



File: ~~Fred Hutson~~

IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Jeff W. Robinson

Cathy A. Rottinghaus

James M. Holcomb

Jeffrey R. Vonk

Delia A. Meier

Douglas M. Beech

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., Thursday, December 8, 2005. **The meeting will be held at the Department of Insurance, 330 E Maple, 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., if needed)
3. Public Comment Period
4. Board Issues
 - A. Legislative Issues
 - 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 October 27, 2005 Board Meeting
10. Other Issues as Presented
11. Correspondence and Attachments

Approval of Prior Board Minutes



IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb
Jeffrey R. Vonk ❖ Delia A. Meier ❖ Douglas M. Beech

MINUTES IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

October 27, 2005

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

Susan Voss, chairperson, called the Iowa UST Board meeting to order at 9:59 A.M. A quorum was present. Roll call was taken with the following Board members present:

Delia Meier (via telephone)
Liz Christiansen (for Jeffrey Vonk)
Jim Holcomb
Douglas Beech
Jeff Robinson

Also present were:

David Steward, Attorney General's Office
Scott Scheidel, Program Administrator
Lacey Skalicky, Program Administrator's Office
James Gastineau, Program Administrator's Office
Steve Reinders, Program Administrator's Office (GAB Robins)

APPROVAL OF PRIOR BOARD MINUTES

The minutes from the September 22, 2005 meeting were reviewed. Mr. Robinson requested an amendment to add himself to those present at the September meeting. Ms. Christiansen moved to approve the minutes as amended, Mr. Beech seconded the motion, and by a vote of 4-0, the minutes were approved.

CLOSED SESSION

Ms. Voss noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21. Therefore no closed session convened.

PUBLIC COMMENT

Ms. Voss requested any comments from the public present. There were no comments at this time.

BOARD ISSUES

A. Legislative Issues

Mr. Scheidel presented a memo to set up the discussion of issues that may impact the Board during the upcoming legislative session in January 2006. The Board had in the past expressed an interest in the preparation of a strategy to approach topics of legislation that would likely come up.

He stated that the Board had discussed pursuing authority for closure of private water wells, similar to the existing statutory authority for closure of public water wells, for the Department of Natural Resources (DNR). The benefits of such authority would include 1) the permanent removal of a risk receptor and 2) a potential lower cost resolution compared to the installation of an active groundwater treatment system. The potential negative effect of such authority to well owners would be the loss of use of their wells, although the proposed idea would include the Board paying for the well closure and the costs to connect to an alternate water supply. He said that already many cities throughout the state prohibited the use of private drinking water wells if a public water system was available, so similar authority is currently exercised throughout the state. Additionally, Mr. Scheidel stated that the DNR currently retained permitting authority for private wells, although permitting and enforcement has been transferred to the counties through delegation. However, the DNR would acquire authority to exercise additional restrictions or limitations to enforce, and the DNR may be hesitant to use this new authority based on a concern for proper implementation.

Mr. Scheidel relayed to the Board that the DNR staff was currently discussing their position regarding such authority. Mr. Scheidel had requested that the DNR inform the Board of their position regarding the proposed authority for consideration during Board discussion. He explained to the Board that the DNR was generally opposed to idea, however they were still discussing it. Mr. Scheidel stated that the current approach used to address private water wells included negotiating with the well owner (or owners) to hook up to public water and plug the water wells, which often worked when one or two well owners were involved. However, when multiple private well owners were involved, one holdout could jeopardize the whole plan for a site. Ms. Christiansen stated that the DNR worked with well owners through the risk based corrective action (RBCA) process to provide options to those well owners.

Ms. Christiansen reported to the Board that the DNR was currently neutral to leaning against pursuing the new authority to require private well closure. She stated the DNR felt that the RBCA process in place was working, and the DNR was concerned that taking this more economical step would not necessarily be the most environmentally protective. She stated the DNR attorneys were concerned about this authority as a "taking" issue, and they didn't feel this new authority would constitute good public policy.

Mr. Beech reminded the Board that the issue of private water wells as receptors was a continual one, as the Board reviewed claim payment reports for sites each month. He felt the statute would be good public policy, although he recognized the difficulties associated with exercising the authority. The Board discussed alternate entities to enforce such authority, if the DNR would not. Mr. Scheidel said that the current authority held by the DNR to require closure of public water wells was delegated to counties to exercise the authority. Mr. Scheidel and Fred Hutson of the DNR discussed a site in Dubuque as an example of a site where the private well closing authority could be implemented. Mr. Scheidel explained that the DNR's use of such authority would prevent any future wells from being installed on the property, therefore clearing the protected groundwater source pathway. However Mr. Hutson explained that negotiations for a new well to supply the source site and the affected site were in process to move this particular UST site to closure.

Mr. Beech brought the Board back to the discussion that the proposed authority was conceived to address sites that affected property owners who had other alternatives for water, but chose not to use those alternatives or did use those water alternatives but also wanted to use their private well water for gardens, etc. He did not feel that the proposed authority should be used lightly, but rather only in instances which the well owners had better options but chose not to use them, costing the IUST Fund hundreds of thousands of dollars.

Mr. Scheidel expanded on that saying that the authority already existed and was fragmented to county sanitarians to prevent the installation of new water wells or, in severe cases, to close existing water wells, if detrimental to public health. To give a centralized, decision-making authority to an entity (like DNR), in instances where petroleum contamination would impact a private water well, would allow for a resolution for the greater good to come about as opposed to a stand-off between the IUST Fund and one of the well owners who just won't agree. Authority provided by statute would resolve these issues clearly and fairly, however the DNR would have to make difficult decisions about when to use the authority.

Mr. Beech stated that he felt that statutory authority would ensure that the option could be exercised, because currently no county sanitarian would enforce their existing authority to close private wells due to the resistance from their respective communities, regardless of the potential threat to that community's health. Ms. Meier agreed saying the Board would benefit from another "tool in our kit," as the Board needed to have options, too.

Mr. Holcomb inquired how would the Board proceed without DNR acceptance of the proposed legislation. Mr. Scheidel said it would be much more difficult to sell the idea to the legislature without DNR participation, however he would still approach the legislature with the idea if the Board desired. Ms. Christiansen asked Mr. Scheidel if he would meet with the DNR's bureau chiefs to discuss the issue further, and Mr. Scheidel stated he contacted Sharon Tahtinen at the DNR for guidance in setting up a meeting.

Mr. Steward addressed the concern of "taking" a well owner's right to free water without compensation as a real issue that should be addressed ahead of time. The Board discussed how cities forced constituents to hook up to public water all of the time for various reasons, not necessarily for reasons of public health. If the Board offered compensation to individuals to close their water wells, they would open themselves up to third party liability. Mr. Scheidel provided the Board with the example of a LUST site affecting a property with a privately

owned well. Water was available from the city, and the affected well owner's property was hooked up to city water, however that property owner opted to use his well water instead. The affected property owner offered to the Board to close his well for \$2,500, and the Board may save money by paying him. However, in the absence of a citywide ordinance, any neighbor in the same community may install their own water well for \$500 and seek the same \$2,500 compensation from the Board to close that well to satisfy the RBCA requirements of the DNR.

Mr. Hutson expressed understanding that the Board would not want to set a precedence by paying off third parties, however in this particular instance, a pay-off would move this site toward closure. Mr. Scheidel stated that paying for the closure of wells was not the right solution for every site, but it was a tool for the Board to use at their discretion when implemented in the best interest of the State.

Next on the list of potential Board initiatives, Mr. Scheidel proposed the Board discuss the possibility of outside interest holders eyeing the IUST Fund for money to fund issues or programs outside of the Board's mission. He reported that a refinancing of tobacco bonds should be finalized in November to provide the State with a substantial amount of money to fund miscellaneous programs. He recapped for the Board that \$5 million was taken from the IUST Fund last year to fund a water quality initiative. He said that a statement from the Board summarizing the direction of the Program would be useful for a first response to any proposals to take more IUST Fund dollars for outside interest programs. Also, he reminded the Board of late-filed legislation proposed at the end of session last year requesting the IUST Fund administer an insurance program for tanks holding 85% ethanol product (E-85). The issue was that commercial insurance providers would not provide coverage for tanks holding E-85, unless those tanks were compatible with the E-85 product. Mr. Scheidel explained to the Board that Pat Rounds from Petroleum Marketers Mutual Insurance Company (PMMIC) had reported to the legislature regarding the dangers of incompatible tanks and that compatible tanks did exist and were insurable. Mr. Rounds explained to the Board that PMMIC had worked very closely with the DNR regarding tank compatibility, and PMMIC was providing coverage for existing UST's containing E-85, which had completed a compatibility checklist – developed by the DNR – and allowing for certain unknowns, as long as they guarantee they would document compatibility by July 2007. Therefore insurance coverage for E-85 tanks was readily available in the market.

Jeff Hove of the Petroleum Marketers and Convenience Stores of Iowa (PMCI) stated that their Board had met with members of Iowa Renewable Fuels, who would administer a program to distribute funds from the Iowa Values Fund for retrofitting existing tank systems or installing new systems to distribute E-85. He said that the Iowa Department of Economic Development had reportedly issued the contract to administer this program to Iowa Renewable Fuels. He explained that retrofitted systems would get up to \$7,500, and new systems were eligible for up to \$20,000 from the program. Also, bio-diesel distribution systems were eligible for up to \$50,000. Mr. Scheidel stated that the program was allocated \$325,000 per year for the next 3 years for a total of \$975,000 from the Iowa Values Fund. Mr. Beech asked Mr. Hove if any of their members had contacted him expressing interest in the retrofitting option for up to \$7,500, and Mr. Hove could recall none.

The Board decided to re-visit the legislative discussion and draft their positions at the next Board meeting scheduled for early December.

B. CRPCA 9805-18 Sioux City & 28E Agreement with the DNR for Associated LUST Sites

James Gastineau presented the Board with a memo regarding an existing community remediation project (CRP) in Sioux City. The state lead project was contracted in 1998 to address petroleum contamination at two LUST sites in Sioux City. The project included the completion of a RBCA evaluation and the evaluation of corrective action alternatives. Based on the Tier 2 reports, the sites were classified high risk due to the proximity of the water supply wells located in the Sioux City Cook Park well field. A search was conducted to determine if other potential sites existed in proximity to the well field. Several UST, LUST and other contaminated sites were identified. The classification of the LUST sites varied from no action required to high risk. The DNR placed all LUST site closures on hold, and requested the Fund install nested monitoring wells near the well field to ensure that any migration of contaminants toward the well field could be detected. The nested wells had been sampled quarterly since 2002.

In 2004, the DNR determined that corrective action was not feasible, in part due to the depth to the contamination and the potential that not all sources had been identified. As a result, efforts moved toward the elimination of the receptors. Following negotiations, the city of Sioux City agreed to close the 3 municipal wells in the Cook Park well field. The City was to install a new single replacement collector well in a new well field. The projected cost of the new collector well and raw water line exceeded \$6 million. Due to the effect on several LUST sites, an offer was made subject to Board approval to contribute \$1.6 million toward the new well and to pay ½ of the well closure costs, up to \$150,000. The total contribution would be allocated to those sites previously determined to be high risk due to the proximity of the well field.

In addition to an agreement with the City, an agreement was proposed between the Board and the DNR to outline specific actions that would result by the closure of the well field. The proposed 28E agreement was included for review in the Board packet. It would provide for the reclassification of 8 LUST sites to NAR, including 4 high risk sites, and the reclassification of certain pathways for 3 additional sites. The agreement also would provide that no future site monitoring activities would be required at the sites to be reclassified to NAR. In return, the Board would provide funding to allow for the continued monitoring of the nested wells.

Mr. Gastineau stated that he was requesting an increase in Board authority for the Sioux City CRP to \$1,994,247.00 for the payment of the activities discussed. In addition, Mr. Gastineau was requesting the Board grant the Administrator's Office the authority to distribute the claim payments made during the project to the 4 eligible remedial claims held by the 4 affected sites that were high risk sites only for proximity to the well field, rather than allocating equal shares to each of the claims for 17 sites identified in the area during the investigation.

The Board discussed the allocation of the costs to the various sites claims. Mr. Gastineau stated that if the total costs were allocated to all fund eligible claims, each of those claimants would incur a co-payment requirement up to \$14,400. Only one site had an eligible Global Settlement claim, therefore that site would only owe \$400 in co-payment to the Fund. Because the Fund would pay these costs up front, the Administrator's Office would have to attempt cost

recovery efforts from each claimant for their co-payment incurred, which may result in multiple liens on site properties. He stated that if the CRP costs were allocated to only the four sites that were high risk for the well field receptor, then two of those sites would be classified as NAR, one would be classified NAR with free product, and one would remain high risk for a vapor pathway, which could potentially be cleared with soil gas testing. This would limit the Fund's cost recovery efforts for co-payment requirements, and it would not jeopardize the remedial benefit limits of remaining sites, which were high risk for other pathways and required additional corrective action. Mr. Gastineau assured the Board that the four high risk sites in proximity to the well field should not exceed their \$1,000,000 remedial benefit limits, if their claims were to incur their ¼ share of the cost allocation.

Also, Mr. Gastineau stated that he had submitted an agreement to the City of Sioux City for the \$1.6 million Fund contribution to the water well replacement, and in exchange the city would document the closure of their Cook Park water wells. Mr. Scheidel explained that a section of language within the proposed agreement with the City included the release of the Board from any future liability for the sites involved, and the City was attempting to negotiate that section currently. Also, Mr. Gastineau stated that the City was filing a suit against major oil companies associated with the sites in the area for MTBE contamination, and the City could potentially reimburse the Fund for some of their contribution of funds if that suit was successful.

After further discussion between the Board members, Ms. Christiansen moved for approval of the change order for additional Board authority to \$1,994,247.00 and for approval of the proposed 28E agreement between the Board and DNR, as well as, the project claim cost allocation to 4 high risk sites' claims. Mr. Holcomb seconded the motion. Approved 4-0.

C. DNR 3rd Party Inspection 28E – First Milestone

Mr. Scheidel presented a memo to the Board regarding the 28E agreement between the Board and the DNR regarding fiscal year 2006 funding of the UST section of the DNR. The stipulations of the funding agreement included the DNR's completion of 300 UST site compliance inspections per quarter and the DNR's documented achievement of milestones toward the implementation of a third party inspection program. Since the end of the first quarter of the fiscal year, DNR had provided to the Board a request for funding with a list of sites with completed inspections and documentation regarding the first program implementation milestone. Included with the memo from Mr. Scheidel was a list of sites at which compliance inspections were completed and minutes from the Environmental Protection Commission September meeting showing the DNR had presented their proposed amendments to rules in Chapter 134 and 135 of the Iowa Administrative Code.

Based on their demonstration of commitment to the contingencies of the funding 28E agreement between the Board and the DNR, Mr. Scheidel recommended the Board grant the Administrator contingent authority to make the first milestone funding payment after a sample review of the site inspection reports completed over the past quarter.

Mr. Holcomb made a motion to approve the contingent authority of the Administrator to approve the first DNR funding payment after the sample review of the site inspection reports. Mr. Beech seconded the motion. Approved 4-0.

D. DNR Update

Fred Hutson from the Department of Natural Resources (DNR) provided an update of the activities of the LUST and UST sections of the Department. He spoke to the Board regarding plastic water line issues previously discussed at Board meetings, and wanted to respond to several questions posed during those meetings. First, he addressed the question of whether all plastic water lines were at risk from petroleum contamination, stating that the concept of differing effects of contamination on permeable and impermeable plastic materials was still unconfirmed. Also he explained that the gaskets were determined to be the weakest links in water lines, therefore the gasket material, as well as, the lines must be composed of known, impermeable material to remove the risk of water lines as receptors. He explained that most claims pay for plastic water line replacement because it was a more economical method to move sites to closure than that of active remediation.

Mr. Hutson handed out a memo to the Board member discussing the DNR's evaluation of corrective action conferences, which were developed during a Kaizen event over a year ago to move sites from the assessment phase into the corrective action phase. He stated the DNR had facilitated 385 conferences covering 266 sites from July 2004 through September 2005. The memo charted site conference numbers from September 2004 to August 2005, showing 65% of claimants involved in the corrective action conferences signed memoranda of agreement (MOA's) regarding their sites, and 21% of claimants' sites were resolved without MOA's. Also, 12% of claimants had subsequent meetings scheduled to further discuss corrective action, and 2% were unable or unwilling to participate in subsequent meetings.

Additionally, Mr. Hutson reported that of the 221 sites that reached MOA's regarding corrective action, 33% agreed to move into a Tier III assessment, 37% agreed to expedited corrective action through excavation or plastic water line replacement, and 30% agreed to implement remediation systems at their sites. All in all, Mr. Hutson felt the corrective action conferences had a positive impact on the number of high risk LUST sites moving into the corrective action phase of work. His memo further reported that the number of corrective action design reports (CADR's) due, submitted, and accepted had more than doubled after the conferences came into regular use.

Some problems associated with the conferences included multiple meetings required to reach an agreement between the parties, as well as, the claimants who refused to agree or to attend subsequent meetings. Another hardship caused by the scheduling of conferences was the extensive time consumed during the preparation and participation in the meetings on the part of both DNR staff and groundwater professionals. However the DNR staff felt the benefits of the pace of scheduling was well worth the pressure created, and the current pace should be maintained. Along with the pace of scheduling allowed for by a full time conference facilitator, came the need for funding of that full time DNR staff member into calendar year 2006, as the Environmental Protection Agency (EPA) grant money awarded in 2005 to fund it was not likely to be renewed.

Next, Mr. Hutson addressed the question regarding the DNR's implementation of their authority to require closure of public water wells. He questioned how the DNR would know if a city, which previously plugged water wells within a contaminant plume (i.e. Sioux City),

would make plans in the future to install new water supply wells in the same area. He stated that currently, the Department relied on staff institutional knowledge, as the staff working on the issue would not forget about the issue, but future staff would not be as aware. He discussed a new department-wide process called One Stop, in which the LUST section of the DNR could enter LUST information into the database to share with other sections of the DNR, including water supply, etc. In addition, the DNR was looking into digitizing plume maps for sharing with other users within the department, as well as, outside users. Therefore, Mr. Hutson explained that, in his opinion, the authority to require the closure of public water wells was not useful without the internal controls within and throughout the department to maintain awareness.

Lastly, he addressed the question of whether the DNR should create a policy to promote communication between sections of the Department to prevent the installation of new plastic water lines in areas within existing contamination plumes. He also referenced the policy issue regarding the handling of contaminated soil encountered by governmental subdivisions while working in a public right-of-way. Mr. Hutson invited Mr. Gastineau to speak in a meeting of the Bureau chiefs to discuss policy ideas further.

Mr. Beech requested to see the data regarding plastic water lines and the construction materials for gaskets used to connect those water lines.

Mr. Gastineau pointed out another topic discussed by the Board previously involved the use of simulated plumes that exaggerate the actual plumes (i.e. soil leaching plumes) to result in far-reaching high risk receptors at a site. Mr. Hutson explained that the RBCA process provided for options to complete Tier III evaluations, in some cases, rather than to replace all plastic water lines within a simulated plume if certain conditions were met. He stated that he would rather revisit the guidelines set forth in the rules than set new Departmental policies in place. Mr. Scheidel inquired if the guidelines set forth in the rules should be amended. Mr. Hutson stated he would welcome a discussion with the Administrator's Office to discuss.

PROGRAM BILLINGS

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

1. Aon Risk Services\$ 107,695.58
 Consulting Services – November 2005 (\$60,000.00)
 Claims Processing Services – November 2005 (\$47,695.58)
2. Cathy Rottinghaus\$ 95.20
 Travel to the Annual Strategic Planning Session of the Board
 held in Perry, Iowa on July 12, 2005
3. Delia Meier\$138.04
 Travel to the Annual Strategic Planning Session of the Board
 held in Perry, Iowa on July 12, 2005
4. Attorney General's Office\$7,497.84
 Services provided for Underground Storage Tank Program

September 2005 billing

5. Iowa Department of Revenue (carry-in billings)\$1,129.76
1st Q Billing for Environmental Protection Charge Collection (FY 06)

No additional billings for outside cost recovery counsel were presented by the Attorney General's office for this meeting. On a motion by Mr. Beech and a second by Ms. Christiansen, the billings were approved by a vote of 4-0.

MONTHLY ACTIVITY REPORT

Mr. Scheidel told the Board that the September activity report, financials and opt-in report were included in the Board packet for their review.

ATTORNEY GENERAL'S REPORT

Mr. Steward stated that the Attorney General's Office had nothing new to report at this meeting. However, he explained that the Administrator was keeping him busy drafting 28E agreements and individual site agreements for the Board.

CLAIM PAYMENTS

Mr. Gastineau presented the following claim payments:

1. Site Registration 8601996 – Franklin Raymond, Pacific Junction

This was a second Board report for the site, which was classified as high risk for soil leaching to 1,500+ feet of PVC water lines. The soil remained very contaminated in sand below the excavated clay area. A soil vapor extraction (SVE) system and air sparge should achieve site specific target levels (SSTL's) for all but the closest PVC water line and remove significant free product remaining in the excavated area. Previous approval to \$225,000 granted, of which \$130,920.31 had been expended to date. Additional authority to \$350,000 was requested for a site monitoring report (SMR), corrective action design report (CADR), implementation of the CADR, and free product recovery (FPR).

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

2. Site Registration 8914481 – George Dolan Heirs, Northwood

This site was high risk for the groundwater ingestion pathway for six drinking water wells. The only contamination left following the previous excavation appeared to be under the building near the former tank basin. The building was old and had little value. The responsible party was agreeable to demolishing the building and excavating beneath it. The costs should be reasonable as the local fire department may assist in the demolition for training purposes. Monitoring of groundwater would follow the demolition and soil excavation, which may result in reclassification of the site with no additional corrective action necessary. Previous approval to \$75,000 granted, of which \$72,509.21 had been expended to date.

Additional authority to \$260,000 was requested for a site monitoring report (SMR), and implementation of a soil excavation.

Motion to approve the claim payment was submitted by Mr. Holcomb and seconded by Ms. Christiansen. Approved 4-0.

3. Site Registration 8606219 – Fast Trak/DTM Inc., Edgewood

This was a second Board report for this site. An excavation was completed in October of 2005, and it was expected that the costs associated with the excavation would greatly exceed the proposed costs, because the contaminated soil could not be land farmed as proposed due to excessive debris (concrete, trash, etc.) found in the soil. Therefore, the soil had to be taken to the Dubuque County landfill for almost four times the rate of the land-farming option. The groundwater professional firm completing the excavation halted excavating activities at 2/3 completion due to the excessive cost of disposal and due to the possibility of exceeding Board authority. As a result of the contaminated soil remaining, as well as, the existing contamination under Highway 3, additional corrective action would be required at the site. If cheaper soil disposal could not be found, additional remedial options would be investigated. Previous approval to \$190,000 granted, of which \$54,871.77 had been expended to date. Additional authority to \$350,000 was requested for the site monitoring report (SMR), corrective action design report (CADR), and implementation of soil excavation.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

4. Site Registration 8606983 – Elliott Oil Co., Ottumwa

This site was classified high risk for soil vapor, soil leaching to groundwater vapor and groundwater vapor. The site was an active gas station, and the soil was extremely tight with free product still present. At a corrective action meeting, all parties agreed that an excavation where possible was the only effective remediation option. Most of the contamination was under a canopy at the pump islands. Excavation would require removal and replacement of the existing product piping. Previous approval to \$75,000 granted, of which \$66,837.49 had been expended to date. Additional authority to \$300,000 was requested for free product recovery (FPR), implementation of an excavation, and a possible replacement of UST system piping.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Beech. Approved 4-0.

5. Site Registration 8601911 – Total Petroleum Inc., Des Moines

This was a second Board report for this site. An excavation was completed in August of 2005, and it was expanded to remove additional contaminated soils and therefore exceeded the proposed budget and the previous Board authority. The sampling results indicated that all soil contamination exceeding the SSTL's for the soil leaching and soil vapor pathways had been removed. The groundwater pathways were already no further action, and the site may be reclassified to no further action once soil vapor passes at the previously failed locations. Previous approval to \$206,000 granted, of which \$108,341.29 had been expended to date.

Additional authority to \$270,000 was requested for the site monitoring report (SMR) and implementation of soil excavation.

Motion to approve the claim payment was submitted by Mr. Beech and seconded by Ms. Christiansen. Approved 4-0.

6. Site Registration 8710407 – Carolyn Hoelscher, Popejoy

This site was classified high risk for the groundwater ingestion pathway for 10 drinking water wells. An alternate water supply did not exist. An excavation was completed which removed soil contamination to levels below SSTL's. The groundwater concentrations were declining as a result of the excavation. The installation of a remedial technology called Insitu Submerged Oxygen Curtain (ISOC) was recommended to help bring the groundwater concentrations down to SSTL's, so that the site would be reclassified to no further action. Previous approval to \$75,000 granted, of which \$122,802.17 had been expended to date from both tank closure project and community remediation project claims. Additional authority to \$305,000 was requested for SMR, CADR, and implementation of the CADR.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Beech. Approved 4-0.

7. Site Registration 8608070 – Harold's 66 Service, Sheldon

This site was classified high risk for vapor pathways only. An excavation had been proposed and approved at a recent corrective action meeting. Previous approval to \$75,000 granted, of which \$41,730.64 had been expended to date. Additional authority to \$170,000 was requested for a SMR and implementation of an excavation.

Motion to approve the claim payment was submitted by Mr. Holcomb and seconded by Ms. Christiansen. Approved 4-0.

8. Site Registration 8608194 – Krause Gentle Corp., Monticello

This site was classified high risk for one municipal drinking water supply well. The site was also high risk for the groundwater vapor to enclosed space pathway for a number of residential sewers and basements. The DNR required corrective action, and the installation of a SVE system was recommended by the groundwater professional. Previous approval to \$75,000 granted, of which \$84,590.60 had been expended to date. Additional authority to \$305,000 was requested for a SMR, CADR, implementation of the CADR and FPR.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

9. Site Registration 8601176 – Robertson DX, Barnes City

This site was classified high risk for groundwater ingestion and soil leaching to groundwater ingestion pathways for one municipal well and three private drinking water wells. An excavation was recommended to remove the soil source area, which should also reduce the

groundwater concentrations. It was unlikely that all soil contamination above SSTL's would be removed due to site constraints. As a result, future remedial activities in the excavation backfill were likely. Previous approval to \$75,000 granted, of which \$53,276.12 had been expended to date. Additional authority to \$330,000 was requested for a SMR and implementation of an excavation.

Mr. Gastineau explained to the Board that the City wanted to keep their municipal well as a back up for their rural water supply system and for their fire trucks, even though it was located within 50 feet of the LUST site. In addition, the private well owners had access to the rural water system, but they had chosen to continue to use their private well water.

Mr. Beech noted that the situation at this site was a prime example showing the need for legislation to enforce well closure. Also, Mr. Hove from PMCI said that a soil excavation and/or future remediation systems would potentially mobilize the contaminants in the soil and likely impact the municipal well, if it were not already impacted.

After some discussion, the Board decided not to enter a motion for approval. Therefore no motion was made to approve the claim payment.

10. Site Registration 8601372 – Sires Oil Co., New Albin

This site was merged with an adjacent site (8LTP30, Darling DX), to share a remediation system and costs. The site was an ideal site to remediate, but the DNR required very low SSTL's due to drinking water wells. An air sparge/SVE system to run for three years was approved in a corrective action meeting. Previous approval to \$75,000 granted, of which \$54,519.04 had been expended to date. Additional authority to \$240,000 was requested for a SMR, CADR, and implementation of the CADR.

Motion to approve the claim payment was submitted by Mr. Holcomb and seconded by Ms. Christiansen. Approved 4-0.

11. Site Registration 8600916 – Darling DX Service, New Albin

This site was merged with an adjacent site (7LTT33, Sires Oil Co.), to share a remediation system and costs. An air sparge/SVE system to run for three years was approved in a corrective action meeting. Previous approval to \$75,000 granted, of which \$28,459.61 had been expended to date. Additional authority to \$175,000 was requested for a SMR, CADR, and implementation of the CADR.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

12. CRPCA 9803-10 Indianola

This community remediation project was contracted in 1998 to address a commingled plume involving 2 sites in the community of Indianola. The project work included the completion of a RBCA Tier 2 evaluation, a CADR, and the implementation of the remediation using a combined biosparge/vapor extraction system. The remedial system had been operating since

the summer of 2001. In 2005, the system operation was modified due to noise issues. Mr. Gastineau explained that there were no noise ordinances in the City or in the state of Iowa. And because the systems, however noisy, were in place to protect the environment, Mr. Gastineau had suggested to the DNR attorney that he attempt to get legislation passed to protect the State from any nuisance lawsuits, similar to a law already in effect protecting animal feeding operations. Due to the reduced system operation times, it was anticipated continued operation would be required for an additional 2 to 4 years. The contractor had submitted a budget requesting authorization to continue the system operation at a cost of \$30,705 per year. Additional Board authority was requested to \$575,000 for continued system operation for 2 to 4 years. This represented a 22% increase to the existing contract for this project.

Motion to approve the projects Board authority to \$575,000 was submitted by Mr. Holcomb and seconded by Ms. Christiansen. Approved 4-0.

13. CRPCA 9808-19 Bevington

This community remediation project was contracted in 1998 to address a contamination plume involving one site in Bevington, Iowa. The project had included a RBCA evaluation, CADR, FPR, and the implementation of remediation using a dual phase extraction system. The remedial system had been operating since late 2002. A reduction in contaminant levels and free product had been observed across the site, however continued remedial activities were necessary. The contractor had submitted a budget requesting authorization to continue the system operation, with monitoring, at a cost of \$36,285 per year. Additional Board authority was requested to \$575,000 for continued system operation. This represented a 27% increase to the existing contract for this project.

Motion to approve the projects Board authority to \$575,000 was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

14. Site Registration 8912377 – McDonnell Feed Store, Bernard

This site was classified high risk for multiple pathways but soil leaching to groundwater ingestion and groundwater ingestion to drinking water wells had extremely low SSTL's. The site was very difficult with an upper aquifer above bedrock and a lower aquifer below. A municipal well was 100 feet from the site, and the soil contamination extended well into the adjacent busiest intersection in this small town. At the corrective action meeting, it was agreed to initially excavate all possible soil. The city had given tentative approval to excavate the entire intersection. The clean up after the excavation would be difficult. The DNR may approve monitoring only or may require some type of system. Previous approval to \$75,000 granted, of which \$53,897.26 had been expended to date. Additional authority to \$300,000 was requested for a SMR, FPR, implementation of excavation, and a possible CADR.

Motion to approve the claim payment was submitted by Mr. Holcomb and seconded by Ms. Christiansen. Approved 4-0.

15. Site Registration 8811808 – Young Plumbing & Heating, Waterloo

This site was classified high risk for a sanitary sewer main. Relocation of the sewer main did not appear feasible. Soil gas sampling had failed, and the site had a history of free product. The site appeared to be ideal for an SVE/air sparge system. The high SSTL's made this option very attractive for potentially reaching a no further action classification over a relatively short period of time. Previous approval to \$75,000 granted, of which \$79,829.97 had been expended to date. Additional authority to \$320,000 was requested for a SMR, CADR, implementation of the CADR and FPR.

Motion to approve the claim payment was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 4-0.

CONTRACTS ENTERED INTO SINCE THE SEPTEMBER 22, 2005 BOARD MEETING

The Board had not entered into any agreements or contracts since the September 22, 2005 meeting.

OTHER ISSUES

Mr. Scheidel stated that the next Board meeting was scheduled for Thursday, December 8, 2005. Ms. Voss stated that Angela Burke-Boston would chair the meeting in December in her absence. Ms. Scheidel explained that the Board would have a follow up discussion of their legislative strategy at the December meeting, as well.

CORRESPONDENCE AND ATTACHMENTS

Ms. Voss asked if there was any further business, and there being none, Mr. Beech moved for adjournment. Mr. Holcomb seconded the motion, and on a 4-0 vote, the Board adjourned at 11:55 A.M.

Respectfully Submitted,



Scott M. Scheidel
Administrator

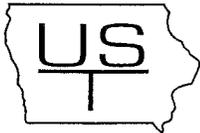
Closed Session

Discussion of Pending and Imminent Litigation

Public Comment

Board Issues

A. Legislative Issues



IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb
Jeffrey R. Vonk ❖ Della A. Meier ❖ Douglas M. Beech

Φ Φ Φ MEMO Φ Φ Φ

TO: UST Fund Board Members

FROM: Scott Scheidel

DATE: December 1, 2005

RE: 2006 Legislative Issues

At the October Board meeting, three main Legislative topics were discussed. The Board had significant discussion on each, but stopped short of establishing a position on any of them. The Board members preferred to take the discussion from October and think about it, and return to this meeting before taking any official positions. Each of the topics discussed is listed below, with the perceived consensus of the discussion. These are presented as a starting point for Board discussion with the preferred outcome of a consensus position by the Board on each item.

Diversion of UST Funds

This is the potential that, as in past years, the Legislature could divert monies that are in the UST Fund to other programs or the General Fund to balance a budget.

“The Board opposes the diversion of monies from the UST Fund, that are not directly related to the completion of its statutory mission. The outstanding reserves of the Board exceed the Fund balances by in excess of \$20 million presently.”

Ethanol 85

This is the potential that the forced expansion of E-85 using the existing petroleum distribution network could result in statutory changes requiring the Board to provide UST Fund subsidized coverage for new releases from existing or future E-85 tanks.

“The Board opposes the use of existing UST Fund monies and revenues to subsidize unknown future releases from petroleum tanks. If adequate funding for the new exposures is provided the Board is capable and willing to participate in a new program to assist in the development of an E-85 distribution network across the state to match consumer demand.”

*Tabled
Email
revised
"posi"
statement.*

de Ho

DNR Well Closure Authority

This is the Board's desire to have an additional tool in meeting the Risk Based Corrective Action requirements at individual sites. There are site specific instances in which the stakeholders or corrective action meeting participants agree that the best solution in balancing human health, the environment and economics is to provide a safe drinking water supply to affected or potentially affected parties and remove the existing water source that poses the threat to human health. In many of these instances all the parties are willing to participate in such a solution, in other instances a majority are willing, but the refusal to participate by a minority can prevent the implementation of such a solution. Providing the ability to require participation in such instances could assist the Board, the claimant and the DNR in implementing their mutually agreed solution. Specific examples of such sites may better illustrate instances where exercising the authority could be used.

The Board members did not share a consensus on this issue. The closest description of a consensus Board position would be "The Board would support the implementation of a DNR centralized authority to require closure of public or private water wells that pose an actual or potential threat to human health. The Board would only pursue such authority if pursued jointly with the DNR."

Summary

As these issues begin to be discussed we will be approached about our position on specific options. The discussions thus far have been based on what can reasonably be anticipated to be discussed during the coming session. As new information and alternatives arise, the Board can and likely will discuss their position and can change any of their positions. It is important to have a position to at least guide discussions as the Legislature begins developing the bills that could affect the Board.

~~7/15/05~~
7/15/05
App'd.
(No Vote)
→ continue
disc's
w/ DNR

B. DNR Update

Approval of Program Billings



IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb
Jeffrey R. Vonk ❖ Della A. Meier ❖ Douglas M. Beech

MEMORANDUM

TO: UST Board Members
FROM: Scott Scheidel
DATE: December 1, 2005
SUBJECT: Summary of Bills for Payment

NOTICE

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

1. Aon Risk Services.....\$107,695.58
Consulting Services December 2005 -- \$60,000.00
Claims Processing Services December 2005 -- \$47,695.58
2. Aon Risk Services.....\$112,830.33
Consulting Services January 2006 -- \$62,750.00
Claims Processing Services January 2006 -- \$50,080.33
3. Attorney General's Office\$8,242.52
Services provided for Underground Storage Tank Program
October 2005 Billing
4. Attorney General's Office.....\$8,245.47
Services provided for Underground Storage Tank Program
November 2005 Billing

Iowa Comprehensive Petroleum

Invoice No. 9500000042211

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No 0678975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045



Client Account No.	Invoice Date	Currency	Relationship Manager
10756349	Oct-17-2005	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2005 - Jan-01-2006	Dec-01-2005	Renewal - Service Fee	
Comments			Service Fee	55,000.00
Installment 12 of 12			Consulting Expense	5,000.00
TOTAL INVOICE AMOUNT DUE				60,000.00

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Relationship Manager.

Please see reverse side for statement regarding Aon compensation.

▼ Please detach here. Top portion is for your records, bottom portion to be returned with your payment. ▼

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000042211	Oct-17-2005	US DOLLAR	60,000.00

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:
Aon Risk Services, Inc. of Nebraska
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943

Iowa Comprehensive Petroleum

Invoice No. 9500000042212

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No OE16975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045

Client Account No.	Invoice Date	Currency	Relationship Manager
10756349	Oct-17-2005	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2005 - Jan-01-2006	Dec-01-2005	Renewal - Service Fee	
Comments Installment 12 of 12			Service Fee	0.00
			Consulting Expense	47,695.58
TOTAL INVOICE AMOUNT DUE				47,695.58

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Relationship Manager.

Please see reverse side for statement regarding Aon compensation.

Page 1 of 1

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Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000042212	Oct-17-2005	US DOLLAR	47,695.58

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:

Aon Risk Services, Inc. of Nebraska
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943



Iowa Comprehensive Petroleum

Invoice No. 9500000043397

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No OE16975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045

Client Account No. 10756349	Invoice Date Dec-01-2005	Currency US DOLLAR	Relationship Manager Scott Scheidel
---------------------------------------	------------------------------------	------------------------------	---

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2006 - Jan-01-2007	Jan-01-2006	Renewal - Service Fee	
Comments Installment 1 of 12 Monthly Fee Payment due within 20 days of Transaction Effective Date.			Service Fee	57,750.00
			Consulting Expense	5,000.00
TOTAL INVOICE AMOUNT DUE				62,750.00

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Relationship Manager.

Please see reverse side for statement regarding Aon compensation.

▼ Please detach here. Top portion is for your records, bottom portion to be returned with your payment. ▼

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000043397	Dec-01-2005	US DOLLAR	62,750.00

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:
Aon Risk Services, Inc. of Nebraska
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943



Iowa Comprehensive Petroleum

Invoice No. 9500000043396

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Aon Risk Services, Inc. of Nebraska
Insurance Services CA License No OE16975
2700 Westown Parkway
Suite 320
West Des Moines IA 50266
(515) 267-9101 FAX (515) 267-9045

Client Account No.
10756349

Invoice Date
Dec-01-2005

Currency
US DOLLAR

Relationship Manager
Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2006 - Jan-01-2007	Jan-01-2006	Renewal - Service Fee	
Comments Installment 1 of 12 GAB Robins Monthly Claims Service Payment due within 20 days of Transaction Effective Date.			Service Fee	0.00
			Consulting Expense	50,080.33
TOTAL INVOICE AMOUNT DUE				50,080.33

TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.
For Wire instructions, contact your Relationship Manager.

Please see reverse side for statement regarding Aon compensation.

⚡ Please detach here. Top portion is for your records, bottom portion to be returned with your payment. ⚡

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000043396	Dec-01-2005	US DOLLAR	50,080.33

Iowa Comprehensive Petroleum
Underground Storage Tank Fund
2700 Westown Pkwy, #320
West Des Moines IA 50266

Send remittance to:
Aon Risk Services, Inc. of Nebraska
Aon Risk Services Companies, Inc.
75 Remittance Drive - Suite 1943
Chicago IL 60675-1943

IOWA ATTORNEY GENERAL'S OFFICE
Hoover State Office Bldg - 2nd Floor
Des Moines, Iowa 50319-0141



Invoice Date: 11/02/05

Buyer: Aon Risk Services
2700 Westown Pkwy, Ste 320
West Des Moines, IA 50266
Attn: Scott Scheidel

Seller: Iowa Attorney General's Office
Hoover State Office Bldg - 2nd Floor
Des Moines, IA 50319-0141

Services For: Assistant Attorneys General
Period of Service: October

Please use the following accounting information for (II) transfer/payment:

Document Number	Account Coding					Description	Amount
	Fund	Agency	Org	Sub Org	Rev Source		
112AG305027	0001	112	2301		0285		\$ 8,242.52

Please direct billing questions to Karen Redmond at (515)281-6362.

**Iowa Attorney General's Office
Invoiced Services**

Billing Period:	October
Billing Total:	\$8,242.52
DSS @ 33%	\$1,564.49
TDB @ 25%	\$1,166.53
RCH @25%	\$796.73
CLJ @50%	\$1,079.01
Payroll 10/6/05	\$4,606.76
DSS @ 33%	\$1,259.19
TDB @ 25%	\$944.97
RCH @25%	\$565.45
CLJ @50%	\$866.15
Payroll 10/20/05	\$3,635.76
Westlaw (.06% of total)	\$0.00
Health Insurance	\$0.00
Worker's Comp FY06 (Annual Prem.)	\$0.00
Phone charges	\$0.00
	<u>\$8,242.52</u>

DSS = David Steward **33%**

Dave is our Asst Attorney General who provides the Board with legal counsel, drafts agreements and settlements with other State agencies and claimants.

TDB = Timothy Benton **25%**

Tim is our other Asst Attorney General who provides the Board with the coordination of administrative hearings on UST Fund claim denial appeals, as well as the negotiation of any settlements.

RCH = Richard Heathcote **25%**

Rich is a PhD hydrogeologist who consults for the Board by reviewing claim files and DNR records to assist in the determination of technologies used at sites. Rich reviews site files for the usage of RBCA Tier 3 reports; he also reviews proposals for CRP's or special projects.

CLJ = Cindy Jacobs **50%**

Cindy is a legal secretary for the Environmental/UST Division of the Attorney General's Office located in the Lucas Building. Cindy completes status reports and maintains appeal files for UST claimants with regard to their UST Fund benefits' eligibility.

IOWA ATTORNEY GENERAL'S OFFICE
Hoover State Office Bldg - 2nd Floor
Des Moines, Iowa 50319-0141



Invoice Date: 11/30/05

Buyer: Aon Risk Services
2700 Westown Pkwy, Ste 320
West Des Moines, IA 50266
Attn: Scott Scheidel

Seller: Iowa Attorney General's Office
Hoover State Office Bldg - 2nd Floor
Des Moines, IA 50319-0141

Services For: Assistant Attorneys General
Period of Service: November

Please use the following accounting information for (II) transfer/payment:

Document Number	Account Coding					Description	Amount
	Fund	Agency	Org	Sub Org	Rev Source		
112AG333027	0001	112	2301		0285		\$ 8,245.47

Please direct billing questions to Karen Redmond at (515)281-6362.

Monthly Activity Report and Financials Reviewed

A. October Activity Report

Iowa UST Fund
Monthly Activities Report

October 2005

	Open Claims	Open & Closed	Open Claims	Open & Closed
Claims	September Ending	Monthly Net Changes	October Ending	Totals since Inception

RETROACTIVE

number	100	(1)	99	443
reserve	\$6,007,268.73	(\$43,380.99)	\$5,963,887.74	\$5,963,887.74
paid	\$8,309,784.78	\$4,880.99	\$8,314,665.77	\$12,765,536.15
total	\$14,317,053.51	(\$38,500.00)	\$14,278,553.51	\$18,729,423.89

REMEDIAL

number	1233	(9)	1,224	4428
reserve	\$73,446,881.85	\$255,084.69	\$73,701,966.54	\$73,701,966.54
paid	\$89,285,929.06	\$535,201.20	\$89,821,130.26	\$157,801,312.46
total	\$162,732,810.91	\$790,285.89	\$163,523,096.80	\$231,503,279.00

INNOCENT LANDOWNER

number	316	(4)	312	1001
reserve	\$13,344,035.38	\$41,854.95	\$13,385,890.33	\$13,385,890.33
paid	\$10,751,519.06	(\$53,455.95)	\$10,698,063.11	\$17,118,593.56
total	\$24,095,554.44	(\$11,601.00)	\$24,083,953.44	\$30,504,483.89

GLOBAL OPT-IN

number	359	9	368	1,197
reserve	\$2,440,845.62	\$37,488.05	\$2,478,333.67	\$2,478,333.67
paid	\$2,512,915.91	\$93,511.95	\$2,606,427.86	\$7,584,176.09
total	\$4,953,761.53	\$131,000.00	\$5,084,761.53	\$10,062,509.76

AST CLAIMS

number	110	(5)	105	413
reserve	\$3,892,780.54	(\$215,187.28)	\$3,677,593.26	\$3,677,593.26
paid	\$692,155.74	\$50,000.00	\$742,155.74	\$9,107,945.45
total	\$4,584,936.28	(\$165,187.28)	\$4,419,749.00	\$12,785,538.71

RT Claims	#
New	0
Reopened	0
Closed	1

RM Claims	#
New	0
Reopened	1
Closed	10

ILO Claims	#
New	0
Reopened	0
Closed	4

GS Claims	#
New	13
Reopened	4
Closed	8

AST Claims	#
New	0
Reopened	0
Closed	5

Invoice Type Totals	October	FYTD	Program to Date
American Soils	\$0	\$0	\$5,678,423
AST Removal	\$5,200	\$160,298	\$1,468,728
AST Upgrade	\$206,890	\$914,328	\$4,003,254
CADR Charges	\$23,304	\$114,995	\$4,197,275
Corrective Action	\$151,324	\$389,003	\$46,291,789
Free Prod Recover	\$65,998	\$243,339	\$5,416,833
Monitoring	\$156,547	\$669,992	\$12,807,180
New UST Pull 2004	\$52,473	\$205,105	\$237,932
Operations/Maint	\$51,588	\$319,607	\$4,578,813
Over-excavation	\$484,486	\$902,508	\$14,766,682
RBCA	\$22,426	\$130,845	\$23,540,882
Remed Imp/Const.	\$371,941	\$1,986,852	\$17,247,741
SCR Charges	\$0	\$0	\$54,063,790
Site Check	\$0	\$0	\$113,720
Soil Disposal	\$0	\$0	\$596,767
Tank (UST) Pull	\$2,091	\$15,371	\$4,756,773
Tank (UST) Upgrade	\$0	\$0	\$5,878,438
Tier III	\$0	\$58,844	\$943,707
Utilities	\$19,347	\$39,032	\$42,040
Well Closure	\$15,395	\$79,192	\$1,891,587
Total Invoice Types	\$1,629,009	\$6,229,309	\$208,522,354

Budgets Approved to Date		
October	11	\$624,628
Trailing 12 mos	178	\$8,409,293
Prev Trail 12 mos	208	\$7,267,206
Total Since Jan 2003	707	\$23,304,711

UST Licenses in force:	228	Corrective Action Meetings
		Scheduled: 90
		Completed: 439
		MOA's 217

Project Claims	Open	Closed	Pending
CRP's	37	55	0
Tank Closure	2	3	0
Plastic Water Line	2	0	0

B. October Financial Report

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

0471 - UST REVENUE FUND (Bonding)

Balance of Fund, October 1, 2005		\$4,251,050.00
Receipts:		
Tank Management Fees	\$0.00	
Motor Vehicle Use Tax	\$0.00	
Intra State Fund Transfers Received	\$0.00	
Interest Income	(\$300.00)	
Interest Income - Capital Reserve Fund	\$0.00	
		(\$300.00)
Disbursements:		
Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
Transfer to Unassigned Revenue Fund	\$750.00	
		\$750.00
Balance of Fund, October 31, 2005		\$4,250,000.00

0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)

Balance of Fund, October 1, 2005		\$21,716,552.81
Receipts:		
Installer's License Fees	\$50.00	
Request for Proposal Fees (Filing Fees)	\$0.00	
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	
Refund/Overpayment	\$0.00	
Transfer From UST Revenue Fund 471	\$750.00	
Intra State Fund Transfers Received	\$0.00	
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	(\$30,363.52)	
Buys/ Sells	(\$9,159.31)	
Interest Income	\$354,673.25	
		\$315,950.42
Disbursements:		
UST Administrator's Fees	\$0.00	
Attorney General's Fees	\$16,489.58	
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense	\$0.00	
Custodial Fees	\$0.00	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

Actuarial Fees	\$0.00	
Auditor of the State Fees	\$0.00	
Bank Service Charges	\$0.00	
Bond Trustee Fees	\$0.00	
Department of Revenue EPC Collection Fees	\$0.00	
Environmental Protection Charge Refunds	\$0.00	
Innovative Technology	\$0.00	
Inspection & Appeals Service Fees	\$0.00	
Installers/Inspectors/ Testers Licensing Refunds	\$0.00	
Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Licensing - Contractual Services	\$0.00	
Postage / Printing / Miscellaneous / Lien Filing Fees	\$0.00	
Professional Administrative Services (Investments)	\$0.00	
Rebate	\$0.00	
Tank Closure Claims & Plastic Waterline Claims	\$16,286.00	
Travel Expenses-UST Board Members	\$0.00	
Warrant Float Expense	\$0.00	
28E Agreement - RBCA (DNR Staff Training)	\$0.00	
28E Agreement - DNR Staff Assistance (PEI)	\$45,358.00	
28E Agreement - Univ. of Iowa Water Well Analysis	\$0.00	
Transfer to Remedial Non-Bonding Fund	\$0.00	
Intra State Fund Transfer to Dept. of Natural Resources	\$0.00	
Transfer to Innocent Landowner Fund	\$0.00	
	<hr/>	
		\$78,133.58
Balance of Fund, October 31, 2005		<hr/> \$21,954,369.65 <hr/>

0208 - UST REMEDIAL NON-BONDING FUND

Balance of Fund, October 1, 2005		\$15,715,646.50
Receipts:		
Cost Recovery (Remedial Refund)	\$6,658.83	
Misc. Income (Eligibility Settlements or Lien Settlements)	\$0.00	
CRP Buy-In	\$0.00	
Interest Income	\$0.00	
Intra Fund Transfer from Unassigned Revenue Received	\$0.00	
		\$6,658.83
Disbursements:		
Retroactive Claims	\$71,079.29	
Remedial Claims	\$1,116,130.32	
Intra State Fund Transfers Paid	\$0.00	
Refund of CRP Buy-In	\$0.00	
Balance of Outdated Warrants	(\$925.00)	
	<hr/>	
		\$1,186,284.61
Balance of Fund, October 31, 2005		<hr/> \$14,536,020.72 <hr/>

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

0478 - UST MARKETABILITY FUND

Balance of Fund, October 1, 2005		\$386,236.65
Receipts:		
Interest	\$70,412.81	
Use Tax	\$0.00	
		\$70,412.81
Disbursements:		
Transfer to Agrifutures Revolving Loan Fund	\$0.00	
Transfer to Aboveground Storage Tank Fund	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$456,649.46

0485 - UST INNOCENT LANDOWNERS FUND

Balance of Fund, October 1, 2005		\$25,989,382.94
Receipts:		
Cost Recovery (ILO Refunds)	\$0.00	
Intra State Fund Transfers Received	\$0.00	
Transfer from Marketability Fund	\$0.00	
Miscellaneous Income	\$0.00	
		\$0.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Other Contractual Services	\$0.00	
Attorney's Fees - Global Cost Recovery Settlements	\$0.00	
AG - Cost Recovery Expenses	\$0.00	
Global Settlement Claims	\$142,011.52	
Innocent Landowner Claims	\$73,653.35	
Intra State Fund Transfers Paid (to AST Fund)	\$0.00	
Balance of Outdated Warrants	\$0.00	
		\$215,664.87
Balance of Fund, October 31, 2005		\$25,773,718.07

0455 - ABOVEGROUND STORAGE TANK FUND

Balance of Fund October 1, 2005		\$1,369,957.67
Receipts:		
Interest Income	\$12,224.35	
Corrected Warrant issued	\$0.00	
Transfer from Fund 478 (Marketability Fund)	\$0.00	
Transfer from Fund 485 (ILO Fund)	\$0.00	
		\$12,224.35
Disbursements:		
AST Claims	\$212,089.69	
		\$212,089.69
Balance of Fund on October 31, 2005		\$1,170,092.33

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

0238 - UST LOAN GUARANTEE FUND (Non-Bonding)

Balance of Fund, October 1, 2005		\$1,143,225.88
Receipts:		
Loan Application Fees	\$0.00	
Interest Income	\$2,967.54	
		\$2,967.54
Disbursements:		
Processing of Loan Applications	\$0.00	
Payments on Loan Losses	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$1,146,193.42

UST BOND FUND (Bonding)

Series 1990 A

Balance of Fund, October 1, 2005		\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From Revenue Refunding Bonds 1997 Series A Escrow	\$0.00	
Interest Income	\$0.00	
		\$0.00
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$0.00

Series 1991 A

Balance of Fund, October 1, 2005		\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From Revenue Refunding Bonds 1997 Series A Escrow	\$0.00	
Interest Income	\$0.00	
		\$0.00
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$0.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

Series 1994 A

Balance of Fund, October 1, 2005		\$4.66
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Accrued Interest From Sale of Bonds	\$0.00	
Interest Income	\$0.00	
		\$0.00
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$4.66

Series 1997 A Revenue Refunding Bonds

Balance of Fund, October 1, 2005		\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From/(To) UST Cost of Issuance Fund	\$0.00	
Accrued Interest From Bonds	\$0.00	
Interest Income	\$0.00	
		\$0.00
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$0.00

Series 2004 A Revenue Refunding Bonds

Balance of Fund, October 1, 2005		\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From/(To) UST Cost of Issuance Fund	\$0.00	
Accrued Interest From Bonds	\$0.00	
Interest Income	\$0.00	
		\$0.00
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
		\$0.00
Balance of Fund, October 31, 2005		\$0.00

Combined UST Bond Fund Balances, October 31, 2005

		\$4.66
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**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING OCTOBER 31, 2005**

0614 - UST CAPITAL RESERVE FUNDS (Bonding)

Series 1990 A

Balance of Fund, October 1, 2005	\$3,990,710.18
Receipts:	
Proceeds From Issuance of Bonds	\$0.00
Disbursements:	
Transfer Interest to Revenue Fund	\$0.00
Balance of Fund, October 31, 2005	\$3,990,710.18

Series 1991 A

Balance of Fund, October 1, 2005	\$2,641,220.03
Receipts:	
Proceeds From Issuance of Bonds	\$0.00
Disbursements:	
Transfer to Cost of Issuance Fund	\$0.00
Balance of Fund, October 31, 2005	\$2,641,220.03

Series 1994 A

Balance of Fund, October 1, 2005	(\$394,430.21)
Receipts:	
Proceeds From Issuance of Bonds	\$0.00
Disbursements:	
Debt Service for Issuance of Bonds	\$0.00
Balance of Fund, October 31, 2005	(\$394,430.21)

Combined UST Capital Reserve Fund Balances, October 31, 2005	\$6,237,500.00
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TOTAL FUND BALANCES, October 31, 2005	\$75,524,548.31
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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 Financial Report
as of October 31, 2005**

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
0471 - UST REVENUE FUND (Bonding)		
Balance of Fund, July 1, 2005		\$8,940,677.84
Receipts:		
Tank Management Fees	\$0.00	\$400,000.00
Motor Vehicle Use Tax	\$4,250,000.00	\$17,000,000.00
Intra State Fund Transfers Received	\$0.00	
Interest Income	(\$300.00)	
Interest Income - Capital Reserve Fund	\$0.00	
	<u>\$4,249,700.00</u>	<u>\$17,400,000.00</u>
Disbursements:		
Bond Interest Payment	\$2,656,988.89	\$2,426,240.15
Bond Principal Payment	\$5,850,801.88	\$7,170,000.00
Transfer to Unassigned Revenue Fund	\$432,587.07	\$7,803,759.85
	<u>\$8,940,377.84</u>	<u>\$17,400,000.00</u>
Balance of Fund, October 31, 2005		<u>\$4,250,000.00</u>
0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)		
Balance of Fund, July 1, 2005		\$33,542,834.89
Receipts:		
Installer's License Fees	\$150.00	\$8,000.00
Request for Proposal Fees (Filing Fees)	\$0.00	\$100.00
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$1,000.00	\$25,000.00
Refund/Overpayment	\$949.17	
Transfer From UST Revenue Fund 471	\$432,587.07	\$7,803,759.85
Intra State Fund Transfers Received	\$0.00	
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	(\$40,574.07)	(\$200,000.00)
Buys/ Sells	(\$9,159.31)	
Interest Income	\$755,235.44	\$1,500,000.00
	<u>\$1,140,188.30</u>	<u>\$9,136,859.85</u>
Disbursements:		
UST Administrator's Fees	\$431,304.91	\$1,292,346.96
Attorney General's Fees	\$48,336.20	\$105,500.00
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense	\$0.00	
Custodial Fees	\$0.00	
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$4,189.02	\$4,400.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
Bank Service Charges	\$395.72	\$5,000.00
Bond Trustee's Fees	\$750.00	\$6,000.00
Department of Revenue EPC Collection Fees	\$2,476.85	\$5,000.00
Environmental Protection Charge Refunds	\$0.00	
Innovative Technology	\$0.00	
Inspection & Appeals Service Fees	\$0.00	\$5,000.00
Installers/Inspectors/Testers Licensing Refunds	\$0.00	
Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Licensing - Contractual Services	\$0.00	
Postage / Printing / Miscellaneous / Lien Filing Fees	\$42.00	\$100.00
Professional Admin Services (Investments)	\$15,212.45	\$25,000.00
Rebate	\$0.00	
Tank Closure Claims and Plastic Waterline Claims	\$71,489.30	\$200,000.00
Travel Expenses-UST Board Members	\$0.00	
Warrant Float Expense	\$1,134.09	
28E Agreement - RBCA (DNR Staff)	\$0.00	
28E Agreement - DNR Staff Assistance (PEI)	\$153,323.00	\$240,000.00
Transfer to Remedial Non-Bonding Fund	\$12,000,000.00	\$12,000,000.00
Intra State Fund Transfer to Dept. of Natural Resources	\$0.00	\$700,000.00
Intra State Fund Transfer to Water Quality Initiative	\$0.00	\$5,000,000.00
Transfer to AST Fund	\$0.00	\$5,000,000.00
	\$12,728,653.54	\$24,588,346.96
Balance of Fund, October 31, 2005	\$21,954,369.65	\$18,091,347.78
0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, July 1, 2005		\$6,788,401.00
Receipts:		
Cost Recovery (Remedial Refund)	\$6,658.83	
Misc. Income (Eligibility Settlement or Lien Settlement)	\$0.00	\$20,000.00
CRP Buy-In	\$0.00	
Interest Income	\$0.00	
Transfer Received from Unassigned Revenue	\$12,000,000.00	\$12,000,000.00
		\$12,006,658.83
Disbursements:		
Retroactive Claims	\$207,843.44	\$1,000,000.00
Remedial Claims	\$4,051,143.17	\$16,000,000.00
Intra State Fund Transfers Paid	\$0.00	
Refund of CRP Buy-In	\$0.00	
Balance of Outdated Warrants	\$52.50	
		\$4,259,039.11
Balance of Fund, October 31, 2005	\$14,536,020.72	\$17,000,000.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
0478 - UST MARKETABILITY FUND		
Balance of Fund, July 1, 2005	\$88,722.94	\$88,722.94
Receipts:		
Interest	\$367,926.52	
Use Tax	\$0.00	
	<u>\$367,926.52</u>	\$0.00
Disbursements:		
Transfer to AST Fund	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
	<u>\$0.00</u>	\$0.00
Balance of Fund, October 31, 2005	<u>\$456,649.46</u>	\$88,722.94
0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, July 1, 2005	\$26,562,368.39	\$26,562,368.39
Receipts:		
Cost Recovery (ILO Refunds)	\$0.00	\$1,000.00
Intra State Fund Transfers Received (from Unassigned Rev)	\$0.00	
Transfer from Marketability Fund	\$0.00	
Miscellaneous Income	\$0.00	
	<u>\$0.00</u>	\$1,000.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Other Contractual Services	\$0.00	
Attorney's Fees - Global Cost Recovery Settlements	\$0.00	
AG - Cost Recovery Expenses	\$0.00	
Global Settlement Claims	\$323,125.76	\$700,000.00
Innocent Landowner Claims	\$465,524.56	\$1,000,000.00
Intra State Fund Transfers Paid	\$0.00	
Balance of Outdated Warrants	\$0.00	
	<u>\$788,650.32</u>	\$1,700,000.00
Balance of Fund, October 31, 2005	<u>\$25,773,718.07</u>	\$24,863,368.39
0455 - ABOVEGROUND STORAGE TANK FUND		
Balance of Fund July 1, 2005	\$2,196,230.36	\$2,196,230.36
Receipts:		
Interest Income	\$48,487.46	
Canceled warrants/Corrected warrants	\$0.00	
Transfer from other UST Funds	\$0.00	
	<u>\$48,487.46</u>	\$5,000,000.00
Disbursements:		
AST Claims	\$1,074,625.49	\$7,000,000.00
	<u>\$1,074,625.49</u>	
Balance of Fund on October 31, 2005	<u>\$1,170,092.33</u>	\$196,230.36

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, July 1, 2005	\$1,131,743.27	\$1,131,743.27
Receipts:		
Loan Application Fees	\$0.00	
Interest Income	\$14,450.15	\$20,000.00
	\$14,450.15	\$20,000.00
Disbursements:		
Processing of Loan Applications	\$0.00	
Interest Rate Buydown	\$0.00	
Payments on Loan Losses	\$0.00	
	\$0.00	\$0.00
Balance of Fund, October 31, 2005	\$1,146,193.42	\$1,151,743.27
UST BOND FUND (Bonding)		
Series 1990 A		
Balance of Fund, July 1, 2005	\$0.00	\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From Revenue Refunding Bonds 1997 Series A Escrow	\$0.00	
Interest Income	\$0.00	
	\$0.00	
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
	\$0.00	
Balance of Fund, October 31, 2005	\$0.00	\$0.00
Series 1991 A		
Balance of Fund, July 1, 2005	\$0.00	\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From Revenue Refunding Bonds 1997 Series A Escrow	\$0.00	
Interest Income	\$0.00	
	\$0.00	
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
	\$0.00	
Balance of Fund, October 31, 2005	\$0.00	\$0.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
Series 1994 A		
Balance of Fund, July 1, 2005	\$4.66	\$4.66
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Accrued Interest From Sale of Bonds	\$0.00	
Interest Income	\$0.00	
	\$0.00	
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
	\$0.00	
Balance of Fund, October 31, 2005	\$4.66	\$4.66
Series 1997 A Revenue Refunding Bonds		
Balance of Fund, July 1, 2005	\$0.00	\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From/(To) UST Cost of Issuance Fund	\$0.00	
Accrued Interest From Bonds	\$0.00	
Interest Income	\$0.00	
	\$0.00	
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
	\$0.00	
Balance of Fund, October 31, 2005	\$0.00	\$0.00
Series 2004 A Revenue Refunding Bonds		
Balance of Fund, July 1, 2005	\$0.00	\$0.00
Receipts:		
Transfer From/(To) UST Revenue Fund	\$0.00	
Transfer From/(To) UST Cost of Issuance Fund	\$0.00	
Accrued Interest From Bonds	\$0.00	
Interest Income	\$0.00	
	\$0.00	
Disbursements:		
Principal Payments to Bondholders	\$0.00	
Interest Payments to Bondholders	\$0.00	
Trustee Fee	\$0.00	
	\$0.00	
Balance of Fund, October 31, 2005	\$0.00	\$0.00
Combined UST Bond Fund Balances, October 31, 2005	\$4.66	\$4.66

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING OCTOBER 31, 2005**

		FISCAL 2006 BUDGET
0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Series 1990 A		
Balance of Fund, July 1, 2005	\$3,990,710.18	\$3,990,710.18
Receipts:		
Proceeds From Issuance of Bonds	\$0.00	
Disbursements:		
Transfer Interest to Revenue Fund	\$0.00	
Balance of Fund, October 31, 2005	\$3,990,710.18	\$3,990,710.18
Series 1991 A		
Balance of Fund, July 1, 2005	\$2,641,220.03	\$2,641,220.03
Receipts:		
Proceeds From Issuance of Bonds	\$0.00	
Disbursements:		
Transfer to Cost of Issuance Fund	\$0.00	
Balance of Fund, October 31, 2005	\$2,641,220.03	\$2,641,220.03
Series 1994 A		
Balance of Fund, July 1, 2005	(\$394,430.21)	(\$394,430.21)
Receipts:		
Proceeds From Issuance of Bonds	\$0.00	
Disbursements:		
Debt Service for Issuance of Bonds	\$0.00	
Balance of Fund, October 31, 2005	(\$394,430.21)	(\$394,430.21)
Combined UST Capital Reserve Fund Balances, October 31, 2005	\$6,237,500.00	\$6,237,500.00
TOTAL FUND BALANCES, October 31, 2005	\$75,524,548.31	\$61,377,996.24

FOOTNOTES:

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

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

D. October Opt-In Report

OPT-IN PROGRAM SUMMARY REPORT
December 8, 2005
For the Period October 1 to October 31, 2005

GENERAL PROGRAM SUMMARY:

Notices to potential claimants:	10
Eligible claims referred to GAB this period:	3
Number of 90-Day Notices sent this period:	10
Settlement Agreements outstanding at major oil company for execution:	3
Settlement Agreements forwarded to GAB for processing warrants or co-payment credit:	17
Number of claimants receiving warrants or co-payment credit this period:	61
<u>Number of 1st Party Affidavits received in lieu of supporting docs (# this month/# Total to date):</u>	<u>1/70</u>

WARRANTS MAILED THIS PERIOD SUMMARY:

	Number	Total
First Warrant	3	\$ 18,376.91
Additional Warrants	58	\$ 61,449.74
Co-Payment Credit	0	\$ -
TOTALS:	61	\$ 79,826.65

PROGRAM PAYMENT DISBURSEMENT TO DATE:

Oil Company	Total Claims to	New Claims this	Payments Made this	
	Date	Period	Payments Made to Date	Period
ARCO	52	1	\$ 364,946.97	\$ 15,541.50
PHILLIPS	246	1	\$ 1,465,579.98	\$ 14,414.59
AMOCO	299	1	\$ 1,977,503.46	\$ 26,120.21
CONOCO	105	0	\$ 608,761.05	\$ 3,692.30
SOUTHLAND	17	0	\$ 88,141.57	\$ -
FINA	12	0	\$ 92,216.06	\$ -
SUN/SUNOCO	169	0	\$ 1,030,815.78	\$ 1,864.96
TEXACO	147	0	\$ 916,831.64	\$ 11,050.80
CHAMPLIN	20	0	\$ 93,509.59	\$ 3,141.24
KERR-McGEE	77	0	\$ 459,566.27	\$ 2,976.62
CHEVRON	22	0	\$ 142,581.06	\$ 554.40
OXY	0	0	\$ -	\$ -
T.P.I. INC.	14	0	\$ 114,291.65	\$ 470.03
TOTAL:	1180	3	\$ 7,354,745.08	\$ 79,826.65

ADDITIONAL WARRANT SUMMARY:

Arco	\$ 10,541.50	Sunoco	\$ 1,864.96
Phillips	\$ 6,339.75	Texaco	\$ 11,050.80
Amoco	\$ 20,818.14	Champlin	\$ 3,141.24
Conoco	\$ 3,692.30	Chevron	\$ 554.40
Southland	\$ -	Kerr-McGee	\$ 2,976.62
Fina	\$ -	TPI, Inc.	\$ 470.03

Attorney General's Report

Claim Payment Approval

Claim Payment Authority Reports

	Site #	Site Name	1st Bd Rpt	2nd Bd Rpt	3rd Bd Rpt	4th Bd Rpt	Paid to Date	Recommended Authority	Approved Authority	Comments
1	8605242	Brooklyn Service Center	07/12/05				\$43,693	\$310,000	\$310,000	
2	8606604	Raven Corp	09/23/04	02/15/05	07/12/2005		\$488,467	\$700,000	\$700,000	
3	8608762	Smithland Country Store	07/12/05				\$68,721	\$455,000	\$455,000	
4	8608860	Winchell Property	07/12/05				\$47,116	\$300,000	\$300,000	1 dww + 1 ndww
5	8609417	Sport Wade Inc.	07/12/05				\$42,157	\$140,000	\$140,000	
6	8607453	Lloyd Roundy Trust	07/12/05				\$72,711	\$225,000	\$225,000	
7	8603183	Emmet County	07/12/05				\$85,851	\$235,000	\$235,000	
8	8606317	Kum & Go LC	09/21/93	08/16/94	07/12/2005		\$154,634	\$305,000	\$305,000	
9	8915763	Easter Enterprises	07/26/95	08/25/05			\$221,790	\$531,649	\$531,649	ndww
10	8605829	West Liberty Oil Co	08/25/05				\$88,499	\$275,000	\$275,000	
11	8606675	John's 66 Service	08/25/05				\$41,748	\$350,000	\$350,000	
12	8607851	City of Fort Dodge	08/25/05				\$76,414	\$305,000	\$305,000	
13	8608818	Donnellson Tire & Service	08/25/05				\$49,383	\$200,000	\$200,000	ndww
14	8608856	Stewart & Sons LTD	08/25/05				\$33,050	\$220,000	\$220,000	
15	8710458	Holt Gas	08/25/05				\$71,903	\$320,000	\$320,000	
16	8915573	Wellman DX Oil Co.	08/25/05				\$32,629	\$100,000	\$100,000	
17	8600049	Multi-County Oil	08/25/05				\$66,421	\$240,000	\$240,000	5 municipal dww
18	8606755	Cass County	03/23/04	08/25/05			\$151,944	\$375,000	\$375,000	Well owners connecting to rural water.
19	8607907	Sapp Bros. Petro Inc.	08/25/05				\$79,117	\$375,000	\$375,000	City ordinance
20	8602051	Break Pointe Stores Inc.	08/25/05				\$63,901	\$200,000	\$200,000	
21	8603368	Menke Co	08/25/05				\$26,230	\$275,000	\$275,000	dww
22	8601445	Goetz Enterprises LLC	08/25/05				\$51,946	\$300,000	\$300,000	
23	8606840	Gene Moeller Oil Co	08/25/05				\$84,870	\$150,000	\$150,000	
24	7910293	ChevronTexaco Co	01/12/04	09/22/05			\$82,998	\$470,000	\$470,000	
25	8916239	City of Council Bluffs	09/13/04	09/22/05			\$95,705	\$800,000	\$800,000	
26	8605336	MT & TE Nelson LTC	05/16/03	09/22/05			\$252,352	\$350,000	\$350,000	3 dww receptors (2 plugged)
27	8608855	Stewart & Sons LTD	09/22/05				\$19,970	\$170,000	\$170,000	
28	8601911	Total Petroleum Inc.	05/17/04	10/27/05			\$108,341	\$270,000	\$270,000	
29	8710407	Carolyn Hoelscher	10/27/05				\$122,802	\$305,000	\$305,000	10 dww receptors; no alt H2O supply
30	8608070	Harold's 66 Service	10/27/05				\$41,731	\$170,000	\$170,000	
31	8601372	Sires Oil Co.	10/27/05				\$54,519	\$240,000	\$240,000	dww's
32	8600916	Darling DX Service	10/27/05				\$28,460	\$175,000	\$175,000	dww's
33	8601176	Robertson DX	10/27/05				\$53,276	\$330,000	\$75,000*	municipal dww & multiple private dww's
34	8608194	Krause Gentle Crop	10/27/05				\$84,591	\$305,000	\$305,000	1 municipal dww
35	8601996	Franklin Raymond	10/23/01	10/27/05			\$130,920	\$350,000	\$350,000	
36	8914481	George Dolan Heirs	10/27/05				\$72,509	\$260,000	\$260,000	6 dww receptors
37	8606219	Fast Trak/DTM Inc.	03/24/04	10/27/05			\$54,872	\$350,000	\$350,000	

dww=drinking water well
 ndww=non drinking water well
 PGS=protected groundwater source
 SOL=State owned lake

Claim Payment Authority Reports

	Site #	Site Name	1st Bd Rpt	2nd Bd Rpt	3rd Bd Rpt	4th Bd Rpt	Paid to Date	Recommended Authority	Approved Authority	Comments
38	8606983	Elliott Oil Co.	10/27/05				\$66,837	\$300,000	\$300,000	
39	8912377	McDonnell Feed Store	10/27/05				\$53,897	\$300,000	\$300,000	
40	8811808	Young Plumbing & Heating	10/27/05				\$79,830	\$320,000	\$320,000	dww (municipal well)
41	8609527	Chieftain Corp	12/08/05				\$65,589	\$200,000		
42	8601750	The Car Stop Co.	12/08/05				\$81,536	\$93,600		

dww=drinking water well
 ndww=non drinking water well
 PGS=protected groundwater source
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IOWA UNDERGROUND STORAGE TANK PROGRAM
FIRST BOARD REPORT
NOVEMBER 18, 2005
CHIEFTAIN CORP.
HWY. 65N
COLLINS
SITE REGISTRATION NUMBER: 8609527
LUST NUMBER: 7LTC78

RISK CLASSIFICATION:

HIGH LOW UNDETERMINED

PRESENT CLAIM RESERVE: \$ 250,000.00

ELIGIBILITY: This is a timely filed eligible retro claim with a report made to the IDNR February 16, 1989.

COST INCURRED TO DATE:

- | | |
|---|-----------------|
| 1. Site check, assessment work plan, site assessment,
and site clean-up report | \$ 38,966.95 |
| 2. Site monitoring reports | 20,295.63 |
| 3. RBCA Tier II report | 5,326.50 |
| 4. Post RBCA evaluation conference | <u>1,000.00</u> |

TOTAL COSTS INCURRED TO DATE: \$ 65,589.08

PROJECTED COSTS:

- | | |
|---|---|
| <input type="checkbox"/> Risked Based Corrective
Action Tier I & II Report | <input type="checkbox"/> Tank Pull/Up-Grade. |
| <input checked="" type="checkbox"/> Site Monitoring Report
(SMR) | <input checked="" type="checkbox"/> PVC Replacement |
| <input type="checkbox"/> Corrective Action Design Report
(CADR) | <input type="checkbox"/> Implementation of
CADR |

TOTAL PROJECTED COSTS: \$ 80,000. to 180,000.00

TOTAL AUTHORITY RECOMMENDED:

\$ 200,000.00

COMMENTS: The site is high risk for groundwater vapors and groundwater to PVC main. After a post RBCA evaluation it was agreed to attempt to re-classify the vapor pathway with soil gas at an alternative point that has a good chance to succeed and replace the PVC main, approximately \$60,000.00. The main is new, installed in the fall of 2004. The 2005 site monitoring report indicated the City acknowledged receipt of the notice from the groundwater professional and notified their engineering firm. If that is true, it appears due diligence was not exercised.

IOWA UNDERGROUND STORAGE TANK PROGRAM
FIRST BOARD REPORT
NOVEMBER 18, 2005
THE CAR STOP CO.
I-80 & EXIT 46
WALNUT
SITE REGISTRATION NUMBER: 8601750
LUST NUMBER: 8LTC88

RISK CLASSIFICATION:

HIGH LOW NFA

PRESENT CLAIM RESERVE: \$ 82,000.00

ELIGIBILITY: The contamination was discovered, reported to the IDNR, and the claim filed just prior to October 26, 1990. This is an eligible remedial claim.

COST INCURRED TO DATE:

1. Tank pull and over-excavation	\$ 31,197.73
2. Site assessment and clean-up report	26,820.40
3. RBCA Tier II report	14,340.00
4. CADR	1,150.00
5. Site monitoring reports	<u>8,027.50</u>
TOTAL COSTS INCURRED TO DATE:	\$ 81,535.63

PROJECTED COSTS:

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input type="checkbox"/> Site Monitoring Report (SMR)	<input checked="" type="checkbox"/> Well abandonment
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Ductile vs. PVC main

TOTAL PROJECTED COSTS: \$ 12,000.00

TOTAL AUTHORITY RECOMMENDED:

\$93,600.00

COMMENTS: The site is now no further action. We have paid \$71,686.89 after co-payment to date. The only remaining costs are the costs difference between PVC water main and ductile iron, on a 2005 City project that went through the PVC plume, and well abandonment.

**Contracts Entered Into
Since October 27, 2005 Board Meeting**



IOWA UNDERGROUND STORAGE TANK

Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members: Michael L. Fitzgerald

Jeff W. Robinson

Cathy A. Rottinghaus

James M. Holcomb

Jeffrey R. Vonk

Delia A. Meier

Douglas M. Beech

Φ Φ Φ **MEMO** Φ Φ Φ

TO: UST Board

FROM: Scott Scheidel

DATE: December 1, 2005

RE: Contracts Entered Into Since October 27, 2005

Since the October 27, 2005 Board meeting, the Board has entered into two contract extensions.

- 1) The Board extended the contract with Apex Environmental for an additional year to complete the community remediation project in Bentley, Iowa (CRPCA 0309-33).
- 2) The Board extended the contract with Seneca Environmental Services for an additional year to complete the community remediation project in Conesville, Iowa (CRPCA 0309-34).

Other Issues as Presented

Correspondence and Attachments

81C-51-108
De Soto land purchase put on hold

City was ready to pay \$375K for less than seven acres, but Ostrander is tapping on the brakes.

**By Brenda Fullick
Dallas County News**

Just as the De Soto City Council was ready to sign on the dotted line to buy the former Motor Kars used-car lot to build a new city hall, council member Butch Ostrander voiced hesitation that put the entire deal on hold.



Glanz

Originally, city officials expected to

vote Tuesday night to approve spending \$375,000 for less than seven acres just south of Interstate 80 and west of Highway 169, across from the new Kum & Go.



Ostrander

That price works out to approximately \$55,000 per acre.

The city made that offer to current owner Bob James last December, and he has agreed to the price.

The transaction has been in limbo since then, largely because the Environmental Protection Agency has found benzene contamination from an underground gasoline storage tank.

The site had been used years ago as a gas station. Benzene is a cancer-causing chemical found in all gasoline.

The tank has since been removed under Iowa's Leaking Underground

LAND please see page A2

Dallas County News
Adel, IA
Circ. 1869
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44406



"I need to be sure that we know what we're spending, we know how we're financing it, and the benefits to the city."

**— Butch Ostrander
De Soto City Council member**

ERD

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Continued from page A1

Storage Tank program. The EPA considers the site a low safety risk at this point, but it would have to score well again in a test sampling in April 2006 before the agency would classify the property as risk-free.

De Soto council members were interested in buying the land immediately if James would accept legal responsibility until the EPA signs off on it.

However, on Tuesday Ostrander brought up the question of how much it would cost the city to clear the site's current vacant building, old gas pumps and pavement.

The city council is now postponing its decision about whether to buy the land until it receives demolition cost estimates.

What's fair?

Mayor Marty Glanz is promoting the deal, saying the proposed purchase price is based on an appraisal of that land.

"I think the council made a pretty fair offer," Glanz says.

Glanz says he likes the idea of the city buying that key location because roughly half of De Soto's police and fire calls are on I-80, so they could respond to highway accidents more quickly. "If it was for City Hall [alone], I don't think we'd do it."

But Ostrander — who's challenging Glanz for the mayor's seat on Nov. 8 — says there are several things about the plan that he's skeptical about.

For one thing, no one knows exactly how much the total project could end up costing the city. The city has yet to consider how much it will cost to raise a new city hall and a new public safety building.

"I need to be sure that we know what we're spending, we know how we're financing it, and the benefits to the city," Ostrander says.

So far, city officials have talked about borrowing the \$375,000 to buy the land, then paying off the loan with future Tax Increment Finance revenue.

Ostrander suggests that if the city's TIF fund is big enough to support such a large land purchase, "then maybe we have too much property in the TIF district."

Taxes paid in the TIF district are taxes that aren't supporting the general fund, Ostrander says. He argues that if the TIF district is too large, the remaining property owners have to carry too much of the financial load for city operations and maintenance.

Plus, Ostrander says, there's the issue of whether the city should be buying that prime commercial location when other businesses could develop it instead. Once the city owns the land, it will no longer be taxed.

"I hesitate to take commercial property off the commercial tax base rolls," he says.

Glanz argues that De Soto needs better space to house its police and fire departments. Plus, if City Hall moves, the current library could expand. "I don't know anybody that's got a smaller library than we do."

It's possible that De Soto could create a community center, too, Glanz argues.

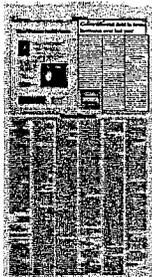
If the city doesn't use all of the James property, it could lease out some of it, Glanz suggests.

Then as the city grows in the future, city buildings could expand at that spot, he says.

Dallas County
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Times-News
Missouri
Valley, IA
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11/4/2005
45009



AC 120P Governmental debt in Iowa increases over last year

State Treasurer Michael L. Fitzgerald has reported that outstanding debt obligations for state and local governments in Iowa totaled \$8.6 billion as of June 30. Overall, this represents an increase of 4.61 percent from a year ago. All political subdivisions, instrumentalities, and agencies of the state are required to disclose this information annually to the State Treasurer.

Cities continued to report the greatest amount of outstanding obligations with 41 percent or \$3.5 billion of all outstanding debt. Cities mainly issued debt for utility/sewer projects (31 percent). Most city debt was issued as general obligation debt.

Those entities showing the largest increase for 2005 were community colleges and school districts/AEAs. Community colleges experienced an increase of 8.08 percent from last year, with total outstanding obligations of

\$283 million for fiscal year 2005. Most community college obligations were issued for industrial related purposes (60 percent). School districts/AEAs had \$1.7 billion in outstanding obligations, which represented a 6.98 percent increase in overall

debt, but an 11.41 percent increase in long-term debt as schools issued less short-term anticipatory debt and more long-term debt in 2005. "Much of the increase in long-term debt was for the construction of new school buildings in Iowa's larger school districts," Fitzgerald reported.

State agencies showed the largest decrease in outstanding obligations, with a decrease of 15.61 percent in fiscal year 2005. Contributing to the decrease was the payoff of \$36,450,000 by the Department of General Services ICN. In addition, state agencies did not issue any new debt for fiscal year 2005. Of the \$327 million that state agencies reported, \$66 million was issued for the Department of Corrections and several of the judicial districts, \$54 million was for the Iowa Underground Storage Tank Fund, \$169 million was for Vision Iowa, and \$38 million was for School Infrastructure.

Other entities with debt issues include counties with \$395 million, the Board of Regents with \$756 million, and others (utility systems) with \$54 million.

The report is available in its

entirety at www.treasurer.state.ia.us/ or from the Office of the State Treasurer, State Capitol Building, Des Moines, Iowa 50319-0005.

2005 OUTSTANDING OBLIGATIONS

Cities — Dunlap, \$681,422.31; Little Sioux, \$32,000.00; Logan, \$2,257,956.00; Magnolia, \$115,000.00; Missouri Valley, \$1,667,686.00; *Modale, \$0.00; Mondamin, \$0.00; Persia, \$0.00; Pisgah, \$217,000.00; Woodbine, \$1,535,000.00. Total for Cities: \$6,506,064.31.

Counties — Harrison County: \$3,425,000.00.

Schools/AEAs — Boyer Valley CSD, \$5,450,000.00; Logan Magnolia CSD, \$3,730,000.00; Missouri Valley CSD, \$3,470,000.00; West Harrison CSD, \$2,640,000.00; Woodbine CSD, \$3,235,000.00. Total for Schools/AEAs: \$18,525,000.00.

Total Debt for Harrison County entities: \$28,456,064.31.

* Entity did not report for the fiscal year 2005. Note: This report excludes Short Term/Anticipatory debt.



Coon Rapids
Enterprise
Coon Rapids, IA
Circ. 1691
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45587



- AC-120P-88-21

Outstanding debt obligations experience modest increase

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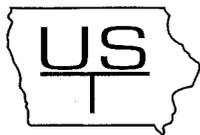
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Outstanding Obligations, State Totals

	FY 05	FY 04	\$ Change	% Change
Cities	\$3,564,538,241	\$3,341,912,949	\$222,625,292	6.66%
Counties	\$395,459,924	\$389,509,204	\$5,950,720	1.53%
School Dist.AEAs	\$1,741,518,806	1,627,946,754	\$113,572,052	6.98%
Comm. Colleges	\$282,806,407	\$261,654,061	\$21,152,346	8.08%
State Agencies	\$326,836,890	\$387,273,875	(\$60,436,985)	-15.61%
Regents	\$756,342,376	\$721,688,206	\$34,654,170	4.80%
Authorities	\$1,505,895,000	1,462,811,000	\$43,084,000	2.95%
Others	\$53,807,378	\$54,560,950	(\$753,572)	-1.38%
Total:	\$8,627,205,022	\$8,247,356,999	\$379,848,023	4.61%





IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb
Jeffrey R. Vonk ❖ Della A. Meier ❖ Douglas M. Beech

Approved
12-8-05

MEMO

TO: UST Fund Board Members

FROM: Scott Scheidel

DATE: December 8, 2005

RE: DNR Staff Assistance

Background

The Board has provided, through a 28E agreement, the DNR LUST section with outside RBCA report review services since 1998. The 28E agreement along with the current extension of the contractor's agreement both expire at the end of this year. When the Board agreed to extend the contract with the service provider through 2005, a condition of the extension was that there would be no further extensions of the existing agreement. The DNR coordinated a Business Process Improvement event that did not result in any changes to the manner or scope of reviews being completed.

The leadership of the LUST section went through a change subsequent to the Business Process Improvement event. We have been meeting with the new LUST Section Manager since his arrival to assist in understanding the current process and seek changes to improve the process going forward.

Issue

The loss of contract review services creates the potential for a backlog of reports to develop at the LUST section, while new processes are developed and implemented. In order to minimize the potential for such backlogs to develop the Board may provide assistance to the LUST section for a short time period to allow for a smoother transition. Discussions with Fred Hutson and Tim Hall have led to their request for Board support through June 30, 2006. The proposed support would be in the form of a 28E agreement to fund up to 4 FTE's through DNR contract employment for the six month period. The proposed cost to the Board would be no more than \$150,000 over the six months. The reimbursement would be for actual costs incurred during the time frame and limited to \$6,250 per FTE per month.

Recommendation

It is clear that the expiration of the contract services create the necessary motivation to change the process but also the likely development of a backlog. The new leadership and very direct interest the Bureau Chief has taken in this issue give confidence that the process will change. The Board can provide a tool for the LUST section management to affect both the backlog and their staff's morale while the changes are implemented. We would recommend granting authority to enter into a 28E agreement subject to the referenced conditions.