



October 27, 2020

BRRTS # 02-41-552212
FID # 241487180
Site Status: OPEN
Date Site Closed:

FABRICARE SPECIALIST OF WISCONSIN
3707 W LOOMIS RD
GREENFIELD, WI 53221

Subject: Status of Dry Cleaner Environmental Response Fund (DERF),
Environmental Responsibility and DERF Eligibility for Emerging Contaminants
CARRIAGE CLEANERS
3707 W LOOMIS RD, GREENFIELD, WI

Greetings:

This letter is being sent to all Responsible Parties (RPs) and applicants, agents and payees for the Dry Cleaner Environmental Response Program/Fund (DERF) that currently have an open contamination site and select closed contamination sites on the Department of Natural Resources (DNR) Bureau for Remediation and Redevelopment Tracking System (BRRTS).

The purpose of this letter is to provide you with four pieces of information:

1. DNR recently recalculated projected dates for payment of claims previously submitted for reimbursement from DERF. A spreadsheet of claims in queue for reimbursement and projected payment dates is available at dnr.wi.gov/aid/DERF.html under the "Fund stats" tab in the document titled "Reimbursement Requests Pending";
2. There is currently a **projected wait time of more than 10 years** after receipt of new claims prior to payment and there is no guarantee funds will be available to pay new claims prior to the sunset date of June 30, 2032;
3. Responsibility for investigation and cleanup of environmental contamination is independent from the status of claims for reimbursement from DERF; and
4. Costs associated with emerging contaminants, such as perfluoroalkyl and polyfluoroalkyl substances (PFAS), are not eligible expenses for reimbursement of claims under DERF.

Financial Viability of DERF in Critical Condition

In late 2019, DNR projected an annual 9% to 12% decline in DERF revenue through the sunset date of June 30, 2032, based on a reducing trend of active dry cleaners in the industry. This steady decline in part explains the funding shortfall and anticipated 10 year wait to receive payment on submitted claims as calculated in 2019. The history of DERF and explanation of the funding source is explained in an Attachment to this letter for your reference.

Actual revenue for DERF in fiscal year 2020 (which ended June 30, 2020) is less than what was projected in 2019. Recent calculations showed an actual 17.26% decline in revenue this fiscal year compared to last fiscal year. DNR will not know the long-term effect of the COVID-19 pandemic on the dry cleaner industry for some time and if there will be additional businesses closing, which may affect the already limited revenue for DERF even further. DNR will monitor

actual revenue and re-evaluate the projected revenue decline in 2021. DNR will continue to update the estimated payment date for claims waiting to be paid as information on revenue is received.

DNR's authority to implement DERF is limited by statute, and DNR does not have authority to make statutory changes. The DNR will have no statutory authority to make payments when the funding source is exhausted, regardless of eligibility or whether a claim was received prior to the 2032 sunset date. Thus, it is impossible to guarantee that previously submitted claims or future submitted claims will be reimbursed.

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Emerging Contaminant Investigation and Cleanup Activities Not Eligible for Reimbursement under DERF

Wisconsin Administrative Code ("Wis. Admin. Code") § NR 169.03 clarifies DERF applies to contamination of a discharge of a "dry cleaning product". Wisconsin Statute ("Wis. Stats.") §292.65 (1) (e) defines a dry-cleaning product as a "hazardous substance used to clean apparel or household fabrics..." Eligibility for expenses hinges on this definition.

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The DNR appreciates the efforts to restore the environment at this site. If you have any questions regarding this site, please contact the assigned DNR Project Manager or DNR Site contact:

MAY VANG
(414) 232-0126
may.vang@wisconsin.gov

Sincerely,



Christine Haag
Program Director
Remediation & Redevelopment Program

Attachment

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DERP is funded by license fees paid quarterly by every operator of an active dry-cleaning facility that include:

- 2.8% of the gross receipts from the previous three months for dry cleaning;
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These fees are collected quarterly by the Department of Revenue (DOR) and transferred to the DNR to administer the program. At the start of this program, there were 350 licensed dry cleaners in the state. That number dropped to 135 in 2020.

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- In 2009, a loan of \$6.2 million from the Environmental Fund was obtained.

No other legislative changes have occurred. Compounding the issue is the general decline in demand for dry cleaners resulting in a decline in the revenue that funds the grant program, as discussed in the letter above.

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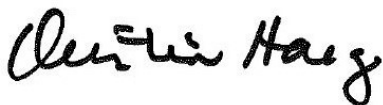
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LOOMIS LLC
ATTN: GERALD BUTZ
1120 WEST DECORAH RD
WEST BEND, WI 53095

Subject: Status of Dry Cleaner Environmental Response Fund (DERF),
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CARRIAGE CLEANERS
3707 W LOOMIS RD, GREENFIELD, WI

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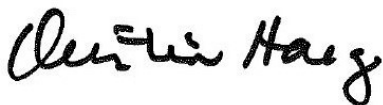
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WHYTE HIRSCHBOECK DUDEK S C
555 E WELLS ST STE 1900
MILWAUKEE, WI 53202

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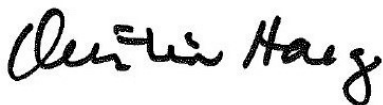
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