

**Fiscal Year 2018**  
**Process and Considerations for Supplemental Funding**  
**for Brownfields Revolving Loan Fund Grants**

Limited funds may be available to supplement existing Brownfields Revolving Loan Fund (RLF) grantees that have made loan(s) and/or subaward(s) and substantially depleted their pool of loan funds. Eligible RLF grantees are limited to current grantees awarded under CERCLA Section 104(k) and those originally awarded under CERCLA Section 104(d) that have transitioned a grant(s) to Section 104(k) as provided in Section 104(k)(3)(D). RLF grantees applying for supplemental funding must address the considerations identified in Part III, below. EPA reserves the right to reject all requests and make no awards.

## **I. Background**

Section 104(k) of the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. No. 107-118) (Brownfields Law) includes a provision for the U.S. Environmental Protection Agency (EPA) to, among other things:

- award grants to eligible entities to be used to capitalize Revolving Loan Funds (RLFs) and provide subawards for brownfields cleanup;
  
- make an additional grant to RLF grantees for any year after the year for which the initial grant is made (noncompetitive RLF supplemental funding).

## **II. Process**

### **Notification of Supplemental Funding Availability**

- A Federal Register Notice informing RLF grantees of the general availability of RLF supplemental funding was published March 15, 2018. Eligible grantees will be notified of the availability of RLF supplemental funding for Fiscal Year 2018 by Regional RLF Staff. In addition, information regarding the availability of RLF supplemental funding has been posted on the EPA Brownfields website at <https://www.epa.gov/brownfields>.

### **Requests for Supplemental Funding**

- Fiscal Year 2018 RLF supplemental funding decisions will be based upon specified considerations defined in Part III below. The requester of supplemental funding must be the cooperative agreement recipient of a previously awarded RLF and currently open grant. Submittals should note the dollar amount requested for each type of funding available (hazardous substances and/or petroleum). Grantees may request one or both types of funding. Due to high demand and limited resources, supplemental funding awards are generally between \$200,000 and \$500,000, in total.
  
- To be eligible for supplemental funding, grantees must demonstrate that they have significantly depleted funds (both EPA grant funding and any available pre- or post-closeout program income) and that they have a clear plan for quickly utilizing requested additional funds. Program income refers to the funds generated or earned by all open and closed RLF grants, including principal repayments, interest earned on outstanding loan principal, interest earned on accounts holding RLF program income, loan fees and loan-related charges received from borrowers and other income generated from RLF operations. Grantees must also demonstrate that they have made at least one loan or subgrant

prior to applying for this supplemental funding and have significantly depleted existing available funds.

- For FY2018, EPA defines “significantly depleted funds” for most grantees as the balance of uncommitted or available funding that does not exceed 25% of the total RLF funds awarded under both open and closed grants with the following exceptions. Exception 1: RLF grantees that have only received one RLF grant of \$1 million dollars or less and that also have also never received supplemental funding, may have an uncommitted balance of up to \$300,000. Exception 2: RLF grantees that have received RLF funding totaling \$2.5 million or more may not have a remaining balance of uncommitted funds that exceeds \$600,000. For calculation of the uncommitted balance, see Section III, below. For the purposes of this requirement, committed refers to funding designated for loans or subawards that have been approved through the applicant’s decision process (e.g., board or committee); unreimbursed costs for a cleanup that is completed or underway; and, estimated costs for personnel, travel, contracts or other programmatic costs necessary to maintain the RLF.
- A request for supplemental funding must be in the form of a letter addressed to your Regional Brownfields Coordinator with a copy to Rachel Congdon, U.S. EPA Headquarters, at [congdon.rachel@epa.gov](mailto:congdon.rachel@epa.gov).
- The letter must include the information identified in Part III, below.

### **Regional Input on Requests**

- EPA Regions will review request letters from RLF grantees. The Regions will screen the request for eligibility and submit an evaluation of the request to the EPA Office of Brownfields and Land Revitalization as it relates to the considerations in Part III below.

### **Deadlines**

- Request letters must be postmarked or submitted via email to your Regional Brownfields Coordinator by **April 13, 2018**. If an RLF grantee is not able to submit their request by this deadline, they may have opportunities to apply for supplemental funding in a future year, subject to funding availability.

### **Selection/Award**

- Upon selection by the Assistant Administrator of the Office of Land and Emergency Management (OLEM), award of supplemental funds will be made by the Regional Administrator, or other delegated regional award official.
- Upon selection to receive an award of supplemental funds, RLF grantees will be required to work with EPA Regions to amend existing cooperative agreements, work plans and follow applicable grants.gov (IGMS) procedures.
- RLF grantees applying for a RLF Grant through the FY2018 competitive grant cycle and supplemental funding through this process will receive either the competitive grant if successful or a supplemental grant if eligible, but not both.

### **III. Considerations**

In addition to the depletion of funds, supplemental funding requests will be evaluated on the quality and extent to which the grantee's RLF program reflects the following considerations.

- 1) A number of imminent and potential projects in the RLF program pipelinedemonstrating the program's ability to make loans and subgrants for cleanups that can be started and completed, as well as, as quickly lead to redevelopment;
- 2) The ability to administer, preserve and revolve the capitalization funding in the RLF grant;
- 3) The ability to use the RLF grant to address funding gaps for cleanup; and
- 4) Community benefits from past and potential loan(s) and/or subgrant(s).

EPA encourages innovative approaches to maximizing revolving and leveraging with other funds, including use of grants funds as a loan loss guarantee, combining with other government or private sector lending resources.

EPA may also consider relevant information from other sources including information from EPA files and/or from other federal or non-federal grantors to verify or supplement information provided by the applicant.

#### **IV. Content of Supplemental Request**

Grantees requesting supplemental funding must provide sufficient information to demonstrate the eligibility for supplemental funding and to allow for evaluation of the considerations above. The request must, therefore, include the following information.

**1. A demonstration of the significant depletion of funds.** To demonstrate the grantee's eligibility for supplemental funding, the request shall include:

**A. Number of completed loans and/or subawards.**

**B. Amount of Available Funding and Current Commitments:**

- Amount of unspent grant funding from all open RLF grants<sup>1</sup>.
- Amount of available or unspent accrued program income from all open and closed grants.
- Amount of current commitments to loans, subawards and programmatic costs (do not include the expenses that have already been drawn from grant funding).

**C. The total amount of uncommitted funds based on the following formula:**

$$\text{Uncommitted Funding} = \text{Unspent Grant Funding*} + \text{Unspent Program Income (PI)} \\ - \text{Committed Funds.}$$

\* Please consult with the appropriate Region for the amount of unspent grant funds reported in the EPA's Financial Management System. Unspent Grant Funding includes any unspent cost share.

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<sup>1</sup> Total Grant Funding includes cost share.

- D. **A list of projects and associated costs that demonstrate the current funding commitments, associated leveraging, and anticipated outcomes.** The list should include, at minimum, the following information: project name, location, form of commitment (loan, subaward or other), the dollar amount, project status (current status and projected timeline for completion of project), the amounts and sources of associated leveraged funding and whether the funding is firm (secured), and other anticipated outcomes (including anticipated reuse of property, the estimated number of cleanup and redevelopment jobs that will be created, and other anticipated outcomes that have a direct benefit to the community). Table 1 below provides examples of the level of information required for this demonstration.
2. **A list of imminent and potential projects in your pipeline that are most likely to use the requested funding to demonstrate the likelihood that the supplemental funding will be used expeditiously, lead to preservation of the fund, promote reuse of sites and provide community benefits.** Include, at minimum, the following information: project name, location, form of anticipated commitment (loan, subaward or other), the estimated dollar amount, project status and projected timeline for completion of project, the amounts and sources of leveraged funding and whether the funding is firm (secured), and other anticipated outcomes (including anticipated reuse of property, the estimated number of cleanup and redevelopment jobs that will be created, and other anticipated outcomes that have a direct benefit to the community). Table 2 below provides examples of the level of information required for this demonstration.
  3. **A summary of major RLF accomplishments for projects where 100% of the associated RLF funding has been expended to further demonstrate the grantee's ability to award and manage loans/subgrants, preserve the fund, successfully promote reuse of sites, and provide community benefits.** The summary shall include, at minimum, the number of loans and number of subawards made, total amount of program income, number of ongoing cleanups, number of cleanups completed, and the significant outcomes to date (including leveraged cleanup and redevelopment funding, cleanup and redevelopment jobs created, number of properties reused and other outcomes that have a direct benefit to the community). [Note: Your regional lead will confirm that appropriate accomplishments are reported in ACRES.]
  4. **A discussion of the management of the RLF to demonstrate the grantee's ability to (1) comply with the requirements of the current grant(s) workplan(s), the administrative and programmatic terms and conditions of the grant, and, if applicable, closeout agreement requirements for closed grants; (2) implement prudent lending practices, and (3) sustain and revolve the RLF.** Include at minimum information regarding the timeliness of submission of required reports and work products (including Quarterly Performance Reports and ACRES data), completion of critical work plan tasks, the RLF loan review and approval process, and other information that further supports this demonstration.

**Table 1**  
**Sample Format and Examples for Committed Funds**  
(supplement as appropriate using additional rows or text)

<b>Project Name</b>	<b>Location</b>	<b>Form of commitment (Loan, Subaward, or Other); Amount (\$)</b>	<b>Status/Timeline</b>	<b>Firm Leveraging Commitments and Estimated Leveraging</b>	<b>Anticipated Reuse and Outcomes</b>
E.g., Site A	City of Wherever, State	\$300,000 Loan	Executed RLF loan, cleanup underway and anticipated to be complete by end of summer 2018, redevelopment spring of 2019	Firm: \$300,000 of private funding escrowed by private party for cleanup. County Parks and Rec has approved plan and committed to upkeep and maintenance of complex. Potential: Up to \$500,000 from national sports organization.	Cleanup of former landfill, expected reuse as a sports complex, creating 1 full time and 3 part-time jobs.
E.g., Site B	Unincorporated County of Anyplace, State	\$200,000 Subaward	Approval from City Council; Subaward to be executed in Fall 2018 & cleanup in Spring 2019.	Firm: \$500,000 for cleanup and redevelopment from local health organization; Potential: HUD Funding for affordable housing	Cleanup of abandoned hospital, affordable housing, 2 full-time jobs and the ability for aging residents to remain within neighborhood.
Programmatic Costs for Sites A & B and management of RLF	Not Applicable	\$10,000 Personnel \$10,000 Environmental Professional Contract \$10,000 Fund Manager Agreement	Internal set-aside for personnel, contract and MOA with fund manager. To be expended during cleanup of sites A & B and on an ongoing basis for management of program income.		Successful implementation of RLF, Preservation of the RLF funds
<b>Total of Committed Funds</b>		<b>\$530,000</b>			

**Table 2**  
**Sample Format and Examples for Potential Projects**  
(supplement as appropriate using additional rows or text)

<b>Project Name</b>	<b>Location</b>	<b>Form of commitment (Loan, Subaward or Other); Estimated Amount (\$)</b>	<b>Status/Timeline</b>	<b>Firm Leveraging Commitments and Estimated Leveraging</b>	<b>Anticipated Reuse and Outcomes</b>
E.g., Site D	City/Town, State	\$500,000 Loan	Developer has completed cleanup planning and is preparing RLF application. Anticipated schedule starting from date of supplemental award (12 months total): Application Submittal, Approval and Processing (3 months); Cleanup (1 month); Redevelopment Complete within 8 months.	Firm: \$1,000,000 from developer	Nursing Home allowing elderly to remain within their community and creating 30 jobs for both skilled and unskilled workers.
E.g., Site E	City/Town, State	\$100,000 Subaward	Local non-profit submitted a preliminary application. Final Anticipated schedule starting from date of supplemental award: Application submittal (4 <sup>th</sup> Quarter FY18); approval, processing and cleanup (1 <sup>st</sup> Quarter, FY18); Cleanup (2nd Quarter, FY18); Redevelopment Complete (by end of FY19.	Potential: up to \$200,000 from State DOT	New bike path and greenspace to improve the quality of life for community residents.
Programmatic Costs for Sites A & B and management of RLF	City/Town, State	\$5,000 Personnel \$5,000 Environmental Professional Contract \$5,000 Fund Manager Agreement	Internal set-aside for estimated personnel, environmental contract and MOA with fund manager. To be expended during cleanup of sites A & B and on an ongoing basis for management of program income.	Additional Personnel Costs from City	Compliance with Award Conditions and Revolve of Funds
	<b>Total</b>	<b>\$615,000</b>			