

Agricultural Chemical Response and Reimbursement Account (ACRRA)

# ANNUAL SUMMARY REPORT

For fiscal year 2004



Prepared on behalf of the  
Agricultural Chemical Response Compensation Board  
and the Commissioner of Agriculture for:

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Minnesota's Legislative Coordinating Commission  
Senate Environment and Natural Resources Committee  
House Environment and Natural Resources Committee



### **From the front cover**

The picture is of an abandoned agricultural chemical site located in Foley, Minnesota. See Incident Response Unit Abandoned Sites Project under RELATED PROGRAM ACTIVITIES at the end of this report.

# EXECUTIVE SUMMARY

## Program Highlights

Over its 15-year history, the Agricultural Chemical Response and Reimbursement Account (ACRRA) program has disbursed \$20,638,382 to cover eligible corrective action costs at over 369 incident sites. Sites funded by the program range from small transportation-related spill areas to large areas at agricultural chemical facilities.

The Minnesota Department of Agriculture's Incident Response Unit is responsible for performing technical review and oversight of corrective actions taken to clean up agricultural chemical contamination.

In its role of providing funding for sites contaminated by agricultural chemicals, the ACRRA Program has worked in partnership with the agricultural chemical industry, consulting firms, environmental agencies, local businesses and other funding sources to facilitate environmental cleanups, property improvements, and redevelopment throughout Minnesota.

## Fiscal Year 2004 Highlights

In state fiscal year 2004, the Commissioner of Agriculture received ACRRA surcharge revenue totaling \$2,418,014. This figure reflects a \$30,922 increase in revenue from fiscal year 2003. We are seeing the peak of our revenue

stream due to the last surcharge increase that began in calendar year 2002.

During this period, ACRRA disbursements totaled \$2,025,450. Fiscal year 2004 disbursements were \$345,876 greater than fiscal year 2003.

Many factors continue to contribute to the variability of ACRRA revenues and expenditures. The major factor affecting disbursement of funds for this fiscal year was change made during the 2001 Legislative Session. This change requires applications for reimbursement (or payment) of eligible corrective action costs to be submitted within three years of cost incurrance or approval of corrective action design work, whichever is later.

Previously, there was no deadline for submission of eligible costs, making it difficult to forecast revenue needs. Costs incurred prior to July 1, 2001, were required to be submitted by June 1, 2004.

Submission of these older costs to "catch up" was the main reason that the program saw a record number of applications and an increase in fund disbursements this fiscal year.

An overview of the ACRRA program and detailed information on the activities that occurred during state fiscal year 2004 (July 1, 2003 – June 30, 2004) follow this summary.



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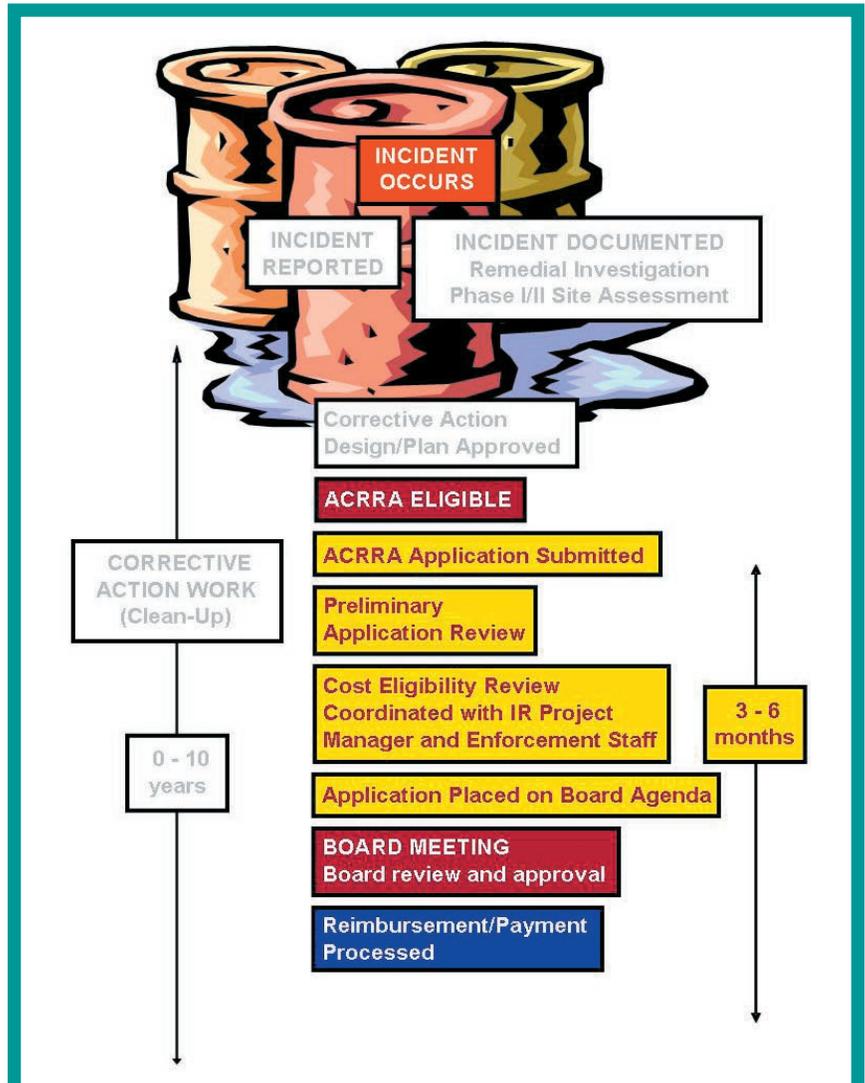
# PROGRAM OVERVIEW

The Agricultural Chemical Response and Reimbursement Account (ACRRA) was created under the 1989 Minnesota Ground Water Protection Act to provide financial assistance to cleanup agricultural chemical contamination. Contamination may occur due to sudden incidents such as fire or transportation accidents, or sites contaminated by agricultural chemicals over a long period of time. The program is funded through annual surcharges on Minnesota sales of pesticides and fertilizers and on applicator and dealer licenses.

The Agricultural Chemical Response Compensation Board administers the ACRRA funds. The Board determines if applicants and costs submitted are eligible, reasonable and necessary. For an eligible person to receive assistance the Minnesota Department of Agriculture (MDA) must receive notice of an agricultural chemical incident and corrective action requirements must be met.

The Board holds meetings every other month, depending on the number of applications. The five-member board consists of representatives from the agricultural chemical registrants, manufacturers and dealers, farmers, the Departments of Agriculture and Commerce.

ACRRA is supported by MDA staff, funded out of account revenues. Staff performs a wide variety of duties, including: coordinating activities with Incident Response technical staff; reviewing applications and determining eligibility based on statute and rule; financial forecasting; legislative initiatives; and education for board members, industry and the public.



*Authority for the program is covered under Minnesota Statutes § 18E and Minnesota Rules, Chapter 1512.0100 – 1512.1100.*

# INCIDENT CASE STUDIES

What is a typical incident or case that comes to ACRRA for financial assistance? Although every case is different, the following examples are of projects that have come before the Board. These cases were taken from those presented to the Board during FY 2004. They illustrate some common incidents, sites and activities.

## **Western Consolidated Cooperative, Holloway**

### *Emergency Case*

*ACRRA File #AF-0114, from March 17, 2004 Meeting, \$2,184.61 total reimbursement to date.*

On June 16, 2003 Western Consolidated Cooperative (WCC) reported a release of approximately 28 gallons of Roundup Weather Max® when a mini-bulk tank slipped off the back of a truck. The release occurred near the intersection of Shaaf Street and Highway 12 within the city limits of Murdock. WCC applied absorbent to the street to collect the herbicide but was unable to recover product that flowed into the storm sewer.

WCC hired an environmental consulting firm to assess the release site and conduct necessary cleanup activities. The firm directed the removal of manhole covers from several locations to recover the product. The remaining product within the storm sewer was removed by flooding the storm sewer with water and then recovering this water.

WCC agreed to spread the glyphosate contaminated floor dry with fertilizer and to use the contaminated water as makeup for future herbicide applications.

## **Genex Land O' Lakes Agronomy Center, (Former Isanti County Cooperative), Cambridge**

### *Comprehensive Case*

*ACRRA File #95-A0018, from September 17, 2003 Meeting, \$191,060 total reimbursement to date.*

In April 1987 the Minnesota Pollution Control Agency responded to a 600 gallon alachlor spill at an agricultural chemical facility located in Cambridge. An MDA di-

rected site investigation and cleanup ensued. Soils were contaminated with agricultural chemicals and risk to ground water was considered high. Initially approximately 180 cubic yards of contaminated soil were removed, but contamination was later found in an off-site well. (The preliminary clean-up, prior to ACRRA's creation, was not eligible for assistance.)

The site was reactivated in 1990 and an additional 3000 cubic yards of soil was excavated from the site. Twenty-five thousand cubic yards were land applied to 345 acres of cropland and 500 cubic yards were land farmed in a joint research project with cooperation from the MDA, the University of Minnesota and the Agricultural Utilization Research Institute Board. Ground water monitoring was initiated in 1994 and concluded in 1999.

The site operated as an agricultural chemical facility from 1958 to the mid 1980's. At the conclusion of the cleanup the City of Cambridge sold several adjacent properties for industrial development.



*Redeveloped former agricultural chemical facility area, (left rectangle portion inside yellow box) in Cambridge, MN*

# INCIDENT CASE STUDIES

## Greenway Cooperative Service Company, Dodge Center

### *Emergency & Comprehensive Case*

*ACRRA File #92-A0014, from  
November 18, 2003 Meeting,  
\$197,283 total reimbursement  
to date.*

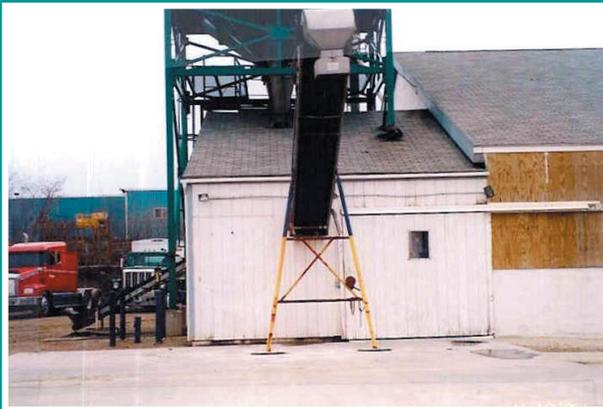
A release of an estimated 500 gallons of 28% nitrogen fertilizer in 1991 due to a tank leak led to the excavation of soil from an old MDA approved (earthen) liquid fertilizer containment area. Approximately 416 cubic yards of soil was excavated and

land applied. Additional soil sampling in the adjacent areas of the site confirmed historical contamination of soil, requiring corrective action in two other areas of the site. Approximately 416 cubic yards of soil was excavated from these areas. A new permitted liquid fertilizer containment area was also built adjacent to the previous dike.

Ground water monitoring began in April of 1993. Because ground water contamination levels were not diminishing an additional site investigation was requested in 2001. In 2002, corrective actions were performed in two additional

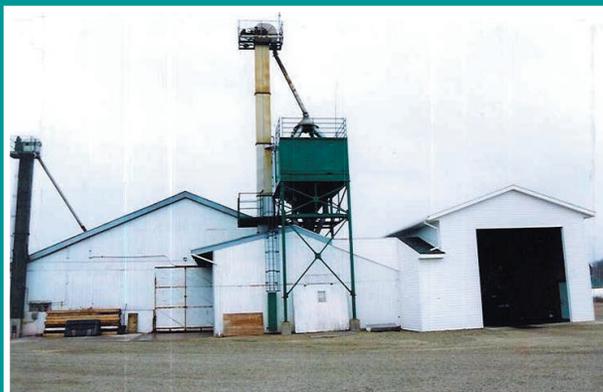
areas. Approximately 900 cubic yards of additional soil were excavated from the combined areas.

In order to address facility management practices that led to the most recent contamination, a new enclosed dry fertilizer (impregnation area) load out was constructed and the fertilizer load in pad was expanded. Based on the results of the remedial investigation, corrective actions and facility improvements intended to contain windblown impregnated fertilizer were implemented. The case file is now closed.



*BEFORE:  
Fertilizer loading area.*

*NOTE: ACRRA does not  
provide financial assistance  
for facility improvements.*



*AFTER:  
New fertilizer loading area.*

# EXPENDITURES AND REVENUES

## Expenditures

The ACRRA Board authorized funding of 85 applications for agricultural chemical incident corrective action costs. The amount of individual authorized disbursements ranged from \$250 to \$100,000. Since the fund balance was below \$2,000,000 this fiscal year, the amount an eligible party can collect from ACRRA was limited to \$100,000. If the eligible reimbursement or payment exceed \$100,000 in a fiscal year, the remaining amount is paid after Board approval at the first meeting of the following fiscal year.

Total cleanup disbursements for fiscal year 2004 were \$2,025,450. This was a 20% increase from fiscal year 2003. Board and staff administrative costs for the period of July 1, 2003 to June 30, 2004, totaled \$163,993. Administrative costs constitute less than 7.5% of program expenditures.

Administrative costs and disbursements equal a total expenditure of \$2,189,443 for this fiscal year. Additional data on expenditures and revenues is shown in *Table 1*.

## Revenues

Revenues exceeded expenditures for the second year in a row. The Commissioner of Agriculture collected



ACRRA surcharge revenue totaling \$2,418,014 in fiscal year 2004. The account had a \$228,571 surplus of revenue over expenditures for the fiscal year.

There were no surcharge rate changes during fiscal year 2004. The last increase took effect beginning in calendar year 2002. (See current surcharge rates in box below.)

Revenues increased only by \$30,922 this year. This reflects an increase of less than 1.3 % from fiscal year 2003.

It is expected that revenues will remain stable in the next year, barring economic changes in the agricultural industry.

| 2004 ACRRA Surcharge Rates by Category                               | Rate      |
|--|-----------|
| Commercial & Non-Commercial Pesticide Applicator Licenses            | \$25      |
| Structural Pest Control License (Company License)                    | \$50      |
| Agricultural Fertilizer License                                      | \$50      |
| Lawn Service - Fertilizer  | \$50      |
| Pesticide Dealer License (Restricted Use & Bulk Pesticides/per site) | \$50      |
| Fertilizer Tonnage   | \$.30/Ton |
| Pesticide Registration (Annual Gross Sales)                          | 0.3%      |
| Out Of State Pesticide Distributors                                  | \$3,000   |

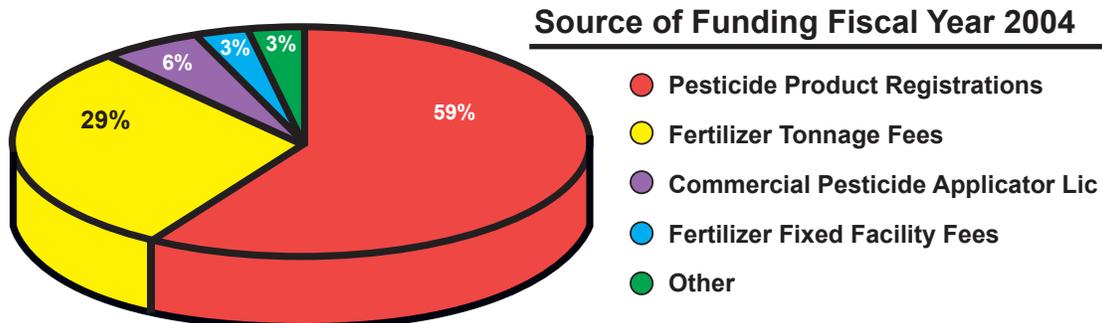
**Table 1**

**Minnesota Department of Agriculture  
Agriculture Chemical Response and Reimbursement Account  
Statement of Revenue, Expenditures & Fund Balance  
For the Fiscal Years Ended June 30**

| Revenue                              | 2004% | 2004               | 2003               | 2002               |
|--------------------------------------|-------|--------------------|--------------------|--------------------|
| Pesticide Product Registrations      | 59%   | \$1,425,860        | \$1,436,118        | \$1,077,701        |
| Fertilizer Tonnage Fees              | 29%   | \$709,259          | \$653,387          | \$380,103          |
| Commercial Pesticide Applicator Lic  | 6%    | \$137,985          | \$136,425          | \$302,985          |
| Fertilizer Fixed Facility Fees       | 3%    | \$73,100           | \$78,875           | \$263,860          |
| Other                                | 3%    | 0                  | 0                  | 0                  |
| Investment Earnings                  |       | \$20,105           | \$25,277           | \$43,210           |
| Pesticide Dealer Storage License     |       | \$15,325           | \$17,750           | \$137,700          |
| Recoveries                           |       | 0                  | 0                  | 0                  |
| Non-commercial Pesticide Appl Lic    |       | \$29,680           | \$33,370           | \$67,620           |
| Structural Pest Control Company Lic  |       | \$5,150            | \$4,450            | \$12,400           |
| Commercial Applicator-Aquatic        |       | \$1,550            | \$1,440            | \$3,530            |
| Pesticide Storage - Outside of State |       | 0                  | 0                  | 0                  |
| <b>Net revenues</b>                  |       | <b>\$2,418,014</b> | <b>\$2,387,092</b> | <b>\$2,289,110</b> |

**Expenditures**

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Reimbursement Claims Paid                       | \$2,025,450        | \$1,679,574        | \$2,391,027        |
| Administrative Expenditures                     | \$163,993          | \$162,149          | \$175,000          |
|   | <b>\$2,189,443</b> | <b>\$1,841,723</b> | <b>\$2,566,027</b> |
| <b>Excess of Revenue Over Expenditures</b>      | <b>\$228,571</b>   | <b>\$545,369</b>   | <b>(\$276,917)</b> |
| <b>Fund Balance -- beginning of fiscal year</b> | <b>\$1,536,088</b> | <b>\$990,719</b>   | <b>\$1,267,636</b> |
| <b>Fund Balance -- end of fiscal year</b>       | <b>\$1,764,659</b> | <b>\$1,536,088</b> | <b>\$990,719</b>   |



# AGRICULTURAL CHEMICAL RESPONSE COMPENSATION BOARD

## BOARD MEMBERS

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**Roger Strand, Board Chair**  
**Representing Agricultural Chemical Dealers**  
*Owner/Operator*  
*MN Agricultural Chemical Dealer Facility*

**James Pearson, Executive Director,**  
**PetroFund Program**  
**Delegate for Glenn R. Wilson, Commissioner**  
*Minnesota Department of Commerce*

**Sandra Gardner, Board Vice-Chair**  
**Representing Agricultural Chemical**  
**Registrants and Manufacturers**  
*Syngenta Crop Protection, Inc.*

**Sharon Clark, MDA Deputy Commissioner**  
**Delegate for Gene Hugoson, Commissioner**  
*Minnesota Department of Agriculture*

**Tom Revier, Board Member**  
**Representing Farmers**  
*Co-owner /Operator Revier Farms*

Only one board member change occurred this fiscal year. Tom Revier was appointed as the new farmer representative in December of 2003, replacing June Varner on the Board.

## ACRRA AND RELATED PROGRAM ACTIVITIES

### ACRRA PROGRAM ACTIVITIES

#### EVENTS

|  |   |   |   |
|--|---|---|---|
| <p><b>Brownfield Funding Presentation - 9/30/03</b><br/> Victoria Cook gave a presentation on Brownfield Funding Programs and Rural Development at the Region IV National Environmental Health Association Conference in Omaha, Nebraska. Topics covered ranged from an overview of federal programs, partnerships, and state programs. Many states are interested in how a program like ACRRA could work in their area.</p> | <p><b>Consultant's Day - 3/18/04</b><br/> ACRRA Board Members and staff participated in the Incident Response Unit event. The program covered numerous aspects of MDA's agricultural site cleanup programs. Presentations included laboratory and land application issues, initial site investigations, ACRRA funding, and an industry perspective. Roger Strand, ACRRA Board Chair, was part of a panel that represented industry, government and consultants.</p> | <p><b>Brownfields Coordination Study Group - Ongoing</b><br/> ACRRA and Incident Response staff continue to participate in a multi-agency group to share information on contamination remediation programs. Representatives from five state agencies (Agriculture, Commerce, Health, Employment and Economic Development and Pollution Control) the Metropolitan Council, the League of Minnesota Cities and others meet quarterly. Program changes, interface and education activities are some of the topics discussed.</p> | <p><b>Grant Funding Workshops for Cleanup of Contaminated Land – Spring &amp; Fall, 2003/2004</b><br/> The Metropolitan Council and the Minnesota Department of Employment and Economic Development sponsor these ongoing workshops jointly. They highlight funding opportunities for agricultural chemical, hazardous materials and petroleum cleanups. ACRRA and Incident Response staff presented information on both programs at four locations in Minnesota.</p> |
|--|---|---|---|

## ACRRA PROGRAM ACTIVITIES

### RULEMAKING

Minnesota Rules Chapter 1512.0100 to 1512.1100 (ACRRA Rules) were slightly modified this year to allow additional flexibility for scheduling board meetings, clarify language and to respond to a statutory change. Specific changes are as follows:

#### 1 Meetings

This change reduced the requirement for the number of Board meetings per year from six to four and added language that a meeting may be cancelled due to insufficient funds in the account. This change was made to allow the Board greater flexibility to set the number of meetings based on program needs. (M.R. 1512.0200, Subpart 1)

#### 2 Financial Terms

Changes were made to clarify the language between the two options of financial compensation the program offers. (Options are payment of incurred costs or reimbursement of expenditures.) Changes made clarified that the requirements for the approval of corrective action work are the same regardless of what type of financial compensation eligible persons may qualify for. (M.R. 1512.0600, Subpart 2)

#### 3 Appeals Process

This language was stricken because it was no longer needed due to the new appeals process in statute. (M.R. 1512.1000, Subpart 2)

Rule changes were published for comments prior to their adoption. No comments were received.

## RELATED PROGRAM ACTIVITIES

### INCIDENT RESPONSE UNIT ABANDONED SITES PROJECT

The MDA Incident Response Unit has been working on a project to identify abandoned agricultural chemical sites throughout Minnesota. Funding for the project came from an Environmental Protection Agency Brownfields Grant of \$160,000 through the Minnesota Pollution Control Agency.

MDA field staff identified agricultural chemical facilities that have gone out of business within their respective areas. Over 400 Abandoned Agricultural Chemical (Ag-Chem) Facilities were initially identified. Many of these sites were abandoned a long time ago, and may not have

been inspected. Therefore, records do not exist regarding the location of the facility, what was stored there, where storage and handling occurred and what risk the site may pose to human health or the environment. Additionally, some of these sites may have agricultural chemicals on-site in deteriorating containers or abandoned buildings. These chemicals are a potential threat to human health and the environment.

To inventory and assess these sites, MDA staff created a log to assess information gathered on these sites in the field. Inspection of the sites involves using Global Positioning

Systems (GPS) and field Geographical Information System (GIS) data to create a polygon of the facility boundary and to locate any high risk areas for use in targeting investigations in the future. Additionally, any existing structures and their contents will be reviewed to determine what if any risk the site poses to human health and the environment.

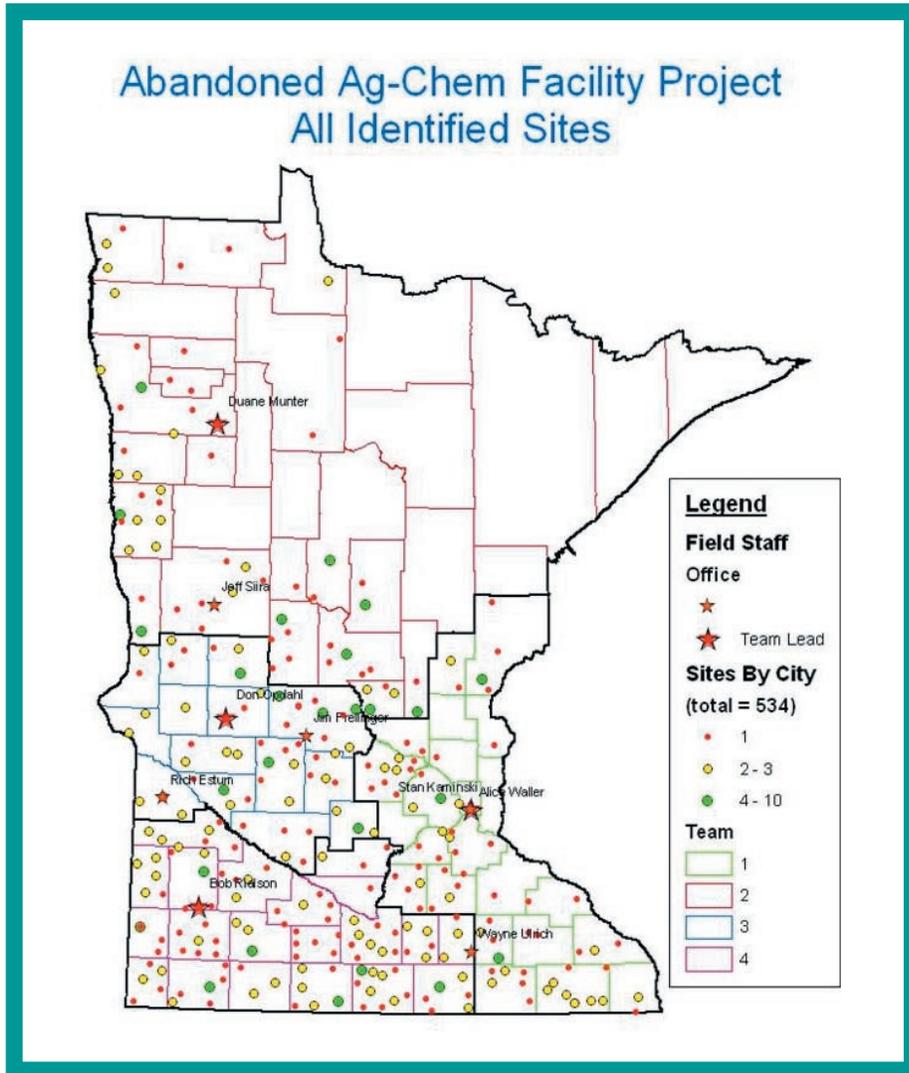
So far the project has identified 534 abandoned sites. Of that number, 425 sites have been visited, and 185 of them have been reviewed.

The information gathered during the inspections will be evaluated to determine poten-

tial environmental and human health risks from the sites. Depending on the level of risk and the identification of responsible parties, sites may be further investigated through MDA's Agricultural Voluntary Investigation and Cleanup

program (AgVIC), opened in the Comprehensive Investigation program, or they may be scored and added to MDA's priority list. Additionally, the investigation area polygons will be added to the investigation boundary GIS layer to

ensure that they are identified using spatially based property transfer searches (example: Phase I property transfer assessments). The project will be concluded in the fall of 2005.



### Report Costs

The costs to produce the ACRRA Annual Report for Fiscal Year 2004 are summarized below.

| ITEM                            | COST              |
|---------------------------------|-------------------|
| Labor (2 staff, 28 hours total) | \$1,050.00        |
| Copying and Distribution        | \$200.00          |
| <b>TOTAL</b>                    | <b>\$1,250.00</b> |