



IOWA UNDERGROUND STORAGE TANK FUND

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July 21, 2015

Mr. Glen Dickinson
Legislative Council
State Capitol Building
Des Moines, IA 50319

Mr. Dickinson,

We are pleased to provide the attached report regarding the Iowa Comprehensive Underground Storage Tank Fund (UST Fund) progress for activities through the end of the 4th quarter of FY2015. The report is submitted pursuant to Iowa Code Section 455G.4(6) titled "Reporting".

The code section calls for the report to include the following items:

- Total open claims, including identification of the number of new claims
- IDNR risk classification associated with open claims
- Total reserve figures
- Summary of budgets approved during the reporting period
- Breakdown of categories of claim payment expenditures during the reporting period

Some information in the attached tables is obtained from the Department of Natural Resources (DNR), but the report numbers deal with UST Fund claims and therefore do not include all DNR reported releases since not all meet the eligibility criteria of Iowa Code Section 455G.

Included in this report is the fiscal year summary report with tables, and a table to provide a comparison of claim data for the last three fiscal years.

This report will be submitted following the close of each quarter throughout the year to both this council and the Chair and Ranking members of the House Environmental Protection Committee and the Senate committee on Natural Resources and the Environment consistent with Iowa Code Section 455G.4.

If you would like to discuss the enclosed report or other issues associated the UST Fund, please call the Fund Administrator's office at 515/225-9263 or you may call me directly at 515/440-7016.

Sincerely,

James Gastineau
Deputy Administrator

enc: Highlights, FY15 Summary, FY13-15 review

Highlights – Fiscal Year 2015

Iowa Comprehensive Petroleum Underground Storage Tank Board

- As of June 30, 2015, the Underground Storage Tank Section of the Iowa Department of Natural Resources (DNR) has issued 6,605 LUST numbers in response to suspected or identified petroleum releases. The environmental impact for most of the releases is known, as more than 5,700 of the release investigations have been closed. Further work is needed on the 688 releases classified high risk, low risk or no action required with free product, and 99 that remain unclassified.
- As of June 30, 2015, the Iowa UST Fund Program has established 6,090 claims related to petroleum releases, of which 5,574 claims have been closed. Further work is needed to address the 505 open claims and 11 NFA re-opener projects still in progress.
- In Fiscal Year 2015, an actuarial study of the program liabilities was completed. As of November 30, 2014, the total reserve for the open claims was \$26,642,000. The study opinion indicates the ultimate cost may be \$34,869,000, an increase of approximately 30%. As of June 30, 2015, the reserve for the open claims is \$26,398,195.
- In Fiscal Year 2015, the UST Fund program reimbursed claimants \$6.8M for corrective action costs and \$873K was paid to claimants for the removal of underground storage tank systems.
- In Fiscal Year 2015, the amount paid for corrective action was in line with that paid in FY2013 but decreased in comparison to FY2014. The majority of the monies paid were for remediation, excavations and monitoring of the sites.
- In Fiscal Year 2015, the amount paid for the removal of underground storage tank (UST) systems decreased in comparison to prior years. It is anticipated new claims will continue to be made as the DNR reports 30% of the 7,371 known USTs were installed prior to 1990.

UST Fund Program Status Areas 4Q FY2015 (June 30, 2015)

1. Financial Balances

	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Revenue Fund	\$538,282	\$524,210	\$14,470,480	\$16,326,235	\$9,290,721
Unassigned Revenue Fund	\$9,417,609	\$11,681,366	\$8,133,085	\$745,123	\$4,701,810
Remedial Fund	\$16,834,688	\$8,681,846	\$4,347,071	\$3,510,808	\$2,476,236
Marketability Fund	\$787,670	\$755,308	\$742,024	\$730,433	\$717,264
Innocent Landowner Fund	\$7,110,415	\$8,604,467	\$2,176,164	\$2,963,372	\$3,789,762
Loan Guarantee Fund	\$ -0-	\$ -0-	\$ -0-	\$277,723	\$276,905
Capital Reserve Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Fund Balances	\$34,668,664	\$30,247,200	\$29,868,825	\$24,553,694	\$21,252,698

Previous and Pending Transfers

FY2007--\$3.5 million
 FY2008--\$6.5 million
 FY2009--\$4.9 million
 FY2011--\$26.4 million
 FY2012--\$3 million

Paid on Claims

\$ 6.6 million FY2012
 \$ 7.6 million FY 2013
 \$10.1 million FY 2014
 \$ 7.6 million FY 2015

2. Operational Changes

- Claim counts trending downward
- Seeking method to bring claims to closure / sites to a no action required status
- Focus on remaining mission— to close state liabilities for old cleanups prior to end of the program

Expected Results

- Continued reduction of claim count
- Determination of options to conclude program liabilities

3. Results - - Iowa DNR LUST Sites / Risk Classifications in relation to Open UST Fund claims

	DNR LUST #s (06/01/15)	Remedial /NFA claims	Retroactive claims	Innocent Landowner	Total Claims
Total LUST Sites	6,604				
Total Active LUST Sites	797	374	26	121	521
Sites "Not Classified"	101	1	0	18	19
Low Risk sites	178	87	5	26	118
High Risk sites	450	239	20	61	320
No Action with free product sites	68	28	1	7	36
No Action Required Sites (closure pending)	5,687	19	0	9	28

4. Results - - UST Fund Open Claims / Liabilities

	June 2015	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009
Retroactive Claims	\$ 1.5 million	26	31	36	39	44	54	61
Remedial /NFA Claims	\$ 19.5 million	375	414	481	532	609	712	767
Innocent LO Claims	\$ 5.4 million	120	140	153	162	187	206	217
Totals *	\$ 26.4 million	521	585	733	840	972	1,045	1,148

*does not include tank closure claims

FY 2015

Claims	Open Claims		Open Claims		Open & Closed	
	June 2014 Ending	Monthly Net Changes	June 2015 Ending	Totals since Inception	June 2015 Ending	Totals since Inception
RETROACTIVE						
number	31	(5)	26	447		
reserve	\$1,682,588.42	(158,494)	\$1,524,094.89	\$1,524,094.89		
paid	\$6,487,273.24	(538,506)	\$5,948,766.77	\$17,806,330.18		
total	\$8,169,861.66	(697,000)	\$7,472,861.66	\$19,330,425.07		
REMEDIAL						
number	414	(55)	359	4,457		
reserve	\$21,088,796.45	(1,795,909)	\$19,272,887.81	\$19,272,887.81		
paid	\$74,266,940.45	(3,031,185)	\$71,225,755.72	\$213,922,992.03		
total	\$95,325,736.90	(4,827,093)	\$90,498,643.53	\$233,195,879.84		
INNOCENT LANDOWNER						
number	140	(20)	120	1,131		
reserve	\$4,778,187.28	\$630,101	\$5,408,287.96	\$5,408,287.96		
paid	\$11,448,924.36	(852,461)	\$10,596,463.04	\$31,173,360.25		
total	\$16,227,111.64	(\$222,361)	\$16,004,751.00	\$36,581,648.21		
GLOBAL OPT-IN						
number	95	(18)	77	1,303		
reserve	\$477,419.22	(\$88,824)	\$388,594.84	\$388,594.84		
paid	\$782,602.21	(\$121,864)	\$660,718.61	\$9,767,145.83		
total	\$1,260,021.43	(\$210,708)	\$1,049,313.45	\$10,155,740.67		
UNASSIGNED REVENUE FUND PROJECTS						
number	42	28	70	282		
reserve	\$865,020.89	\$1,122,276	\$1,987,296.92	\$1,987,296.92		
paid	\$310,979.11	\$170,724	\$481,703.08	\$2,961,222.22		
total	\$1,176,000.00	\$1,293,000	\$2,469,000.00	\$4,948,519.14		
NFA RE-EVALUATIONS						
number	19	(8)	11	55		
reserve	\$400,957.04	(208,063)	\$192,894.45	\$192,894.45		
paid	\$384,042.96	33,063	\$397,105.55	\$1,151,033.99		
total	\$765,000.00	(175,000)	\$590,000.00	\$1,343,928.44		
TANK PULLS						
number	38	(1)	37	394		
reserve	\$492,358.00	(9,307)	\$483,051.00	\$483,051.00		
paid	\$0.00	0	\$0.00	\$4,295,363.23		
total	\$492,358.00	(9,307)	\$483,051.00	\$4,778,414.23		

Corrective Action Meetings (06/15/2015)	
Scheduled:	9
Completed:	1,248
MOA's	488

UST Operator Training	
A/B/C (FY2011-15)	\$350,410
UST Operators (A/B)	3,032
A/B trained (FY15)	192

FY14: FY 16 Claims	
RT Claims	#
New	0
Recopened	1
Closed	6
RM Claims	#
New	3
Recopened	9
Closed	62
ILO Claims	#
New	7
Recopened	1
Closed	27
GS Claims	#
New	4
Recopened	8
Closed	28
USTCA	#
New	45
Recopened	2
Closed	19
NFA Re-Eval	#
New	6
Recopened	14
Closed	67

Invoice Type Totals	JUNE	FYTD	Program to Date
Aon - Admin	\$ 117,676.00	\$ 806,305.57	
Aon - Claims	\$ 78,000.00	\$ 507,000.00	
Government	\$ 58,725.91	\$ 692,228.71	
2004 Tank Pull	\$ -	\$ 810.00	\$ 1,761,823.44
2010 Tank Pull	\$ 71,629.00	\$ 873,121.77	\$ 4,381,981.74
American Soils	\$ -	\$ -	\$ 5,678,422.58
AST Removal	\$ -	\$ -	\$ 3,306,435.24
AST Upgrade	\$ -	\$ -	\$ 7,911,496.87
CADR Charges	\$ 5,212.08	\$ 76,108.94	\$ 4,593,661.78
Corrective Action	\$ -	\$ 92,074.73	\$ 52,423,154.11
Expenses / OT	\$ 1,100.00	\$ 26,260.00	\$ 293,020.00
Free Prod Recover	\$ 36,214.85	\$ 685,100.92	\$ 11,229,515.07
Monitoring	\$ 111,442.88	\$ 1,617,583.13	\$ 30,873,079.36
Operations/Maint	\$ 21,299.92	\$ 297,930.31	\$ 10,191,744.71
Over-excavation	\$ 37,345.52	\$ 1,921,660.62	\$ 32,299,155.54
Water Lines	\$ -	\$ 335,648.31	\$ 2,549,953.21
Post RECA Evals	\$ 1,000.00	\$ 14,339.68	\$ 230,612.99
RBCA	\$ 36,684.23	\$ 359,214.79	\$ 26,495,531.81
Remed Imp/Const	\$ 279,539.55	\$ 936,286.93	\$ 29,083,170.54
SCR Charges	\$ -	\$ -	\$ 54,217,410.26
Site Check	\$ -	\$ 2,433.73	\$ 142,486.32
Soil Disposal	\$ -	\$ -	\$ 738,386.66
Tank (UST) Pull	\$ -	\$ 18,350.00	\$ 3,979,734.25
Tank (UST) Upgrade	\$ -	\$ -	\$ 3,440,849.83
Tier III	\$ 3,087.50	\$ 41,603.96	\$ 1,365,766.40
Utilities	\$ 13,335.05	\$ 127,125.25	\$ 2,095,222.58
Well Closure	\$ 14,418.75	\$ 255,059.73	\$ 3,868,013.83
Total Invoice Types	\$ 632,309.33	\$ 7,680,712.80	\$ 292,200,332.95

Remediation Budgets Approved to Date	
last month (JUN 2015)	\$269,813
Trailing 12 mos	\$2,730,586
Prev Trail 12 mos	\$3,441,019
Total Since Jan 2003	\$49,174,293

Project Contracts	Open	Closed	Pending
CRP's	5	39	0
Tank Closure	2	5	0
Plastic Water Line	0	2	0

DNR @ 6-1-2015		USTF @ 6-1-2015	
Open LUST/Claims	797	USTF	521
High Risk	450		321
Low Risk	178		117
NAR-FP	68		36
Not Class.	101		20
No Action Req. / RNV	5713		27

