



# Iowa Comprehensive Petroleum Underground Storage Tank Fund



# Sponsors

- Petroleum Marketers & Convenience Stores of Iowa
- Petroleum Marketers Management Insurance Company
- The Iowa Comprehensive Petroleum Underground Storage Tank Fund Board
- The Iowa Department of Natural Resources

# Agenda

- Contacts & Resources
- Getting LUST Sites Closed
- What is an NFA Re-Opener?
- UST Policy Coverage & UST Fund Benefits Overview
- Loss Portfolio Transfer (LPT)
- Questions
- Iowa Statehouse – Lunch & Lobby

# Background – Created in 1989

- House File 447 created in 1989 to assist owners and operators of USTs to comply with state and federal environmental regulations (*at the request of PMCI*).
- Law - Iowa Code 455G
- Rules - Iowa Administrative Code 59I
- Board created to oversee three separate programs (remedial, loan guarantee and insurance)

# Mission of the Board

## 591-1.2(455G)

The mission of the board is to assist Iowa's owners and operators of petroleum USTs to comply with minimum technical and financial responsibility standards and to otherwise assist in fulfilling the goals and objectives of Iowa Code chapter 455G.

# UST Board Members

- 1) Doug Beech, chairman, (Casey's General Stores)
- 2) Dawn Carlson, PMCI
- 3) Joseph Barry, Iowa Department of Management
- 4) Eric Johnson, personal injury lawyer, Waterloo
- 5) Karen Andeweg, Community State Bank, N.A.
- 6) Jake Friedrichsen, Iowa State Treasurer's Office
- 7) Chuck Gipp, Deputy Director, DNR
- 8) Jeff Robinson, Sr. Legislative Analyst (non-voting seat)
  - Scott Scheidel, Administrator
  - David Steward, Assistant Attorney General

# Lifetime Stats – DNR & UST Fund

(Nov 2011 Data)

- 6,360 DNR LUST sites
- 5,196 or 83% of those are closed
- 149 sites closed in last fiscal year
- 1,000+ sites remain DNR open sites
- 786 of 1,000 are UST Fund claim sites
- 184 of 786 are insured by PMMIC
- Approx 600 sites to be left in fund that are not PMMIC insured; 200 of which are either self-insured or a county/school site or other insurance provider or possibly out of business

# Lifetime Stats

- Fund starts in 1989 with \$2M per year for two years
- \$17M for 20 years
- Effective July 1, 2011, \$14M per year
  
- Income = \$344,000,000 since 1989
- Total Paid Out = \$262,758,879
- \$81M=Admin, Diversions, AST, Operator Training, Fund Wts & Meas, Fund renewable fuel infrastructure, etc

# UST Board | Three Programs

- Remedial Program
- Loan Guarantee Program
- Insurance Program

# Remedial Program

- Provides funding for past releases
- Release reported to DNR b/n Jan 1, 1985-Oct 26, 1990 and
- Reported to Board by Feb 26, 1994
- Also, sites with active tanks required financial responsibility
- Remedial reimburses >\$20,000 for SCR/RBCA report; 82% or >\$80,000 correction action and 100% >\$1M for remaining corrective action

# Loan Guarantee Program

- Provided 90% guarantee to lenders, not a direct loan, but a guarantee.
- Ended Dec 31, 1999 with existing program in runoff
- Last loan guarantee paid in full June 2011

# Insurance Program

- Provided separate fund for releases occurring after Oct 26, 1990
- Satisfied EPA federal mandate on financial responsibility requirement
- Legislature established nominal tank premium fee; in 1995 actuarially sound premium level reached
- In 1995, fund was 100% sum of owner premiums and interest

# Closing Down the Fund

- 22 years since inception
- EPC sunset date established around 2005 to be June 30, 2014
- It was later extended to June 30, 2016
- On June 30, 2016, current law says the EPC will no longer be collected
- Road Fund / DOT, under current law, must continue to transfer \$14M to UST Fund and \$3M to RFIB
- We expect changes in law; Board does not close down; Fund not required to end by 2016
- Is an LPT necessary?

# Loss Portfolio Transfer

- An LPT is a settlement with an individual claimant in which the claimant agrees that rather than manage the claim him or herself, a third party will manage both the funds and remedial activities.
- Any owner/insured can approach the Fund and select PMMIC, for example, to LPT their site(s) today.

# No Further Action (NFA)

- NFA reopens by DNR require DNR to prove “material fraud”
- DNR must close (issue NFA) a certain % of sites in order to keep EPA funding
- Need to codify in writing the safety net for NFA re-opens.