

KANSAS AGRICULTURAL REMEDIATION BOARD

**ANNUAL REPORT
for
CALENDAR YEAR 2015**

**Submitted
JANUARY 31, 2016**

The Agricultural and Specialty Chemical Remediation Program

In 2000, the Kansas Legislature passed SB 501, entitled the “Agricultural and Specialty Chemical Remediation Act.” Codified in K.S.A. 2-3701, *et seq.*, the act created the Remediation Reimbursement Program, the Kansas Agricultural Remediation Fund, and the Kansas Agricultural Remediation Board:

1. Remediation Reimbursement Program – established by K.S.A. 2-3708, *et seq.* The program was created for the purpose of providing financial reimbursement to eligible persons for expenses incurred during the performance of agricultural chemical remediation activities approved or ordered by the Kansas Department of Health and Environment (KDHE). Reimbursements to eligible applicants are paid from the Kansas Agricultural Remediation Fund. The program is administered by a governor-appointed Kansas Agricultural Remediation Board (KARB).
 - An eligible person who has paid all applicable assessments can receive reimbursement for 90% of eligible remediation expenses greater than \$1,000 and less than \$100,000, and 80% of the eligible remediation expenses greater than \$100,000 and less than \$200,000.
 - Any person who is not required to pay an environmental assessment into the fund is eligible to receive 100% of eligible remediation expenses greater than \$1000 and less than or equal to \$10,000.
 - The remediation reimbursement program has a sunset date of 2020.
2. Kansas Agricultural Remediation Fund - The Kansas Agricultural Remediation Fund was established by K.S.A. 2-3711.
 - The fund receives no state general fund money.
 - The fund is 100% financed by annual assessments on licensed commercial grain warehouses, custom fertilizer blender licensees, commercial fertilizer registrants, agricultural chemical registrants, pesticide dealer fees, and fees paid by responsible parties that have sold or leased a site for which they retain remediation responsibility, as set forth in K.S.A. 2-3713.
 - All expenditures from the fund must be made in accordance with vouchers approved by the board chairperson. See K.S.A. 2-3711.
3. Kansas Agricultural Remediation Board (KARB) – The Board consists of five volunteer, governor-appointed members and two ex-officio members.
 - KARB seats are comprised of one agricultural retailer, one agricultural producer, one agricultural processor, one specialty chemical distributor, and one agricultural and specialty chemical registrant.
 - Ex officio members to KARB include one representative of the Kansas Department of Agriculture and one representative of the KDHE.
 - KARB members serve 4-year terms or until replaced.

KARB maintains the following authorities and duties (See K.S.A. 2-3710):

- Promulgate rules and regulations to administer the act concerning terms and conditions of reimbursement from the Kansas agricultural remediation fund;
- establish operating procedures for reimbursement applications, to include making priority parameters, determination of eligible and ineligible expenses, approving fund payments, governing conflicts of interest, and establishing appeal procedures;
- appoint a qualified administrator to administer the remediation program; and,
- contract for an annual independent audit of the Kansas agricultural remediation fund.

Current Members of the Kansas Agricultural Remediation Board

- Larry Shivers, Chairman
Specialty Chemical Distributor, *Verdesian Life Sciences*
Term expires: March 15, 2016 (*seeking reappointment*)
- Brian Norton, Vice Chairman
Agriculture and Specialty Chemical Registrant, *Syngenta*
Term expires: March 15, 2018
- Kamyar Manesh
Agricultural Processor, *CB&I*
Term expires: March 15, 2019
- Laura Pearl
Agricultural Retailer, *JB Pearl Sales & Service*
Term expires: March 15, 2018
- Gary Starr
Agricultural Producer, *Gary's Berries*
Term expires: March 15, 2019
- Randy Carlson
Ex Officio, Kansas Department of Health and Environment
- Gary Meyer, DVM
Ex Officio, Kansas Department of Agriculture

Annual Audit and Report

The act requires the Board to annually provide for an independent audit of the Kansas agricultural remediation fund. The audit report for calendar year 2015 was presented for the Board's review on Monday, January 25, 2016, and the fund received an unmodified audit report.

In addition to the independent audit, on or before February 1st of each year, the act requires the Board to submit to the Governor, the Senate Committee on Natural Resources, and the House Committee on Environment, an annual report of the activities and reimbursements for which money from the Kansas agricultural remediation fund has been expended during the previous fiscal year.

Fund Reimbursements

During calendar year 2015, KARB met four times to review and consider applications for reimbursement. Upon due consideration and review, the Board ordered reimbursement for forty-three (43) applications that were consistent with the act and regulations. The total dollar amount reimbursed during calendar year 2015 was \$1,031,013.48. The average reimbursement was \$23,977.06.

Since 2002, \$16,339,825.52 has been distributed through the Remediation Reimbursement Program to help offset expenses incurred by persons performing environmental remediation of contaminated properties, advancing our State's vision of protecting soil and water quality in Kansas.

Since calendar year 2009, KARB reimbursement requests have exceeded the amount paid into the fund through fee contribution. Therefore, pursuant to K.S.A. 2-3710, a priority-ranking system was developed for all applications received wherein each application is assessed by the Kansas Department of Health and Environment (KDHE) and given a priority score.

Applications involving potential risk to human health and safety are given a higher priority level. Any application which is not reviewed by the Board, due to an insufficient fund balance in the quarter that it was received, is carried forward to the next Board meeting to be reviewed based on its priority ranking. Consequently, many applicants who have performed remediation activities and submitted applications for reimbursement are waiting while their application comes up in order of its priority score.

Communication

Information on the Remediation Reimbursement Program is distributed to interested parties in many different ways. KARB provides updated information through its website. KARB brochures are provided to the Kansas Department of Agriculture which are placed in private pesticide applicator licensing packets. Participants in KDHE's voluntary cleanup and property redevelopment program (VCP) receive information on the remediation program upon enrollment in the VCP. Additionally, the KARB administrator provides informational updates to both the Kansas Grain and Feed Association and the Kansas Agribusiness Retailers Association. Moreover, once a person has applied to the remediation program, the KARB administrator corresponds with those applicants to explain the priority ranking system and provide them with the status of their application.

Remediation Reimbursement Fund Receipts - Last Five Years

| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Pesticide Product Registration | 754,050.00 | 520,311.00 | 490,820.00 | 508,250.00 | 539,100.00 |
| Commercial Grain Storage | 657,567.11 | 505,189.00 | 483,637.00 | 494,589.00 | 470,493.00 |
| Pesticide Dealer License | 21,985.00 | 95,837.00 | 99,321.00 | 95,980.00 | 105,068.00 |
| Fertilizer Product Registration | 69,610.00 | 116,060.00 | 121,200.00 | 82,105.00 | 160,176.00 |
| Custom Fertilizer Blender License | 78,200.00 | 48,680.00 | 48,100.00 | 46,960.00 | 60,079.00 |
| \$1,000 fee sold/leased sites | 0.00 | 0.00 | 3,000.00 | 7,000.00 | 4,000.00 |
| Total | \$1,581,412.11 | \$1,286,077.00 | \$1,246,078.00 | \$1,234,884.00 | \$1,338,916.00 |

KARB REIMBURSEMENT CHART FOR CALENDAR YEAR 2015

The following chart provides a list of all reimbursements from the Remediation Reimbursement Fund in calendar year 2015.

| Annual Report Chart - 2015 | | | |
|----------------------------|-----------------------|-------------------------|---------------|
| County | Business Type | Contamination | Reimbursement |
| Stevens | Retailer and Elevator | Pesticides and Nitrates | \$15,220.02 |
| Stevens | Retailer and Elevator | Pesticides and Nitrates | \$33,949.28 |
| Comanche | Ag Retailer | Combination | \$28,619.06 |
| Stevens | Retailer and Elevator | Pesticides and Nitrates | \$14,562.86 |
| Stevens | Retailer and Elevator | Combination | \$22,171.32 |
| Comanche | Ag Retailer | Combination | \$38,671.31 |
| Doniphan | Farm | Nitrates | \$10,000.00 |
| Edwards | Retailer and Elevator | Nitrates | \$44,430.98 |
| Pratt | Retailer and Elevator | Nitrates | \$58,254.82 |
| Edwards | Retailer and Elevator | Nitrates | \$11,045.49 |
| Gray | Ag Retailer | Nitrates | \$5,046.46 |
| Washington | Ag Retailer | Nitrates | \$78,132.03 |
| Osborne | Retailer and Elevator | Nitrates | \$66,666.22 |
| Comanche | Ag Retailer | Combination | \$11,198.72 |
| Stevens | Retailer and Elevator | Combination | \$20,298.79 |
| Washington | Ag Retailer | Nitrates | \$9,794.33 |
| Thomas | Retailer and Elevator | Nitrates | \$39,291.51 |
| Dickinson | Retailer and Elevator | Nitrates | \$6,395.74 |
| Osborne | Ag Retailer | Nitrates | \$11,123.69 |
| Gray | Ag Retailer | Nitrates | \$14,405.20 |
| Thomas | Ag Retailer | Nitrates | \$70,016.16 |
| Sumner | Grain Elevator | Nitrates | \$16,636.53 |
| Ness | Retailer and Elevator | Nitrates | \$26,000.89 |
| Stevens | Retailer and Elevator | Combination | \$18,866.47 |
| Reno | Ag Retailer | Nitrates | \$21,286.94 |
| Ellis | Retailer and Elevator | Nitrates | \$12,538.42 |
| Stafford | Retailer and Elevator | Nitrates | \$18,338.95 |
| Stevens | Retailer and Elevator | Pesticides and Nitrates | \$5,838.32 |
| Sumner | Ag Retailer | Nitrates | \$6,633.42 |
| Dickinson | Retailer and Elevator | Nitrates | \$6,675.30 |
| Marion | Retailer and Elevator | Combination | \$23,116.11 |
| Phillips | Retailer and Elevator | Nitrates | \$2,636.74 |

KARB REIMBURSEMENTS FOR CALENDAR YEAR 2015 (continued)

| Annual Report Chart - 2015 | | | |
|----------------------------|-----------------------|---------------|---------------|
| County | Business Type | Contamination | Reimbursement |
| Doniphan | Retailer and Elevator | Nitrates | \$36,638.99 |
| Brown | Retailer and Elevator | Nitrates | \$2,940.48 |
| Sumner | Ag Retailer | Nitrates | \$5,629.01 |
| Dickinson | Retailer and Elevator | Nitrates | \$5,132.86 |
| Dickinson | Retailer and Elevator | Nitrates | \$39,305.81 |
| Lincoln | Ag Retailer | Nitrates | \$12,795.76 |
| Pottawatomie | Retailer and Elevator | Nitrates | \$47,801.63 |
| Thomas | Ag Retailer | Nitrates | \$11,085.22 |
| Finney | Ag Retailer | Nitrates | \$5,473.81 |
| Sumner | Ag Retailer | Nitrates | \$1,607.37 |
| Johnson | Grain Elevator | Nitrates | \$94,740.46 |

2015 Reimbursements by Type of Contaminant

The following chart identifies the total number of applicants reimbursed in calendar year 2015 by type of contaminant. Additionally, the chart provides the total and average dollar amount remitted to applicants by contaminant type.

| Type of Contaminant | Claims Per Type of Contaminant | Reimbursement Per Type of Contaminant | Average Reimbursement Per Type of Contaminant |
|-------------------------|--------------------------------|---------------------------------------|---|
| Nitrates | 32 | \$798,501.22 | \$24,953.16 |
| Pesticides | 0 | --- | --- |
| Pesticides and Nitrates | 11 | \$232,512.26 | \$21,137.48 |

2015 Reimbursements by Type of Applicant

The following chart identifies the total number of applicants reimbursed in calendar year 2015 by type of applicant. Additionally, the chart provides the total and average dollar amount remitted by type of applicant

| Type of Applicant | Claims Per Type of Applicant | Reimbursement Per Type of Applicant | Average Reimbursement Per Type of Applicant |
|------------------------------|------------------------------|-------------------------------------|---|
| Ag Retailer | 16 | \$331,518.49 | \$20,719.91 |
| Grain Elevator | 2 | \$111,376.99 | \$55,688.50 |
| Ag Retailer & Grain Elevator | 24 | \$578,118.00 | \$24,088.25 |
| Producer | 1 | \$10,000.00 | \$10,000.00 |

Outstanding Applications as of Jan. 2016 (timely filed / pending reimbursement)

| Applicant | Claims | Request |
|------------------------------|--------|-----------------|
| Ag Retailer | 69 | \$2.057 million |
| Grain Elevator | 7 | \$220,300 |
| Ag Retailer & Grain Elevator | 82 | \$2.933 million |

KARB Reimbursements by County

The following map reflects the total dollar amount of payments made from the Kansas Agricultural Remediation Fund to applicants, by county, throughout the life of the Remediation Reimbursement Program.



Location of Kansas Agricultural Remediation Reimbursements
By Dollar Amount

