



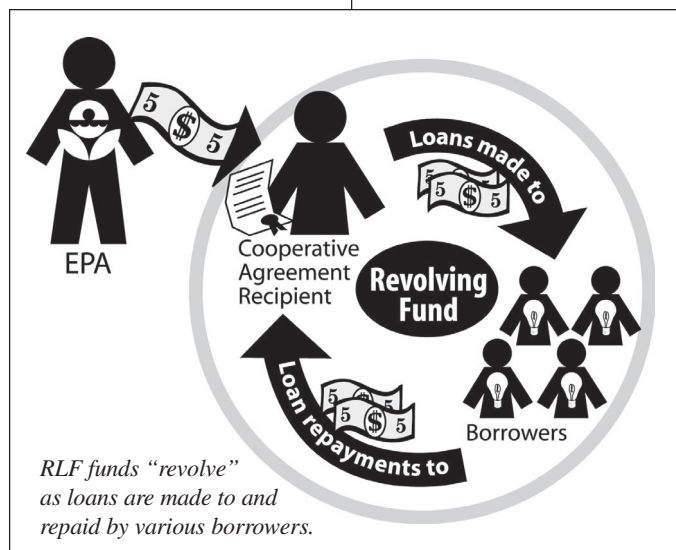
## INTRODUCTION

This manual is a guide to the administrative procedures of the **Revolving Loan Fund (RLF) grant program**. It is designed to serve as a technical resource for EPA regions to assist cooperative agreement recipients in managing a successful RLF program by providing guidelines on administrative requirements, financial management, and environmental cleanup requirements. The recipients' legal obligations are established by statute, regulation, and the terms and conditions of their grant agreement. **This manual does not relieve the cooperative agreement recipient of these legal obligations.**

EPA's RLF grant program enables eligible states, cities, towns, counties, territories, and tribes to capitalize revolving loan funds that will be used to clean up brownfields and facilitate their sustainable reuse. EPA provides cooperative agreement award funds to eligible entities to establish revolving loan funds to make loans for brownfields clean-ups. The RLF "revolves" by lending to public and private borrowers in order to finance environmental cleanup activities at brownfields sites, and then using loan repayments (e.g., principal and interest, other program income) to provide new loans. The RLF can also offer a portion of grant funds from the loan fund pool as subgrants to eligible entities and nonprofit organizations to fund cleanup activities at eligible brownfields sites. These subgrants do not require repayment. RLF funds can only be used for environmental cleanup activities at eligible brownfields sites. Site eligibility is addressed in detail in Chapter 3, *Eligible Fund Uses*.

### What are Brownfields?

EPA defines brownfields as real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.



Although cleaning up contaminated property can revitalize a community and attract new business, developers and investors may be reluctant to reuse these properties for fear of incurring liability for contamination found at the site. In the early 1990's, EPA initially developed the Brownfields Economic Redevelopment Initiative (Brownfields Initiative) in response to this fear and in an effort to demonstrate how environmental cleanup can encourage economic development.

Abandoned and contaminated industrial properties are a major concern in urban, suburban, and rural areas across the United States. According to the U.S. Conference of Mayors' 2000 report, there are an estimated 600,000 brownfields sites across the nation. EPA's Brownfields program grants enable communities to assess and conduct environmental cleanup as well as provide training to community residents using grant funds. This funding further enables communities to pursue economic redevelopment of these sites. For every dollar spent on brownfields cleanup activities, cities and states produce or leverage \$2.48 in private investment. To date, EPA's Brownfields programs have leveraged over \$5 billion in additional public and private investments that have turned abandoned industrial properties into thriving economic centers, needed recreational areas, and welcome open spaces. Brownfields redevelopment also plays a crucial role in protecting areas that have not been previously developed, also known as greenfields. An estimated 4.5 acres of greenfields are saved for every one acre of brownfields redeveloped.\* In addition, Brownfields pilots have leveraged the creation of over 25,000 jobs.

### **The Brownfields Initiative and the RLF Program**

EPA's RLF Program promotes the cleanup and reuse of brownfields and provides financial assistance for brownfields revitalization. EPA has announced 190 Brownfields Cleanup Revolving Loan Fund (BCRLF) pilots since the program was established in 1996. With the enactment of the Brownfields Law in January 2002, the program has been amended (now referred to as the "RLF grant program"). A new feature of the brownfields program is the availability of cleanup grants starting in federal fiscal year 2003. For information on these EPA brownfields programs, refer to the EPA Web site at [www.epa.gov/brownfields](http://www.epa.gov/brownfields).

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\* Information from the Brownfields Management System database and Jonathan P. Deason, George William Sherk, Gary A. Carroll, M.S., School of Engineering and Applied Science, The George Washington University. *Public Policies and Private Decisions Affecting the Redevelopment of Brownfields: An Analysis of Critical Factors, Relative Weights and Areal Differentials*, September 2001.

## Organization and Use of this Manual

The Manual is divided into nine chapters:

- Negotiating the Cooperative Agreement
- Roles and Responsibilities
- Eligible Fund Uses
- Marketing the RLF
- RLF Financial Management
- Environmental Cleanup Responsibilities
- Cross-Cutting Requirements (Reserved)
- Reporting and Record Keeping Responsibilities
- Closeout Procedures
- Appendices

Each chapter contains frequently asked questions (FAQs), and a checklist summarizing key tasks and concepts discussed in the chapter. These tools are intended to assist regional offices' work with their recipients in daily administration of the program.

## The Brownfields Law

On January 11, 2002, President Bush signed into law the *Small Business Liability Relief and Brownfields Revitalization Act*. It amends the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to expand potential federal financial assistance for brownfield revitalization, including grants for assessment, cleanup, job training, research, and technical assistance. The new law also limits the liability of certain contiguous property owners and prospective purchasers of brownfield properties, and clarifies innocent landowner defenses to encourage revitalization and reuse of brownfield sites. **This manual refers to the new law as the "Brownfields Law" and presents the RLF program as it has been amended by this new law.** The Brownfields Law also includes provisions to provide funding to establish and enhance state and tribal cleanup programs, including RLFs, which will continue to play a critical role in the successful cleanup and revitalization of brownfields. EPA began implementing the new grant programs under the new law in federal fiscal year 2003, which began October 1, 2002.

## **Authority for the RLF Grant Program**

Although it is not necessary to have an environmental policy background to operate an RLF program, it is important to understand the legislative and statutory authority governing the program. Funding of RLF activities is authorized by Section 104(k) of CERCLA, as amended by the Brownfields Law, and legal requirements are governed by several key regulations listed below. This manual will periodically reference the key documents listed below as an additional resource for readers:

**Comprehensive Environmental Response, Compensation, and Liability Act** (CERCLA, 42 U.S.C. § 9601): Commonly known as Superfund, this law was first enacted by Congress on December 11, 1980, and amended by the Superfund Amendments and Reauthorization Act of 1987. CERCLA provides broad federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. The Brownfields Law once again amends several sections of CERCLA, including adding Section 104(k), which significantly amends the RLF program.

**National Oil and Hazardous Substances Pollution Contingency Plan** (NCP, 40 C.F.R. Part 300): This federal regulation implements the Superfund program (as well as the program to prevent or control oil spills). The Brownfields Law allows EPA to determine that certain provisions of the NCP may be relevant and appropriate to some aspects of the RLF program. Some of these requirements will be explained in this manual and all will be specified in the terms and conditions of each cooperative agreement.

**Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations** (40 C.F.R. Part 30): This federal regulation establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations. These regulations will be applicable to subgrants awarded to non-profit organizations.

**Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments** (40 C.F.R. Part 31): This federal regulation establishes consistency and uniformity among federal agencies in the management of grants and cooperative agreements with state, local, and federally recognized Indian tribal governments.

## INTRODUCTION

**The United States Code (U.S.C.):** The U.S.C. is a consolidation and codification by subject matter of the general and permanent laws of the United States. The Code does not include regulations issued by executive branch agencies (these are available in the Code of Federal Regulations), decisions of the Federal courts, treaties, or laws enacted by state or local governments.

**Code of Federal Regulations (C.F.R.):** This document codifies all rules of the executive departments and agencies of the federal government. It is divided into 50 volumes, known as titles. Title 40 of the C.F.R. (referenced as 40 C.F.R.) lists environmental regulations.

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