

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
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Madison WI 53707-7921

Town & Country Laundry Mat FID 230142990 7513 45th Ave
BRATS 02-30-543696

Scott Walker, Governor
Cathy Stepp, Secretary
Telephone 608-266-2621
Toll Free 1-888-936-7463
TTY Access via relay - 711



January 30, 2014

CRAIG YALE
CRAIG G YALE & ASSOCIATES INC
1141 G LAKE COOK ROAD
DEERFIELD, IL 60015

ALSO sent to
Michael Silver

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02-~~68~~ - 543696
SER-CIESLAR

SUBJECT: STATUS OF THE DRY CLEANER ENVIRONMENTAL RESPONSE FUND (DERF)

Dear Sir/Madam:

The purpose of this letter is to inform you of the current status of the Dry Cleaner Environmental Response Fund (DERF). In short, money in the Fund is insufficient to keep up with current and expected future demands.

As you know, the dry cleaner industry designed DERF so that monies generated by fees are used to reimburse owners and operators of dry cleaning businesses their cost of cleaning up dry cleaner solvent contamination. Revenues for DERF are generated by a 2.8% fee on gross dry cleaning receipts and fees on solvent sales. In 2000, DERF collected over \$1.3 million in fees. As of 2013 annual fees collected had fallen 40% to about \$800,000.

Demand for reimbursement of cleanup costs at DERF eligible sites is about \$1.2 million/year. A similar revenue shortfall occurred between late 2007 and 2009. Since that time, reimbursements have been paid on-time due to a \$6.2 million loan to DERF from the Environmental Improvement Fund (EIF). That loan will be exhausted by early spring 2014.

With the end of the EIF loan, money will not be available to keep up with expected claims. As a result, new reimbursement requests will experience longer payment delays. We can only issue payments as money is deposited into the DERF each quarter. We expect to begin building a backlog of claim payments in April 2014. Claims will be paid on a first-in, first-out basis.

The Governor's Dry Cleaner Council, Wisconsin Fabricare Institute, and the Department of Natural Resources (DNR) have been working for some time to address the projected DERF revenue shortfall. A number of possible options have or are being considered; several would require separate legislative approval. We are committed to working with our partners to address this issue.

Despite the projected DERF revenue shortfall and anticipated delays in reimbursements to eligible dry cleaners, state law still requires that those responsible for contamination or who own contaminated property undertake investigation and cleanup of those properties. The DNR is committed to working with dry cleaners and property owners to help determine the best way to keep the investigations and cleanups moving forward in the face of delayed reimbursements from DERF.

Additional information about DERF, including information on revenues and reimbursement payments can be found at <http://dnr.wi.gov/Aid/DERF.html>. If you have any questions about this letter or the DERF program, please contact Terry Evanson at 608-266-0941 or Theresa.Evanson@wisconsin.gov.

Sincerely,

Theresa A. Evanson, P.H.
Hydrogeologist
Bureau for Remediation & Redevelopment