

Brownfields Cleanup Revolving Loan Fund 2010 Annual Report to the Twenty-Sixth Legislature

Submitted by the Office of Planning
Department of Business, Economic Development & Tourism
In satisfaction of Act 173, 2002 SLH as Amended.

History of the Brownfields Cleanup Revolving Loan Fund

In 2002, a coalition of the Department of Business, Economic Development and Tourism (DBEDT), the City and County of Honolulu and the County of Maui received a grant of \$2.0 million from the U.S. Environmental Protection Agency (EPA) to start the Hawaii Brownfields Cleanup Revolving Loan Fund. The purpose of the fund is to encourage cleanup and redevelopment of former industrial properties that are idled, underutilized or abandoned as a result of contamination by hazardous materials or petroleum. The Office of Planning (OP) is the fund manager. The fund will make loans to eligible redevelopment projects in any of coalition partners' jurisdictions. Repayments of loans will re-capitalize the loan fund allowing more loans to be made.

Act 173, 2002, SLH, established the revolving loan fund in the State treasury. The program implementation plan was approved by the EPA in 2005. Rules were adopted in 2005. A Memorandum of Agreement was executed by the three coalition partners and their technical advisor, the State Department of Health, Environmental Health Administration, which defines the working relationships and loan fund activities.

Extension of the Special Fund, EPA Grant and Coalition Agreement – In 2007, the Legislature amended Act 173, 2002, SLH, by deleting the sunset date of June 30, 2007. EPA extended the grant until April 30, 2011. All three coalition members agreed to extend the loan program.

2010 Loan Fund Activities and Transactions

First Loan. In June 2009, DBEDT and the Department of Hawaiian Home Lands (DHHL) executed a loan agreement for \$1.97 million for cleanup of the former Ewa Sugar Company Pesticide Mixing and Loading Site in East Kapolei, O'ahu. The site is considered a priority for cleanup by the State Department of Health and the U.S. EPA. DHHL acquired the site along with the surrounding 400 acres to build a homestead community for Native Hawaiians.

OP, acting as DBEDT's RLF manager, has disbursed approximately \$452,000 to DHHL for cleanup activities in the first and second quarters of FY2011 and plans to disburse the balance of the loan contract in the fourth quarter of FY 2011. Repayment of the loan is scheduled for 2012, when OP will solicit applications for new loans.

2011 Legislative Session – Emergency Ceiling Increase Request

OP is requesting an emergency appropriation to increase the fund's expenditure ceiling from \$1.0 million to \$1.6 million in order to disburse the entire loan amount prior to the termination of the federal grant on April 31, 2011. Without a ceiling increase, federal funds will be lost and the DHHL housing project will be delayed. No general funds are involved.