



EXECUTIVE SUMMARY – AROOSTOOK COUNTY

Brownfields & Economic Renewal

Introductory Section

Hazardous substances and petroleum products used or generated by agriculture and forestry industries have the potential to affect human health and the environment. According to the Maine Department of Environmental Protection (MDEP), contaminants often found in Maine's groundwater include petroleum compounds, cleaning solvents, pesticides, heavy metals, nitrates, chloride, sodium, and bacteria. Some of the sources responsible for groundwater contamination include leaking underground and above-ground storage tanks, agriculture, and hazardous substance sites.

Residents rely heavily on groundwater for their drinking water supplies. There are 16,563 housing units (43%) that have an individual drilled well and 2,375 units (6%) have a dug well. Residents with wells who live near contaminated sites are potentially exposed to contaminants through the ingestion of drinking water, and the most vulnerable populations (such as children and the elderly) are extremely susceptible to these contaminants.

In 2006, the MDEP undertook a municipal survey to determine the number and extent of brownfields throughout the State. According to the survey, 34 of the 71 communities (48%) located in the Northern Maine Economic Development District were noted as having some type of brownfield. The survey identified sites ranging from gas stations, auto repair shops, junkyards, and food processing for agriculture operations. These sites not only have the potential to contaminate groundwater and soil, they pollute the landscape. Run-down buildings with broken windows, collapsed roofs and graffiti-covered walls, located near downtowns are causing economic and emotional depression in the communities. In August 2011, Northern Maine Development Commission (NMDC) developed and mailed a survey to all 67 communities in Aroostook County to determine the number of potential Brownfield sites. Town officials identified 62 potential properties in their surveys. Staff also reviewed the MDEP's Bureau of Remediation and Waste Management Site List which included Uncontrolled Hazardous Substance, Spills, and /or Voluntary Clean-Up Action Program (VRAP) Sites where 14 additional sites are identified. In total, 76 potential brownfields located within 15 communities were flagged. These properties cover approximately 78 acres and were identified as former manufacturing sites, former fertilizer mixing and storage facilities, gas stations, closed repair/service shops, food processing facilities, and agricultural related businesses.

In October 2012, NMDC was awarded a \$400,000 Brownfield Community-Wide Assessment Grant from the United States Environmental Protection Agency. This community-wide hazardous substances and petroleum products assessment grant is helping to provide critical funding for Aroostook County as NMDC, and Aroostook and Washington counties move forward with the Gro-WA planning process.



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Findings

Of the property currently being assessed through NMDC's Brownfield Assessment Grant, none are municipally owned. For the most part, assessments have been completed on privately owned properties in commercial zones within the communities. One property was assessed within a low-to-moderate (LMI) community, in which more than 20% of the residents live below poverty levels. In this case, only a Phase I Environmental Site Assessment (ESA) was conducted. Due to highly restrictive language in the deed, the potential for financing and/or redevelopment will be greatly reduced.

Properties that are receiving either a Phase I or Phase II ESA are all currently for sale or listed with a real estate agent; and the prospective buyer has approached a commercial lender for financing in order to purchase the property. Today, more so than ever, lending institutions are requiring an assessment be performed on the property before final agreements are in place due to the perceived risk to the value of the property (and the lender's ability to recoup its investment) in the event that the borrower defaults. Phase I ESAs generally cost between \$2500 and \$3500 while Phase II assessments typically can range between \$10,000 - \$50,000, depending on site complexities. These costs can be prohibitive to developers wishing to redevelop a site. Brownfield Revolving Loan funds are available but have proven to be unpopular in northern Maine.

Given our rural nature, it is much cheaper to build new than try to redevelop the contaminated properties. Developers, concerned about their bottom line, are likely to go elsewhere. For example, a local housing authority found that the cost of redeveloping a brownfield site in the community would have added over \$1 million to the project cost. Even though the site met their needs, the increased cost eliminated it from consideration. A review of local ordinances revealed no regulatory impediments for infill development or the redevelopment of a brownfield site.

Another issue emerging in northern Maine is the occurrence of methamphetamine manufacturing in homes. In 2012, eight methamphetamine labs were discovered in Aroostook County. Dwellings where a meth lab has been operating become contaminated and pose serious health risks to future inhabitants as ceilings, floors, carpets, walls, drapes, furnishings, are all contaminated by the toxic fumes and residue from the dangerous chemicals.



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Analysis and Basic Conclusions

The Brownfield Assessment Grant is a key component of brownfield redevelopment. People do not have an additional \$30,000 to \$50,000 to assess these properties and develop clean-up plans. Bankers are aware of the liability issues with the properties and often require up-front assessments or VRAP involvement before a sale can go through. Assessment funds help to offset these costs, allowing for a more cost-effective redevelopment effort.

If a developer intends to utilize NMDC funds provided by the Environmental Protection Agency, additional time is required (sometimes as much as six months) for real estate transactions. This lag time, due to statutory requirements, can be a deal-breaker in some cases.

A \$1 million low interest Brownfield Revolving Loan program is also available in northern Maine. The program pays for clean-up of sites that are contaminated with either petroleum products or hazardous substances, and was broken down into a sub-grant program for municipalities and non-profits, and a loan program for private individuals. The sub-grant program has proven to be very popular with all of the funds expended at the time of the writing of this report. Distributing loan funds has been problematic and NMDC staff is looking to utilize the remaining funds in other areas of the state.

In Aroostook County, 42 communities have some form of zoning ordinance or land use regulation. None have Infill Incentive Districts, but identify priority areas with zoning ordinances where development can be successful and should be encouraged. In some cases, certain municipalities will not allow commercial and industrial development beyond certain boundaries. Many towns attempt to steer most of their infrastructure development into the designated “Growth Area”, and, through the development of ordinances require that new development be located in those areas to help lower the cost of both the infrastructure and the development.



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Suggested Actions

- Municipalities should be continually educated as to the importance and proper clean-up of brownfield sites. Educational programs should be developed that highlight the program and funding that may be available.
- Due to growing national concern, Congress made properties contaminated by controlled substances such as methamphetamine (meth) eligible for Brownfield funding. Brownfield redevelopment is not the primary solution to the emerging clandestine drug lab issue. However, some stakeholders find that this addition to the Brownfield program funding and technical assistance is beneficial to combating the meth problem in their area. This advancement and amendments to the program should continue to be supported.
- Assessment Grants fund a variety of pre-cleanup environmental activities such as site assessment, inventory, characterization, prioritization, community outreach, and cleanup planning and design. The region should continue to apply for these funds as they provide a no-cost opportunity for developers to ensure that their due-diligence has been completed.
- Individual Cleanup Grants Funds have not been applied for in the region to this point. Individual municipalities should be encouraged to apply for these funds both at the state and federal level.
- Revolving Loan Fund Grants need to be better marketed in the region. These low-interest loan programs should be more popular with developers. A concerted effort to educate developers to the availability of these funds should also be undertaken.
- Job Training Grants are designed to help unemployed/underemployed residents take advantage of jobs created by the assessment/ cleanup of brownfield sites. The Local Workforce Investment Board should work with area employers and local colleges and universities to apply for these funds, and develop a program that trains potential employees.
- State and Tribal Response Program (Section 128) Funds are a non-competitive grant source for states and Native American tribes to establish and enhance response programs. The region should be made aware of these programs and how to obtain this type of funding.
- Land use planners should continue to work with municipalities to ensure that newly developed zoning ordinances do not preclude or prohibit the re-development of brownfield sites.



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Implementation Already Occurring

- NMDC has received a \$400,000 grant to assess properties contaminated with either petroleum products or hazardous substances.
- NMDC has established a \$1 million revolving loan fund to clean up properties contaminated with either petroleum products (\$500,000) or hazardous substances (\$500,000).
- MDEP has spent over \$500,000 in Aroostook County on site assessments and clean-up in a variety of communities.
- NMDC will be hosting a realtor and banker meeting to highlight the funding available.
- County Environmental Engineering has hosted a Phase I and Phase II education workshop for bankers.



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Additional Resource Needs

- Additional brownfield funding (\$400,000) could assess up to 12 sites that are potentially contaminated with either hazardous substances or petroleum products.
- Better education and outreach to municipalities, landowners, and developers as to the resources available for the assessment and clean-up of contaminated properties.
- Public/private funding for the redevelopment of brownfield sites. Landowners and/or developers need to have some “skin in the game” for remediation.
- Better communication between the assessments and the lending end of brownfield remediation and redevelopment. Need to stress the importance of environmental site assessments.
- Realtor workshops to educate this sector to the importance and potential of brownfield redevelopment.