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Agricultural Chemical Response and Reimbursement Account (ACRRA) Fiscal Year 2009

Annual Report



Photo: ACRRA funds are being accessed to clean-up abandoned agricultural sites such as these.

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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 for 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 20 year history, the ACRRA Program has disbursed over \$29 million to cover eligible corrective action costs at over 460 incident sites.

In Fiscal Year 2009 (FY09), the Commissioner of Agriculture received ACRRA surcharge revenues totaling \$2,990,269.

The Board met six times during the year approving payments for 30 applications for reimbursement. FY09 ACRRA disbursements totaled \$1,130,976. Of the 30 applications received, 14 were new sites (initial applications) and 16 sites submitted subsequent applications.

During the past four years, ACRRA spending has dropped, resulting in growth of the account to over \$6 million. Much of this was due to staff limitations that restricted the Department's ability to manage all the open cases on the comprehensive clean-up list. This resulted in fewer applications for reimbursement of costs. Of the 30 applications for reimbursement in FY09, 22 were voluntary clean-ups, five were comprehensive, and three were emergencies. In response to the growth of the fund, two changes were made to the program. First, Minn. Stat. 18E was amended to increase the amount allowed for administrative costs from \$225,000 to \$450,000. This will allow funding for additional project management staff to work on ACRRA eligible clean-ups in order to alleviate the backlog. Secondly, the ACRRA surcharges have been reduced to allow the fund balance to drop back down to the statutory limit of between \$2 million and \$5 million. These new surcharge rates become effective January 1, 2010.

Introduction

ACRRA was created as part of the 1989 Minnesota Ground-Water Protection Act to provide financial assistance for cleanups of agricultural chemical contamination. Contamination may occur suddenly, such as an unexpected release, or a site can be contaminated by agricultural chemicals over time. The program is funded through annual surcharges on pesticide and fertilizer sales, and on applicator and dealer licenses.

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. Eligibility requires that the Minnesota Department of Agriculture (MDA) receives proper notice of an agricultural chemical incident, and corrective action requirements must be met.

The ACRRA Program is administered using MDA staff funded with an annual appropriation from the fund. Duties performed by the 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 Program, and outreach.

Background

Over its 20 year history, the ACRRA program has disbursed over \$29 million to cover eligible corrective action costs at over 460 incident sites. Sites funded included abandoned agricultural facilities (as seen on the report cover photos). Emergency response to incidents (such as flooding, fires, or tank failures), and other releases of agricultural chemicals are also funded.

ACRRA staff is dedicated to ensuring the clean environment that we enjoy in Minnesota by administering this program to help defray some of 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.

Financial Report

REVENUES:

Fiscal Year 2009 ACRRA surcharge revenues totaled \$2,990,269.

Revenue continues to be stable, although costs have decreased, therefore, the fund has grown beyond the \$5 million cap set in statute. Therefore, surcharges and fees will be decreased by two-thirds beginning January 1, 2010. It is expected that this fee reduction, when combined with the increased project management staff costs will draw the fund below the \$5 million cap by the end of 2012.

The chart below shows the surcharges per category in effect through 2009 and the new surcharges to take effect January 1, 2010.

ACRRA Surcharge Category	2009 ACRRA Surcharges	Surcharges effective 1/1/2010
Commercial & Non-Commercial Pesticide Licenses	\$25	\$8.25
Structural Pest Control Company Licenses	\$100	\$33
Agricultural Fertilizer Licenses (includes lawn service)	\$50	\$16.50
Pesticide Dealer License	\$75	\$24.75
Fertilizer Tonnage	\$.30/Ton	\$.10/Ton
Pesticide Registration (<i>% of Sales</i>)	0.3%	0.1%
Out-of-State Pesticide Distributors (each site)	\$3,000	\$1,000

EXPENDITURES:

The ACRRA Board approved reimbursement for 30 applicants in FY09. Of the 30 applications received; 14 were initial and 16 were supplemental. Two abandoned sites were cleaned up using ACRRA account monies.

Direct expenditures for cleanup of abandoned sites and applications for reimbursement were \$1,130,976. Board and staff administrative costs were \$159,074. Total expenditures for the period were \$1,290,050.

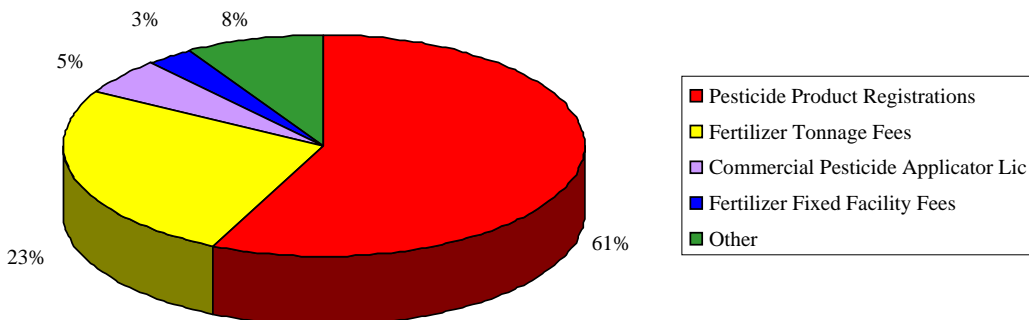
Statement of Revenues and Expenditures

**MINNESOTA DEPARTMENT OF AGRICULTURE
AGRICULTURAL CHEMICAL RESPONSE AND REIMBURSEMENT ACCOUNT
STATEMENT OF REVENUES, EXPENDITURES, & FUND BALANCE
For the fiscal years ended June 30**

		2009	2009	2008
REVENUE:				
Pesticide Product Registrations	61%	\$ 1,809,668		\$ 1,635,668
Fertilizer Tonnage Fees	23%	692,273		754,324
Commercial Pesticide Applicator Lic	5%	160,540		158,120
Fertilizer Fixed Facility Fees	3%	86,850		83,575
Other	8%	240,938		263,688
Investment Earnings			136,029	154,376
Specialty Fertilizer Tonnage Fees			12,726	14,280
Pesticide Dealer Storage License			48,050	48,845
Soil & Plant Amendment Tonnage Fees			3,306	3,928
Non-commercial Pesticide Appl Lic			26,527	27,652
Structural Pest Control Company Lic			14,300	14,607
Commercial Applicator-Aquatic			0	0
Total Revenues		100%	2,990,269	2,895,375
EXPENDITURES:				
Reimbursement Clean-up Costs			1,130,976	1,211,216
Administrative expenditures			159,074	180,501
Total Expenditures			1,290,050	1,391,718
EXCESS OF REVENUE OVER EXPENDITURES			1,700,218	1,503,657
FUND BALANCE -- beginning of fiscal year			4,374,351	2,870,694
FUND BALANCE -- end of fiscal year			\$ 6,074,569	\$ 4,374,351 **

**The end of year balance for FY08 was incorrectly reported as \$4,395,930 on the FY08 annual report; it should have read \$4,374,351. This was due to some items that posted late to the account.

Sources of Revenue FY09



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.

Funding Workshops for Cleanup of Contaminated Lands -

The Metropolitan Council and the Minnesota Department of Employment and Economic Development sponsor these ongoing workshops jointly for local governmental units and other interested parties. The workshops describe Brownfields programs and funding sources for cleaning up hazardous materials, and petroleum. ACRRA and MDA Incident Response Program Staff presented information on both programs at two metro locations and two locations in greater Minnesota this fiscal year.

MDA Abandoned Sites Project Update

The Incident Response Unit (IRU) 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. Some of the land owners were notified that they could initiate their own investigations and cleanups and if the work was approved by the MDA staff, the land owners could receive partial reimbursement for these costs from the ACRRA fund.

In 2006 the IRU utilized state Remediation Fund monies to perform investigations at six abandoned sites. Based on the results from these investigations, the case files were closed at five sites with no further work required. Contaminant levels exceeded soil cleanup goals were detected at the remaining site. In September 2008 the soil from this site (former Weis Aerial) was excavated and disposed of at an industrial landfill in Minnesota utilizing ACRRA account monies.

In 2007 the IRU utilized state Remediation Fund monies to perform investigations at five sites. In June 2009 the fertilizer contaminated soil from the former Valley Fertilizer & Chemical, Inc. site in Tintah was excavated and disposed of at an industrial landfill in Minnesota using ACRRA account monies.

In fiscal year 2009 the IRU will use ACRRA account monies to perform investigations at approximately 12 sites in south central Minnesota.

On the cover: The abandoned site on the left is located in Frost and is scheduled for MDA investigation during fiscal year 2010. The abandoned site on the right is located in Springfield and was investigated in 2007. The responsible party will be requested to conduct corrective actions for the contamination detected at the Springfield site.

Board Members

Agricultural Chemical Response Compensation Board

Sandra Gardner, Board Chair

Representing agricultural chemical registrants and manufacturers

Tom Revier, Board Vice-Chair

Representing farmers

Jeff Like, Board Member

Representing agricultural chemical dealers

Joel Fischer, Executive Director, PetroFund Program

Delegate for Glen Wilson, Commissioner
Minnesota Department of Commerce

Paul Strandberg, Project Manager

Delegate for Gene Hugoson, 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
Senate Environment and Natural Resources Committee
House Environment and Natural Resources Committee

Authority for the program is covered under Minnesota Statutes § 18E

and

Minnesota Rules, Chapter 1512.0100 – 1512.1100.

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