

**NOTICE OF MEETING OF THE
UNDERGROUND STORAGE TANK POLICY COMMISSION**

Pursuant to Arizona Revised Statutes (A.R.S.) § 38-431.02, notice is hereby given to the members of the Underground Storage Tank (UST) Policy Commission and to the general public that the **UST Policy Commission** will hold a meeting open to the public on **July 22, 2009** from 9:00 a.m. until noon, at ADEQ in room 250 located at 1110 West Washington, Phoenix, Arizona. The Commission may discuss, deliberate or vote on any item listed on the agenda. The Commission may vote to hold an executive session for consultation with its attorney for legal advice pursuant to A.R.S. § 38-431.03 (A) (3) concerning any item on the agenda.

1. Call to Order and Roll Call (Gail Clement, Chairperson)
2. Approval of Minutes from April 22 and June 24, 2009 Meeting (Gail Clement, Chairperson)
3. ADEQ Updates (Mike Fulton, TPD)
4. SAF Status (Mike Fulton, TPD)
5. Discussion of September 1, 2009 UST Assurance Account (SAF) Liabilities Report Requirements (Mike Fulton, TPD)
6. Discussion of Recent Legislation and Rules Affecting the UST Program (Mike Fulton, TPD)
7. Evaluation Subcommittee Update (Bill Bunch, Chairperson)
8. Technical Subcommittee Update (Theresa Kalaghan and Catherine Chaberski, Chairpersons)
9. General Call to the Public (Gail Clement, Chairperson)
10. Summary of Meeting Action Items (Gail Clement, Chairperson)
11. Discussion of Agenda Items and Schedule for next Commission Meeting (Gail Clement, Chairperson)
12. Announcements:
 - a. Next Policy Commission meeting is scheduled to be held on August 26, 2009 at 9:00 a.m., in Room 250 at ADEQ located at 1110 W. Washington, Phoenix, AZ.
13. Adjourn

Call to the Public is for consideration and discussion of comments and complaints from the public. Those wishing to address the Commission need not request permission in advance. Action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or rescheduling the matter for further consideration, discussion and decision at a later date.

A copy of the agenda background material provided to commission members (with exception of material relating to possible executive session) is available for public inspection at the ADEQ reception area, 1110 W. Washington Street, Phoenix, Arizona. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting June Schellenberg at (602) 771-4837. Requests should be made as early as possible to allow time to arrange the accommodation.



News Release

1110 West Washington Street • Phoenix, Arizona 85007 • azdeq.gov

DATE: July 9, 2009

CONTACT: Mark Shaffer, Communications Director (602) 771-2215

ADEQ Announces More Than \$3.2 Million in Stimulus Funds for Cleanup of Leaking Underground Storage Tanks

PHOENIX (July 9, 2009) – Arizona Department of Environmental Quality officials announced today that more than \$3.2 million in federal stimulus funding has been received to assist with cleanups of petroleum contamination from leaking underground storage tanks throughout Arizona.

The funding will be used by ADEQ's Tank Programs Division to clean up leaking tanks at up to 23 facilities in Buckeye, Clay Springs, Concho, Coolidge, Dewey-Humboldt, Flagstaff, Globe, Greer, Holbrook, Parker, Phoenix, Prescott, Safford, Somerton, Sonoita, Wellton, Willcox, Winslow and Yuma.

The funds are provided through the American Reinvestment and Recovery Act of 2009 (ARRA) and are awarded to ADEQ through a grant from the U.S. Environmental Protection Agency.

The majority of the proposed projects are cleanups of petroleum contamination from leaking underground storage tanks for which owners cannot be identified or where owners are not financially capable of conducting cleanups. Two proposed projects are cleanups at school sites in Buckeye and Yuma.

"This funding is significant because it not only allows ADEQ to further protect human health and the environment for the people in Arizona, but it also provides opportunities for revitalization of communities and increased property values," said ADEQ Director Benjamin H. Grumbles.

The currently proposed projects and the estimated cleanup costs for each:

Buckeye (Maricopa County) – Buckeye Union High School parking lot, 902 E. Eason Ave., \$50,000

Clay Springs (Navajo County) – B & B Market, 5055 Sawmill Road, \$50,000

Concho (Apache County) – Former Berreras Gas Station, 35427 Highway 180-A, \$35,000

Coolidge (Pinal County) – Coolidge Thrift Store, 1495 S. Arizona Blvd., \$250,000

Dewey-Humboldt (Yavapai County) – Former Alaskan Oil Co., 2735 S. Highway 69, \$150,000

Flagstaff (Coconino County) – T & M Recycling center, 1860 W. Route 66, \$35,000

Globe (Gila County) – Shores Communications Service, Inc., 627 E. Ash Street, \$150,000

Tanks LUST Stimulus
07/09/2009
2-2-2

Greer (Apache County) – Former Molly Butler Lodge, 103 Main Street, \$75,000
Holbrook (Navajo County) – Former Sunwest Trading Post, 905 W. Hopi Drive, \$125,000; Former Capitol Gas, 707 W. Hopi Drive, \$150,000; Farr’s Service, 101 W. Hopi Drive, \$150,000
Parker (La Paz County) – Former Manor Mobil, 10214 Riverside Drive, \$225,000
Phoenix (Maricopa County) – Former 7th Street Texaco, 6335 N. 7th Street, \$150,000
Prescott (Yavapai County) – Former Buddy’s Market, 1310 Iron Springs Road, \$150,000
Safford (Graham County) – Kempton Chevrolet, 601 W. 5th Street, \$125,000; Pinky’s Bait & Tackle, 5350 W. Highway 70, \$35,000
Somerton (Yuma County) – Former Circle K #918, 432 W. Main Street, \$75,000
Sonoita (Santa Cruz County) – Sonoita Services, Highway 83 South, \$100,000
Wellton (Yuma County) – Wellton Truck Scale Company, 28509 Los Angeles Ave., \$175,000
Willcox (Cochise County) – Mustang Service Center, 201 N. Haskell, \$250,000
Winslow (Navajo County) – Minnetonka Trading Post, Highway 66, \$225,000; Former Mayflower Trucking, 1004 W. 4th Street, \$35,000
Yuma (Yuma County) – Rancho Viejo Elementary School, 930 S. Avenue C, \$200,000

For information on ADEQ’s use of federal stimulus funds for cleaning up leaking underground storage tanks throughout Arizona, visit <http://www.azdeq.gov/recovery/index.html>.

For more information on Governor Brewer’s Office of Economic Recovery, visit <http://az.gov/recovery/>.

To receive press releases by email: <http://www.azdeq.gov/subscribe.html>
Follow ADEQ on Twitter at: <http://twitter.com/ArizonaDEQ>

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Arizona Department of Environmental Quality (ADEQ)
 Arizona's Leaking Underground Storage Tank (LUST) Trust Fund
 Cooperative Agreement with U.S. EPA under American Recovery and Reinvestment Act of 2009 (ARRA)

Note: All proposed projects are funded 100 percent from ARRA LUST Trust grant monies.

Priority ¹	Project Name	City	County	Project Description	Type of Financial Assistance	Project Cost ²	Project Goals	Jobs Created or Maintained	Current Status (Date)	Projected Goal Completion Date	Green ³ Project	Comments
1	Alaskan Oil Co.	Humboldt	Yavapai	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Completion		Proposed project list compiled (4/1/2009)		Yes	Awaiting final guidance from U.S. EPA
1	Buckeye High School	Buckeye	Maricopa	LUST Cleanup	LUST Trust Grant	\$50,000	Cleanup Completion				Yes	
1	Buddy's Market	Prescott	Yavapai	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Initiation				Yes	
1	Capitol Gas	Holbrook	Navajo	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Completion				Yes	
1	Farr's Service	Holbrook	Navajo	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Completion				Yes	
1	Mustang Gas	Wilcox	Cochise	LUST Cleanup	LUST Trust Grant	\$250,000	Cleanup Completion				Yes	
1	Rancho Viejo School	Yuma	Yuma	LUST Cleanup	LUST Trust Grant	\$200,000	Cleanup Initiation				Yes	
1	Santa Cruz County 7 th Street Texaco	Sonoma	Santa Cruz	LUST Cleanup	LUST Trust Grant	\$100,000	Cleanup Completion				Yes	
1	Shore Communitcal	Phoenix	Maricopa	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Completion				Yes	
1	Minneltonka	Globe	Gila	LUST Cleanup	LUST Trust Grant	\$150,000	Cleanup Initiation				Yes	
2	Wellton Scales	Winslow	Navajo	LUST Cleanup	LUST Trust Grant	\$225,000	Cleanup Completion				Yes	
2	Coolidge Thrift	Wellton	Yuma	LUST Cleanup	LUST Trust Grant	\$175,000	Assess, Completion; Cleanup Initiation				Yes	
2	Molly Butler	Coolidge	Pinal	LUST Cleanup	LUST Trust Grant	\$250,000	Cleanup Initiation				Yes	
2	Manor Mobil	Greer	Apache	LUST Cleanup	LUST Trust Grant	\$75,000	Cleanup Completion				Yes	
2	Somerton Circle K	Parker	La Paz	LUST Cleanup	LUST Trust Grant	\$225,000	Assess, Completion; Cleanup Initiation				Yes	
2	Kempton Chevrolet	Somerton	Yuma	LUST Cleanup	LUST Trust Grant	\$75,000	Cleanup Initiation				Yes	
2	Sunwest Trading	Safford	Graham	LUST Cleanup	LUST Trust Grant	\$125,000	Assess, Completion; Cleanup Initiation				Yes	
2	B&B Market	Holbrook	Navajo	LUST Cleanup	LUST Trust Grant	\$125,000	Assess, Completion; Cleanup Initiation				Yes	
2	Pinky's	Clay Springs	Navajo	LUST Cleanup	LUST Trust Grant	\$50,000	Assess, Completion; Cleanup Completion				Yes	
2	Old Mayflower	Safford	Graham	LUST Cleanup	LUST Trust Grant	\$35,000	Assess, Completion				Yes	
2	Old Berreras	Winslow	Navajo	LUST Cleanup	LUST Trust Grant	\$35,000	Assess, Completion				Yes	
2	T&M Recycle	Concho	Apache	LUST Cleanup	LUST Trust Grant	\$35,000	Assess, Completion				Yes	
2		Flagstaff	Coconino	LUST Cleanup	LUST Trust Grant	\$35,000	Assess, Completion				Yes	
PRIORITY 1 and 2 TOTALS						\$2,965,000						

1) **Priority:**

Priority 1 projects are those with a contract and contractor. These projects are dependent upon U.S. EPA awarding of ARRA/LUST Trust grant monies to ADEQ through a cooperative agreement.

Priority 2 projects are those that are scheduled for ARRA/LUST Trust activity. The contract procurement process will begin upon U.S. EPA awarding of ARRA/LUST Trust grant monies to ADEQ through a cooperative agreement.

2) **Project Cost:**

All project costs are "direct" costs to contractors to conduct cleanup of LUSTs at the specified facilities. No ARRA/LUST Trust monies are used for ADEQ personnel costs.

3) **Green Project:**

All projects are "green" because they result in environmental cleanup of properties with UST-related pollution and may result in properties that are more amenable for communities to redevelop. All projects are conducted by contractors that are on the existing State Tanks contract list.

State Assurance Fund Status
 FY 2009
 Updated: June 24, 2009

a.) Sources

Beginning Balance (July 1, 2008)	\$34,108,300
Projected Revenue	<u>\$29,613,700</u> ⁽¹⁾
Projected Total Available Funds	\$63,722,000

b.) Uses

Projected Expenditures	\$33,626,400
FY2009 Estimated Transfers	<u>\$14,629,400</u> ⁽²⁾
Total Uses	\$48,255,800

c.) Summary

Projected Total Available Funds	\$63,722,000
Total Uses	<u>-\$48,255,800</u>
Projected Ending Balance	\$15,466,200

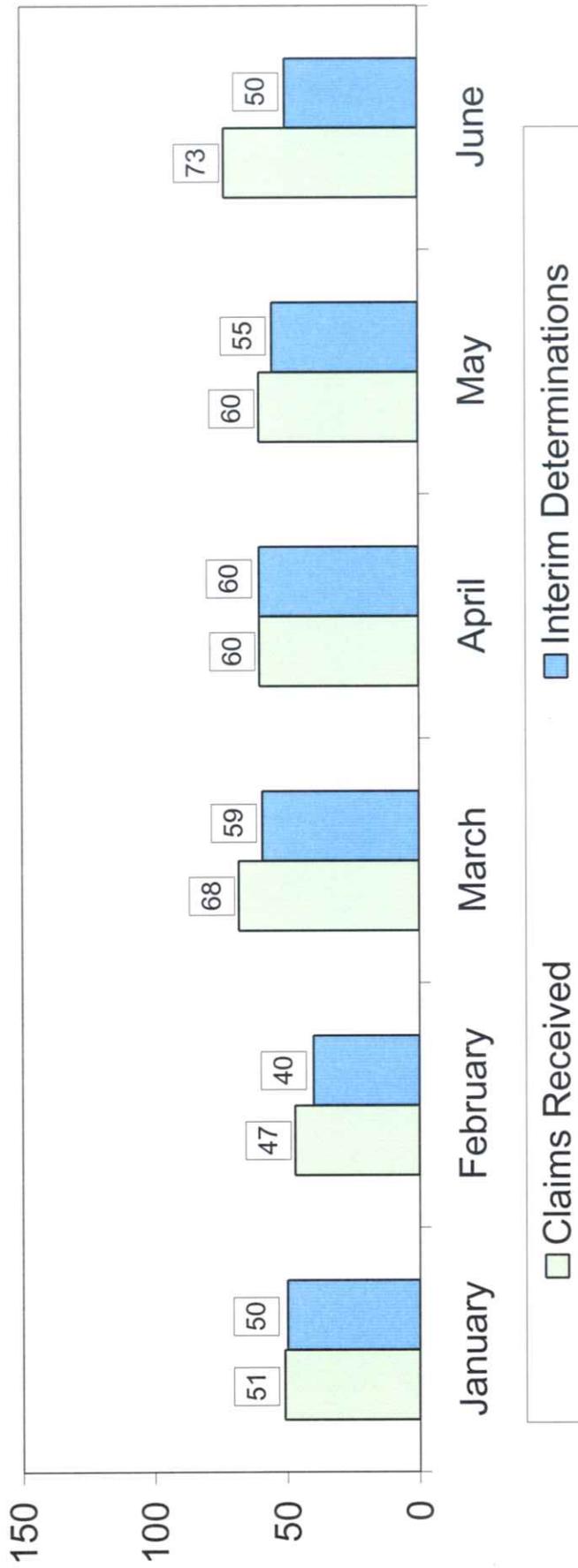
NOTES:

(1) Revenue (taxes, cost recovery, and interest) may vary depending on fuel demand and current cash balances.

(2) Source: FY 2009 and FY 2010 Appropriations Chairmen Budget Options and Cash Flow Analysis. Transfers include the following:

- a. From Chapter 285 § 24, 48th Legislature:
 - i. \$12,000,000 fund balance transferred August, 2008
- b. From Chapter 285 § 46, 48th Legislature:
 - i. \$57,500 Vacancy Savings Reversion transferred in October, 2008
- c. From Chapter 1, 49th Legislature:
 - i. \$495,900 Excess Balance Transfer (EBT)
 - ii. \$1,910,600 Fund Reduction and Transfer (FRAT). FRATs reduce an agency's operating budget and the savings would be transferred to the State General Fund.
 - iii. \$165,400 Personnel Expense Reduction Savings transfer

State Assurance Fund June 2009



Claim Type	Claims Received This Month	Number of Interim Determinations	Claims Pending Less Than 90 Days	Claims Pending More Than 90 Days	Claims Pending More Than 180 Days	Claims Pending More Than 365 Days	Total Number of Active Claims
Direct Pay	15	17	41	0	0	0	41
Pre Approval	18	2	16	0	0	0	16
Reimbursement	40	31	88	0	0	0	88
Totals	73	50	145	0	0	0	145

State Assurance Fund Work in Process Summary
June 2009

Administrative Review				
	Less than 90 days	Over 90 days	Over 180 days	Over 365 days
Direct Payment	22	0	0	0
Preapproval	7	0	0	0
Reimbursement	49	0	0	0

Technical Review/Corrective Action Review				
Direct Payment	18	0	0	0
Preapproval	9	0	0	0
Reimbursement	36	0	0	0

Payment Processing				
Direct Payment	1	0	0	0
Preapproval	0	0	0	0
Reimbursement	3	0	0	0

Summary				
Direct Payment	41	0	0	0
Preapproval	16	0	0	0
Reimbursement	88	0	0	0
Total	145	0	0	0

State Assurance Fund

June 2009

Informal Appeal Requests Received

April	May	June
16	19	17

Informal Appeal Determinations

April	May	June
19	23	17

Formal Appeal Requests Received

April	May	June
2	2	4

Formal Appeal Determinations

April	May	June
2	7	2

No Hearings were conducted in June.

State Assurance Fund Appeals

As with any process that involves a decision by one party that affects another, there are disagreements. SAF determinations, as well as many technical decisions, have two processes for appeal. The informal appeal process, provided for in A.R.S. '49-1091, is an opportunity for the applicant to request that ADEQ re-evaluate the decisions or determinations made. It also provides the applicant with an opportunity to provide additional information for ADEQ to review. As provided for in A.R.S. '49-1091(E), this informal appeal process is the opportunity for both the applicant and SAF to explain their position and exchange information related to the matter appealed. This free exchange of information is intended to resolve issues in dispute without the necessity of pursuit of the formal administrative appeal process under A.R.S. Title 41.

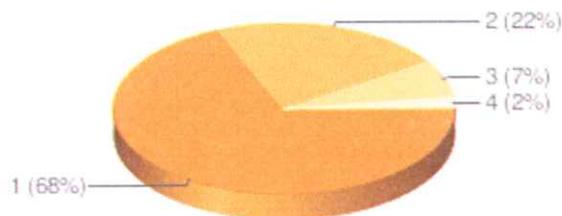
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 Tank Programs Division
Corrective Action Section

UST POLICY COMMISSION REPORT

Leaking UST (LUST) Statistics

LUST STATISTIC	MARCH 2009	APRIL 2009	MAY 2009	JUNE 2009
Monthly reported	1	0	4	2
Monthly closed	11	1	7	12
Cumulative reported	8,508	8,508	8,510	8,512
Cumulative closed	7,466 (88%)	7,467 (88%)	7,473 (88%)	7,494 (88%)
Cumulative open	1,042 (12%)	1,041 (12%)	1,037 (12%)	1,018 (12%)

Status of Open LUST Cases



[Status: 1 = groundwater impact, 2 = uncharacterized, 3 = soil only, 4 = potential closure]

Corrective Action Documents Pending Review

DOCUMENT TYPE	MARCH 2009	APRIL 2009	MAY 2009	JUNE 2009
Site Characterization Rpt (SCR)	5	5	1	2
Revised SCR	0	0	0	1
Corrective Action Plan (CAP)	2	1	1	2
CAP Modification	1	1	3	2
Risk Assessment	3	6	10	6
LUST Case Closure Request	5	5	5	10
SAF Pre-Approval Work Plan	0	2	2	16
Total	16	20	12	39

Municipal Tank Closure Program (MTCP)

CUMULATIVE ACTIVITY	MARCH 2009	APRIL 2009	MAY 2009	JUNE 2009
Applications received	*	*	*	*
Cities/Counties	*	*	*	*
Applications approved	*	*	*	*
UST closure completed	*	*	*	*
USTs removed	*	*	*	*

* As of 1/30/2009, ADEQ ceased all MTCP activities until 7/1/2009.

Other Activities

Route 66 Initiative
 State Lead Program

School Assistance Initiative
 ARRA funding

MNA Program implementation

ADEQ State Assurance Fund Analysis

February 16, 2009

UST Program Revenues

- Underground Storage Tank Fund
Approximate balance as of February 1, 2009: \$ 24,800,000
 - State Assurance Fund
Approximate projected SAF revenue 2/1/09 to 12/31/13:
(assumes \$29.4 million per year) \$145,000,000
- Total Projected UST Projected Revenue: \$169,800,000**

UST Program Liabilities

- Eligible UST Releases: \$108,700,000

The UST Program currently has 493 facilities that have at least one SAF eligible release. Approximately 396 of those facilities have releases to both soil and groundwater, and 97 have releases that have impacted soil only.

In ADEQ's experience, \$250,000 will be required for a facility at which both soil and groundwater cleanup is required, and \$100,000 for a soil only facility cleanup. The estimated cost to remediate these 493 facilities is approximately \$108.7 million. To be eligible for SAF coverage, Arizona law requires SAF applicants to complete cleanups and submit claims by June 30, 2010.*

- Cost to Administer the SAF/Corrective Action Program: \$31,200,000

Cost to administer the SAF program and implement the corrective action program through December 31, 2013 is approximately \$31.2 million (an average of \$6.2 million per year for five years).

- FY2009 Transfers from UST Fund: \$18,271,900

Includes UST Fund transfers of \$2,571,900 (authorized through SB1001) and \$15,700,000 in lieu of WIFA Drinking Water and Clean Water Revolving Fund transfers.

Total Projected UST Program Liability: \$158,171,900

Regulated Substance Fund

In 2004, Senate Bill 1306 in Arizona Revised Statute §49-1015.01, and Session Law Section 14 of SB 1306 established the Regulated Substance Fund for ADEQ to continue monitoring groundwater sites not closed before releases become ineligible for SAF on June 30, 2010 and to continue cleanup of orphan UST facilities. Up to a maximum of \$60,000,000 is to be transferred from the SAF to the regulated substance fund after all eligible claims are paid based on SB 1306. Current projections of revenues minus liabilities indicate substantially less will be available for transfer.

Total Projected UST Program Revenue:	\$169,800,000
Total Projected SAF Liability:	<u>\$158,171,900</u>

Total Available for Transfer to Regulated Substance Fund \$11,628,100

* It is unlikely that \$108,700,000 in cleanup work will be completed by owners, operators and volunteers by June 30, 2010 (the deadline for filing SAF direct pay and reimbursement applications). \$108,700,000 is the maximum ADEQ expects to be expended for cleanup.