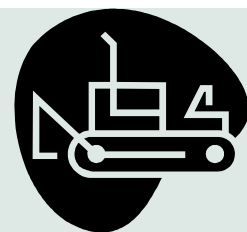




Minnesota Pollution Control Agency

MINNESOTA

SUPERFUND REPORT



February 2004

Use of the Minnesota Environmental Response, Compensation and Compliance Account (Superfund)

The Minnesota Environmental Response and Liability Act (MERLA) of 1983 established the Environmental Response, Compensation, and Compliance Account (Account) and authorized the Minnesota Pollution Control Agency (MPCA) to spend funds from the Account to investigate and clean up releases of hazardous substances or contaminants.

The Minnesota Comprehensive Ground Water Protection Act of 1989 amended MERLA to authorize the Minnesota Department of Agriculture (MDA) access to the Account and authority to investigate and clean up contamination from agricultural chemicals. The Account is established in the environmental fund in the state treasury and administered by the Minnesota Department of Finance.

The MPCA and MDA use the authorities granted under state and federal Superfund laws to identify, evaluate and clean up or direct the cleanup of sites which pose hazards to public health, welfare and the environment. As required by M.S. 115B.20, Subd. 6, this report details activities for which Account dollars have been spent during Fiscal Year 2003 (FY03) (July 1, 2002 – June 30, 2003) by the MPCA and the MDA. The table on this page details actual expenditures and income under MERLA for FY03.

The MPCA's and MDA's administrative costs represented salaries for 41 full-time equivalent positions (37 MPCA and 4 MDA), as well as for travel, equipment, non-site-specific legal costs and supply expenditures associated with responding to emergencies and implementing site cleanups. FY03 account figures are current as of FY03 financial closing on September 5, 2003, and may change slightly as financial statements are computed at year end. All cumulative income and expenditure figures are approximations.

MERLA Account Expenditures and Income for FY 2003

Balance Forward 7-1-02	\$ 9,905,000
Plus Prior Year Adjustment	\$ 1,578,000
Adjusted Balance Forward	\$11,483,000

Income to the Fund (FY03)	
Transfer from Motor Vehicle Account	\$ 2,914,000
Transfer from Solid Waste Fund (Natural Resource Damages)	\$ 1,142,000
Hazardous Waste Generator Tax	\$ 1,374,000
VIC/Property Transfer	\$ 997,000
Superfund Reimbursement	\$ 442,000
Investment Income	\$ 210,000
Transfer from Drycleaner Account	\$ 427,000
Penalties	\$ 0
Other	\$ 138,000
Less Revenue Refund	\$ (113,000)
Total	\$19,014,000

Expenditures from the Fund (FY03)	
Oversight/Administrative (MDA = \$350,000)	\$ 4,984,000
Site-specific and Support Costs (MDA = \$246,000)	\$ 4,521,000
Trade and Economic Development	\$ 739,000
Transfer for Basin Monitoring	\$ 335,000
Department of Revenue (Processing Charge)	\$ 120,000
Natural Resource Damages	\$ 47,000
Total Expenditures and Obligations	\$10,746,000

Account Balance 6-30-03	\$ 8,268,000
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Staff costs to research, write, print and review this report totaled approximately \$2000.

This report can be made available in other formats, including large type, Braille, audiotape or digital formats, upon request.

For more information on Superfund, visit the MPCA Web site, www.pca.state.mn.us

MERLA Responsibilities

The MPCA/MDA Superfund programs fulfill functions specified in MERLA for the 84 sites currently on the state's Permanent List of Priorities (PLP, the state Superfund list), as well as for more than 581 MPCA projects and 81 MDA projects addressed under voluntary investigation and cleanup programs governed by the Land Recycling Act of 1992. MPCA/MDA Superfund responsibilities fall into three main categories: emergency response, investigation and cleanup, and working with voluntary parties.



Responding to Emergencies and Spills

Emergency response teams at the MPCA and MDA are on call 24 hours a day throughout the year. The MPCA received 1,947 reports of emergencies and spills in FY03. The MDA received an additional 151 incident reports.

In most cases, the state's role in spill situations is to provide advice and oversight to responsible parties as they clean up the spills. In some cases, however, Superfund Account dollars are used to respond to high-priority emergency situations for which no responsible persons are able or willing to respond. Examples include contaminated drinking-water supplies, abandoned chemical wastes, landfill fires, abandoned fuel spills, natural disasters, or other situations which the commissioners of either the MPCA or the MDA have declared emergencies or which have been determined by the Minnesota Department of Health to be imminent health hazards.

In FY03, 51 emergencies were declared under MERLA authorities, 49 by MPCA and 2 by MDA. The MPCA spent \$562,035 from the Superfund Account to respond to these emergencies. The MDA spent an additional \$7,599 from the Account in responding to pesticide- or fertilizer-related emergencies.

Abandonment of waste oil and chemicals continues to be a problem. About one-fifth of the incidents for which the MPCA takes direct emergency action using MERLA authorities involve the classic abandoned

barrels or "orphan spills" for which no responsible parties are immediately identifiable. Oil and paint-related liquid wastes contained in 55-gallon drums and gallon jugs are the most commonly abandoned materials.

The MPCA investigates reports of such abandonments in partnership with local officials. Some of these wastes are cleaned up by MPCA contractors using Superfund Account funds, some are handled by county hazardous waste programs, and others are tested and recycled by municipalities. The MPCA's Emergency Response Team also works with state and local law-enforcement personnel to apprehend and prosecute perpetrators who abandon wastes. The MPCA and its local partners continue to work to streamline and coordinate local and state responses to abandonments and to improve the rate of apprehension and prosecution of those abandoning the wastes.



Voluntary Investigation and Cleanup

Minnesota has long been at the forefront of the national movement to return property with known or suspected environmental problems to productive use. The voluntary cleanup programs of the MPCA and the MDA are involved to varying degrees in most of Minnesota's redevelopment projects on "brownfield" properties. Under the Land Recycling Act, these programs offer a menu of assurances regarding potential liability under MERLA, which responsible and/or voluntary parties may obtain after investigating and, if necessary, cleaning up sites.

Since 1988, the MPCA's Voluntary Investigation and Cleanup (VIC) Program has overseen 2,137 projects. Of those, 1476 have been either cleaned up, found acceptable for purchase, refinancing or redevelopment, or have been transferred to other regulatory programs for appropriate decision-making and actions. The recent experience (200-300 new projects per year) leads the MPCA to expect continued strong demand for VIC assistance in the coming year, assuming economic growth remains strong and interest rates remain low.

Last year, 17 new sites entered the MDA's Agriculture Voluntary Investigation and Cleanup (AgVIC) Program, begun in 1996. Currently, 81 sites remain "open" cases. The AgVIC Program has closed a total of 124 sites to date, of which 21 were closed in FY03. The combination of releases from liability under MERLA and eligibility for partial reimbursement of corrective-action costs from the Agricultural Chemical Response and Reimbursement Account (ACRRA) combine to form a strongly incentive-driven program, which has been positively received by MDA clientele.



Superfund Investigation and Cleanup

Potential Superfund sites identified by or reported to the MPCA or the MDA, and which property owners do not volunteer to investigate or clean up, enter a formal assessment process for possible addition to the MPCA's Permanent List of Priorities (PLP) and/or the U.S. Environmental Protection Agency's National Priorities List (NPL, the federal Superfund list). Land owners or operators are given the opportunity to enter MPCA and MDA voluntary cleanup programs instead of being required to enter Superfund.

At sites contaminated with agricultural chemicals, responsible parties who choose not to voluntarily conduct response actions may be requested by the MDA to conduct cleanups under MDA oversight. Responsible parties usually qualify for partial reimbursement of cleanup costs from the ACRRA. If responsible parties are unwilling or unable to clean up, the MDA may also assess the site for listing on the PLP and/or NPL.

At the close of FY03, 24 Minnesota sites were listed on the NPL, with no sites added to or removed from the list during the fiscal year. There were 92 sites on the PLP at the end of FY03; six sites were taken off the PLP during the fiscal year, and one site was added. Between the end of FY03 and preparation of this report, an additional nine sites were delisted and one site was added, bringing the current total to 84 sites on the PLP. (Listing a site on the PLP does not automatically qualify it for listing on the federal

Superfund list.) A list of sites removed from the PLP is available from the MPCA.

After listing a site, and if a responsible party either cannot be identified or is unable or unwilling to take appropriate action, the MPCA/MDA is able to use funds from the Account to safeguard public health

Site-specific Use of MERLA Fund Dollars in FY03

Arrowhead Refining	\$ 79,528
Baytown Township Ground Water	\$ 142,821
Blaine Municipal Wellfield	\$ 8,600
Castle Rock (MDA)	\$ 8,000
Chemart	\$ 59,174
CMC Heartland (MDA)	\$ 2,277
Dufours Cleaners	\$ 45,227
Duluth Dump #1	\$ 24,861
Farmington	\$ 30,312
Fridley	\$ 24,205
Gopher Oil	\$ 24,569
Interlake	\$ 355,735
Jerry's Tank Service	\$ 62,636
Joslyn	\$ 46,642
Kettle River Company (MDA)	\$ 134,840
LeHillier	\$ 6,725
Littlefork	\$ 211,568
Long Prairie	\$ 19,607
MacGillis and Gibbs	\$ 52,500
MacGillis and Gibbs State Match	\$ 22,760
Mankato Plating	\$ 32,157
Perham	\$ 164,060
Pilgrim Cleaners	\$ 44,392
Red Hanson	\$ 1,781
Ritari State Match	\$ 15,990
Schloff Chemical and Supply	\$ 178
St. Paul Park	\$ 10,980
Whiteway Cleaners	\$ 125,904
Winona Ground Water Contamination	\$ 653,698
Preliminary Assessment/Site Investigation (Formerly Used Defense Sites (FUDS))	\$ 20,982
Preliminary Assessment/Site Investigation (MDA)	\$ 46,853
Preliminary Assessment/Site Investigation (MPCA)	\$ 266,953
Risk Assessment	\$ 24,054
Hazardous Waste Spills, Emergencies (MPCA)	\$ 562,035
Emergencies (MDA)	\$ 7,599
Monitoring Well Abandonment	\$ 0
Harmful Substance Compensation	\$ 0
Subtotal (Site-Specific)	\$ 3,340,203
Site-Specific Legal Expenses (MPCA)	\$ 109,779
Site-Specific Lab Analytical Services (MPCA)	\$ 53,605
Site-Specific Legal Expenses (MDA)	\$ 4,158
Site-Specific Lab Analytical Services (MDA)	\$ 30,748
Subtotal (Site-Specific Support)	\$ 198,290
Total FY03 Site-specific Expenditures	\$ 3,538,493

and the environment. A remedial investigation/feasibility study is conducted to determine the extent of contamination and evaluate cleanup alternatives. Following a decision on the needed activities, a plan for remedial design/remedial action is developed and implemented. If financially viable responsible parties are identified at any point during investigation or cleanup, the state may attempt to secure their cooperation and recover costs.

After cleanup is complete, or when a site no longer poses risks to public health or the environment, the site is delisted from the PLP or the NPL. Some sites need continued monitoring or maintenance to ensure that risks have been eliminated or controlled.

Minnesota's 24 NPL sites are eligible for federal funding for cleanup activities based on national priority. But, in return for access to these funds, the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law) requires states to match either 10 percent of the cost of site-specific remedial actions (when no state or local government has been identified as a responsible party), or 50 percent (if the site was owned or operated by a state or local governmental entity). During FY03, \$38,750 was spent on state-match requirements for site cleanup.

Most of the worst Superfund sites in Minnesota have already been listed on the PLP, and many have been cleaned up or are currently undergoing response

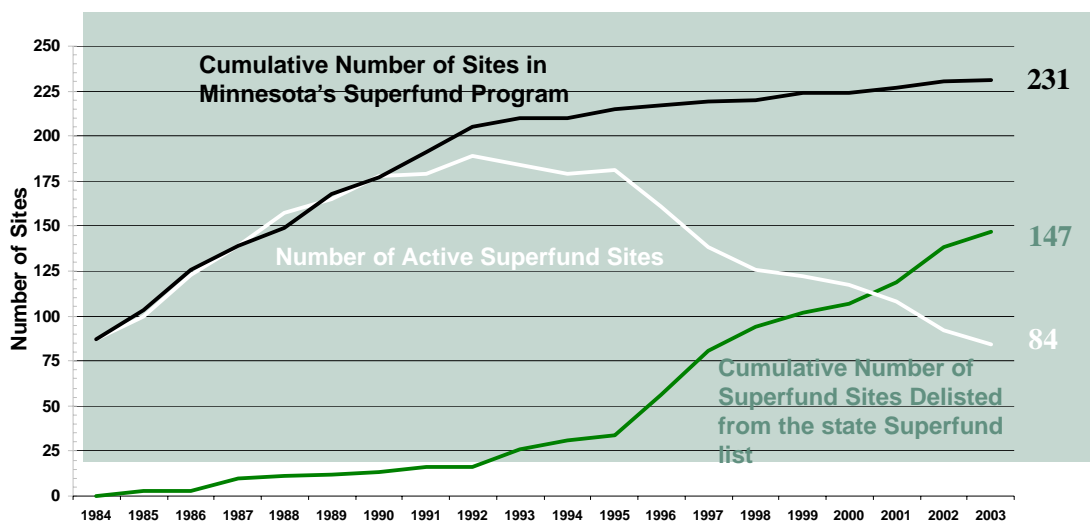
actions. Overall, Minnesota Superfund sites are now being delisted from the NPL and PLP faster than they are being added. The figure below shows the number of sites delisted from the PLP each year since the beginning of the Superfund program and the cumulative number of deletions over time.

Nevertheless, the Superfund program remains responsible for identifying and addressing problems which continue to pose threats to the health and environment of Minnesota citizens. Due to the accomplishments of the program's site assessment activities, however, it is likely that the worst Superfund sites in Minnesota have been discovered.



Minnesota Superfund Celebrates 20 Years of Environmental Cleanup

Because of Minnesota's early and aggressive action to address contaminated sites that posed a risk to public health and the environment, the MPCA is on track to reduce the number of active sites on the state Superfund list to 25 by 2006. After 2006, a maintenance level Superfund Program is expected to have a rolling average of 25 sites, with two sites added and two sites removed, each year. The MPCA also plans to reduce the number of sites on the federal Superfund list (21 sites have been removed, 24 sites remain). There have been 147 sites cleaned up and taken off the state Superfund list since the program's creation in 1983.



Trend Lines: Superfund Sites, 1983-2003

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