



Agricultural Chemical Response and Reimbursement Account (ACRRA) ANNUAL REPORT Fiscal Year 2013



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Pursuant to Minn. Stat. § 3.197, the cost of preparing this report was approximately \$500

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Executive Summary

The Agricultural Chemical Response and Reimbursement Account (ACRRA) was created to provide financial assistance to eligible parties cleaning up agricultural chemical contamination. The ACRRA funds are administered by the Agricultural Chemical Response Compensation Board (Board), which consists of representatives from the agricultural industry as well as the Commissioners of Agriculture and Commerce.

Over its 23 year history, the ACRRA Program has reviewed over 1,135 applications and reimbursed over \$34 million to help cover the cost of cleaning up agricultural chemical spills.

In fiscal year 2013 (FY13), the Board met four times, approving payments for 39 applications reviewed. Of the 39 applications, 18 were for new sites (initial applications) and 21 were subsequent applications due to ongoing cleanup activities. The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$2,077,890. Administrative expenses, including ACRRA and Incident Response Unit (IRU) staff, were \$323,795.

During the fiscal year, there was a *transfer out* in the amount of \$500,000 per Minnesota laws of 2010, Chapter 215, Article 5, Section 3, Subdivision 6.

During the fiscal year, the Commissioner of Agriculture received ACRRA surcharge revenues totaling \$1,089,278.

Cover Photo:

The cover photo is from the Mallard Ridge excavation in Zimmerman, Minnesota. ACRRA money was used to excavate and dispose of pentachlorophenol contaminated soil at a permitted industrial waste landfill. The former wood treating facility was operated in the 1970s and there is no responsible party.

Introduction

The ACRRRA program was created as part of the 1989 Minnesota Groundwater Protection Act to provide financial assistance for cleaning up agricultural chemical contamination (incidents).

ACRRRA funds are administered by the Agricultural Chemical Response Compensation Board. The five-member board consists of representatives from agricultural chemical registrants, manufacturers/dealers, farmers, and the Commissioners of Agriculture and Commerce.

The Board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. The Pesticide and Fertilizer Management Division (PFMD) has several active programs for addressing agricultural chemical cleanups: emergency, comprehensive, voluntary, abandoned site, and preconstruction. Emergency releases occur suddenly, such as a valve failure, traffic accident, fire, or flood. The Emergency Response team of the Minnesota Department of Agriculture (MDA) has oversight of these cleanups. A site can be contaminated by agricultural chemical spills/releases over time and may be cleaned up under the oversight of one or more of the programs at various times.

ACRRRA is funded through annual surcharges on pesticide and fertilizer sales, and on applicator and dealer licenses. As a condition of obtaining a license or registration from the MDA, a person must pay fees and the ACRRRA surcharge. The ACRRRA revenue collected supports program operations.

Background

The ACRRRA program is administered by PFMD staff. Duties performed by the ACRRRA staff include: reviewing applications, determining eligibility, program outreach, procuring information, making funding recommendations to the board based on statute and rule, fund financial forecasting, developing legislative initiatives, and coordinating activities with the MDA IRU.

The ACRRRA staff is dedicated to ensuring that agricultural chemical impacts on the environment are minimized by administering this program to help defray the cost of cleaning up agricultural chemical spills and to managing program resources effectively. Oversight of the corrective actions taken to clean up contamination is the responsibility of the IRU. Two IRU staff are funded through this program, including a project manager and a hydrogeologist who oversee the investigation and clean-up of ACRRRA eligible sites.

Since inception, the ACRRRA program has disbursed over \$34 million to cover eligible corrective action clean-up costs. The Commissioner determines the amount of the surcharges based on a public hearing. The surcharge rate is set to maintain a minimum balance of one million dollars and no more than five million dollars.

Incident Response Program Status

As of the end of June 2013, there were 72 comprehensive and 68 voluntary project files that were actively being worked on by IRU staff. As of June 30, 2012 there were 79 comprehensive and 71 voluntary project files that were actively being worked on by IRU staff. The number of voluntary project files that entered the Agricultural Voluntary Investigation and Cleanup (AgVIC) program in FY12 included 26 new project files, while in FY13 there were 16 new voluntary project files that entered the AgVIC program. There were 48 project files that were closed in FY13.

The types of facilities currently active in the comprehensive and voluntary programs include former and currently operating agricultural chemical retail facilities, pesticide and fertilizer warehousing and manufacturing facilities, wood treating facilities and aerial applicator operations.

Financial Report

REVENUES:

Fiscal Year 2013 ACRRA surcharge revenues totaled \$1,089,278 (this amount includes investment earnings). The chart below shows the surcharges per category in effect throughout FY13.

ACRRA Surcharge Category	FY13 ACRRA Surcharges
Commercial & Non-Commercial Pesticide Licenses	\$8.25
Structural Pest Control Company Licenses	\$33.00
Agricultural Fertilizer Licenses (includes lawn service)	\$16.50
Pesticide Dealer License	\$24.75
Fertilizer Tonnage	\$0.10/Ton
Pesticide Registration (percent of Sales)	0.1%
Out-of-State Pesticide Distributors (each site)	\$1,000

Fiscal Year 2011 ended with a fund balance of \$5,828,322, and FY12 ended with a balance of \$5,088,398*. The fund balance was \$3,275,991 at the end of FY13.

Staff anticipates that reimbursements, payments, and other program costs will remain similar to costs in the recent past. Staff also projects that revenues during the coming fiscal year will remain comparable to those collected over the recent fiscal years. Note that expenditures have been outpacing revenues; therefore, the fund balance is expected to continue to decrease during the next fiscal year. See the *Statement of Revenues, Expenditures and Fund Balance* on the following page.

EXPENDITURES:

The ACRRA Board approved reimbursement of 39 applications in FY13. Eighteen were new applications and 21 were subsequent applications. Of these 39 applications; 21 were for voluntary site clean-ups, 17 were comprehensive, and one (1) was an emergency incident.

In FY13, direct payment to contractors for cleanup of abandoned sites totaled \$117,546.

The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$2,077,890. Administrative expenses, including ACRRA and IRU staff, were \$323,795. Total expenditures were \$2,401,685.

Additionally, the Legislature transferred \$500,000** from the ACRRA fund into the General Fund to assist with the State's budget deficit.

* Corrections were made to 2012 figures due to invoices being paid after close of the fiscal year

**per laws of 2010, Chapter 215, Article 5, Section 3, Subdivision 6

Statement of Revenues, Expenditures and Fund Balance

Minnesota Department of Agriculture
 Agricultural Chemical Response and Reimbursement Account
 For the fiscal year ended June 30, 2013 *

	2013	2013	*2012
REVENUES:			
Surcharge on License/Authorization	12%	127,521	120,143
Surcharge on Tonnage/Product Registration	86%	936,006	828,040
Investment Earnings	2%	<u>25,751</u>	<u>32,579</u>
Total Revenues	100%	1,089,278	980,761
EXPENDITURES:			
Reimbursement & Clean-up Costs		2,077,890	1,408,260
Administrative Expenditures (ACRRA)		179,330	164,363
Administrative Expenditures (Incident Response Unit)		144,465	148,062
Transfer Out****		<u>500,000</u>	<u>0</u>
Total Expenditures		2,901,685	1,720,685
Fund balance beginning of year		<u>5,088,398</u>	<u>5,828,322</u>
Ending Fund Balance		3,275,991	5,088,398

*All numbers rounded to nearest dollar.

** Percent of total revenues

*** Corrections made to 2012 figures due to invoices being paid after close of the fiscal-year

**** per laws of 2010, Chapter 215, Article 5, Section 3, Subdivision 6

Related Program Activities

MDA Abandoned Sites Project Update

In FY13, IRU hired an environmental consultant who collected additional soil and ground water samples at three (3) sites originally investigated during FY10, FY11, or FY12. These sites are Cashman Seed and Fertilizer in Owatonna, Villard Ag Service in Villard, and the former Blue Earth County Services Company in Amboy. These sites do not have a viable responsible party.

In FY14, the IRU will hire an environmental consultant to complete additional soil borings to determine the extent of pesticide impacts to soil at the Owatonna site and complete additional ground water sampling and soil borings to determine the extent of nitrogen impacts at the Villard site. Finally, the IRU will hire an environmental consultant to excavate and landfill nitrogen impacted soil at the Amboy site.

Mallard Ridge Site

The Mallard Ridge Wood Treatment Site is a former wood treating facility in Zimmerman now located within property owned by a church. There is no viable responsible party for this site. MDA took over work at the site in FY13. Approximately 1,221 tons of treated, pentachlorophenol contaminated soil was excavated from the land treatment unit and disposed of at an industrial waste landfill in June 2013. Four soil borings were advanced and converted to permanent monitoring wells. The permanent monitoring wells were sampled twice and the church supply well was sampled once.

In FY14, the IRU will hire an environmental consultant for completion of a Corrective Action Report documenting the soil corrective actions, for installation of an additional monitoring well, for the collection of ground water samples, and for the oversight of field activities and collection of samples.

Agricultural Chemical Compensation Board Members

Representing Agricultural Chemical Registrants and Manufacturers

Sandra Gardner, Board Chair – term expired January 2013

Representing Farmers

Tom Revier, Board Vice-Chair and Acting Chair

Representing Agricultural Chemical Dealers

Kevin Jones, Board Member

Delegate for Michael Rothman, Commissioner

Minnesota Department of Commerce

Joel Fischer, Board Member, Petrofund Director

Delegate for David Frederickson, Commissioner

Minnesota Department of Agriculture

Matthew Wohlman, Assistant Commissioner

Board Staff

Executive Director

Joe Spitzmueller

Board Administrator

Carol Logan

Past Board Administrator

Rae Lynn Herbster

Board Administrator

As of September FY14

*This report was prepared on behalf of the
Agricultural Chemical Response Compensation Board and the Commissioner of Agriculture for:*

Minnesota Environmental Quality Board
House Committee on Ways and Means
House Agriculture Policy Committee
House Environment, Natural Resources and Agriculture Finance
Senate Environment, Economic Development and Agriculture Committee
Senate Jobs, Agriculture and Rural Development Committee
Senate Committee on Finance