



Agricultural Chemical Response and Reimbursement Account (ACRRA) ANNUAL REPORT Fiscal Year 2012

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Carol Logan, ACRRA Board Administrator
651-201-6490
625 Robert St. N., St. Paul, MN
www.mda.state.mn.us

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Pursuant to Minn. Stat. § 18E, Chapter 1512.0100 – 1512.1100,

The cost of preparing this report was approximately \$400.

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Executive Summary

The Agricultural Chemical Response and Reimbursement Account (ACRRA) was created as part of the 1989 Minnesota Comprehensive Ground Water Protection Act to provide financial assistance to eligible parties cleaning up agricultural chemical contamination. 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 22 year history, the ACRRA Program has reviewed over 1,100 applications and reimbursed over \$32 million to help cover the cost of cleaning up agricultural chemical spills.

In Fiscal Year 2012 (FY12), the Commissioner of Agriculture received ACRRA surcharge revenues totaling \$980,761.

The Board met six times during the year approving payments for 41 applications reviewed. Of the 41 applications received, 21 were for new sites (initial applications) and 20 were subsequent applications due to ongoing cleanup activities. The total expended for applicant reimbursements or payments was \$1,258,686 and \$78,203 was expended per Minnesota Statute 18E.03 Subdivision 2 (a) to investigate 12 sites where there was no viable responsible party. Administrative expenses were \$312,425.

Cover photo: The cover photo shows an area of excavation adjacent to where the fertilizer load pads of an old agricultural facility have been removed. Soil sample analysis was conducted in a runoff area after the load pads were removed and revealed the presence of agricultural chemicals. Soil was excavated, stockpiled, and will be land applied. Behind the excavation stands the new fertilizer warehouse building. MDA Incident Response staff provided oversight for the investigation and cleanup. This site is eligible to apply for reimbursement of cleanup costs from the ACRRA.

Introduction

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

ACRRA 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. There are several programs for addressing cleanups: emergency, comprehensive, voluntary (AgVIC), abandoned site, and preconstruction. Emergency releases occur suddenly, such as a valve failure, traffic accident, fire, or flood. MDA's Emergency Response team 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 ACRRA is funded through annual surcharges on pesticide and fertilizer sales, and on applicator and dealer licenses.

In June, 2012, Joe Spitzmueller was appointed as the ACRRA Executive Director following the retirement of Gary Braun, the previous Executive Director.

Background

The ACRRA Program is administered by Pesticide and Fertilizer Management Division (PFMD) staff who are funded with an annual appropriation from the fund. Duties performed by the ACRRA staff include: reviewing applications, making funding recommendations to the board based on statute and rule, fund financial forecasting, developing legislative initiatives, coordinating activities with the MDA Incident Response Unit (IRU), and outreach.

ACRRA 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. Oversight of the corrective actions taken to clean up contamination is the responsibility of the MDA Incident Response Unit. Two IRU staff are funded through this program, including a project manager and a hydrogeologist overseeing the investigation and clean-up of ACRRA eligible sites. Since inception, the ACRRA program has disbursed over \$32 million to cover eligible corrective action clean-up costs.

Incident Response Program Status

During fiscal year 2012 investigations and cleanups, if required, were completed at 33 sites, including nine (9) sites in the comprehensive program and twenty-four (24) sites in the voluntary program. As of June 30, 2012 there were 79 comprehensive and 71 voluntary sites that were actively being worked on by IRU staff. As of June 30, 2011 there were 73 comprehensive and 50 voluntary sites that were actively being worked on by IRU staff. There was an increase in the number of voluntary sites that entered the program in fiscal year 2012, likely due to the improvement in the agricultural economy. The ability of the unit to actively manage this increased number of sites is due to the additional staff resources that were allocated by the 2009 legislative changes allowing the MDA to hire additional staff to address the backlog of sites.

In September 2011 the IRU hosted a Workshop for Environmental Professionals which was held at the Orville L. Freeman Office Building in St. Paul. Over forty (40) people representing environmental consultants, environmental laboratories, land application contractors, and agricultural chemical facility personnel attended the one-day workshop. Topics presented at the workshop by IRU staff included an overview of the types of sites encountered in our program, how to do research in MDA databases, reimbursement through the ACRRA program, sample analysis and reporting and updates on IRU guidance documents and fact sheets. The goal of this workshop was to educate environmental consultants working on agricultural chemical cleanups and to provide contact information, guidance, and tools to assist them in accurately planning and administering cleanup activities.

Financial Report

REVENUES:

Fiscal Year 2012 ACRRA surcharge revenues totaled \$980,761.

The chart below shows the surcharges per category in effect throughout FY2012. The statute provides for the fund balance to be between one and five million dollars. Surcharges were decreased by two thirds in FY2010 in order to decrease revenues and lower the fund balance. FY2011 ended with a fund balance of \$5,828,322. For FY2012 we ended the year with \$5,159,769. MDA continues to open more sites with the addition of program staff. The increased work, plus the decrease in revenue should result in the fund dropping below five million by the end of FY2013.

ACRRA Surcharge Category	FY12 ACRRA Surcharges
Commercial & Non-Commercial Pesticide Licences	\$8.25
Structural Pest Control Company Licences	\$33.00
Agricultural Fertilizer Licenses (includes lawn service)	\$16.50
Pesticide Dealer License	\$24.75
Fertilizer Tonnage	\$.10/Ton
Pesticide Registration (<i>% of Sales</i>)	0.1%
Out-of-State Pesticide Distributors (each site)	\$1,000

EXPENDITURES:

The ACRRA Board approved reimbursement of 41 applications in FY12. Of these applications; 29 were voluntary clean-ups, eleven (11) were comprehensive, and one (1) was an emergency incident. One application was returned to the applicant as the site had reached the maximum reimbursable amount under the statute and no more funds were available for that site.

Direct payment to contractors for cleanup of abandoned sites in FY2012 totaled \$78,203.

Expenditures for reimbursements and payments to applicants totaled \$1,258,686 for this period, which is a substantial increase from FY11. Administrative costs, including salaries were \$312,425. Total expenditures were \$1,649,314.

Statement of Revenues and Expenditures and Fund Balance
 Minnesota Department of Agriculture
 Agricultural Chemical Response and Reimbursement Account
For the fiscal year ended June 30

	2012	2012	2011
REVENUE:			
Surcharge on License/Authorization	12%	120,142	\$ 121,284
Surcharge on Tonnage/Product Registration	85%	828,040	926,471
Investment Earnings	3%	32,579	32,026
Total Revenues	100%	980,761	1,079,780
EXPENDITURES:			
Reimbursement & Clean-up Costs		\$1,336,889	\$840,722
Administrative Expenditures (ACRRA)		164,363	187,212
Administrative Expenditures (Incident Response Unit)		148,062	126,846
Total Expenditures		1,649,314	1,154,781
<i>Fund balance beginning of year</i>		\$5,828,322	\$6,949,322
<i>-Transfer out*</i>			<i>(1,046,000)*</i>
-Ending Balance		\$5,159,769	\$5,828,322

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

***all numbers rounded to nearest dollar*

Related Program Activities

Brownfields Coordination Group -

ACRRA program staff continues to participate in a multi-agency group to share information on contamination remediation programs. Representatives from the state departments of Agriculture, Commerce, Health, Employment and Economic Development, Pollution Control, Metropolitan Council, League of Minnesota Cities, and others meet quarterly and perform community outreach activities.

MDA Abandoned Sites Project Update

History: The Incident Response Unit received a grant from the U.S. Environmental Protection Agency in 2004 and 2005 to identify and locate abandoned agricultural chemical sites in Minnesota. More than 500 abandoned sites were located and evaluated with this grant money. Some of these sites did not require additional follow up. Other sites had already been placed on existing priority lists within the IRU, awaiting future work. The remaining 135 sites were determined to require follow up. All land owners have been notified that they could initiate their own investigations and cleanups if the work was approved by the MDA staff. These land owners could receive partial reimbursement for qualifying costs from the ACRRA fund.

Fiscal year 2012 Activities: MDA staff visited seventeen (17) abandoned sites before selecting thirteen (13) for investigation. Results from the FY2012 investigations found that seven (7) sites required follow-up investigation and ultimately, corrective actions (cleanup) will also be needed. Responsible parties will be directed by the MDA to conduct cleanup at five (5) of these sites, and two (2) sites will require additional investigation and cleanup by the MDA using ACRRA monies because the responsible parties are no longer viable. Of the other six (6) sites investigated in FY2012, five (5) were closed without additional investigation or cleanup, and one (1) was closed contingent for the impacts identified under the existing building which are not currently accessible for corrective actions. Total ACRRA funds used for investigation of the thirteen abandoned sites in FY2012 was \$78,203.10.

In FY2013, the IRU will use ACRRA funds to perform additional investigation and cleanup at four (4) abandoned sites where impacts were previously identified and because the responsible parties are no longer viable.

Agricultural Chemical Response Compensation Board Members

Sandra Gardner, Board Chair

Representing agricultural chemical registrants and manufacturers

Tom Revier, Board Vice-Chair

Representing farmers

Kevin Jones, Board Member

Representing agricultural chemical dealers

Joel Fischer, Board Member, Petrofund Executive Director

Delegate for Michael Rothman, Commissioner
Minnesota Department of Commerce

Matthew Wohlman, Assistant Commissioner

Delegate for David Frederickson, Commissioner
Minnesota Department of Agriculture

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

Minnesota's Legislative Coordinating Commission
Minnesota Environmental Quality Board
Senate Environment and Natural Resources Committee
House Environment, Energy and Natural Resources Policy and Finance