides generous coverage for addressing releases from regulated USTs through its "SUPERB" (State Underground Petroleum Environmental Response Bank) fund. Owners can address site contamination through the SUPERB state fund, which covers up to $1 million per occurrence with a $25,000 deductible. However, the funding has brought to light several challenges for state and local government — challenges pegged to pre-1974 tank situations. As shown in the case study on the City of Anderson's downtown revitalization later in this report, South Carolina's approach is paying off for local communities.

Old, abandoned tanks are a critical issue everywhere and South Carolina officials have noted that they pose an especially thorny problem in their state. A large number of USTfield sites in South Carolina have tanks that were last used prior to 1974, including as many as three of eight potential sites in Anderson. The significance is that owners of tanks taken out of operation

contaminated USTfields must be integrated into South Carolina's priority ranking system and addressed as funding becomes available.

Requirement that Owners Pay Delinquent Fees: Some owners and operators are prevented from using SUPERB because they owe fees for their USTs under state law. Until the annual fees of $100 per tank are paid, an owner or operator cannot access the SUPERB fund. In some cases, delinquent fees total thousands of dollars. These owners often have no resources to close tanks or pay fees.

Cost Recovery Uncertainty Hinders SUPERB: At potential pilot target sites in Anderson, the state is partnering with the city to encourage tank or property owners to address their potential problems and promote site reuse. It can be

CHICAGO AND ILLINOIS — THE POWER OF PARTNERSHIPS

In Illinois cities, like those in other states, many abandoned urban gas stations occupy highly visible corners. They fall into disrepair, and often attract vandalism and illegal activity, which limits their appeal to new users. Redeveloping these sites may be complicated not only by contamination from leaking USTs, but also by illegal dumping, abandoned cars, hazardous material in abandoned buildings, and illicit activities. By combining the resources and authority of various agencies and sometimes third parties, Illinois has successfully worked with Chicago to redevelop USTfields, especially abandoned gas stations. Turning these formerly blighted sites into assets such as community parks, housing, and retail space can help spark revitalization in the surrounding neighborhoods.

The Illinois USTfield pilot initiative, being carried out in Chicago in cooperation with the City's Department of Environment (DOE), is driven by the power of partnerships. It has effectively built on Chicago's successful Abandoned Service Station Management (ASSM) program, which has sparked cleanup and reuse of abandoned gas stations throughout the city. Administered by the DOE, ASSM was established in 1996 to address more than 500 abandoned and former gas stations throughout Chicago. The program aims to remove urban blight associated with abandoned stations and ensure that former service stations (already in commercial reuse) comply with UST regulations. In addition to USTs, the program addresses issues related to site abandonment, such as criminal activity and building safety. In 1999 alone, DOE issued more than 100 violation notices to the owners of abandoned and former service stations. If an owner will not come into compliance, the city may file a legal complaint or use city funds to clean up the site, seeking cost recovery from the owner afterwards. A key factor in Chicago's successful approach is that the city may, under local ordinance, impose a "cleanup lien" on UST sites where the owner refuses to comply with cleanup requirements. It will then foreclose on the lien to gain access and control over the site to conduct assessment and cleanup, thus avoiding the situation where improvements could be blocked by a recalcitrant or unknown property owner. Since the program's onset, DOE has cleaned up and secured more than 40 sites.

The USTfield pilot program is another method to aid in the redevelopment of these properties. Another tool that frequently has a prominent role in the redevelopment of old gas station sites is the state's risk-based cleanup approach, known as the Tiered Approach to Corrective Action Objectives (or TACO). Under TACO, sites are cleaned up to a level that reduces the risk of exposing either the public or the environment to contamination, in this case petroleum contaminated soil. TACO takes into account the intended future use of the site

NEW MEXICO — USTFIELDS AS FOUNDATION FOR LANDMARK STATE / TRIBAL COOPERATIVE EFFORT

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GILA RIVER INDIAN COMMUNITY — TRIBE TAKES STOCK OF USTFIELDS

The Gila River Indian Community (GRIC), located outside of Phoenix, Arizona, has a long record of achievement in site remediation. An EPA Brownfields Showcase Community, GRIC has developed a RCRA Subtitle I

KANSAS CITY, MISSOURI — CITY INFRASTRUCTURE FINANCING AND STATE UST INSURANCE FUND PROVIDE CLEANUP CATALYST

EKnoted in the chart beloThrough the pilot, Ksouri Department of Natural RMDNR) tank program

"Tank and other petroleum cleanups are key pieces of Kansas City's highest priority community revitalization projects. More resources are needed to get these pieces in place."

Andrew Bracker
Kansas City Brownfields Coordinator

FUNDING SOURCES	AMOUNT
Missouri Petroleum Storage Tank Insurance Fund	$100,000
Kansas City Brownfield Showcase Community resources	$25,000
City PIAC Funded – 28th Street Prospect	$300,000
USTfield Pilot	$100,000
TOTAL FUNDING PACKAGE	$525,000

Kansas City will maximize use of PSTIF monies where possible, and will use USTfield pilot funds to assess and clean up sites that are not eligible for PSTIF funds, and for costs such as tank excavation, cleaning, and disposal that are not eligible for PSTIF reimbursement. City infrastructure funds from PIAC will be used to acquire, demolish, and prepare the sites for redevelopment.

For more information, contact the State of Missouri's Carol Eighmey at 573.522.2352 or visit <www.dnr.state.mo.us/deq/hwp/tanks.htm>; contact EPA Region VII's Janet Hallier at 913.551.7532; or contact Andrew Bracker, the Kansas City Brownfields Coordinator, at 816.513.3002 or at andrew_bracker@kcmo.org.

UTAH — STATE ENVIRONMENT AND CITY REDEVELOPMENT AGENCIES PARTNER FOR ECONOMIC RESULTS

The State of Utah has moved decisively to redevelop USTfields, thanks to a strong partnership between the Utah Department of Environmental Quality (DEQ) and the Redevelopment Agency of Salt Lake City (RDA). This collaboration has enabled DEQ to focus on cleanup issues while RDA develops strategies for property marketing and reuse. In addition, their innovative site ranking procedure has gone beyond setting priorities for future work to strengthening the partnership and involving the community to forge a broad consensus on site reuse. According to Paul Zahn of DEQ, "our partnership is extremely gratifying since it results in achieving both environmental cleanup and economic reuse, as well as planning for strategic site reuse."

Nearly every town and city in Utah has an abandoned USTfield. Among the state's 4,226 registered USTs, approximately 3,740 confirmed releases of pollution have been counted as of January 2001. USTfields are a particularly serious concern in a state where 96 percent of the residents depend on groundwater as a drinking water source. Moreover, abandoned USTfields in low-income areas have proliferated as economic forces have driven gas stations out of local neighborhoods and into high-volume, suburban retail

"Our USTfield partnership is extremely gratifying since it results in achieving both environmental cleanup and economic reuse, as well as planning for strategic site reuse."

Paul Zahn, LUST Section Manager, Utah Department of Environmental Quality

facility. Loans must be paid back within ten years at a fixed annual interest rate of three percent.

RDA and DEQ have collaborated in ranking UST sites according to both economic and environmental factors. RDA has significant experience in evaluating marketability and potential uses of properties, and DEQ possesses technical knowledge of environmental remediation and potential environmental roadblocks to site cleanup. Based on this experience, the agencies developed criteria to score each site and determine which should receive funding and priority attention. RDA's score is based on site size, configuration, development potential, cost, zoning, and need for building demolition. DEQ's score is based on whether tank closure, site assessment, and cleanup have been completed. In addition, they consider whether cost recovery from site owners is likely. Another factor is the readiness for a site to proceed; thus, the first sites chosen may not rank highest, but they are the sites that are ready to proceed first.

The greatest challenge for the Salt Lake program is to find interested redevelopers, especially for affordable housing, which is a local community priority. Small lots can be difficult to redevelop into housing without subsidy because they are more valuable as commercial space. In addition, owners of properties that were identified by the community as being suitable for redevelopment are not necessarily ready to work with RDA. Because the Vacant and Boarded Gas Station Program stipulates redevelopment for housing, RDA also must either rezone contaminated properties from commercial to residential, or encourage mixed-use development, which can be difficult to accomplish.

For more information, contact Utah's Dale Marx or Dale Urban at 801.536.4100, or visit <http://www.eq.state.ut.us/eqerr/ust.htm>; or contact EPA Region VIII's Joe Ann Taylor at 303.312.6152.

A risk assessment using the Oakland RBCA approach has shown no on-site risk from the existing contamination. Additional investigation is under way to better understand contaminant migration via groundwater and to confirm that all tanks have been removed. The city expects to receive a "no further action" letter from the local regulatory authority by spring of 2002.

HABITAT FOR HUMANITY HOUSING PROJECT. Once the site of an abandoned gas station in Oakland's Fruitvale-San Antonio district, the land at 2662 Fruitvale Avenue has been earmarked for a new Habitat for Humanity housing project. The city acquired the property in 1983 and has entered into an exclusive development agreement with the non-profit organization Habitat for Humanity. Construction is scheduled to begin this fall on four single-family homes. The houses will be built with "sweat equity" (i.e., volunteer work). They will be privately-owned by the future occupants upon completion of construction. A risk assessment using the Oakland RBCA approach has shown no on-site risk from the existing contamination. While an off-site risk analysis is ongoing, the city expects to receive a "no further action" letter from the local regulatory authority by the summer of 2002.

For more information, contact California's Liz Haven at 916.341.5752 or visit

ROCHESTER, NEW YORK — UST-RIDDEN CAR DEALERSHIP BECOMES TOWNHOUSE DEVELOPMENT AND 24-HOUR ART DECO COFFEEHOUSE

The 2.2 acre former Hallman Chevrolet automobile dealership and service garage, located in downtown Rochester, was redeveloped primarily for residential purposes. Some $10.6 million was invested in what is now known as Chevy Place for site preparation and construction of 77 new residential townhouses and apartments. Chevy Place also includes a below-grade parking garage and the renovation of the historically significant Hallman Chevrolet showroom as a 24-hour Art Deco-style coffee house and restaurant.

From 1930 until 1990, the site was one of the largest new car dealerships in Rochester. The dealership included a large, multi-bay service and repair garage, as well as a gasoline station. The site was vacant from 1990 until the city purchased the property in 1996. The project, which ultimately would take five years from start to finish, presented several challenges to the city and the developer, Home Properties of New York. Changes in New York State Department of Environmental Conservation (NYSDEC) cleanup programs, shifting redevelopment plans, historic preservation restrictions, street reconstruction, and funding constraints posed major challenges to the project — and these were in addition to the environmental concerns at the site, which included several abandoned USTs.

Contaminants found during investigations by the city included asbestos and gasoline, lube oils, used motor oil, and hydraulic oil. Investigators also found petroleum-contaminated soils beneath the former gasoline station and repair garage. Other soil contaminants included heavy metals and semi-volatile organic compounds. In groundwater, free petroleum product was present and dissolved compounds were detected at concentrations that exceeded NYSDEC standards.

During 1997, the city completed asbestos abatement, the closure of five storage tanks, the removal of 19 in-ground hydraulic lifts, the closure of floor drains and sumps, the removal of contaminated soil associated with storage tanks, and the installation of a blasted bedrock free product/groundwater recovery and treatment system. Home Properties' plans for expanded residential use of the property required a second cleanup phase and the demolition of the service garage. The second phase of remediation was performed from 1998 to 2000 under a joint agreement between Rochester and Home Properties. During that phase, 7,000 tons of contaminated soil and bedrock and 12 more underground storage tanks were removed under a NYSDEC stipulation agreement. In addition, engineering controls were installed — soil vapor extraction and passive soil venting systems — as required by the local health department.

PROJECT COSTS —

"These brownfield redevelopment projects are resurrecting and reinventing our existing infrastructure."

Rochester Mayor William A. Johnson Jr., at the grand opening of Chevy Place

cation. The developer funded the second phase of the cleanup. In addition, the city assisted Home Properties with environmental costs by providing direct reimbursement for certain disposal costs, providing the company with a 2.35 million loan for the redevelopment project, and reducing the purchase price of the property due to the environmental cleanup costs.

PROJECT BENEFITS AND AMENITIES — Rochester's first new downtown apartment complex in 20 years was finished in spring 2000. The project resulted in the construction of 77 new residential units — 97 percent of which were rented by July, 2000. Chevy Place's most distinguishing architectural feature is its Art Deco showroom, which remains standing due to its historic site designation. The former showroom has been renovated as a 24-hour coffee shop. The apartment complex is located on Rochester's east end cultural and theater district, near the Little Theatre, the Eastman School of Music and the Eastman Theatre, and several restaurants and museums. This project has added to the vibrancy of Rochester's east side, and has been a catalyst for additional private development in the area. Prior to redevelopment, the abandoned dealership property and buildings sat vacant for several years. Rochester Mayor William A. Johnson Jr. stated at the grand opening of Chevy Place that brownfield redevelopment projects such as this are " . . . resurrecting and reinventing our existing infrastructure."

For more information, contact the City of Rochester's Mark Gregor at 716.428.5978 or at mgregor@mcls.rochester.lib.ny.us.

The program is a joint effort of the South Dakota Department of Commerce and Regulation, which administers the PRCF program, and the Department of Environment and Natural Resources. The PRCF program reviews, verifies, and approves applications and pays for the work, while the environment department hires contractors and arranges for the work.

By aggressively removing the cost and the stigma of abandoned tanks and contamination from all of the State's USTfield sites, South Dakota has made these properties ready for reinvestment, redevelopment, and revitalization.

For additional information, contact Dennis Rounds, Executive Director,

Establishing Strong State UST Field Programs

Effective state UST programs are critical to the success of USTfields revitalization. The national UST regulatory structure is based on the leadership of states in ensuring UST compliance, monitoring, and enforcement of environmental standards. The core of this state role is the considerable amount of State UST Financial Assurance Fund monies that states have accumulated — some $1.91 billion as of 2001, according to a recent survey conducted by the Vermont Department of Environmental Conservation. These monies represent a significant opportunity to leverage still more resources for tank site cleanup and redevelopment at the local level.

Forward-thinking state officials are looking beyond UST cleanup to the revitalization of these vacant tank properties. States can be more proactive in the USTfield economic redevelopment mission by building state capacity beyond tank closure to site reuse, directing a wider array of state resources to the local challenge, helping to build local capacity for USTfields revitalization, and streamlining regulatory requirements to provide certainty and reliable methods to resolve liability for site redevelopers. While the use of certain UST funds, such as State Financial Assurance Fund monies, are limited by regulatory mandates that require a focus on high-priority sites with known owners and operators, some states — such as South Dakota — have tapped a broader array of resources to address USTfield challenges that go beyond the limits of federal UST programs. Thus, an important key to USTfields success is the strengthening of state USTfield programs to meet a broader range of redevelopment needs.

INDIGO

State agencies best suited to serve as USTfields leads, leverage existing state programs and build state capacity.

Given the statutory authority and regulatory structure guiding UST program efforts, states have the best ability to lead an USTfield revitalization initiative. USTfield pilot leaders explain that it is essential for each state to have certain basic programs in place, such as abandoned tank identification and abandoned tank removal programs. Beyond these UST basics, however, the most progressive states are enhancing tank closure and cleanup programs with broader redevelopment objectives. Within broad guidelines, states in fact do have the flexibility to carry out a variety of approaches to addressing UST situations, from priming the pump with initial resources, to providing regulatory mechanisms that support efforts by localities and the private sector, to covering the entire range of site cleanup activities. In fact, several of the EPA pilot states have put targeted UST cleanup and reuse incentives in place that are driving local site revitalization:

- Delaware's FIRST fund, established in March 2000, will spend $500,000 annually to clean up orphan sites.
- South Carolina's SUPERB Fund, financed through a half-cent per gallon environmental impact fee on gasoline, brings in $1.2 million per month. Third parties that want to address UST sites potentially have access to this fund.
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NEW HAMPSHIRE COMBINES TOOLS FOR USTFIELDS SUCCESS

USTfields and state/federal petroleum cleanup programs can play a key role at brownfields sites, as illustrated by the City of Nashua's experience. The City was awarded a Brownfields Site Assessment Demonstration Pilot from EPA to help it address properties that will be affected by the Broad Street Parkway Highway project. The key property that Nashua targeted for redevelopment was the Whitney Screw site. The property was formerly operated by White Mountain Freezer and subsequently by a screw manufacturing company. The main buildings were constructed after World War I, with several more recent additions to the manufacturing complex. Nashua chose this property for its brownfields pilot because:

- **the property is large (5.4 acres and 90,000 sq. ft. of buildings) and in a residential neighborhood,**
- **over $270,000 in back taxes were overdue on the property,**
- **the property was severely underutilized and deteriorating, and**
- **the property has an assessed value of over $1,000,000 and has several historic buildings that could play a positive role in the community.**

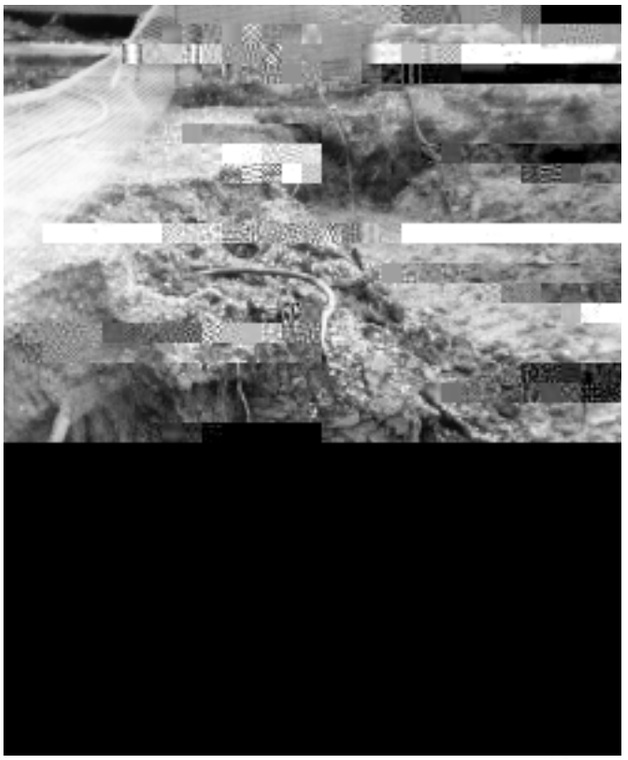
Redevelopment of the Whitney Screw property was complicated by a significant gasoline floating product problem, the bankruptcy of the former property owner, and the refusal of the existing squatter to complete any environmental work. The EPA brownfields pilot paid for the investigation of a waste oil contamination area, former foundry, and plating room. The major problem at the Whitney Screw site, however, was the presence of up to five feet of floating gasoline product and four abandoned tanks. The brownfields pilot could not pay for work related to the floating product due to the CERCLA petroleum exclusion, and the State Petroleum Reimbursement Fund (FUND)could not pay because the property was in non-compliance with UST rules due to the presence of the four abandoned bare steel USTs.

A developer was interested in the conversion of the property to a mixture of retail and warehouse space. However, the developer was unwilling to proceed until a plan was in place to address the environmental liabilities of the property. The USTfields program stepped in and played a critical role in resolving the environmental liability and uncertainty at the property. This enabled the developer to purchase and then foreclose on the delinquent $2 million note on the property.

The USTfield pilot removed the four former underground petroleum tanks and expedited the eligibility determination for the FUND. The removal of the tanks, as part of the overall assessment and corrective action at the site, eliminated nearly half of the known tanks left in New Hampshire that were out of compliance with the December 1998 EPA deadline. The tank removals also brought the facility into state compliance and thus triggered FUND eligibility. Pilot assistance with FUND eligibility was essential to the developer's decision to proceed with this project.

The liability issues were resolved by dividing the parcel into two. The portion contaminated by the gasoline had the environmental liabilities addressed by the reimbursement of the environmental costs by the FUND. The developer will participate in New Hampshire's Covenant Not To Sue program for the other portion of the sites and will be legally obligated to implement only the provisions of the approved remedial action plan developed by the City's consultant under the brownfields pilot. The final element of the redevelopment package is a brownfields cleanup revolving loan fund (BCRLF) loan for the non-petroleum environmental work. The BCRLF loan is the first of its kind in New Hampshire, and the developer and DES closed on the BCRLF loan in January 2002.

Success with this project was dependent on the integration of multiple programs, including a key role for a variety of DES Oil Remediation and Compliance Bureau programs. The brownfields pilot started the ball rolling by clarifying the environmental issues, the USTfields program resolved expensive floating product removal liability and the abandoned USTs, the state Voluntary Cleanup Program provided liability relief for non-petroleum issues, and the BCRLF provided additional funding to facilitate the economics of the project.



In Oregon, for example, the state is taking the lead on providing the information needed to promote UST site reuse. There, officials are targeting approximately 300 abandoned tank sites for an initial assessment to determine their level of contamination, on the premise that availability of that information will provide a development incentive. The state views this as an important role, to "get people past their hump of fear."

But even with these types of innovations in place and working, more capacity is needed. The pilot states have recognized that capacity is an issue that cuts across all implementation lines, and is impacted by funding constraints. Some are trying to modify existing or define new agency processes to incorporate the UST initiative from a more broadly linked environmental/economic development vantage point. This may involve a host of staffing issues and mindset changes regarding the issue of tanks and the barriers of contamination.

In some areas, "capacity" has emerged as a two-pronged issue, with both local and state capacity lacking. Increasing state staffing to address the USTfields challenge could be difficult, as nearly every state is cutting back on UST programs to address revenue shortfalls. In Illinois, for example, state staff noted that site owners and prospective purchasers, as well as local officials, often lacked the technical experience and the confidence to proceed with USTfield projects. At the same time, state and local officials faced staffing constraints and could not devote the personnel needed to address those concerns. This meant that activities like gaining property access and negotiating with tank owners, or even working with them more informally to alert them to reuse opportunities and processes — activities which could advance UST site reuse on a broader scale — could not be carried out. Utah pinpointed a similar set of concerns, noting that there are insufficient state and local staff resources currently available to handle basic UST priorities, let alone a broader effort to integrate USTfields into an economic development mission.

I D I G 2

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The state UST programs across the nation have focused their efforts in recent years on a federal regulatory requirement that all leaking underground storage tanks be certified as compliant with environmental and public health standards — or appropriately closed — by 1998. But states are in a position to use various resources to move their programs beyond merely tank closure to the next stage — reuse of petroleum contaminated sites, especially abandoned properties.
There are several approaches that states might consider to promote site revital-

ization. A state could establish an USTfields coordinator whose role would be to build on cleanup activities by promoting redevelopment efforts. A state could also take actions to coordinate their UST cleanup programs with existing state and local economic development programs, resources, and regulatory incentives.

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Finally, in a specific example, Oregon attributed the USTfields pilot grant to

In short, VCPs offer a way to make it easier and more predictable to bring contaminated UST sites back to productive use. They do this by establishing a recognized and predictable process for determining how clean is clean at any given site, and what steps need to be taken to achieve this. They also bring certainty to reuse of contaminated sites by offering a certain level of liability relief, as stipulated in the new Brownfields Redevelopment Act. This appeals to lenders

Other UST liability issues may not be addressed simply by VCP programs, and may require the development of federal and/or state guidance policies. For example, some states and localities have mentioned that it is not clear whether the lender liability protections provided by 1996 amendments to CERCLA apply to lender activities at petroleum contaminated UST sites; EPA has made clear that such lender liability protection applies to UST sites, but further emphasis and outreach may be needed to give sufficient comfort to USTfield funders and financiers. And, because most UST site liability issues are related to state regulatory programs, it is important that states likewise establish lender liability protections for petroleum contaminated sites. New Hampshire, for example, has lender and local government (for tax deeded properties) liability protections in its petroleum cleanup statute.

I D I G 4

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Projects centered on reuse of contaminated sites often suffer from drawn-out agency review time frames and multiple reviews, which drives up project costs — and this situation is typically worse when multiple government agencies are involved. There is no question that inter-agency coordination among agencies with a common interest in site cleanup and reuse can bring important benefits to new site users.

Effective collaboration can enhance the process in a variety of ways, as can be seen from efforts in Utah. The Salt Lake City Redevelopment Agency and the state's Department of Environmental Quality have joined forces in ranking sites according to both economic and environmental factors. This allows the marketing and tec-!knlloacolh ma. Thi52 Tcj7ot economic and environmentagorrolzhance vs the m8r-

Strengthening Local UST Field Capacity

USTfield pilot activities have shown that UST-related partnerships really come to fruition "on the ground" at the local level. Local governments

For all these reasons, localities need sufficient resources both to build their

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Viewed in isolation, a contaminated USTfield may appear only as a problem. Yet, communities that are working to integrate USTfield cleanup into various

this approach, USTs can be cleaned and redeveloped through the overall momentum of a larger project. In Trenton, tank site projects are being considered from the perspective of the city's need for commercial development space and public recreational areas. In other cities, like Oakland, project coordination among state and local agencies and community groups is proving to be an important approach when it comes to attracting private participation at UST sites. Oregon's UST staff are working to improve tank owners' access to broader brownfield incentives within the State, and the Governor's regionally focused Community Solutions Teams are trying to promote this as well, especially in smaller jurisdictions. Utah's UST program routinely interacts with all players in the process to encourage coordination, such as the regulated public, other regulatory agencies, environmental consultants, real estate agents, developers, interested buyers and others. Utah extends this coordination to make sure that UST site responsibilities go to those entities with the greatest expertise; accordingly, the UST office leaves site marketing to local redevelopment agencies, because of their experience in this arena.

RIDGE

Localities should be thinking ahead now to "life after the EPA USTfields initiative," to ensure the staying power of their local programs until the UST challenge is met.

Localities should be thinking ahead now to "life after the EPA USTfields initiative," to ensure the staying power of their local programs until the UST challenge is met. The sustainability of local programs and their momentum after EPA's seed support has ended is likewise an issue with respect to local brownfields programs. Even at this nascent stage in the UST pilot initiative, a handful of cities and states, such as Kansas City and Missouri, are working to set the stage for program continuity. This will be a big issue in each of the pilots, some of whom have noted that a one-time infusion of pilot resources is not a lot to address problems that were decades in the making. And at the same time, nearly all of the pilots have recognized their "prize" for what it is — seed money to allow them to begin to address UST issues in general (and sites in particular) in a new or expedited way. Comparable to the early EPA brownfield pilot communities, how the first USTfield pilots formalize their programs will influence the approaches of other cities pursuing UST reuse goals in subsequent rounds of EPA designations.

EPA Region VIII has articulated four "life after" goals which lay out how it intends to help ensure USTfield program continuation, in Kansas City and other communities in its territory, by:

- integrating USTfields into the regional brownfields team;
- looking for existing flexibility in the program, such as on the issue of cost recovery;
- focusing on capacity building at the local level, and building relationships with state and local governments to address USTfields; and
- publicizing and replicating successes.

To sustain long-term USTfields efforts, localities should consider a number of approaches. First, localities should seek to integrate UST efforts into broader brownfield revitalization programs and initiatives. Second, localities must make

USTfield revitalization the jurisdiction's routine way of doing business, fostering an awareness of the nature and needs of UST site reuse within various departments, such as community development, law, and public works. Eventu-

staff champions and program capacity, identifying sources of ongoing funding and assistance, and maximizing the momentum that can result from achieving initial successes.

I D I G 9 e a t e G t e e G a a G a e ' G e e e t a G a t G ' a e a a a ' t e a e U S T t e b a t e .

Small communities or localities in rural areas generally face very difficult challenges in building local capacity and expertise to handle USTfield issues. One approach could be for these localities to partner with regional planning and economic development councils, which are established in most areas across the United States. These regional councils can provide funding and assistance for planning and projects. They may be able to provide a template for USTfields revitalization that allows communities to learn from others in their region and to avoid reinventing the process from scratch. A community seeking to create a partnership with a regional development council should check with its state economic development office, or contact the National Association of Development Organizations at <http://www.nado.org>.

RURAL ILLINOIS — CAPACITY ISSUES AFFECTING THE BROWNFIELDS / UST CONNECTION

Illinois has begun to actively address a situation that many other states have recognized — that brownfields are not confined to urban areas, and that contaminated UST sites in small towns and rural areas pose a significant local economic development challenge. In fact, a recent Illinois EPA survey of the state's municipalities identified gas stations as the most predominant type of vacant or abandoned property in their communities (reported by nearly 71 percent of responding mayors). They also noted that a "huge need" exists for funds to pay for tank removal and cleanup.

Providing Resources and Incentives for USTfields

Availability of different types of resources and incentives plays a role in determining whether or not USTfields redevelopment projects are undertaken. As the UST project case studies demonstrated many USTfield sites are at a competitive disadvantage. The costs of site testing, remediation planning, and actual cleanup (not to mention increased project transaction costs related to contamination) can tip development choices towards properties that do not have to bear such costs. A major objective of the USTfield pilot initiative is to address these concerns through deployment of incentives such as grants, loans or loan guarantees, and technical assistance services, that can offset UST expenses and promote investment at UST sites.

Every developer carries out some sort of analysis of both risks and strategies when thinking about taking on an USTfield site, and evaluates the role that incentives might play in making the project more feasible. Again, the bottom line on contaminated properties is that these are real estate projects that have to address an environmental problem, so they need to meet basic financing criteria in spite of it. Adequate resources are needed to make any project happen, USTfield or not. Therefore, the public sector often must step up to the plate to kick off such projects, and reduce the risk to a level that the private sector will accept.

The challenge is dealing with these financing gaps and situations that make USTfield sites economically uncompetitive, at least initially, and pulling together the technical and financial resources that can help them take hold so they can realize the full competitive advantage of their location and situation. Lack of adequate and affordable financing is the most significant barrier to reusing contaminated sites. Site remediation and related preparation costs put substantial pressure on the bottom line. Developers often have trouble putting a complete financing package together for an UST project, especially the capital needed for three specific activities — (1) resources to pay for the early stage site assessment, to determine exactly what level of contamination needs to be addressed; (2) money for defining a site remediation plan — which an owner has to have in place to take the site through a state brownfield VCP to get some finality on liability concerns, or to be able to use institutional controls; and (3) funding to carry out the actual cleanup itself.

The USTfield challenge will clearly require the allocation of substantial funds and other resources by the public and private sectors. But the investment is certain to pay off for American communities. The most recent incentive, up to $50 million for petroleum site cleanup earmarked in the Brownfields Revitalization Act, can be leveraged with a range of creative private and public financing strategies. These resources can be the key to unlocking enormous economic potential, which has already begun in the ten USTfield pilot projects now underway.

Financial Assurance programs will be making a transition to a private insur-

drinking water State Revolving Loan Fund loans for cleanup projects that protect water quality, or EPA Supplemental Environmental Project (SEP) resources created through enforcement agreements with private parties who have a responsibility to correct violations of environmental law. The list of federal resources that could be creatively applied to USTfields goes on. For additional information, see "Guide to Federal Programs for Brownfields" at www.nemw.org.

For example, New Hampshire has suggested that HUD should define, encourage, and publicize the ways in which cities could use their block grant program and other HUD resources to do things like finance tank site cleanup and redevelopment, or capitalize a local loan fund for gas station revitalization in distressed areas. These are activities that would fit within the basic mission of HUD's block grant and Section 108 loan guarantee programs. South Carolina noted that it has had success with SEPs, negotiated with federal EPA, with violators using their resources to abate and close tank systems for parties without the resources of their own to do so.

Making the timing of federal participation work may be a real challenge. Although nearly two dozen federal programs are well-suited to supposc%r m-who8ha0ssuitomkinypresouo dozen fut the resbeca couources of Makcoaces of

that UST site project financing, like brownfields, will play out as a patchwork that takes considerable time and effort to put together. Initial projects in pilot cities like Chicago, Trenton, and Kansas City bear this out; in those places, specific redevelopments involved half a dozen or more public and private funding sources. States need to play a pro-active role in helping to leverage resources, as very few communities or organizations have the ability to cost effectively package such varied resources together in this way.

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As explained above, meeting the USTfield challenge will require significant

Overcoming Regulatory and Legal Challenges

As the success of USTfields revitalization depends on taking an economic development approach to an environmental problem, it cannot be dominated by a regulatory perspective. Instead, EPA and the states need to explore how they can tailor regulatory tools and incentives toward site revitalization and reuse goals, and all partners need to figure out ways to overcome various legal challenges that affect the potential for site reuse. This may require new regulatory policies that address emerging local USTfield needs. The passage of the Brownfields Revitalization Act and its new resources for USTfields provide an excellent opportunity to promote needed regulatory innovation.

Legislative Guidance to clarify state discretion under federal cost recovery guidance.

IDIG 15

EPA is seeking to help localities and states understand that state UST programs have substantial discretion with respect to the implementation of federal cost recovery requirements. This EPA education effort is very important, because several USTfield pilots have voiced concerns that federal cost recovery requirements have been a barrier to UST revitalization.

EPA has promulgated policies relating to USTs and the use of the LUST Trust Fund that specify that, before federal funding can be directed to the cleanup of an abandoned tank, an effort must be made to recover these costs from prior owners of the site or other responsible parties who caused the pollution. While localities and states agree that the "polluter pays first" perspective is proper in concept, the requirement can be difficult to implement in practice and may thwart promising cleanup and redevelopment opportunities.

In many cases, particularly at "mom-and-pop" owned sites, the responsible parties may be difficult to find and more difficult to bring into the process. Title searches and lengthy efforts to find responsible owners have hindered many communities. Uncertainty about the federal cost recovery requirement at the state and local level has chilled efforts to direct LUST funding toward sites where cost recovery efforts may be futile or too time consuming to meet the realities of the redevelopment process and local goals for reuse. This barrier is serious when a private, innocent party wishes to redevelop the site, and must proceed on a development time line that reflects the need for certainty and quick regulatory decisions. This may result in an opportunity lost to leverage a variety of public and private funds together if the process can get underway.

Many states and localities believe that federal UST resources should be able to "prime the pump" at USTfield revitalization sites, without being unnecessarily hindered by cost recovery constraints. Moreover, this approach does not preclude state and federal enforcement authorities from proceeding with cost recovery or enforcement actions against responsible parties on a concurrent track.

The cost recovery problem is even hindering the new EPA USTfields initiative, despite its vision of site revitalization. Several of the initial 10 USTfield pilots stated that that they were unaware that the EPA pilot grant carried with it the same requirements as other LUST Trust Fund monies with respect to cost recovery. Some, such as Oregon, had not originally identified prospective pilot

see cost recovery as an impediment, because most of the site work there is done by the dischargers or developers using private funds. Missouri views cost recovery as providing a "useful filter" for sites with an obvious responsible party who can undertake cleanup.

MTBE's Impact on Groundwater and Drinking Water

DIG IT

A further disincentive to USTfields revitalization is the specter of cost and liability associated with MTBE contamination. Methyl tertiary butyl ether (MTBE) is a fuel additive that has been used with increasing frequency in recent years as a method of reducing harmful emissions of air pollutants from vehicles and to meet Clean Air Act regulatory requirements. However, this chemical used for air pollution reduction can pose a serious threat to water supplies and public health. MTBE most often enters the water through gasoline spills or tank leaks. It is especially troublesome in that MTBE migrates more rapidly through the soil, and often is transported deeper below the surface compared to other petroleum products. Even small amounts can contaminate groundwater to the point of making it undrinkable. California officials noted that the problem is more centralized on the west coast because of supply sources; in their case, one MTBE problem meant that half of Santa Monica's water supply was wiped out.

A further disincentive to USTfields revitalization is the specter of cost and liability associated with MTBE contamination.

Within the ten pilot states, MTBE has various impacts. In some states, like New Hampshire, it affects a high level of sites. The New Hampshire legislature has recently passed a law establishing a fund specifically designated for MTBE situations without a viable responsible party. In others, like Utah, it is not a major issue and no wells have been shut down because of MTBE.

EPA has been working actively to address MTBE impacts on drinking water supplies. EPA's federal UST regulations are helping prevent contamination of water supplies from UST releases by working with states to improve the compliance rate with leak detection requirements and regulations that require all substandard UST's be upgraded (with spill, overfill, and corrosion protection), replaced, or properly closed. EPA is also undertaking a major multi-year effort with states to increase UST owners' and operators' compliance rates through technical assistance, inspections, and enforcement.

In addition, EPA is considering the issuance of a secondary drinking water standard for MTBE under the Safe Drinking Water Act, based on taste and odor. This taste and odor standard will serve as a guideline that states may adopt. In December 1997, EPA issued a Drinking Water Advisory that states concentrations of MTBE in the range of 20 to 40 parts per billion of water or below will probably not cause unpleasant taste and odor for most people, recognizing that human sensitivity to taste and odor varies widely. The advisory is a guidance document that recommends keeping concentrations below that range. EPA is continuing to study both the potential health effects and the occurrence of MTBE, and it is on a list of contaminants for which EPA is considering setting additional health standards. As a means of gathering occurrence information, EPA began in 2001 to require all large drinking water systems and a representative sample of small systems to monitor and report the presence of MTBE. For more information on MTBE activities at EPA's Office of Underground Storage Tanks and Office of Water, see www.epa.gov/mtbe.

HA CI G I T RGOV R M TAL COOP RATIO

The EPA USTfields pilot initiative has made a commendable start in terms of intergovernmental partnerships among local agencies, state UST officials, and the federal government. This intergovernmental cooperation should be continued and enhanced as the UST program grows.

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All levels of government should work individually and together to measure, track and promote the benefits of UST revitalization. Indeed, moving forward on USTfields revitalization through new funding, resources, and partnerships will likely be impossible if the benefits of these efforts are not clearly measured and used to establish a solid case for why USTfield reuse matters, and what benefits USTfield reuse can bring to communities. The value of this approach can be seen in the EPA brownfields effort, which has worked with localities and other parties for years to quantify and measure results. In fact, these tracked benefits proved important in the debate over the authorization of new brownfields legislation and also demonstrated to a broader range of communities and private parties the value of brownfields initiatives.

USTfield revitalization benefits that could be measured and tracked include: number of sites assessed, remediated, or returned to productive use; amount of public and private dollars leveraged; number of jobs created; expansion of the tax base attributable to reused USTfield sites; and other factors. Although the tracking of such benefits may take time and resources, the effort is likely to pay off.

The tracking of USTfield results will require intergovernmental cooperation. EPA could work with USTfield pilot states to establish some guidelines on tracking USTfield results. EPA could establish a uniform set of measurement criteria and common measurement methods, and even standard measurement reporting forms, so that results can be assessed across state and community lines. This intergovernmental effort will need to balance the need for uniformity against the need for local creativity and individuality in quantifying results, and against the reporting burden that localities may face. However, it would be unfortunate if USTfield initiatives proceed and, after a time, no one can define the real results and benefits of the efforts, or if such results cannot be compiled or compared.

PA Re tG a te t a a' tGa e tG te tG UST te tG tGG tatGe , tGG tG te' Ga a Gta 'e a tG atG t tate a 'a e t , ' e tG UST te b a e b te e 'e , a e ' a tG t e e GatG ''e a a' e .

EPA's ability to implement 50 USTfield pilots and the petroleum provision authorized by the Brownfields Revitalization Act will require an effective infrastructure of support for state and local efforts. This should mean the establishment of capacity and leadership at the 10 EPA regional offices.

An early reason for success in the EPA brownfields initiative was the naming of regional brownfields coordinators. They have taken the lead in supporting

brownfields pilot communities, providing technical assistance, identifying resources, building cooperation with stakeholders within the region, acting as liaisons to EPA headquarters, and spreading the word on successful approaches. EPA should likewise establish a Regional USTfield Coordinator in each of its ten offices to provide this package of support to USTfield pilots and other communities pursuing USTfield revitalization. These USTfield Coordinators could be part of a "Regional Reuse Team" formed in each EPA regional office to coordinate efforts of brownfields, USTfields, and other cleanup and land revitalization officials.

EPA should establish a Regional USTfields Coordinator in each of its ten regional offices.

Regional USTfield Coordinators could do much to establish an infrastructure that would lead to future success. For example, regional coordinators can conduct regular conference calls and in-person meetings among the pilots in the particular region to share ideas and consider solutions to common barriers. USTfield coordinators would also take the lead in spreading USTfield tools beyond EPA pilot communities. Regional coordinators could also confer regularly with their counterparts throughout the ten EPA regions to transfer information and successful approaches. The Office of Underground Storage Tanks at EPA headquarters should continue to support these regional outreach efforts.

Reaching Out to the Private Sector and Community Groups

Partnerships based on a solid outreach effort are vital to a successful USTfields effort because they foster communication and the building of cooperation and trust between relevant stakeholders. As can be seen from the diverse projects already underway as part of the USTfield pilot initiative, these efforts will involve a variety of stakeholders who have specific interests and capabilities which can contribute to USTfield achievements. Depending on the specific project, these may include bankers, elected officials, investors, developers, private business owners, lawyers, environmental professionals, local agency staff and private practitioners in several areas (such as economic development, engineering, or technology services), insurance providers, state and federal government officials, community representatives, even the major oil companies — basically, anyone with an interest in reviving a distressed area. In addition, groups of these stakeholders — such as community development organizations, chambers of commerce, or business councils — can contribute to the process.

Public-private partnerships provide the mechanism to identify and apply available resources to meet the needs of USTfield redevelopment efforts, either broadly or on a site specific basis. Therefore, initiating such partnerships as early in the process as possible can contribute to the achievement of other critical components and provide the framework that addresses the barriers associated with implementing the local USTfields initiative. Most important, these partnerships will ensure that the interests and concerns of the involved stakeholders will be identified and ultimately met. Therefore, they must be supported at the local, state and federal levels.

If the role of public funding is to prime the USTfields pump, private sector resources are the way to fill the tank, and community support is the lubrication to accomplish site revitalization. Just as the EPA brownfields program has

invites private participation in these projects. This can best be done as part of a partnership effort that helps lenders and insurers address risk in various ways — by quantifying it, managing it, or avoiding it.

Private investment must be attracted to these contaminated tank sites.

New types of indirect financing instruments are becoming more viable and visible, and applicable to contaminated sites. These include a new wave of insurance mechanisms that aim to bring certainty to financing risks — and can make capital more available for project activities. Insurance can prove helpful in a couple of ways. First, deals can close more easily because unexpected cleanup costs encountered during the development process will not add to the developer's anticipated costs. Second, deals can close more easily because insurance can cover the possibility that the costs of additional contamination will not affect the site reuser's ability to pay off mortgages or other notes.

As the USTfield issues become more prominent in communities across America, there are excellent opportunities for the private insurance sector to partner with EPA, state UST officials, local redevelopment agencies, and the real estate industry to identify insurance products that can be tailored to particular UST needs. It should also be noted that the grant funds available under the Brownfields Revitalization Act can now be used for the purchase of private insurance to cover costs related to contaminated sites, including USTfields.

In addition, general economic development partnership tools clearly have applicability in USTfield situations. The public sector can encourage the private sector through, for example, helping with title clearance; linking site owners to federal and state financing programs and other incentives; helping site owners monitor institutional or engineering controls and land covenants; and helping to separate the environmental risk from the economic value of the property, through mechanisms such as land leases, indemnities, or environmental insurance. It may involve linking site owners to private lenders, such as Bank of America, who have been responsive to projects saddled with contamination issues. Incentives of this type, targeted and responsive to USTfield situations, can meet more specialized local needs and plug the holes that more traditional public program resources cannot fill.

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Many states have urged that the UST pilot program make a special effort to reach out to the major oil companies, to encourage them to contribute to the success of the initiative. Some states have also had success in working with smaller petroleum marketers, who may own only 10 to 15 or so sites, to revitalize sites where the marketers seek to sell off.

Often, enforcement against responsible parties has been the only way to get their attention. The emerging revitalization approach to USTfields may provide new opportunities for collaborative approaches. Some oil companies have agreed to Supplemental Environmental Projects, under which the company will fund a wide range of site revitalization efforts as part of an overall enforcement settlement. Or, oil companies can help states and localities navigate the real estate and redevelopment issues at UST sites, using their own staff with experience in these areas. New Hampshire suggested that the big oil companies

Prospects are excellent for USTfields revitalization across the nation. The President has signed new brownfields legislation that provides the opportunity for new funding for USTfields. EPA has launched an USTfields initiative in partnership with ten states and local governments, with 40 new pilot communities on the way. Lessons learned and success stories are emerging from state and local efforts.

At this point on the road to revitalization, USTfield leaders should fill 'er up with new resources, tune up the program with improved regulatory approaches, rev up stronger public-private partnerships, and keep on rolling. This final section of the report looks over the horizon and suggests action items that could enhance the future of the national USTfields initiative. Based on the lessons learned from the initial USTfields pilots and ongoing efforts across America, the Northeast-Midwest Institute and NALGEP recommend the following top ten action items:

UST [illegible] G[illegible]

ACTION 1 **EPA should provide direct USTfield Revitalization Grants to a variety of local government, state, regional, and tribal entities.**

ACTION 2 **States should steer resources from the $1.91 billion in state funds now available for UST activities, as well as traditional state economic development tools and resources, toward an UST cleanup and redevelopment mission.**

ACTION 3 **EPA should clarify and publicize that the federal Brownfields Tax**

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USTFIELDS RESOURCES AND INFORMATION

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U.S. Environmental Protection Agency (EPA) Office of Underground Storage Tanks (OUST)

Association for the Environmental Health of Soils (AEHS): 150 Fearing Street
Amherst, MA 01002; 413-549-5170 (p); 413-549-0579 (f);
http://www.aehs.com/.

Pollution Control Commission, Boott Mills South, 100 Foot of John Street, Lowell, MA 01852; 978-323-7929 (p); 978-323-7919 (f); general

MATRIX OF STATE USTFIELD PROGRAMS APPENDIX 2

Trenton, New Jersey
EPA Region 2

TRENTON, NEW JERSEY

continued

Successes	Several hundred "brownfield" remediations have been completed in the New Jersey site remediation program, with many visible successes (examples on website noted below).
Future Outlook	The brownfield program has many components, which combine "tools" with private market forces and publication of success stories. The state is always willing to work with private and public interests to enhance brownfield tools.
Misc.	The New Jersey Brownfield Program components can be found in the "*Brownfield and Contaminated Site Recovery Act*" which was signed into law in 1998 (N.J.S.A. 58:10B-1 et seq.). Other helpful publications, video, etc. can be found at http://www.state.nj.us/dep/srp/brownfields/. In addition, the NJ Office of State Planning's publication "*Creating Communities of Place — New Jersey Brownfields Team Directory*" Document 129, revised 1999, is also an excellent resource.

Authorization / General Information	State's UST act was passed in June 1985. UST program will handle the USTfields pilot. Budget — funding from federal LUST Trust Fund grant, the federal UST grant, and state tank fees and state hazardous substance cleanup act fees Staffing — 24
UST Trust Fund	Not a fund state. A limited reimbursement fund, from the Hazardous Substance Cleanup Act, is available for a limited number of facilities.
Tank Insurance Fund	Tank owners have to get private insurance.
MTBE Issues / Policy	Delaware considers MTBE to be a major issue. Since 1999, testing has become standard policy. 36 domestic drinking water wells, at 10 tank sites, have been impacted. No legislative actions taken to date. A state MCL of 10 ppb is proposed.
Petroleum OK in VCP?	Petroleum is OK on a conditional basis. In addressing such sites, the VCP and UST programs work cooperatively as necessary; if a site has UST issues, that part of the project will be deferred to UST.
Tank-specific Incentives to Remediate	Delaware's FIRST Fund, established in March 2000, up to $500,000 per year to clean up orphaned and abandoned sites.
Other Incentives Applicable in Tank Situations	Brownfield incentives may be used, but the UST program only monitors UST situations.
Cost Recovery	Delaware is bound to cost recovery, per conditions of its federal LUST Trust Fund grant. The need to cost recover or establish an inability to pay can create a lengthy up-front process for non-emergency sites before work begins.
Private Sector Involvement	99% of the UST program's work is with site owners or responsible parties. Abandoned sites might require a partnership with bankers and lawyers. Counties will usually not take an abandoned property.
Market Targets and Issues	State does not target a markeustiis>(stii 9 24y spsemeOK [(orpned and abandoned sites)17.7(o(.)]TJETce 232.84 m

Future Outlook

The State legislature is trying to advance reuse; in 1999, it included a provision in the bond

Market Target and Issues	State sent out letters to counties, commercial realtors, and other potential partners to generate interest in USTfields; the response has been limited to date. A lot of the sites are located in rural areas with limited economic development opportunities. "Mom and pop" gas stations will be a real challenge. In some cases, the UST Bureau has to be satisfied with carrying out abatement and assessment on its own, in the hopes of eventually finding partners for redevelopment.
Successes	Using RBCA and competitive bidding, the State has cleaned up and closed out numerous sites.
Future Outlook	The State will address the issues in the pilot program, beginning with a general assessment of about five sites in Anderson. From that analysis, it will identify long term objectives that it would like to achieve. One objective will be to identify all USTfields in South Carolina and develop a plan to address all of them. The lack of money and the lack of real end-uses for some of these properties are impediments to redevelopment.
Misc.	

Chicago, Illinois
EPA Region 5

EPA Contact: Arturo Cisneros, 302 886 7447
State Contact: Doug Clay, 217 782 9844
State UST website:http: / / www.epa.state.il.us / land / lust / index.html
Information Source: Heather Nifong

Authorization / General Information	35 Illinois Administrative Code, Parts 731 and 732 Budget — Funding from the Federal LUST Trust Fund Grant and State UST Fund. Staffing — 35 project mangers; one person will work on the pilot. Bureau of Land's Division of Remediation Management contains the Office of Brownfields Assistance (OBA), LUST, and the Site Remediation Program (SRP, Illinois' Voluntary Cleanup Program). LUST and VCP use Tiered Approach to Corrective Action Objectives (TACO) and "no further remediation" letters. The process is the same, but the qualifications for these two programs are different. OBA is much smaller than LUST and the VCP. All three programs work together and overlap.
UST Trust Fund	The Illinois UST Fund is financed through a 3/10 of a cent tax and a 8/10 of a cent fee on gasoline, generating $50-60 million per year. The Fund is currently solvent and claims are generally processed in 60-90 days.
Tank Insurance Fund	No tank insurance fund; the State UST fund meets financial assurance requirements. It is jointly administered by the Office of the Fire Marshal and Illinois EPA, and pays for cleanups up to $1 million.
MTBE Policy	A ban on MTBE in Illinois will go into effect in three years. It is being added to the Illinois LUST and cleanup regulations as an indicator contaminant, to become effective by the Summer of 2002. The proposed objective for groundwater is 70 ppb.
Petroleum OK in VCP?	Yes — Petroleum is acceptable in the VCP. The LUST program and the VCP work together on sites involving USTs.
Tank-specific Incentives to Remediate	Tax credits are available to those who have earned a "no further remediation" letter from the Illinois VCP. A tank owner and operator could transfer the site to the VCP but that is unlikely since this could jeopardize reimbursement from the UST Fund.
Other Incentives Applicable in Tank Situations	Nothing separate.
Cost Recovery	Cost Recovery is not seen as an impediment to USTfield projects in Illinois. If the state pursues remediation with public funds, it seeks cost recovery.
Private Sector Involvement	The program works with the private sector at all levels, from responsible parties to the Western Illinois Regional Council and the Illinois Petroleum Marketers. In addition, Illinois holds an annual All-Cities Brownfields Conference that includes governmental and private sector representatives.
Market Targets and Issues	The pilot site will be used for low income housing.

Authorization / General Information	State Hazardous Waste Act authorized regulation of USTs in mid 1980s. (74-4-3); State program approved in 1991 via the Ground Water Protection Act. Budget — $18 million annually, — $12 million for responsible party sites, and $6 million for State lead sites (where the State is the contracting party without acknowledging responsibility) Staffing — 20 project managers, ranging from supervisors with 50+/- sites to project managers with about 85 sites. Recently enacted legislation granted authorization to regulate ASTs.
UST Trust Fund	Currently at a level of $18 million a year; at end of each fiscal year, Cabinet Secretary determines level for next year (depending on unobligated ending cash balance). Revenue fluctuates between $0 and $18M/year.

Authorization / General Information	DNR Hazardous Waste Program and Petroleum Storage Tank Insurance Fund, Chapter 319, Sections 100-139; passed August 28, 1989 Budget — Annual budget for all tanks-related regulatory work, including oversight of USTfields cleanups, is $4.36 million. Annual revenues to State tank fund available for cleanup of tank Chapter Petroleu7a

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Cost Recovery (cont.)	view is that cost recovery can greatly complicate the challenge of cleaning up, transacting, and redeveloping tank sites, which are often owned and purchased by private individuals and small businesses with little ability to repay federal assistance.
Private Sector Involvement	Missouri works with whomever owns or plans to buy the property. Kansas City works closely with private owners, potential buyers, the community, and the Economic Development Corporation to facilitate a redevelopment. The local program also holds forums, roundtables, and workshops for private and public stakeholder outreach and education.
Market Targets and Issues	Because the vast majority of USTfields are located in the state's two largest metropolitan areas, St. Louis and Kansas City, initial pilot projects have focused on these cities. Four blighted pilot sites were identified in Kansas City. Like most brownfield sites in Kansas City, all are privately owned. Close public-private partnerships will be the cornerstone of successful redevelopment of these sites. In addition, the City and State are working to develop a strategy to identify, assess and rank sites according to their potential for redevelopment in connection with surrounding City and private redevelopment projects and ini - tiatives. Sites will be examined in groups, rather than individually, to explore assembly of developable parcels for uses that are supported by market research and local planning, and to reduce costs of assessment and cleanup through economies of scale.
Successes	The state does not track property reuses. The vast majority of NFA letters have no use restrictions. USTs have been removed from about 9000 properties; at about 4,000 of those sites, where a cleanup was necessary, the cleanup has been completed. The vast majority of these sites were cleaned up with private dollars or a combination of private and state funds, which points to a regulatory program that has appropriate goals and a reasonable and straightforward process for achieving those goals, and a successful state tank fund.
Future Outlook	With the combination of more federal funding, extension of the State tank fund to 2010, and better coordination with existing Brownfields resources and city economic development efforts, hundreds of Missouri USTfield sites can not only be cleaned up, but put back into productive use for their communities. More work is needed to quantify the remaining problem, including completing an inventory of all USTfield sites and evaluation of which ones are eligible for funding from various sources. Once this is completed, it can become a crucial piece of the larger redevelopment plans of the major metropolitan areas. Smaller cities and rural areas will need to be included in this overall effort, with the goal of identifying all USTfields in the State, and determining whether each site has contamination, by 2010. Implementation of a more sophisticated Risk Based Decision-Making approach by the State tank regulatory agency is expected to expedite the USTfields effort and allow available financial resources to be directed to sites posing the greatest threat to human health and the environment.

Authorization / General Information

Utah Code Ann., 19-6-401 et. seq., enacted in 1989

Budget — $2.8 million for program administration

Future Outlook	California's regulatory agencies are focusing on high priority sites — those most likely to impact a well first. The regulatory agencies are using GIS to manage data spatially and to identify sites closest to wells so that additional wells aren't impacted. Staff supports the UST Fields goal to expedite development of abandoned properties and supports the increasing use of the USTfields grants as well as the EAR account.
Misc.	USTfields is currently a very small part of the UST Cleanup Program in California. More resources for outreach to communities and redevelopment agencies would be necessary to

Portland, Oregon
EPA Region 10

EPA Contact: Wally Moon, 206 553 6903
State Contact: Jim Glass, 503 378 8240
State UST & Brownfields websites:
http: / / www.deq.state.or.us / wmc / tank / ustlust.htm
Information Source: Jim Glass, with additional information from Stephanie Holmes, 503 378 8240

Authorization / General Information	Oregon Revised Statute (ORS) 465.200 - 465.555 and ORS 466.706 - 466.845 Budget — $2 million LUST and $700,000 UST per year Staffing — 23 full time LUST employee equivalents, and 9 in UST
UST Trust Fund	Oregon does not have an UST trust fund. A $4 million orphan fund for remedial actions for hazardous substances has recently included some UST cleanup projects, although as part of the VCP, it is not money that the tanks program typically has access to. Note: Funding for this program has recently been reduced.
Tank Insurance Fund	No
MTBE Issues / Policy	MTBE is an issue in Oregon, however, levels so far are low and it is not a driving force on many of the UST cleanups. DEQ continues to monitor for MTBE in groundwater at UST sites as well as monitoring fuel quality and documenting MTBE's appearance in the fuel supply. DEQ, Oregon Health Division, and Oregon Dept. of Agriculture are working together to assess groundwater and potential sources of MTBE contamination near public water systems throughout the State.
Petroleum OK in VCP?	Yes — petroleum is accepted if it is from an above ground tank or spill. If there is an UST investigation with non-petroleum constituents, the VCP and tank programs coordinate on the investigation and cleanup. If non-petroleum impacts are larger than petroleum impacts, then VCP may take the lead and coordinate with UST and vice versa.
Tank-specific Incentive to Remediate	Property marketability or refinancing. Oregon Economic and Community Development Department (OECDD) recently introduced the "Oregon Brownfields Redevelopment Fund" which can provide up to $200,000 if the brownfield is located within an economically distressed community and up to $150,000 to brownfields outside an economically distressed community in the form or grants or low interest loans.
Other Incentives Applicable in Tank Situations	Brownfields incentives promote the use of community economic development tools; the UST Program staff are working to provide improved access to these funding options. The Governor's office recently developed "Community Solutions Teams" (CSTs) with regional representatives to work with communities to prepare comprehensive land use plans and help facilitate a variety of redevelopment efforts.
Cost Recovery	Cost recovery is the "lifeblood" of Oregon's UST Cleanup program. Oregon cost recovers against all sites with the exception of sites with bankrupt owners, those with foreclosure and inheritance issues, and sites where the responsible party has been found to have no ability to pay. Cost recovery is often an impediment to cleanup and redevelopment. Cost recovery began in 1988 to hold responsible parties liable for remedial action costs including oversight and review. In 1991, the State developed a responsible party priority (in lieu of environmental priority) list to help facilitate property transactions by allowing DEQ oversight on lower priority sites. This process requires the responsible party to sign a cost recovery agreement with the state.

Future Outlook (cont.)	The Brownfields Work Group is not yet an official program. However, it is a group of motivated individuals dedicated to promoting redevelopment as a component of cleanup. We plan to further develop our working relationships with both HUD and OECDD (the current clearinghouse for most of the funding options available for redevelopment). Our goal is to increase Brownfields/USTfields communication, coordination, and consistency across the state.