

IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Joseph D. Barry

Patricia Boddy

Dawn M. Carlson

Eric W. Johnson

NOTICE OF PUBLIC MEETING

A public meeting of the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board has been scheduled for 10:00 A.M., Friday, March 30, 2012. **The meeting will be held at the Iowa Insurance Division located at 330 E Maple St, Des Moines, Iowa.**

The tentative agenda for the meeting is as follows:

10:00 a.m. Call to Order

1. Approval of Prior Board Minutes
2. Closed Session Discussion of Pending and Imminent Litigation (To adjourn by 10:30 a.m.)
3. Public Comment Period
4. Board Issues
 - A. Legislative Issue Discussion
 - B. DNR Update
5. Approval of Program Billings
6. Monthly Activity Report and Financials Reviewed
7. Attorney General's Report
8. Claim Payment Approval
9. Contracts Entered Into Since March 2, 2012 Board Meeting
10. Other Issues as Presented
11. Correspondence and Attachments



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MINUTES IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

January 27, 2012
(revised March 5, 2012)

COMMISSIONER'S CONFERENCE ROOM
IOWA INSURANCE DIVISION, 330 EAST MAPLE STREET
DES MOINES, IOWA

Douglas Beech called the Iowa UST Board meeting to order at 10:02 A.M. A quorum was present, with the following Board members present:

Joseph Barry
Jake Friedrichsen (for Michael Fitzgerald)
Karen Andeweg
Eric Johnson, telephonically
Jeff Robinson
Dawn Carlson
Chuck Gipp

Also present were:

David Steward, Attorney General's Office
Scott Scheidel, Administrator
James Gastineau, Program Administrator's Office
Elaine Douskey, Department of Natural Resources

APPROVAL OF PRIOR BOARD MINUTES

The minutes from the November 17, 2011 Board meeting were reviewed. Ms. Andeweg moved to approve the minutes, and Mr. Friedrichsen seconded the motion, and by a vote of 7-0, the minutes were approved.

CLOSED SESSION

Mr. Beech noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21.

PUBLIC COMMENT

There were no comments from members of the public present at the meeting.

BOARD ISSUES

A. Legislative Issue Discussion

Mr. Scheidel stated that the 2012 legislative session began January 9th, 2012 and then noted that the Governor had released his budget which did not include any reference to the IUST Fund or the Environmental Protection Charge revenue stream. Mr. Scheidel also noted that the Department of Transportation had released its review of the Iowa Road Use Tax Fund (RUTF) on January 25th and noted there was no indication to change the allocation for the Iowa UST Fund.

B. UST Operator Training & Data Management System

Mr. Scheidel provided an overview of the UST operator training programs required by Department rules and noted that since September 2010, the Board has provided reimbursement to training vendors for the education of 2,364 individuals as Class A, Class B, or combined Class A/B UST operators. Mr. Scheidel noted that the agreements with the training vendors had expired on December 31, 2011 however indications existed that additional training services would be necessary for those who missed out on the earlier training events and for new employees who would need to assume the role as a Class A or B operator. Mr., Scheidel recommended that contract extensions be granted to the vendors to continue training for the next year at the same rates as used in the past, that being \$80 for an individual trained as a Class A or Class B operator, or \$100 for an individual trained as a combined Class A/B UST operator.

Mr. Scheidel also noted that the Board members had within their packet a copy of the final agreement that had been negotiated with Iowa State University's Department of Environmental Health & Safety for the Class C Operator training program and data management system. Mr. Scheidel noted that the agreement was written as a 28E agreement as both the Board and ISU were State entities and once implemented would allow for the development to commence.

Mr. Barry motioned to approve the contract extensions and the 28E agreement, and Ms. Andeweg seconded the motion. The measure passed on a vote of 7-0.

C. DNR Update

Ms. Douskey, Supervisor of the Iowa DNR Underground Storage Tank Section provided an update on the status of the UST / LUST program. Ms. Douskey noted that the Department had recently renewed the RBCA reviewer assistance contracts, which is paid for using \$200,000 allocated by 2010 legislation from the Iowa UST Fund. Ms. Douskey also noted that the Department had been awarded funding from the US EPA and with that had issued a RFP last fall to retain contractors to work on non-funded sites. Ms. Douskey noted that they were tentatively

prepared to award contracts to two firms, Barker Lemar Engineering Consultants and Seneca Environmental pending approval by the Environmental Protection Commission.

Ms. Douskey also noted that she had incorrectly report last month that the number of open LUST sites had dropped to less than 1000. Ms Douskey noted that currently there are 1,045 open LUST sites, with 569 classified high risk and 314 classified low risk. Ms. Douskey noted that in the current Federal fiscal year which began October 1, 2011, thirty-four LUST sites have been closed however noted that the goal for the full year is 150 sites so more work is needed.

Ms. Douskey noted she and two others from her staff would be attending the National Tanks Conference in St. Louis in March 2012. Ms. Douskey also noted that the EPA was in the process of modifying Federal rules regarding underground storage tanks and invited interested parties to view the proposed changes and provide comments if they so choose to do so. Ms. Douskey noted that Iowa would not be providing substantial comments to the rules as they agreed with the proposed changes rules.

Ms. Carlson inquired if there were any significant changes being proposed that would place the Iowa program in a position that its rules would be inconsistent with the Federal rules. Ms. Douskey noted she was not aware of others comments or of any such changes that would hinder Iowa's rules. Mr. Beech noted that NACS (National Association of Convenience Stores) and his firm has some comments and concerns due to added cost factors, and noted he would provide a copy of the comments to PMC of Iowa for their reference.

Lastly, Mr. Douskey noted she had tentatively selected February 29, 2012 as a date for a discussion on the NFA re-opener process that had been requested during the prior Board meeting. Ms. Carlson thanked Ms. Douskey for setting the date and noted that the idea was to allow tank owners and other interested parties to come together to learn more about the NFA re-opener process and hear about topics being discussed at the Board meetings and how it might affect the program. Ms. Carlson noted she would like to forum to be hosted by the Board and have representatives from the DNR, Board, Administrator's Office, and PMMIC available for the discussion. Mr. Scheidel suggested that in addition to PMMIC other insurers who write UST insurance in the State could be included and Ms. Douskey agreed to contact these entities so as to invite them to the meeting. It was agreed that once the date was set, invitations would be sent.

PROGRAM BILLINGS

Mr. Scheidel presented the current monthly billings to the Board for approval.

1. Aon Risk Services\$97,608.00
Consulting Services for January 2012 -- \$58,608.00
Claims Processing Services for January 2012 -- \$39,000.00
2. Aon Risk Services\$97,608.00
Consulting Services for February 2012 -- \$58,608.00
Claims Processing Services for February 2012-- \$39,000.00

3. Iowa Attorney General's Office\$8,831.31
 Legal Services provided for Underground Storage Tank Program
 November FY2012 Billing

4. Iowa Attorney General's Office\$5,008.97
 Legal Services provided for Underground Storage Tank Program
 December FY2012 Billing

In a motion by Ms. Carlson and a second by Mr. Friedrichsen all billings were approved by a vote of 7-0.

MONTHLY ACTIVITY REPORT

Mr. Scheidel noted that the data reports for November and December 2011 are provided which continue to show an overall decrease in the number of open claims. Mr. Scheidel noted that the data reports did include an error, as the number of remedial did not change as wildly as indicated. Mr. Gastineau stated a computer glitch had caused the data error however noted that the final number of open remedial claims reported as 774 was correct. Mr. Scheidel noted that the drop in the number of open claims continues the trend that has been observed in the past year.

Mr. Scheidel also noted that in December 2011, \$7M had been transferred from the Revenue Fund to the Remedial Fund consistent with the annual fiscal plan in order to continue funding for future remedial account payments.

ATTORNEY GENERAL'S REPORT

Mr. Steward requested permission to attend the National Tanks Conference in St. Louis, MO which Ms. Douskey had mentioned earlier. Mr. Steward noted he would be attending with Mr. Scheidel, Mr. Gastineau, Ms. Douskey and other DNR staff, and noted he has been approved for full funding so there should be no cost to the State for his attendance. Mr. Scheidel extended an offer to the Board members that if they were interested in attending the event in St. Louis, Missouri arrangements could be made. Mr. Scheidel he had been asked to give a presentation on the Iowa UST Operator training programs however he had recommended that the vendors providing the training be consulted. Mr. Scheidel also noted in his conversations with the facilitator that the comment had been noted that Iowa seems to be ahead of most other states in providing the training services to its UST community.

Mr. Beech noted if any one from the Board was interested in attending the conference, he or she should contact Mr. Scheidel. Mr. Beech also asked if a motion could be made for the permission request. Ms. Andeweg motioned to approve the request and Ms. Carlson seconded the motion. The measure passed on a vote of 7-0.

CLAIM AUTHORITY

Mr. Gastineau presented the following claim authority requests:

1. Site Registration 8604865 – Bro Oil Co., Afton

Mr. Gastineau provided information noting that the facility is currently classified high risk for the soil and groundwater pathways related to water lines and vapor receptors. Mr. Gastineau noted that the remediation system was in operation from July 2003 through February 2011 and successfully reduced groundwater contaminant levels however elevated soil contaminant levels remain. Further investigation is needed to evaluate the risk to the waterlines. If contamination is in proximity to the water lines, replacement may be necessary. Mr. Gastineau noted the costs for activities are split 35% IUST and 65% to PMMIC due to a post-1990 release.

Mr. Gastineau noted that the present claim reserve was \$233,000 and that prior Board authority had been granted in July 2001 for costs up to \$207,000.00. Mr. Gastineau noted \$219,852.11 had been paid on the site to date. Projected costs for the soil investigation, additional monitoring and if necessary water line replacement are projected to be \$11,000 to \$60,000. Mr. Gastineau requested additional authority of \$35,000 for total authority up to \$242,000 for the site.

Mr. Barry motioned to approve the claim authority, and Mr. Friedrichsen seconded the motion. The measure passed on a vote of 7-0

2. Site Registration 8913711 – Wood Standard, Donnellson (2nd Board report)

Mr. Gastineau provided information noting that the facility is classified high risk due to proximity to multiple private drinking and non-drinking water wells, several vapor receptors and water lines and noted that the community does have a public water system already in place. Mr. Gastineau noted a remediation system has been in operation since 2005 which has lowered contaminant levels however target levels are still exceeded. Mr. Gastineau further noted that surfactants were being used to enhance the cleanup of the soils in an attempt to expedite the remediation efforts however noted that further use of the remediation system was still needed.

Mr. Gastineau noted prior Board approval was granted in March 2005 for authority up to \$500,000.00; the costs incurred at the site to date are \$504,650.89 and the present claim reserve is \$675,000.00. Projected costs for the remediation activities and monitoring are projected to be \$100,000 to \$250,000. Mr. Gastineau requested additional authority of \$250,000 for a total authority of up to \$750,000 to address the risks at the site.

Following the presentation, Mr. Beech asked the question since funding was approaching the maximum allowed, if the funds would be better spent if the City was asked to require residents to use of the public water system. Mr. Gastineau noted that based on the reports submitted the concern of residents was not related to contaminants but instead was based on the taste of the water. Mr. Beech expressed his concern that funding on sites with well issues continues to be concern for the Board.

Mr. Beech asked if there was to be motion to consider the matter. Mr. Gipp motioned to approve the authority and Mr. Friedrichsen seconded the motion. The measure passed on a vote of 6-1.

3. Site Registration 8604952 – Hancock County Coop Oil, Klemme (3rd Board report)

Mr. Gastineau reported that this site is high risk for two city water wells, vapor receptors and the protected groundwater source pathway. He noted that a remediation system has been operating since March of 2005 which has reduced contaminant levels however no longer appears to be effective and additional corrective action measures may be necessary. Mr. Gastineau noted that a third party review had just been completed which has resulted in a 75 / 25% split between the IUST Fund and PMMIC as a result of a new release.

Mr. Gastineau noted prior Board approval was granted in August 1998 and June 2003 for authority up to \$575,000.00; the costs incurred at the site to date are \$589,850.07 and the present claim reserve is \$700,000.00. Projected costs for the remediation activities and monitoring are projected to be \$75,000 to \$200,000. Mr. Gastineau requested additional authority of \$150,000 for a total authority of up to \$725,000 to address the risks at the site.

Mr. Beech inquired on the status of the free product recovery actions taking place at the site. Mr. Gastineau noted that the free product was related to the new release thus the fund has had little involvement in the removal actions which are being funded by PMMIC. Mr. Beech noted that with funding, the caveat needed to be added that aggressive free product recovery should be implemented to remove the product as quickly as possible.

Mr. Gipp motioned to approve the authority with the stated caveat for aggressive free product removal action, and Ms. Andeweg seconded the motion. The measure passed on a vote of 7-0.

4. Site Registration 8601150 – Ports Petroleum, Early (2nd Board report)

Mr. Gastineau reported that this site is high risk for one municipal water well located on an adjacent property. Mr. Gastineau noted the municipal well is shallow and has had detections of waste oil in it. He also noted that following several joint meetings, the best course of action seems to be installation of a new city well approximately 400 feet from the site and plugging of the old well. Once completed, the site should be reclassified to no action required status.

Mr. Gastineau noted prior Board approval was granted in September 2004 for authority up to \$175,000.00; the costs incurred at the site to date are \$137,118.54 and the present claim reserve is \$400,000.00. Projected costs for the new well, plugging of the old well, and site closure activities are projected to be \$250,000 to \$350,000. Mr. Gastineau requested additional authority of \$275,000 for a total authority of up to \$450,000 to address the risks at the site.

Ms. Carlson motioned to approve the authority, and Ms. Andeweg seconded the motion. The measure passed on a vote of 7-0.

5. Site Registration 8607406 – Messer Oil Company, Lone Tree (2nd Board Report)

Mr. Gastineau reported that this site is an active petroleum UST facility currently classified low risk for potential vapor receptors and for the protected groundwater source pathway. Mr.

Gastineau noted that the annual monitoring costs are \$1,785.00 per year and the present claim reserve is based upon continued low risk monitoring.

Mr. Gastineau noted that the consultant working for the owner has proposed installing a soil vapor extraction (SVE) system to enhance remediation. It was also noted that the contaminant levels are quite high and there is a history of free product, although no product is currently observed. Mr. Gastineau stated that the consultant intends to work with the City of Lone Tree to determine if an acceptable ordinance can be established to clear the protected ground source pathway and noted that the consultant indicates contaminant target levels for the vapor receptors may be achievable two years after the system is in operation.

Mr. Gastineau noted prior Board approval was granted in August 2007 for authority up to \$130,000.00 while the costs incurred to date are \$111,152/73 and the present claim reserve is \$135,000.00. Projected costs for installation of a remedial system, three years operation and maintenance and periodic monitoring would be approximately \$90,000. Mr. Gastineau requested additional authority of \$120,000 for a total authority of up to \$250,000.

Mr. Scheidel noted that this request pertains to incurring costs beyond monitoring at a low risk site and as such, must be presented to the Board for its consideration. Mr. Scheidel noted that the Board should consider both the costs for monitoring in relation to the costs for implementing the proposal and the relative certainty each provides for closure. He also noted the expenditure of the monies beyond DNR's required monitoring bore risk of whether it would achieve closure or not. Mr. Scheidel noted options for addressing that risk could include seeking a pay for performance bid or completing a settlement agreement, under which the claimant or the consultant would bear some or all of that risk. The Board needs to weigh whether they are the sole entity holding the risk in the event that the remediation effort beyond the requirements of the DNR fails to achieve closure. It was noted that if the Board accepted all of that risk and if the proposed action were to fail to achieve NAR classification, then the owner could either ask for further remediation efforts, at an added cost, or could resume low risk monitoring. Mr. Scheidel noted that as the Board is being asked to consider a significant investment on a low risk site where remediation is an option, not required by Department rules, and as the Board is considering spending four or more times more the entire monitoring program may cost, the Board should consider whether the claimant or consultant could be asked to shoulder some of the risk. The Board's duty is to weigh the risk of spending the additional presents a cost effective expenditure beyond DNR's requirements. Mr. Beech noted that while some skepticism may be present, he applauds the consultant and owner for taking an initiative to propose an action to move the site forward.

Ms. Carlson asked if this proposal isn't exactly what was intended by the recent legislation which authorized remediation at low risk site and stated that the Board should not consider anything other than approval. She also asked how many proposals are being submitted on a monthly basis, noting only one low risk remediation budget was included in the Board packet being considered today. Mr. Scheidel noted that all low risk remediation budgets are being brought to the Board for consideration, noting that the one now under consideration is what was recently received. Mr. Scheidel noted that as these budgets are received, it is the Board's prerogative to evaluate the concept and make the decision as to whether or not it is a prudent approach in expending monies beyond DNR's requirements on a site by site basis. He also noted

that the procedure of bringing every site to the Board for consideration would continue until such time that the Board delegated that authority for making such decisions to the Administrator. Mr. Beech noted his agreement to the approach and noted that for any proposed remediation option he wanted the measure to achieve closure and put an end to ongoing activities and expenses.

In considering the proposal, the reporting requirements were discussed. Mr. Gastineau noted indications are the DNR will ask a low risk remediation site to comply with the same design and reporting procedures as a high risk site. Ms. Douskey noted that the Department needs to be aware of what is taking place and needs certain information in the event of a public inquiry. Mr. Scheidel noted that as this is a low risk site and while remediation may be contemplated, an owner does not assume the same duties required for a high risk remediation site. However, he agreed that DNR should and would be kept abreast of activities at the site. He asserted that a claimant's / Board's election to undertake actions beyond monitoring should not change DNR's reporting requirement outlined in statute and rule.

Ms. Carlson inquired if the budgets for every low risk site were being brought forth or if only those seeking remediation. Mr. Gastineau noted only those seeking something other than the DNR required monitoring are brought forth noting that the recent legislation requires Board approval for these activities regardless if prior funding authority has been granted to the Administrator's office. Ms. Andeweg inquired as to who originates these proposals, and Mr. Gastineau noted that it is usually a combination of the claimant and his/her consultant. Mr. Reinders of Cunningham Lindsey noted that for the Messer Oil proposal under consideration, the request originated with the claimant as they wish to be done with the project.

Ms. Carlson noted that as this what was intended by the legislation that any measure other than approval would be disingenuous and would discourage others from bringing such proposals forward. Mr Beech and Mr. Scheidel disagreed noting that the Board maintains a duty to ensure that monies expended are for cost effective measures, not a rubber stamp. Mr. Scheidel noted that the Board has the duty to pay for what is required at a high risk site but for a low risk site the Board has discretionary authority when considering the option since it is in excess of DNR requirements. Mr. Beech noted that the goal for remediation at low risk sites was to promote expedited closures, which is not guaranteed with the option now under consideration.

Mr. Beech asked if there might be some middle ground to consider for this option such as operating the proposed system for less time than proposed. Mr. Gastineau however noted that the bulk of the proposed costs for the Messer Oil facility would be in the installation of the vapor extraction system and that the remediation effort on an annual basis was minor in comparison. Mr. Beech inquired if the consultants thought this was a good measure and put an end to the project however it was noted that the incumbent consultant was not present in the meeting. Mr. Reinders of Cunningham Lindsey noted his opinion that the proposal relied heavily on the presumption that an acceptable ordinance could be developed and thus, it was generally agreed that if the consultant could engineer such an ordinance that would be acceptable to the Department, funding would be provided.

Mr. Beech noted that if the ordinance is approved, he would move to approve funding. Mr. Gipp asked if counsel would be asked to develop the language of the ordinance and Mr. Scheidel

noted that the Board could grant authority to the Administrator to work with the consultant to develop the ordinance and once that is accomplished, to allow remediation to proceed. Mr. Beech agreed to the approach and motioned to approve the authority, with the stipulation that the ordinance be adopted prior to approval of remediation, and Ms. Carlson seconded the motion. The measure passed on a vote of 7-0.

Following the discussion, Mr. Scheidel asked Ms. Carlson if it is her interest that with every low budget being submitted, should staff push back and ask for options to get the site moving further toward closure. Ms. Carlson confirmed that that was indeed her request noting that if the proposed LUST meeting is held on February 29, 2012, she would hope that all consultants would attend so as to hear the same message. Ms. Andeweg inquired as to how many low risk sites existed and Ms. Douskey noted that approximately 350 low risk sites exist while not all would be fund eligible.

Lastly, Mr. Gastineau noted regarding eligibility that following the review of the site status completed in the last fiscal year, both he and staff from Cunningham Lindsey were in the process of evaluating options for getting work done on the sites. Mr. Gastineau noted that the work would be handled in part using the new State Lead closure contractors and may include issuing RFP's to move the high risk sites into remediation and toward closure.

CONTRACTS ENTERED INTO SINCE THE NOVEMBER 17, 2011 BOARD MEETING

Mr. Scheidel noted that the Board had not signed any contracts since the last Board meeting on November 17, 2011.

OTHER ISSUES

Mr. Scheidel noted that the next meeting of the Board was planned for Friday, February 24, 2012 however several Board members indicated a conflict with that date. Following discussion, the meeting date was changed to Friday, March 2, 2012.

CORRESPONDENCE AND ATTACHMENTS

Mr. Beech asked if there was any further business, and there being none, Ms. Andeweg moved to adjourn, and Mr. Johnson seconded the motion. By a vote of 7-0, the Board adjourned at 10:55 a.m.

Respectfully Submitted,



Scott M. Scheidel
Administrator

March 2, 2012 Board Minutes



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

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Jeff W. Robinson

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MINUTES

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

March 2, 2012

COMMISSIONER'S CONFERENCE ROOM IOWA INSURANCE DIVISION, 330 EAST MAPLE STREET DES MOINES, IOWA

Douglas Beech called the Iowa UST Board meeting to order at 10:00 A.M. A quorum was present, with the following Board members present:

Joseph Barry
Jake Friedrichsen (for Michael Fitzgerald)
Karen Andeweg
Jeff Robinson
Dawn Carlson
Chuck Gipp

Also present were:

David Steward, Attorney General's Office
Scott Scheidel, Administrator
James Gastineau, Program Administrator's Office
Elaine Douskey, Department of Natural Resources

APPROVAL OF PRIOR BOARD MINUTES

Mr. Beech inquired if the members had reviewed the minutes and if there was any items for discussion. Mr. Beech noted a correction to be made on page 6 regarding the discussion of the Board report for the Wood Standard Station, noting the correction should reflect that a "motion" was made not that 'more' was requested. Ms. Carlson also noted that on page 7 of the packet that the minutes missed the dialogue regarding the number of proposals that had been submitted for work on low risk sites. Mr. Beech noted that review and approval of the minutes could be withheld until the notes are re-examined.

CLOSED SESSION

Mr. Beech noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21.

PUBLIC COMMENT

There were no comments from members of the public present at the meeting.

BOARD ISSUES

A. Legislative Issue Discussion

Mr. Scheidel stated as of the end of the first funnel week nothing has been introduced that might affect the Board. Mr. Scheidel noted that the first funnel is when a bill has to be out of a committee in one chamber in order to be viable. Mr. Scheidel also noted that he has had no discussions with legislators or staff members regarding Board issues. Mr. Beech inquired if the Board members had any issues that they wish to be considered for the legislative session and hearing none, proceeded to the next item.

Mr. Scheidel noted, while not a Board issue, that an update on the Operator Training database and training program could be provided. Mr. Scheidel noted that Mr. Gastineau noted had visited Iowa State University that day before to get an update on the status of the Class C Operator training data management and training project. Mr. Gastineau noted that the database and training programs are planned to be operational by April 1, 2012. Mr. Gastineau also noted that DNR field staff has already noted that some retail operations do not have the proper documentation to indicate that Class C training has been completed. Mr. Gastineau noted that the Department had rules in place which required certain training be completed two years earlier, and noted that the Class B operators for a facility could be training the Class C operators for the same facility. Mr. Beech inquired how information on the new system would be disseminated to the public and Mr. Scheidel noted that the Department and PMC of Iowa would be able to assist in getting the word out to those who are the intended users.

B. DNR Update

Ms. Douskey, Supervisor of the Iowa DNR Underground Storage Tank Section provided an update on the status of the UST / LUST program. She noted, as a point of clarification, that the Department had required certain notification and emergency response information be available at UST sites since April 2010 but noted that actual certification of Class C Operators was not required until after December 31, 2011. In providing a status on the program, Ms. Douskey noted that the Department currently had 1,050 open LUST sites, of which 567 were classified high risk, 312 were classified low risk, 73 were classified as no action required with free product, and 88 sites are not classified. Mr. Douskey noted that approximately 84% of the known LUST sites have been closed and that 48 sites had been closed in the current federal fiscal year to date.

Ms. Douskey noted that the US EPA had recently extended the public comment period for the proposed rule changes regarding regulation of the underground storage tanks until April 16, 2012. Ms. Douskey noted a possible reason for the extended time period may be due to the comments being submitted regarding the proposed regulation of some of the tanks which had previously been excluded for regulation. She invited interested parties to view the proposed changes and provide comments if they so choose to do so. Ms. Douskey noted she could provide a link to the website for comments and noted she had also forwarded that link to Mr. Gastineau so he could share it with the Board members.

Ms. Douskey noted that two days earlier the Department hosted the LUST Forum and while it did not go as planned, she indicated she was pleased with the outcome. It was noted that more than 50 had attended the meeting in person and that several had listened in via the teleconference option. Ms. Douskey noted that some follow-up would be needed as there were many questions that had been presented for response by the panel members, including the Department, Fund representatives and PMMIC. Ms. Douskey noted her thanks to those who attended and her appreciation for the Board members who attended the meeting. Ms. Carlson also noted her appreciation and noted that the attendees she observed with about half owner /operators and half groundwater professionals. Ms. Carlson noted that some of her members did have additional questions for the panel and were hoping to have an understanding of who the parties are who are involved with addressing a site and what questions that should be asking to make sure their site moves forward. Mr. Barry noted that he thought the discussion went well despite the media malfunction and noted how well the participants overcame the obstacle and proceeded with the discussion. Others agreed and Ms. Douskey noted her thanks to her staff for trying to resolve the media problems and for Ms. Carlson who helped her staff redesign the presentation to a question-answer panel format. Ms. Douskey noted her opinion that she felt that many left with wanting more and proposed the idea that additional meetings be held to provide more information on an annual basis or bi-annual basis. Ms. Carlson agreed, noting that she and several of her members had visited the State Capitol after the meeting and the discussion had continued with more questions being asked.

Mr. Friedrichsen inquired if there was feedback from the meeting or if a survey could be done to ask the question was it beneficial or to get an opinion. Mr. Scheidel inquired if email addresses had been collected and noted his idea that a web-based survey could be developed and given to those who have email access. Ms. Carlson noted she would have the emails of her members, and it was noted that the groundwater professionals in attendance could likewise be contacted for their opinion. Ms. Douskey noted she would confer with Ms. Carlson and Mr. Scheidel about the content of a survey, and Ms. Carlson noted she would give the questions that had been written to Ms. Douskey so an appropriate response could be made on those as well as the questions provided prior to the meeting.

Ms. Douskey noted that in addition to the matters already discussed, things were moving forward in her section on other tasks as well. Ms. Douskey noted that the inspection database was in the process of being upgraded to allow for a faster input of inspection data. Ms. Douskey also noted that that Department had received some Federal funds to work on non-funded LUST sites and that the focus would be on approximately 10 sites that had been worked on previously with the Federal stimulus funds with the hope of moving the sites to closure.

Ms. Douskey also noted that she had a staffer look at the list of stalled sites that Mr. Gastineau had developed last year to determine which sites could be pushed to move forward. Ms. Douskey noted that the focus was on the innocent landowner sites that had obtained a co-payment waiver. Ms. Douskey noted that about 50% of those who have been contact were agreeable to moving forward however it has been time consuming process. Ms. Carlson inquired on the number of sites that may be involved in this list and Mr. Gastineau noted that as

approximately 60 sites may be on the list. Mr. Gastineau noted that some, but not all, on the list would qualify for the copayment waiver authorized by recent legislation, however without a mechanism to force individuals to comply the promise of free money was not always welcomed. Ms. Carlson inquired if at some point should the Board ask legislators to force compliance. Mr. Scheidel noted that access would still be necessary but at some point agreed that the Board may wish to consider regional contracts for one or more firms to work on the stalled sites in that area, assuming access to a particular site can be obtained.

Mr. Friedrichsen inquired on the number of sites that are stalled, and Mr. Gastineau estimated approximately 60 such sites exist and noted that the list could be shared with the Board at the next meeting.

PROGRAM BILLINGS

Mr. Scheidel presented the current monthly billings to the Board for approval.

1. Aon Risk Services\$97,608.00
 Consulting Services for March 2012 -- \$58,608.00
 Claims Processing Services for March 2012 -- \$39,000.00
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 Consulting Services for April 2012 -- \$58,608.00
 Claims Processing Services for April 2012-- \$39,000.00
3. Iowa Attorney General’s Office\$5,747.57
 Legal Services provided for Underground Storage Tank Program
 January FY2012 Billing
4. Iowa Department of Revenue\$1,201.17
 Environmental Protection Charge collection October – December FY 2012

In a motion by Mr. Friedrichsen and a second by Ms. Andeweg all billings were approved by a vote of 6-0.

MONTHLY ACTIVITY REPORT

Mr. Scheidel noted that the data reports for January 2012 is provided which continue to show an overall decrease in the number of open claims. Mr. Scheidel noted that the number of retro claims has now dropped to less than 40 and noted that the number of corrective action meeting has increased with 17 scheduled in the future. Ms. Carlson inquired if a responsible party typically attends the corrective action meeting and Mr. Scheidel noted that in many cases that no they do not as they rely heavily on their groundwater professional. Ms. Douskey indicated that a responsible party probably participates in about 20% of the meetings and Mr. Gastineau concurred with that estimate. Lastly, Mr. Scheidel noted nothing of significance is reported in the financials for the past month.

ATTORNEY GENERAL'S REPORT

Mr. Beech inquired if a report was to be presented, and Mr. Steward indicated no report was needed. Mr. Steward did however note that he is the assigned enforcement attorney with the Department's UST Section and noted that when he started that there were 6 to 10 cases awaiting prosecution, however in recent years there have been fewer cases reported each year for enforcement. Ms. Carlson asked how long it takes for a site to get to Mr. Steward's office for enforcement, and Mr. Steward responded that not all enforcement makes it to his office. Mr. Steward noted that the process begins with a referral summary, then to DNR legal, then to his office, then they confer on the matter. He noted that depending on the specifics of a case, the seriousness of the offense, whether past enforcement has been taken or if there is a danger to the public then a decision is made if enforcement is needed, which would then go to the Environmental Protection Commission who would issue the referral. Mr. Steward noted DNR handles most of the cases through their processes. Mr. Scheidel inquired if there is a certain timeframe for these matters to proceed and Mr. Steward noted that there is not.

Mr. Aaron Brees, DNR attorney, noted that most enforcement is handled within in the Department but where circumstances dictate they will proceed with action at the Attorney General's office. Mr. Brees noted that they try to proceed with actions within a few months however that depending of staff workloads. Mr. Steward noted that most referrals to his office are made within six months and then it may take another six months until a lawsuit is issued by his office.

CONTAMINATION

Mr. Gastineau presented the following claim authority requests:

1. Site Registration 8610191-- J.P. Scherrman, Inc., Farley (3rd Board Report)

Mr. Gastineau provided information noting that the facility is currently classified high risk for the soil and groundwater pathways related to a city water well, vapor receptors and a water line. Mr. Gastineau noted that a vapor extraction remediation system has been in operation at the site however the system is unable to remove the free product that has been observed. Mr. Gastineau stated a recommendation has been made to change the remediation system to a multiphase extraction system to aggressively remove the free product and to address contaminants which may be below the groundwater.

Mr. Gastineau noted prior Board approval was granted in April 2003 and October 2009 for authority up to \$275,000.00; the costs incurred at the site to date are \$216,275.33 and the present claim reserve is \$400,000.00. Projected costs for the remediation activities and monitoring are projected to be an additional \$175,000 to \$225,000. Mr. Gastineau requested additional authority of \$150,000 for a total authority of up to \$425,000 to address the risks at the site.

Ms. Andeweg motioned to approve the claim authority, and Ms. Carlson seconded the motion. The measure passed on a vote of 6-0

2. Site Registration 86810916 – Casey’s Marketing Company, Creston

Mr. Gastineau provided information noting that the facility is classified low risk due to a protected groundwater source. Mr. Gastineau noted the groundwater professional working on this site has recommended additional soil investigation to better define the limits of the soil plume in an effort to determine if the plume is limited to the site or if it extends onto the adjacent properties. If limited to the property, an environmental covenant will be completed to allow the site to be reclassified to a no action required status, however if the plume is not limited to the site, a city ordinance or continued monitoring would be necessary.

Mr. Gastineau noted that the present claim reserve for this property was \$82,500 and that costs incurred to date total \$83,997.93. Projected costs for the additional investigation, monitoring and reporting activities are in the range of \$15,000 to \$35,000. Mr. Gastineau requested a total authority of up to \$100,000 to address the risks at the site.

Mr. Barry motioned to approve the claim authority, and Mr. Friedrichsen seconded the motion. The measure passed on a vote of 5-0, with Mr. Beech abstaining from the vote.

Following the completion of the Board reports, Ms. Carlson inquired if there were any other low risk proposals that had been submitted for consideration. Mr. Gastineau noted he had received one such request after the Board packets were mailed and noted that the proposal did not include subcontractor costs nor did the proposal include a statement from the groundwater professional as to his opinion on what success the measure would have on reducing the monitoring plan. Ms. Carlson asked if Mr. Gastineau had himself received the proposal, and Mr. Gastineau acknowledged that he had received the proposal and that a copy had also been received by Cunningham Lindsey. Mr. Gastineau also noted that the proposal was for work at a site involved in a cost-share agreement with PMMIC so it was believed that a copy had also been sent to PMMIC. Mr. Gastineau noted that once reviewed and upon submittal of the supporting documentation, the proposal would be brought to the Board for consideration.

CONTRACTS ENTERED INTO SINCE THE MARCH 2, 2012 BOARD MEETING

Mr. Scheidel noted that the Board had entered into four agreement extensions for Class A & B Operator training reimbursements and had also entered into an agreement with Iowa State University’s Department of Environmental Health & Safety for the development of the Iowa UST Operator data management system and to provide Class C UST Operator training for a two-year period.

OTHER ISSUES

Mr. Scheidel noted that the next meeting of the Board was planned for Friday, March 23, 2012 however he noted that was in the same week as the National Tanks Conference to which he and

several others would be attending and asked that the meeting date be changed to the following Friday, which would be March 30, 2012. The Board members concurred with the change.

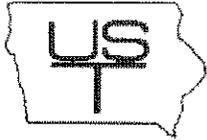
CORRESPONDENCE AND ATTACHMENTS

Mr. Beech asked if there was any further business, and heard none from the members. Mr. Beech noted that he had been informed by Mr. Johnson of his intent to resign from the Board and noted that Mr. Johnson had agreed to remain until a replacement could be found. Mr. Scheidel noted he would notify the Governor's office. Mr. Beech inquired if there was any further discussion needed and hearing none asked for a motion to adjourn the meeting. Ms. Carlson moved to adjourn, and Ms. Andeweg seconded the motion. By a vote of 6-0, the Board adjourned at 10:29 a.m.

Respectfully Submitted,

A handwritten signature in black ink that reads "Scott M. Scheidel". The signature is written in a cursive style with a large, prominent initial "S".

Scott M. Scheidel
Administrator



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Joseph D. Barry

Patricia Boddy

Dawn M. Carlson

Eric W. Johnson

MEMO

TO: Iowa UST Board

FROM: Scott Scheidel

DATE: March 23, 2012

RE: 2012 Legislative Session

The 2012 Legislative Session continues to move along. The second funnel date passed on March 16, 2012 — bills had to have passed out of committee in the opposite chamber to remain viable. In other words, Senate bills must have passed out of House committees and House bills must have passed out of Senate committees to remain viable. There have not been any bills introduced that have a significant effect on the UST Board to date.

The passing of funnel dates does not mean bills can't be passed that affect the Board yet this year. Amendments to viable bills can still affect the Board.

We will provide communication on any bills that may materially affect the Board throughout the Session.



Evaluation of Corrective Action Conferences, 2004–2011

Underground Storage Tank Section, February 2012

Synopsis

UST Section staff and stakeholders instituted a system of corrective action conferences in 2004 to address the increasing backlog of high risk LUST sites. Representatives of the UST Section, funding group, responsible party, and environmental consultant meet to reach consensus on a corrective action plan, usually a technology or an approach to address the high risk conditions, and a schedule of events. After this consensus, a memorandum of agreement (MOA) is signed. The MOA is a legally enforceable document between the DNR and the responsible party.

Conferences began in July 2004 to address the backlog of 1,185 high risk sites requiring remediation. A full-time corrective action facilitator position was added to the UST staff in January 2005. By December 31, 2011, staff had conducted 1,060 conferences covering 577 high risk sites resulting in 473 MOAs. Of these 577 sites, about a third (196) have been reclassified, 151 to no further action and 45 to low risk. Considering that the most complicated and most contaminated high risk sites go through conferences, this success rate is relatively high.

Conference Scheduling and Outcome

Corrective action conferences are typically held for all LUST sites that are recently determined to be high risk, but also for sites where a remediation technology has not been fully successful; to develop or modify a remediation or a post-remediation monitoring plan; or to discuss options for reclassification from low risk to no action required.

Common corrective action options selected to address high risk sites have included

- alternative evaluations of sites in Tier 3 such as proving aquifer separation (39%);
- over-excavation of contaminated soil and treatment at a soil landfarm or landfill (25%);
- installing a remediation system such as soil vapor extraction (24%);
- modifying a receptor (such as plugging a water well so it is no longer high risk), (9%), or
- other outcomes such as meeting again to work toward consensus (3%).

Successes in 2011

The corrective action conferences have been very effective in moving the more complicated high risk sites through corrective action and into reclassification. In 2011, the UST Section reclassified 133 sites as “cleanup complete” and eligible for No Further Action certificates. Another 27 sites were reclassified to low risk and will only require monitoring. Of these 160 sites reclassified in 2011, 39 (24%) went through corrective action conferences. Most conference sites are in active remediation, post-remediation monitoring, Tier 3 evaluation, or low risk monitoring.

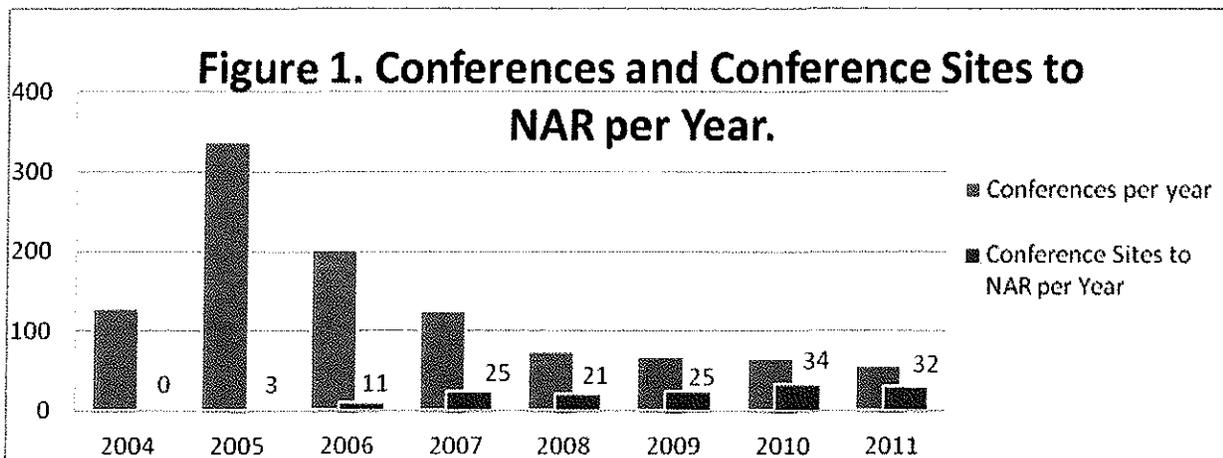
A case study of a success involves a site near the small town of Early in western Iowa where a first conference was held in 2004. A municipal drinking water well, pumping from a shallow alluvial aquifer, is located adjacent to the LUST site. The first conference resulted in the decision to install an *in situ* remediation system to address the contamination and the high risk conditions.

The sparge and vent remediation system was installed in 2005 and operated for a year, but in 2010 petroleum contamination greater than the site specific target level was detected in monitoring wells adjacent to the municipal water well. Four additional conferences were held in 2011, most with more than the usual number of participants from the DNR, UST Fund, City of Early, responsible party, and consultants. Over the four meetings we discussed responsibilities, funding, and schedule, and a consensus was reached to install a new municipal water well further from the LUST site and plug the threatened well. This work is scheduled for 2012 and progressing according to plan.

A less tangible but no less important benefit of the conference activities has been the development of improved communication and greater trust among the interested parties. This has generated increased stakeholder engagement toward the common goal of reclassifying a site.

Conference and Facilitator Activity

For the first couple of years, multiple conferences were conducted almost every day. In 2010 and 2011, one to two conferences per week were held. The number of conferences per year declined significantly after 2005 but has leveled off at approximately 60 conferences per year (Figure 1). Although the number of conferences completed has leveled off, the complexity of the conferences has generally increased. Some sites have required six or seven conferences to reach consensus. Of the sites that have gone through conferences, the number reclassified to no action required (cleanups completed) has increased to more than 30 per year.



The corrective action facilitator maintains a database to track dates for report submittals, remediation startups, and other significant events. The facilitator notifies the DNR project manager of due dates and overdue activities. The corrective action facilitator also serves as a resource for technical review of corrective action design reports, remediation proposals, and remediation monitoring reports.

As of January 1, 2012, 572 sites remain classified high risk. Our goal is to hold 60 to 80 corrective action conferences per year, depending upon the discovery of new petroleum releases and available staff time. These conferences may include sites where interested parties have a variety of needs, but the aim is to protect human health and the environment.

Iowa DNR acknowledges and thanks EPA for providing funds to support the Corrective Action Specialist/Facilitator position over the past seven years.

Approval of Program Billings



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Joseph D. Barry
Dawn Carlson

Jeff W. Robinson
Eric W. Johnson

Roger Lande
Karen Andeweg

MEMORANDUM

TO: UST Board Members
FROM: Scott Scheidel
DATE: March 23, 2012
SUBJECT: Summary of Bills for Payment

NOTICE

The following is a summary of UST bills requiring Board approval for payment:

1. Aon Risk Services\$97, 608.00
Consulting Services for –May 2012- \$58,608.00
Claims Processing Services for –May 2012- \$39,000.00
2. Iowa Attorney General’s Office\$5,747.71
Legal Services for the UST Fund February FY2012

Iowa UST Fund
Monthly Activities Report

Feb-12

Claims	Open Claims Jan Ending	Open & Closed Monthly Net Changes	Open Claims Feb Ending	Open & Closed Totals since Inception
RETROACTIVE				
number	39	0	39	444
reserve	\$1,662,064.07	(\$2,815.00)	\$1,659,249.07	\$1,659,249.07
paid	\$6,648,935.93	\$2,815.00	\$6,651,750.93	\$16,357,388.28
total	\$8,311,000.00	\$0.00	\$8,311,000.00	\$18,016,637.35
REMEDIAL				
number	556	0	556	4,445
reserve	\$24,604,826.18	(\$98,973.31)	\$24,505,852.87	\$24,501,788.87
paid	\$80,289,647.20	\$87,805.13	\$80,377,452.33	\$197,792,031.98
total	\$104,894,473.38	(\$11,168.18)	\$104,883,305.20	\$222,293,820.85
INNOCENT LANDOWNER				
number	169	4	173	1,101
reserve	\$7,002,859.14	\$55,943.22	\$7,058,802.36	\$7,058,802.36
paid	\$11,440,352.86	\$9,056.78	\$11,449,409.64	\$25,999,302.33
total	\$18,443,212.00	\$65,000.00	\$18,508,212.00	\$33,058,104.69
GLOBAL OPT-IN				
number	146	0	146	1,293
reserve	\$859,817.32	(\$398.65)	\$859,418.67	\$859,817.32
paid	\$1,130,720.49	\$398.65	\$1,131,119.14	\$9,368,653.14
total	\$1,990,537.81	\$0.00	\$1,990,537.81	\$10,228,470.46
UNASSIGNED REVENUE FUND PROJECTS				
number	0	0	0	188
reserve	\$0.00	\$0.00	\$0.00	\$0.00
paid	\$0.00	\$0.00	\$0.00	\$2,455,839.75
total	\$0.00	\$0.00	\$0.00	\$2,455,839.75
NFA RE-EVALUATIONS				
number	17	0	17	30
reserve	\$479,556.78	(\$24,000.00)	\$455,556.78	\$455,556.78
paid	\$285,443.22	\$0.00	\$285,443.22	\$503,251.39
total	\$765,000.00	(\$24,000.00)	\$741,000.00	\$958,808.17
TANK PULLS				
number	23	4	27	126
reserve	\$232,013.00	\$48,000.00	\$280,013.00	\$280,013.00
paid	\$0.00	\$0.00	\$0.00	\$1,137,967.64
total	\$232,013.00	\$48,000.00	\$280,013.00	\$1,417,980.64

Corrective Action Meetings	
Scheduled:	13
Completed:	1,073
MOA's	473

Operator Training (Class A / B)	
Number trained (A/B)	2400
Paid (FY2011)	\$183,600.00
Paid (FY2012)	\$47,580.00

RT Claims	#
New	0
Reopened	0
Closed	0
RM Claims	
New	1
Reopened	0
Closed	1
ILO Claims	
New	3
Reopened	0
Closed	3
GS Claims	
New	1
Reopened	0
Closed	1
Tank Pull	
New	4
Reopened	0
Closed	9

Invoice Type Totals	February	FYTD	Program to Date
2004 Tank Pull	0.00	0.00	\$ 1,761,013
2010 Tank Pull	116,465.25	891,769.47	\$ 1,143,688
American Soils	0.00	0.00	\$ 5,678,423
AST Removal	0.00	0.00	\$ 2,121,637
AST Upgrade	0.00	0.00	\$ 5,460,479
CADR Charges	0.00	1,070.00	\$ 4,193,639
Corrective Action	4,034.45	30,828.39	\$ 51,022,949
Expenses (OT)	1,000.00	61,780.00	\$ 229,680
Free Prod Recover	31,686.13	314,303.90	\$ 9,104,960
Monitoring	197,326.81	999,671.58	\$ 25,116,213
Operations/Maint	37,039.85	266,129.30	\$ 8,821,408
Over-excavation	3,378.00	868,501.72	\$ 26,100,071
Plastic Water Lines	0.00	206,207.90	\$ 1,897,037
Post RBCA Evals	3,043.37	7,607.57	\$ 177,292
RBCA	3,771.75	113,835.71	\$ 25,461,474
Remed Imp/Const.	3,510.00	611,852.55	\$ 25,439,692
SCR Charges	0.00	0.00	\$ 54,185,400
Site Check	0.00	3,517.76	\$ 137,470
Soil Disposal	0.00	0.00	\$ 670,827
Tank (UST) Pull	4,707.00	4,707.00	\$ 5,145,550
Tank (UST) Upgrade	0.00	0.00	\$ 5,891,655
Tier III	12,551.35	46,824.73	\$ 1,234,967
Utilities	18,537.03	116,909.27	\$ 1,584,544
Well Closure	3,328.81	142,858.57	\$ 3,094,003
Total Invoice Types	440,379.80	4,688,375.42	\$ 264,723,774

Remediation Budgets Approved to Date		
last month (Feb'12)	2	\$65,548
Trailing 12 mos	33	\$1,572,775
Prev Trail 12 mos	28	\$1,292,549
Total Since Jan 2003	1,019	\$38,971,323

Project Contracts	Open	Closed	Pending
CRP's	13	33	0
Tank Closure	2	5	0
Plastic Water Line	0	2	0

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND

STATEMENT OF FUND BALANCES

FOR THE MONTH ENDING FEBRUARY 29, 2012

1 - UST REVENUE FUND (Bonding)

Balance of Fund, February 1, 2012		\$9,293,712.73
Receipts:		
Tank Management Fees (FY2010)	\$0.00	
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$0.00	
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$9,208.64	
Interest Income - Capital Reserve Fund	\$0.00	
		<u>\$9,208.64</u>
Disbursements:		
Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
EPC Charges	\$0.00	
Transfer to General Fund	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	
Transfer to Innocent Landowner Fund	\$0.00	
Transfer to Remedial Non-Bonding Fund	\$0.00	
		<u>\$0.00</u>
Balance of Fund, February 29, 2012		<u><u>\$9,302,921.37</u></u>

0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)

Balance of Fund, February 1, 2012		\$1,876,720.52
Receipts:		
Request for Proposal Fees	\$0.00	
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	
Refund/Overpayment	\$6,250.00	
Transfer From UST Revenue Fund (208 Remedial)	\$0.00	
Intra State Fund Transfers Received (from ILO)	\$0.00	
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	\$0.00	
Buys/ Sells	\$0.00	
Interest Income	\$2,176.75	
		<u>\$8,426.75</u>
Disbursements:		
UST Administrator's Fees	\$195,216.00	
Attorney General's Fees	\$5,008.97	
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$0.00	
Bond Trustee's Fees - Bankers Trust	\$0.00	
Claim Settlement	\$0.00	
Custodial Fees - BONY	\$0.00	
Department of Revenue EPC Collection Fees	\$362.59	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING FEBRUARY 29, 2012**

Innovative Technology	\$0.00	
Inspection & Appeals Service Fees	\$0.00	
Legal and Professional Fees	\$0.00	
Postage / Printing / Miscellaneous	\$0.00	
Professional Admin Services (Investments)	\$0.00	
Professional Services - Owner/Operator Training	\$0.00	
Rebate	\$0.00	
Special Project Claims and Operator Training Expenses	\$5,480.00	
Travel Expenses-UST Board Members	\$0.00	
Warrant Float Expense	\$0.00	
28E Agreement - DNR Plume Study	\$0.00	
28E Agreement - NFA Claims	\$0.00	
28E Agreement - DNR UST Section Funding - FY10	\$0.00	
Statutory Transfer to DNR (recurring)	\$0.00	
Statutory Transfer to DNR (database upgrades)	\$0.00	
Statutory Transfers to Misc. Funds	\$0.00	
Appropriation 2011	\$201,996.87	
Transfer of Funds to Innocent Land Owners	\$0.00	
		\$408,064.43
Balance of Fund, February 29, 2012		\$1,477,082.84

0208 - UST REMEDIAL NON-BONDING FUND

Balance of Fund, February 1, 2012		\$5,732,220.70
Receipts:		
Remedial Refunds	\$0.00	
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer Received from 471 Rev Fund	\$0.00	
		\$0.00
Disbursements:		
Retroactive Claims	\$13,782.17	
Remedial Claims	\$636,424.20	
Transfer to Unassigned Revenue Fund	\$0.00	
Balance of Outdated Warrants & Cancelled Warrants	(\$3,038.10)	
		\$647,168.27
Balance of Fund, February 29, 2012		\$5,085,052.43

0478 - UST MARKETABILITY FUND

Balance of Fund, February 1, 2012		\$725,170.89
Receipts:		
Interest	\$999.36	
Use Tax	\$999.36	
		\$999.36
Disbursements:		
Intra State Fund Transfer	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
		\$0.00
Balance of Fund, February 29, 2012		\$726,170.25

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING FEBRUARY 29, 2012**

0485 - UST INNOCENT LANDOWNERS FUND

Balance of Fund, February 1, 2012		\$3,344,118.70
Receipts:		
Cost Recovery (i.e. lien settlements)	\$0.00	
ILO Refunds	\$11,969.00	
Transfer Received from Revenue Fund	\$0.00	
Transfer from Marketability Fund	\$0.00	
Miscellaneous Income	\$0.00	
		\$11,969.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Intra Fund Transfers out - to Unassigned Revenue	\$0.00	
Other Contractual Services	\$0.00	
Global Settlement Claims	\$3,978.45	
Innocent Landowner Claims	\$76,134.26	
Transfer to Remedial Fund 208	\$0.00	
Balance of Outdated Warrants	(\$666.90)	
		\$79,445.81
Balance of Fund, February 29, 2012		\$3,276,641.89

8 - UST LOAN GUARANTEE FUND (Non-Bonding)

Balance of Fund, February 1, 2012		\$277,379.25
Receipts:		
Loan Application Fees	\$0.00	
Interest Income	\$63.51	
		\$63.51
Disbursements:		
Processing of Loan Applications	\$0.00	
Intra State Fund Transfer	\$0.00	
Payments on Loan Losses	\$0.00	
		\$0.00
Balance of Fund, February 29, 2012		\$277,442.76

0614 - UST CAPITAL RESERVE FUNDS (Bonding)

Balance of Fund, February 29, 2012		\$0.00
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Combined UST Capital Reserve Fund Balances, February 29, 2012		\$0.00
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TOTAL FUND BALANCES, February 29, 2012		\$20,145,311.54
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FOOTNOTES:

Note 1: Funds labeled "Bonding" were created as a result of the issuance of UST Revenue Bonds. Disbursements from these funds are restricted by the Revenue Bond indenture.

Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.

C. Year-to-Date Financials as of February 29, 2012

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING FEBRUARY 29, 2012**

		FISCAL 2012 BUDGET
0471 - UST REVENUE FUND (Bonding)		
Balance of Fund, February 1, 2012		\$9,290,721.00
Receipts:		
Tank Management Fees - FY10	\$0.00	\$0.00
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$7,000,000.00	\$14,000,000.00
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$12,200.37	
Interest Income - Capital Reserve Fund	\$0.00	
	\$7,012,200.37	\$14,000,000.00
Disbursements:		
Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
EPC Charges	\$0.00	
Transfer to General Fund	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	\$9,000,000.00
Transfer to Innocent Landowner Fund	\$0.00	\$7,000,000.00
Transfer to Remedial Non-Bonding Fund	\$7,000,000.00	\$7,000,000.00
	\$7,000,000.00	\$23,000,000.00
Balance of Fund, February 29, 2012		\$290,721.00
0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)		
Balance of Fund, February 1, 2012		\$4,701,809.63
Receipts:		
Request for Proposal Fees	\$0.00	
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	\$10,000.00
Refund/Overpayment	\$6,250.00	
Transfer From UST Revenue Fund	\$0.00	\$9,000,000.00
Transfer From UST ILO Fund	\$0.00	
Transfer From UST Remedial Fund	\$67,639.46	
Intra State Fund Transfers Received	\$0.00	\$276,905.54
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	\$0.00	
Buys/ Sells	\$0.00	
Interest Income	\$12,872.03	\$25,000.00
	\$86,761.49	\$9,311,905.54
Disbursements:		
UST Administrator's Fees	\$762,080.76	\$1,100,000.00
Attorney General's Fees	\$43,902.33	\$65,000.00
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	\$150.00
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$5,017.03	\$5,100.00
Bond Trustee's Fees - Bankers Trust	\$0.00	
Claim Settlement	\$0.00	
Custodial Fees - BONY	\$0.00	
Department of Revenue EPC Collection Fees	\$4,076.92	\$5,000.00
Environmental Protection Charge Refunds	\$0.00	
Innovative Technology	\$0.00	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING FEBRUARY 29, 2012**

		FISCAL 2012 BUDGET
Inspection & Appeals Service Fees	\$0.00	
Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Licensing - Contractual Services	\$0.00	
Postage / Printing / Miscellaneous	\$67.60	\$100.00
Professional Admin Services (Investments)	\$3,750.00	
Professional Services - Owner/Operator Training	\$58,200.00	\$250,000.00
Rebate	\$0.00	
Special Project Claims and Operator Training Expenses	\$5,480.00	\$500,000.00
Travel Expenses-UST Board Members	\$223.47	\$700.00
Warrant Float Expense	\$0.00	
28E Agreement - DNR Plume Study	\$0.00	\$500,000.00
28E Agreement - NFA Claims	\$0.00	\$500,000.00
28E Agreement - DNR UST Section Funding - FY10	\$0.00	\$0.00
Statutory Transfer to DNR (recurring)	\$0.00	\$200,000.00
Statutory Transfer to DNR (database upgrades)	\$0.00	\$100,000.00
Statutory Transfers to Misc. Funds	\$0.00	\$250,000.00
Appropriation 2011	\$2,428,690.17	
Transfer of Funds to Innocent Land Owners	\$0.00	
	\$3,311,488.28	\$3,476,050.00
Balance of Fund, February 29, 2012	\$1,477,082.84	\$10,537,665.17
<hr/>		
0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, February 1, 2012	\$2,476,236.34	\$2,476,236.34
Receipts:		
Remedial Refunds	\$2,969.50	\$0.00
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer Received from Revenue Fund	\$7,000,000.00	\$7,000,000.00
Transfer Received from ILO	\$0.00	
	\$7,002,969.50	\$7,000,000.00
Disbursements:		
Retroactive Claims	\$247,549.62	\$700,000.00
Remedial Claims	\$4,082,002.43	\$6,000,000.00
Transfer to Unassigned Revenue Fund	\$67,639.46	
Balance of Outdated Warrants	(\$3,038.10)	
	\$4,394,153.41	\$6,700,000.00
Balance of Fund, February 29, 2012	\$5,085,052.43	\$2,776,236.34
<hr/>		
0478 - UST MARKETABILITY FUND		
Balance of Fund, February 1, 2012	\$717,263.77	\$717,263.77
Receipts:		
Interest	\$8,906.48	\$50,000.00
Use Tax	\$0.00	
	\$8,906.48	\$50,000.00
Disbursements:		
Intra State Fund Transfer	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
	\$0.00	\$0.00
Balance of Fund, February 29, 2012	\$726,170.25	\$767,263.77

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING FEBRUARY 29, 2012**

		FISCAL 2012 BUDGET
0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, February 1, 2012	\$3,789,762.08	\$3,789,762.08
Receipts:		
Cost Recovery (i.e. lien settlements)	\$5,000.00	\$0.00
ILO Refunds	\$11,969.00	
Transfer Received from Revenue Fund	\$0.00	\$7,000,000.00
Transfer Received from Unassigned Rev Fund	\$0.00	
Transfer from Marketability Fund	\$0.00	
Miscellaneous Income	\$0.00	
	\$16,969.00	\$7,000,000.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Transfer to Remedial Fund	\$0.00	
Intra State Fund Transfers Paid (to Unassigned Revenue)	\$0.00	\$0.00
Global Settlement Claims	\$43,765.88	\$75,000.00
Innocent Landowner Claims	\$494,822.41	\$1,500,000.00
Intra State Fund Transfers Paid	\$0.00	
Balance of Outdated Warrants	(\$8,499.10)	
	\$530,089.19	\$1,575,000.00
Balance of Fund, February 29, 2012	\$3,276,641.89	\$9,214,762.08
0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, February 1, 2012	\$276,905.54	\$276,905.54
Receipts:		
Loan Application Fees	\$0.00	
Interest Income	\$537.22	\$0.00
	\$537.22	\$0.00
Disbursements:		
Processing of Loan Applications	\$0.00	
Payments on Loan Losses	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	\$276,905.54
	\$0.00	\$276,905.54
Balance of Fund, February 29, 2012	\$277,442.76	\$0.00
0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Combined UST Capital Reserve Fund Balances, February 29, 2012	\$0.00	\$0.00
TOTAL FUND BALANCES, February 29, 2012	\$20,145,311.54	\$23,586,648.36

FOOTNOTES:

Note 1: Funds labeled "Bonding" were created as a result of the issuance of UST Revenue Bonds. Disbursements from these funds are restricted by the Revenue Bond indenture. All bond funds are \$0.00 8/31/08
Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.

Claim Payment Approval

**IOWA UNDERGROUND STORAGE TANK PROGRAM
 SECOND BOARD REPORT
 MARCH 14, 2012
 CASEYS GENERAL STORE
 2023 INDIAN WAY
 BEACON**

**SITE REGISTRATION NUMBER: 8606553
 LUST NUMBER: 7LTQ88**

RISK CLASSIFICATION:

HIGH

LOW

UNDETERMINED

PRESENT CLAIM RESERVE:

\$ 120,000.00

PREVIOUS BOARD APPROVAL:

\$ 120,000.00

Number and Date of each previous Board Report: 1st: May 18, 2011

PREVIOUS COSTS INCURRED:

\$ 82,162.55

COSTS INCURRED SINCE LAST BOARD APPROVAL:

1. Site monitoring reports 13,370.00

TOTAL COSTS INCURRED TO DATE:

\$ 95,532.55

PROJECTED COSTS:

Risk Based Corrective
Action Tier II Report

Tank Pull/Upgrade

Site Monitoring Reports
(SMR)

Free Product Recovery
(FPR)

Water Line Replacement

Implementation of over-excavation (OE)

TOTAL PROJECTED COSTS:

\$125,000.00 to 150,000.00 +

ADDITIONAL AUTHORITY RECOMMENDED:

\$ 140,000.00

TOTAL AUTHORITY:*

\$ 260,000.00

COMMENTS: This site was approved for low risk remediation (small OE) in May of 2011. Additional soil plume definition conducted prior to the excavation showed that the soil plume was larger than anticipated. In addition, the water line evaluation resulted in the discovery that all surrounding water lines are constructed of polybutylene pipe which is considered to be susceptible to permeation by petroleum contamination. The consultant is recommending the completion of a large excavation as well as the replacement of all water lines within 200 feet of the site.

*Previous approval + additional recommended

**IOWA UNDERGROUND STORAGE TANK PROGRAM
 FIRST BOARD REPORT
 MARCH 14, 2012
 QUIK TRIP
 1420 W 1ST STREET
 CEDAR FALLS
 SITE REGISTRATION NUMBER: 8608458
 LUST NUMBER: 7LTS58**

RISK CLASSIFICATION:

HIGH LOW NFA

PRESENT CLAIM RESERVE: \$ 75,000.00

ELIGIBILITY: The contamination was discovered during a site check and was reported to the IDNR on July 30, 1990. A timely claim was filed. This is an eligible remedial claim.

COST INCURRED TO DATE:

1. Site check and site clean-up report	\$ 27,892.25
2. Tank up-grade	7,875.00
3. Site monitoring reports	19,876.11
4. RBCA Tier II report	8,150.00
5. Well closure	<u>720.00</u>
TOTAL COST TODATE	\$ 64,513.36

PROJECTED COSTS:

<input checked="" type="checkbox"/> Site Monitoring Report	<input type="checkbox"/> Free Product Recovery (by hand bailing)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Implementation of Vac-truck events for low risk remediation

TOTAL PROJECTED COSTS: \$ 10,000.00 to \$ 75,000.00++

TOTAL AUTHORITY RECOMMENDED:

\$ 150,000.00

COMMENTS: The site is an active UST station classified low risk for the groundwater vapor pathway for potential sewers and basements. The annual monitoring cost is \$1,774.00 per event and this cost is shared due to a recent release with 85% of the costs attributed to the original release. Without action, it could take many years to reclassify the site without an environmental covenant prohibiting the installation of enclosed spaces (basements and sewers) within the contaminated area. The consultant is proposing vacuum truck extraction events at a cost of \$10,217.00 per event and estimates it may take up to six events to have a sufficient impact to allow for reclassification of the site. The site lithology is lean clay with a low hydraulic conductivity which is difficult to remediate.



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Joseph D. Barry

Patricia Boddy

Dawn M. Carlson

Eric W. Johnson

ΦΦΦ MEMO ΦΦΦ

TO: UST Board

FROM: Scott Scheidel

DATE: March 23, 2012

RE: Contracts Entered Into Since March 2, 2012

The Board has not entered into any contracts since the March 2, 2012 UST Fund Board meeting.

For more than 25 years, EPA, states, territories, tribes, and other partners have made significant progress in preventing, detecting, and cleaning up leaks from underground storage tanks (USTs).

This report provides a snapshot of UST program activities in fiscal year (FY) 2011 (October 1, 2010 - September 30, 2011). The report presents advances made in preventing releases and conducting cleanups. These advances ultimately result in preventing environmental contamination, protecting groundwater, and further protecting human health and the environment from UST releases. The UST program is comprised of a meaningful partnership among states, territories, tribes, and EPA, and a host of other stakeholders.

Contents	
UST Accomplishments	1
Preventing Releases	2-3
Cleaning Up Releases	4-5
Looking Ahead	6

FY 2011 UST Program Accomplishments

At the end of FY 2011, there were approximately 590,000 federally-regulated, active USTs at approximately 212,000 sites across the country. EPA provides money directly to tribes and states for developing and implementing their prevention and cleanup programs. Collectively, the UST program has accomplished a great deal.

Prevention

- Active UST compliance rates continue to increase, with more than 70 percent of active USTs complying with requirements to prevent and detect leaks (exceeding EPA's goal of 66 percent compliance)
- The UST compliance rate in Indian country was 61percent
- The number of new UST releases identified each year continues to decline, with just under 6,000 new leaks reported in FY 2011 (meeting EPA's goal to reduce annual releases to fewer than 8,550); this is a 6 percent drop in the number of new releases reported compared to FY 2010

Cleanup

- 30 of the 54 states and territories that received leaking underground storage tank (LUST) American Recovery and Reinvestment Act money completed their work
- Of the 501,000 releases reported since the beginning of the program, UST partners completed more than 413,000 cleanups or about 82 percent, leaving a backlog of almost 88,000 releases remaining to be cleaned up
- UST partners cleaned up 11,169 sites, meeting approximately 91 percent of EPA's FY 2011 goal to clean up 12,250 LUST sites



An old gas station may indicate underground storage tanks are nearby

FY 2011 GPRA* National UST Program Goals And Accomplishments

	Goal	Actual
Significant Operational Compliance Rate	66%	70.9%
New Reported Releases	<8,550	5,998
Cleanups-Total	12,250	11,169
Cleanups-Indian Country	38	42

*Government Performance Results Act of 1993

To keep the public informed, EPA posts mid and end of year activity reports that provide information on compliance, releases, and cleanups across the country. See the [FY 2011 end of year activity report](#).

Preventing Releases

The UST program achieved significant milestones in detecting and preventing releases. Our past successes, our collaborative relationships with the tanks community, and the valuable work at state and local levels collectively supported the UST program's prevention efforts. EPA will continue to work with UST stakeholders, exploring ways to leverage our resources and ensure we maintain a robust national prevention program.

UST Universe - End Of FY 2011

States	Active Tanks:	587,517
	Closed Tanks:	1,762,294
Indian Country	Active Tanks:	2,587
	Closed Tanks:	5,899

Reducing Confirmed Releases

In FY 2011, EPA, states, territories, and tribes focused on bringing UST systems into compliance and keeping them in compliance with leak detection and release prevention requirements. One way the program assesses the relative success of these prevention efforts is to measure the number of confirmed releases each year.

EPA achieved its FY 2011 goal to reduce confirmed tank releases to fewer than 8,550. There has been a steady reduction in annual underground storage tank confirmed releases, from almost 67,000 in FY 1990 to 5,998 in FY 2011.

Energy Policy Act Implementation

When Congress passed the Energy Policy Act in August 2005, EPA, state, territorial, and tribal underground storage tank programs were presented with a mandate that focused on reducing UST releases and required numerous changes to tank programs. EPA, states, territories, and tribes have shown tremendous dedication and made significant progress toward meeting all of the act's requirements and strengthening UST release prevention programs.

- All states have grant agreements in place to implement Energy Policy Act provisions
- Most states met these major requirements – secondary containment or financial responsibility provision, delivery prohibition, state UST compliance report, initial two year inspections, public record posted, and three year inspections
- Together, EPA and tribes are continuing to implement the 2006 tribal strategy and further the goals of the UST program in Indian country

Although our collective progress over the past six years is impressive, state, territorial, and tribal UST programs are faced with a great deal of ongoing work to continue implementing the Energy Policy Act requirements. The inspection requirement is a good example of this. States and territories did much to meet the initial three year cycle of inspecting all UST facilities by August 2010; yet the three year inspection cycle is a rolling three year requirement continuing into the future.

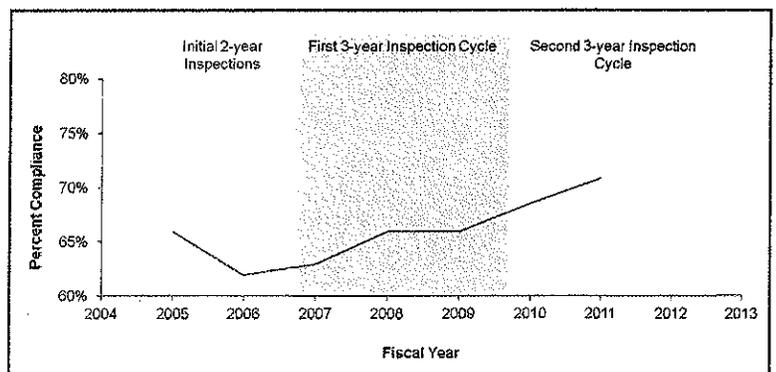
Pursuing UST Facility Compliance

One of the key elements in preventing releases is to increase a facility's operational compliance with UST regulations. Significant operational compliance (SOC) means that a facility has the necessary equipment required by current UST regulations to prevent and detect releases and performs the necessary UST system operation and maintenance. In FY 2011:

- The **national SOC rate was 70.9 percent**, which is almost 5 percent above our target rate of 66 percent, yet still allows room for continued improvement
- The **SOC rate in Indian country was 61 percent**, which is 5 percent below the national goal of 66 percent; SOC rates in Indian country vary from year to year due to the relatively small number of facilities, but EPA is working to close the gap with the national rate

Three Year Inspections Increase UST Compliance

One of the key elements in preventing releases is to increase a facility's operational compliance with UST regulations. Now that we have completed the initial two year inspections (some UST facilities were never inspected before the inspection requirement, likely accounting for the initial dip in compliance rate during the two year cycle) and states are inspecting every UST facility at least once every three years, we are seeing compliance rates increase. We expect the compliance rate to continue to improve as UST operators are trained on the UST requirements.



Preventing Releases In Indian Country

Tribes and EPA worked to improve UST compliance in Indian country during FY 2011 by enhancing inspection efforts, developing additional compliance-focused assistance agreements with tribes, and providing training to tribal environmental professionals and facility owners and operators.

At the end of FY 2011, there were 2,587 active USTs in Indian country. While compliance rates fell in FY 2011, confirmed releases also fell, indicating progress in preventing releases.

Designating tribal inspectors as authorized representatives of EPA to inspect USTs can help increase the geographic coverage and frequency of inspections in Indian country. It also helps enhance relationships and increase the capabilities of tribal inspectors. Since EPA's commitment in 2006 to issue federal credentials for tribal inspectors, 11 inspectors received credentials; although currently eight hold credentials as a result of changes in tribal staff responsibilities and turnover. In FY 2011, these federally-credentialed tribal inspectors contributed significantly to meeting the inspection requirements of the Energy Policy Act by completing 75 inspections. EPA anticipates at least two additional tribal staff will receive federal credentials in FY 2012.

In May 2011, the Oneida Tribe of Indians of Wisconsin hosted our fourth annual tribal-EPA underground storage tank meeting in Oneida, Wisconsin. Meeting participants worked together to identify tribal issues, build relationships, and continue partnerships and improvements in Indian country UST programs.

Addressing Alternative Fuels

EPA published UST compatibility guidance in the July 5, 2011 *Federal Register*. The guidance is a resource tank owners can use to demonstrate their tank systems are compatible with ethanol blends greater than 10 percent or biodiesel blends greater than 20 percent. According to the guidance, acceptable methods for demonstrating compatibility include using equipment that is certified or listed by a nationally recognized, independent testing laboratory for use with the fuel stored; or using components approved by the manufacturer to be compatible with the fuel stored.

EPA continues to periodically observe unusual and unexplained conditions at tanks containing ethanol, as well as other substances. The UST program is working to understand these anomalies and avoid releases from compatibility problems.

In FY 2011, EPA provided \$32.3 million to states and territories for UST prevention activities.

EPA also provided \$2 million for the UST prevention program in Indian country.

Proposed Changes To UST Regulations

On November 18, 2011, EPA published proposed changes to the underground storage tank regulations in the *Federal Register*. This is the first time EPA is proposing significant revisions to the federal UST regulations since they were first promulgated in 1988. These revisions will create equal UST release protection in Indian country relative to that provided by the Energy Policy Act of 2005 in the rest of the country. The proposal will also improve the 1988 UST regulations by closing some regulatory gaps, accommodating new technologies, and focusing on properly operating and maintaining existing UST systems. This proposal improves prevention and detection of UST releases, which are one of the leading sources of groundwater contamination. The public comment period closes April 16, 2012.

EPA is proposing to revise the UST technical regulation in 40 CFR part 280 by:

- Adding secondary containment requirements for new and replaced tanks and piping
- Adding operator training requirements for UST system owners and operators
- Adding periodic operation and maintenance requirements for UST systems
- Removing certain deferrals
- Adding new release prevention and detection technologies
- Updating codes of practice
- Making editorial and technical corrections

EPA is also proposing to update the state program approval requirements in 40 CFR part 281 to incorporate the proposed changes to the UST technical regulation listed above.

In developing the proposed revisions, EPA reached out extensively to affected and interested UST stakeholders. This included environmentalists, community groups, states, tribes, owners and operators, equipment manufacturers, federal facilities, and small businesses. EPA was sensitive to future costs for UST owners and operators and, consequently, minimized required UST system retrofits in the proposed revisions. We appreciate feedback on the proposal, and we will carefully consider all comments.

Cleaning Up Releases

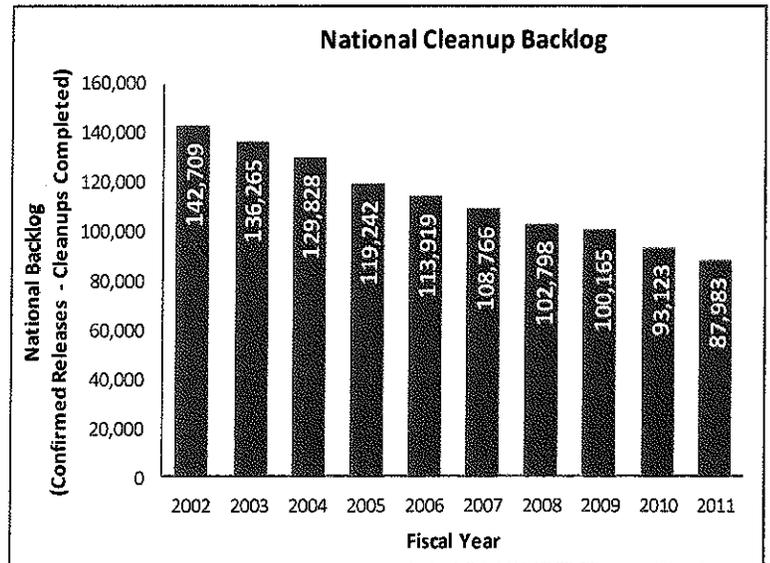
The UST program continues to make great progress in cleaning up leaking underground storage tanks. EPA works with states, territories, and tribes to clean up LUST sites and address the hurdles in reducing the backlog of cleanups.

In FY 2011, EPA and our state, territorial, and tribal partners completed 11,169 cleanups, 42 of which were in Indian country. The cleanup backlog, which is the difference between the cumulative number of confirmed releases and cleanups completed, also continued to decline from 142,000 sites a decade ago to 87,983 sites at the end of FY 2011.

National Cleanup Backlog Study

In September 2011, EPA issued its analysis of the backlog, *The National LUST Cleanup Backlog: A Study of Opportunities*. To characterize LUST releases, EPA analyzed LUST data from 14 states, particularly those releases where cleanup was not complete. The study covers both data findings and opportunities states found to reduce their backlogs. EPA is working with our partners to implement backlog reduction strategies, based on the analysis in the study. Study highlights include:

- Many releases are old; over 71 percent of open releases were 10 years old or older
- Many old releases are in the early stages of cleanup; only 50 percent of releases 10 years old and older have started remediation
- Almost 80 percent of remaining releases impact groundwater
- Available funding and staff workload are limiting factors

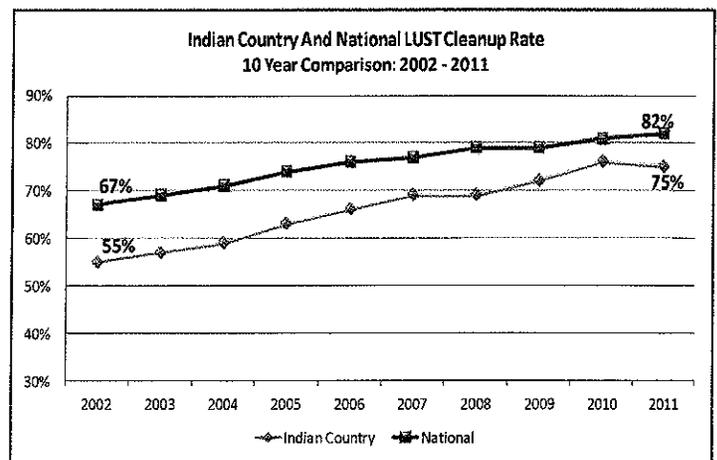


Continuing Cleanup Progress In Indian Country

EPA has primary responsibility for implementing the LUST program in Indian country and actively works with tribes to identify, assess, and clean up UST releases. In FY 2011, EPA completed 42 cleanups in Indian country, exceeding the goal of 38 cleanups. This success is partly a result of focused efforts to complete remaining cleanups at older sites and increased use of national and regional Indian country cleanup contracts. For nearly a decade, LUST Trust Fund money has supported cleanup contracts EPA maintains for cleanup activities in Indian country. These contracts help assess LUST Trust Fund eligible sites; design corrective action plans; and remediate contaminated sites.

Over the past five years, the LUST cleanup backlog in Indian country has remained relatively steady. Completing cleanups and reducing the backlog of Indian country sites has become more difficult because EPA is addressing sites that require complex cleanups and take more time and resources to complete. In addition, some EPA regions are conducting comprehensive surveys to identify abandoned tanks; some of these tanks may have unreported releases that will add to the backlog of sites. EPA will need to continue working diligently in order to reach our FY 2012 goal of completing 42 cleanups in Indian country.

In FY 2011, EPA provided \$63.1 million to states and territories for LUST cleanups. EPA also provided \$3.1 million for LUST cleanups in Indian country.



Over the last decade, the cleanup rate in Indian country lagged behind the national rate by about 10 percent. In FY 2011, the gap was reduced to 7 percent.

Progress At Petroleum Brownfields

... FY 2011, EPA made significant progress facilitating the reuse and revitalization of petroleum-contaminated brownfields sites.

EPA published *Opportunities For Petroleum Brownfields*, which focuses on developing solutions for petroleum brownfields. The report presents examples of successful reuse projects, and funding and technical assistance resources.

EPA reached out to stakeholders, fostering a greater appreciation of their role in community and area-wide revitalization efforts. EPA supports integrating UST sites and the growing need for access to health and healthcare when communities consider potential reuses of petroleum brownfields sites. This integration is starting to take shape along the Selma to Montgomery Civil Rights Trail and in Florida's Highway to Healthcare Initiative. EPA envisions harnessing these and other reuse options as exit strategies for sites currently lingering in corrective action backlogs that could be more systematically integrated into community development plans. EPA is also working with other programs to capture the results of these and other revitalization opportunities.

Petroleum Vapor Intrusion

One of the UST program's continuing technical challenges is how best to address petroleum vapor intrusion (PVI) at LUST sites. Petroleum hydrocarbon vapors from LUSTs can migrate into inhabited buildings and threaten public health and safety.

In 2011, EPA developed draft guidance to assist regulators, consultants, and other practitioners in investigating and assessing petroleum-contaminated sites where PVI may occur. The draft PVI guidance will focus on federally-regulated Subtitle I LUST sites, which are typically gas stations. It will contain information and practices that may be useful at other sites (such as fuel terminals and airport hydrant systems) where petroleum contamination and PVI are potential concerns. The draft PVI guidance will be a companion to EPA's Office of Solid Waste and Emergency Response comprehensive document, which will address vapor intrusion from non-petroleum sources (such as chlorinated hydrocarbons and volatile inorganic compounds). Both guidances will be available in November 2012.

Also in 2011, OUST issued a paper on the differences between petroleum hydrocarbon vapors and chlorinated solvent vapors and developed a web-based compendium of technical information on PVI.

ARRA Money Advances LUST Assessments And Cleanups

The LUST provision of the American Recovery and Reinvestment Act of 2009 provided \$200 million of LUST Trust Fund money to assess and clean up releases of contamination from federally-regulated USTs. States and territories made significant progress in assessing and cleaning up LUST releases with LUST Recovery Act money. This money resulted in substantial environmental protection, while creating or retaining hundreds of jobs, averaging 285 jobs per quarter in FY 2011. The chart below demonstrates the UST program's accomplishments and performance.

LUST Recovery Act Performance Measures	Cumulative Results 2/17/09 – 9/30/11
Site assessments initiated	1,319
Site assessments completed	1,660
Cleanups initiated	1,659
Cleanups completed	1,617

As of September 2011, LUST Recovery Act money was spent at 2,818 sites where one or more of the measures were achieved. In addition, LUST Recovery Act money contributed to other assessments and cleanups at 3,650 additional sites which did not begin as Recovery Act projects and are not yet completed.

In 2011, EPA continued its work to clean up sites in Indian country using LUST Recovery Act money, which EPA allocated to existing cleanup contracts with Native Alaskan or Native American firms. This one time addition of money substantially increased EPA's ability to assess and clean up leaking underground storage tank sites in Indian country. This money supported work at approximately 56 sites in Indian country benefiting over 23 tribal communities.

As of September 2011, 30 of the 54 states and territories that received LUST Recovery Act money completed their work. Most of the remaining states will complete their work in FY 2012, ensuring additional accomplishments and jobs. See [LUST Recovery Act](#) on EPA's website for more information.



Sampling methane from a groundwater monitoring well at a LUST site

March 2012

Letter To UST Stakeholders from Carolyn Hoskinson, Director EPA's Office of Underground Storage Tanks

This report shows many of the past year's accomplishments, which are the result of the combined efforts of all underground storage tank partners. I think our tank partners have a very positive relationship. From where I sit, the UST program has honest dialogue, committed partners, and partners working toward common goals. We certainly don't agree on every issue in every circumstance—I'd be worried if we did. To me, the key to success is to listen carefully, reflect thoughtfully, and compromise when necessary while maintaining integrity. After more than five years in the UST program, that's what I've experienced: from equipment manufacturers, to service providers, to tank owners and operators, and to tribes, states, and EPA. If we can keep that up, we can continue to thrive.

Looking forward, I am well aware of the challenges looming for the national UST program in 2012 and beyond. We will certainly see continued tightening of federal, state, territorial, and tribal budgets, as well as private sector budgets. Dwindling money will affect our work and how we do it. Nonetheless, our goals are straightforward: **Prevent leaks from tanks. Find leaks and clean them up.** Easier said than done, I know, but we've done a great job so far, and I expect that to continue, despite the challenges. With that in mind, here's what we are focusing on in 2012.

Continue To Strengthen Partnerships

- Work with tribes to continue implementing the tribal-EPA UST strategy
- Find new and creative ways to keep in touch with all partners, despite having less money, especially fewer travel dollars

Prevent Leaks

- Continue to pursue Energy Policy Act of 2005 mandates and deadlines
 - ◆ Meet the 2012 operator training requirement
 - ◆ Ensure each UST facility in the country is inspected once every three years
- Continue the process to update our regulations
- Address technical and regulatory issues involved with alternative fuels

Find Leaks And Clean Them Up

- Building on the results of our backlog study, work with partners to develop and implement strategies to reduce the cleanup backlog
- Close out work under the LUST provision of the American Recovery and Reinvestment Act of 2009
- Develop strategies to help revitalize communities by cleaning up abandoned gas station sites
- Bolster the availability of adequate money for cleanups through state funds, insurance, and other mechanisms
- Provide support on technical issues, such as identifying fuel constituents and evaluating vapor intrusion and other exposure pathways

We have an enormous job to do, and it's important. Although underground storage tanks might not be the hottest issue on people's minds across the country, it would be if tanks in their neighborhoods were leaking and jeopardizing their homes and drinking water, right? But, if we continue to do our jobs well, that's one less thing our neighbors need to worry about. I challenge each of you reading this to join me; let's stick together, embrace optimism, and forge ahead!

Sincerely,



UST Community Engagement

In 2011, EPA worked with states and EPA regions to develop two documents about community engagement and the underground storage tank program.

- Overview Of State Community Engagement Plans And Websites summarizes community engagement plans for a sample of state and territorial UST programs; it highlights practices that encourage meaningful community engagement
- Community Engagement Resources (Toolbox) For Underground Storage Tank Programs provides resource materials and assistance on how to better communicate and involve stakeholders at sites that warrant additional community engagement; EPA welcomes additional resources for the toolbox

Helping Tribes Improve Compliance

EPA's five-year assistance agreement with the Inter Tribal Council of Arizona, Inc. (ITCA) provides UST compliance assistance training to tribal personnel and owners and operators in Indian country. The goal of this effort is to improve UST facility compliance throughout Indian country. In FY 2011, ITCA supported this goal by:

- Training approximately 275 tribal representatives in UST issues, such as: compliance with prevention regulations, overview of requirements, installations, and operation and maintenance
- Developing written resources about health and environmental hazards from USTs, operations and maintenance, and best management practices
- Fostering communication and opportunities for collaboration among tribes and EPA on UST issues