



Agricultural Chemical Response and Reimbursement Account (ACRRA) ANNUAL REPORT Fiscal Year 2017



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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 28 year history, the ACRRA program has reviewed over 1,332 applications and reimbursed over \$41 million to help cover the cost of cleaning up agricultural chemical spills.

In fiscal year 2017 (FY17), the Board had four scheduled meetings to review applications, approving 28 applications for reimbursement. Of the 28 applications reviewed by the Board, 18 were for new sites (initial applications) and 10 were subsequent applications due to ongoing cleanup activities. The total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites, was \$1,902,465. Administrative expenses were \$433,792.

During the fiscal year, the ACRRA program received revenues totaling \$3,558,900. This is \$341,580 higher than the \$3,217,320 surcharge revenue received in FY16.

Cover Photo:

The cover photo is from the NuWay Cooperative site in Welcome, Minnesota. An investigation of soil impacts was completed to delineate the extent of nitrogen and pesticide contamination. Corrective actions including excavation of 4,940 cubic yards of soil were conducted in August 2016. Approximately 4,800 cubic yards of soil was land applied to nearby agricultural fields and 140 cubic yards were disposed of in a permitted landfill.

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 site. 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 ACCRA program operations. Surcharge rates will decrease in 2018. Surcharge rates for FY17 and FY18 are as shown in *Table 1* below.

Table 1

ACRRRA Surcharge Category	ACRRRA Surcharges FY17	ACRRRA Surcharge Effective January 1, 2018
Commercial & Non-Commercial Pesticide Licenses	\$25	\$14
Structural Pest Control Company Licenses	\$100	\$55
Agricultural Fertilizer Licenses (includes lawn service)	\$50	\$28
Pesticide Dealer License (ag and non-ag)	\$75	\$41
Fertilizer Tonnage	\$0.30/Ton	\$0.17/ton
Pesticide Registration (percent of sales)	0.3%	0.17%
Out-of-State Pesticide Distributors (each site-annually)	\$3,000	\$1,650

Background

The ACRRRA program is administered by the ACRRRA 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 ACRRRA 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 ACRRRA staff to manage program resources effectively. Oversight of the corrective actions taken to clean up contamination is the responsibility of the IRU.

Since inception, the ACRRRA program has disbursed over \$41 million to cover eligible corrective action clean-up costs. The MDA Commissioner sets the surcharge rate to maintain a minimum balance of one million dollars and an upper balance of five million dollars.

Incident Response Program Status

As of the end of FY17, there were 60 comprehensive and 90 voluntary sites that were actively being worked on by IRU staff. As of June 30, 2016 there were 62 comprehensive and 91 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 FY17 included 17 new sites, and in FY17, 6 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 and fertilizer warehousing and manufacturing facilities, a plant and tree nursery, wood treating facilities, golf course conversions, and aerial applicator operations.

Financial Report

REVENUES:

The ACRRA program revenues totaled \$3,558,900 in FY17. This is \$341,580 higher than FY16 revenues. Revenue includes investment earnings and surcharges collected through June 2017.

The fund balance was \$2,374,425 at the end of FY15; \$3,150,974 at the end of FY16; and \$4,373,616 at the end of FY17. The ACRRA staff has been monitoring the fund balance to ensure it remains within the minimum (\$1,000,000) and maximum (\$5,000,000) amounts. After a public meeting on July, 19, 2017, the Commissioner of Agriculture decided to lower the rate of surcharges in order to continue to keep the fund balance within the required range.

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 28 applications in FY17. Of the 28 applications reviewed by the Board, 18 were new applications and 10 were subsequent applications. Of these 28 applications; eighteen (18) were for voluntary site clean-ups, seven (7) were comprehensive, and three (3) were emergency incidents.

In FY17, direct payment to contractors for cleanup of abandoned sites totaled \$91,545.63.

In FY17, the total expended for applicant reimbursements or payments, cleanup activities, and abandoned sites was \$1,902,465. Administrative expenses, including the ACRRA and IRU staff, were \$433,792. Total expenditures were \$2,336,258.

Statement of Revenues, Expenditures, and Fund Balance

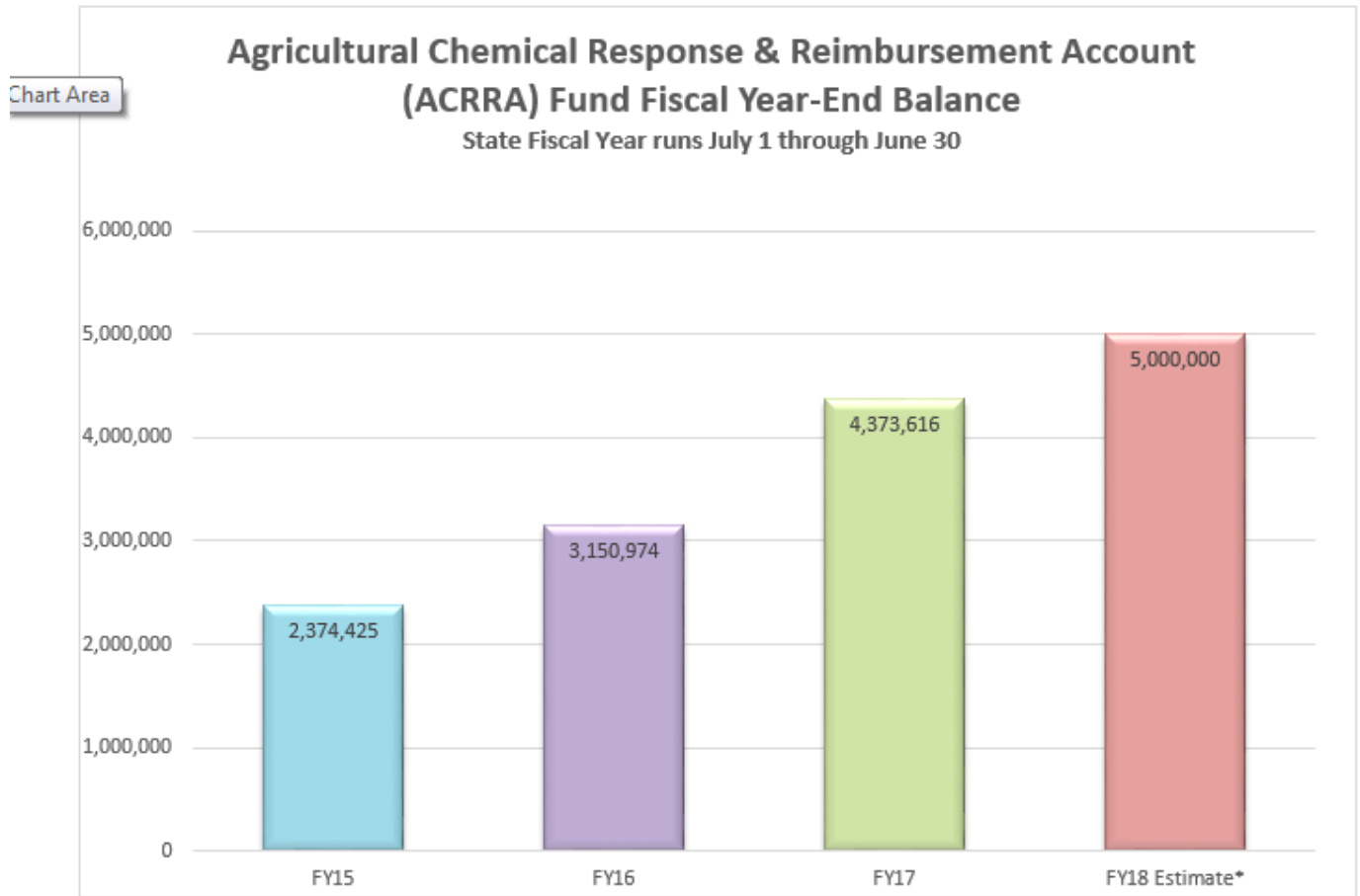
Minnesota Department of Agriculture
 Agricultural Chemical Response and Reimbursement Account
 For the fiscal year ended June 30, 2017 *

	**2017	2017	2016
REVENUES:			
Surcharge on License/Authorization	12%	425,505	420,619
Surcharge on Tonnage/Product Registration	87%	3,093,616	2,777,639
Investment Earnings	1%	<u>39,779</u>	<u>19,062</u>
Total Revenues	100%	3,558,900	3,217,320
EXPENDITURES:			
Reimbursement and Clean-up Costs		1,902,465	2,100,618
Administrative Expenditures (ACRRA)		194,813	184,415
Administrative Expenditures (Incident Response Unit)		238,979	156,880
Total Expenditures		<u>2,336,258</u>	<u>2,441,913</u>
Fund Balance Beginning of Year		<u>3,150,975</u>	<u>2,375,567</u>
Ending Fund Balance		<u>4,373,616</u>	<u>3,150,974</u>

* All numbers rounded to nearest dollar

** Percent of total revenues

ACRRA Fund Fiscal Year-End Balances



*2018 estimate is based on the adjusted surcharge rates effective January 1st, 2018

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.

Water samples have been collected from ten (10) 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 four (4) of the ten (10) drinking water wells sampled; MDH well advisories have been issued for these four (4) drinking water wells. Two (2) of the four (4) contaminated drinking water wells receive bottled water, while the other two (2) drinking water wells have had water treatment systems installed. Three (3) of these four (4) wells are also contaminated with petroleum compounds.

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.

During Fiscal Year 2017, three (3) additional shallow monitoring wells and three (3) additional deep-screened monitoring wells were installed at the Site for the MPCA and the MDA. Groundwater samples were collected from the Site's monitoring well network, which now consists of fourteen (14) monitoring wells, and from eleven (11) drinking water wells that are located within 500 feet of the Site. Geophysical logging of the deep monitoring wells was performed to evaluate geology and migration pathways for contamination. A pump test was performed on select wells to evaluate drawdown within the shallow and deep aquifers.

In FY18, additional groundwater samples will be collected from the monitoring and drinking water wells to further evaluate the nature and extent of the contaminant plume. Additional soil borings and temporary wells will be drilled to close data gaps and provide further delineation of soil and groundwater contamination associated with the Site. The MPCA will also evaluate and select a drinking water supply alternative for the provision of clean water to residences and businesses within the Township that are affected by the petroleum contamination. Work conducted through MPCA programs is being funded by the Petrofund.

Mallard Ridge Site, Zimmerman

The site is a former wood treating facility, and is now located within property owned by a church. Soil and groundwater at this site were contaminated with pentachlorophenol (PCP), a wood treatment compound. Prior activities at the site included the excavation of approximately 1,221 tons of treated, PCP-contaminated soil that were disposed of in an industrial landfill. Groundwater samples were collected from the monitoring well network and the church well since 2013. Although PCP has been detected in groundwater near the former wood treatment operational area, no PCP contamination has been found in the church well.

In FY17, the seven (7) monitoring wells were abandoned by a drilling contractor. A deed affidavit noting the existence of the former wood treatment facility and the presence of residual, low level PCP contamination in soil and groundwater was filed for the property on July 28, 2017.

Agricultural Chemical Response Compensation Board Members

Chair, Bob Wesolowski

Representing Agricultural Chemical Manufacturers and Wholesalers

Vice Chair, Jessica Ratka

Representing Farmers

Member, Jeff Wheeler

Representing Agricultural Chemical Retailers

Member, Joel Fischer

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

Member, Susan Stokes

*Delegate for the Commissioner of the
Minnesota Department of Agriculture
Effective November 2016*

Past Member, Matthew Wohlman

*Delegate for the Commissioner of the
Minnesota Department of Agriculture
until November 2016*

ACRRA Board Staff

Executive Director

Joe Spitzmueller

Board Administrator

Jennie Hodgeman

Administrative Assistant

Adreanne Johnson

*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