



Agricultural Chemical Response and Reimbursement Account (ACRRA) ANNUAL REPORT Fiscal Year 2020



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Contents

Executive Summary.....	1
Introduction	2
Background.....	3
Incident Response Program Status.....	3
Financial Report	4
Statement of Revenues, Expenditures and Fund Balance.....	5
ACRRA Fund Fiscal Year-end Balances.....	6
MDA Abandoned Sites Project Update	7
Agricultural Chemical Compensation Board Members	8
ACRRA Board Staff.....	8

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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 three representatives from the agricultural industry as well as the commissioners of the Minnesota Departments of Agriculture and Commerce.

Over its more than 31-year history, the ACRRA program has reviewed over 1,427 applications and reimbursed over \$47 million to help cover the cost of cleaning up agricultural chemical spills.

In Fiscal Year 2020 (FY20), the Board had four scheduled meetings to review applications, approving 29 applications for reimbursement. Of the 29 applications reviewed by the Board, 11 were for new sites (initial applications) and 18 were subsequent applications due to ongoing cleanup activities. The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites, was \$3,174,859. Administrative expenses were \$445,403.

During the fiscal year, the ACRRA program received revenues totaling \$2,007,709. This is \$335,402 lower than the \$2,343,111 total revenue received in FY19.

Cover Photo:

With the help of a four-legged digging professional, excavations are underway at Ashby Equity Association - an active agricultural chemical facility in Ashby, Minnesota. Areas of dead vegetation along the south side of the property led to the investigation and cleanup of herbicide-contaminated soil from equipment washing.

Introduction

The ACRRRA program was created as part of the 1989 Minnesota Groundwater Protection Act to provide financial assistance for cleaning up incidents causing agricultural chemical contamination. The ACRRRA program 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 the Minnesota Departments of Agriculture and Commerce.

The Board determines the eligibility of applicants and whether costs submitted are eligible, reasonable, and necessary. The Minnesota Department of Agriculture's Pesticide and Fertilizer Management Division (PFMD) has several active programs for addressing agricultural chemical cleanups, including emergency, comprehensive, voluntary, and abandoned sites. 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.

The ACRRRA program is funded by the collection of 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 the ACRRRA surcharge. The revenue collected supports the ACRRRA program operations. Surcharge rates for FY20 are as shown in *Table 1* below.

Table 1

ACRRRA Surcharge Category	ACRRRA Surcharges FY20
Commercial & Non-Commercial Pesticide Licenses	\$14
Structural Pest Control Company Licenses	\$55
Agricultural Fertilizer Licenses (includes lawn service)	\$28
Pesticide Dealer License (ag and non-ag)	\$41
Fertilizer Tonnage	\$0.17/ton
Pesticide Registration (percent of sales)	0.17%
Out-of-State Pesticide Distributors (each site-annually)	\$1,650

Background

The ACRRA program is administered by the ACRRA staff. Duties performed by the staff include but are not limited to: receiving and reviewing applications; coordinating with applicants, consultants, and Incident Response Unit (IRU) staff; recommending eligibility as well as making funding recommendations to the Board based on statute and rule; developing legislative initiatives; fund financial forecasting; and, program outreach.

The ACRRA program ensures that agricultural chemical impacts on the environment are minimized by helping to defray the costs of cleaning up agricultural chemical spills. It is the responsibility of the ACRRA staff to manage program resources effectively. Oversight of the corrective actions taken to clean up contamination is the responsibility of the IRU.

Since its inception, the ACRRA program has disbursed over \$47 million to cover eligible corrective action clean-up costs. The MDA Commissioner sets the surcharge rate to maintain a minimum balance of \$1 million and an upper balance of \$5 million.

Incident Response Program Status

As of the end of FY20, there were 37 comprehensive and 82 voluntary sites that were actively being worked on by IRU staff. The number of voluntary sites that entered the Agricultural Chemical Voluntary Investigation and Cleanup (AgVIC) program in FY20 included 15 new sites, and in FY20, 17 voluntary project files were closed by IRU staff.

The types of sites currently active in the comprehensive and voluntary programs include former and currently operating agricultural chemical retail facilities, pesticide manufacturing facilities, a plant and tree nursery, wood treating facilities, and several golf course conversions.

Financial Report

REVENUES:

The ACRRA program revenues totaled \$2,007,709 in FY20. This is \$335,402 lower than FY19 revenues. Revenue includes investment earnings and surcharges collected through June 2020.

The fund balance was \$6,074,151 at the end of FY18; \$5,828,211 at the end of FY19; and, \$4,215,658 at the end of FY20. The ACRRA staff has been monitoring the fund balance since statute requires it to remain within the minimum (\$1,000,000) and maximum (\$5,000,000) amounts. The ACRRA surcharge rates were lowered in 2017. With the decrease in revenues and the continued projected reimbursements, the fund balance dropped below the fund maximum in FY20.

Reimbursement applications are unpredictable, but the ACRRA staff anticipates strong numbers of cleanup projects going forward with IRU fully staffed and engaged in cleanups. The Board approved reimbursement of 29 applications in FY20. Of the 29 applications reviewed by the Board, 11 were new applications and 18 were subsequent applications. Of these 29 applications, 22 were for voluntary site clean-ups, five were comprehensive, and two were emergency incidents.

In FY20, direct payment to contractors for cleanup of abandoned sites totaled \$80,657.46. The FY20 reimbursements to applicants totaled \$2,680,089.35

In FY20, the total amount expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$3,174,859. Administrative expenses, including the ACRRA and IRU staff, were \$445,403. Total expenditures were \$3,620,262.

Statement of Revenues, Expenditures, and Fund Balance

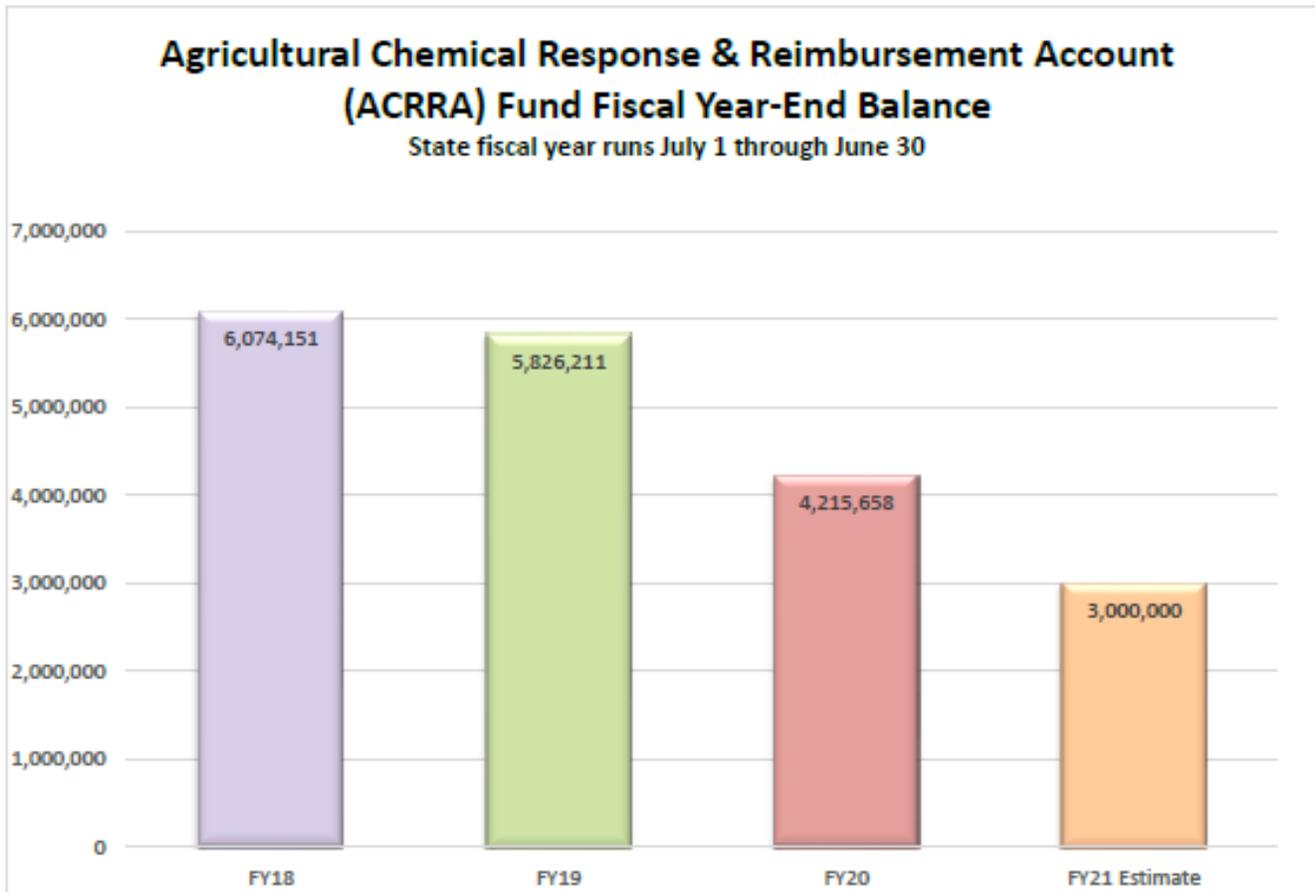
Minnesota Department of Agriculture
 Agricultural Chemical Response and Reimbursement Account
 For the fiscal year ending June 30, 2020 *

	**2020	2020	2019
REVENUES:			
Surcharge on License/Authorization	12%	244,942	245,767
Surcharge on Tonnage/Product Registration	83%	1,674,314	1,959,418
Investment Earnings	5%	<u>88,453</u>	<u>137,926</u>
Total Revenues	100%	2,007,709	2,343,111
EXPENDITURES:			
Reimbursement and Clean-up Costs		3,174,859	2,160,398
Administrative Expenditures (ACRRA)		220,517	224,497
Administrative Expenditures (Incident Response Unit)		224,886	204,157
Total Expenditures		<u>3,620,262</u>	<u>2,589,051</u>
Fund Balance Beginning of Year		5,828,211	6,074,151
Ending Fund Balance		<u>4,215,658</u>	<u>5,828,211</u>

* All numbers rounded to nearest dollar

** Percent of total revenues

ACRRA Fund Fiscal Year-End Balances



MDA Abandoned Sites Project Update

Former Esselman's Store, Mayhew Lake Township

The former Esselman's Store (Site) was operated as an agricultural chemical facility in Mayhew Lake Township from 1976 to 2003 by Robert and Donna Esselman. Robert Esselman passed away in 2003 and Donna Esselman is the remaining Responsible Party for this Site. In 2003, the Site was sold and is now operated as a trucking business. Pesticides and fertilizer contamination were identified in soil and groundwater at the Site. Petroleum contamination is also present in both soil and groundwater, which is being investigated through Minnesota Pollution Control Agency (MPCA) programs.

In 2016, the Responsible Party's (RP's) representative informed the MDA and the MPCA that the RP was financially unable to proceed with either the agricultural chemical or the petroleum investigations and corrective actions.

Water samples have been collected from 14 drinking wells within Mayhew Lake Township since June 2012. Agricultural chemical contamination above the Minnesota Department of Health (MDH) drinking water guidelines has been identified in five of the 14 drinking water wells sampled; MDH well advisories have been issued for all five of the wells. Three of the five agricultural chemical contaminated drinking water wells receive bottled water from the MDA.

Of the 14 drinking wells sampled by the MDA, three have carbon treatment systems installed by the MPCA due to contamination from petroleum compounds. Of these three wells, one is receiving bottled water because the carbon treatment system will not remove the nitrate agricultural chemical contamination.

On May 30, 2019, the MDA and MPCA held a townhall meeting for property owners affected by contamination from the site to inform them of work being done by the agencies and to discuss possible options for long-term drinking water supply alternatives for affected and potentially affected wells. During FY 20, the MDA continued to collect and analyze groundwater and monitoring well samples from 11 of the 14 drinking water wells and from the monitoring well network of 14 shallow and deep aquifer wells.

Monitoring costs for both the drinking and supply wells are shared annually between the MPCA and MDA for consulting, reporting, and field supplies.

Based on the results reported from the four groundwater sampling events conducted at the monitoring and residential wells in FY20, continued groundwater sampling will be required for FY21. Additional soil borings and temporary wells will be drilled on the north end of the Site to close data gaps and provide further delineation of soil and groundwater contamination associated with the Site. To better understand the MDA's potential long-term costs of this project, the environmental consultant will complete a feasibility study detailing multiple options for both agricultural chemical remediation and long-term water supply.

The MPCA will continue to evaluate drinking water supply alternatives for clean water to residences and businesses affected by the petroleum contamination. Work conducted through MPCA programs is being funded by the Petrofund.

Agricultural Chemical Response Compensation Board Members

Chair, Bob Wesolowski

Representing Agricultural Chemical Manufacturers and Wholesalers

Vice Chair, Jeff Wheeler

Representing Agricultural Chemical Retailers

Member, James Hlatky

Representing Farmers

Member, Joel Fischer

*Delegate for the Commissioner of the
Minnesota Department of Commerce*

Member, Whitney Place

*Delegate for the Commissioner of the
Minnesota Department of Agriculture*

ACRRA Board Staff

Executive Director

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*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