

**SB**

**153**

During Session, January - May:  
State Capitol, Room 115  
Juneau, Alaska 99801  
(907) 465-2095  
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During Interim, June - December:  
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## Senator Loren Leman

### Sponsor Statement CS SB 153(FIN): Underground Storage Tank Loan Fund

Owners of underground storage tanks had until December 22, 1998 to either upgrade or close their underground storage tanks in response to nationwide concern over possible contamination of drinking water from leaking underground storage tanks.

The Alaska Legislature responded to this federal mandate by offering grants and loans to owners of underground storage tanks to help offset the costs of the new requirements. To date, \$38.9 million has been appropriated for upgrade, closure and cleanup grants and loans for underground storage tanks.

All applications for grant assistance under the Upgrade, Closure and Cleanup programs are in. There can be no new applicants. The Department and the Board of Storage Tank Assistance have ranked the applicants according to the changes made by SB 128 (ch 70 SLA 99).

CS SB 153 (FIN) ends the upgrade and closure grant program by June 30, 2002 and the tank cleanup grant program by June 30, 2004 after almost \$49.0 million in assistance to underground storage tank owners. It retains the cleanup loan program and changes it to a revolving loan program. The revolving loan program retains the current means test of self-insurance which guarantees assistance to the "Mom & Pop" companies the grants and loans were intended to assist, rather than larger companies.

The balance in the storage tank assistance fund on the effective date of SB 153 is transferred to the revolving loan fund. This capitalization with all repayments of principal and interest on loans, income earned on money in the fund and money appropriated to the fund will support the revolving loan fund.

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## Senator Loren Leman

### Sectional Analysis CS SB 153(FIN): Underground Storage Tank Loan Fund

Section 1: Amends the responsibilities of the Board of Storage Tank Assistance and the Department to comport with the intent of SB 153, which is to repeal the UST grant programs by 2004 and to have the Department and the Board adjudicate disputes involving the revolving loan fund. (EFD 7/01/04)

Sections 2 and 3: Amends the Board of Storage Tank Assistance section to comport with the intent of SB 153. The Board will continue to hear disputes and adopt regulations related to loans under AS 46.03.422. (EFD 7/1/02)

Section 4: Amends the regulations governing UST systems to delete reference to grants under the tank cleanup program. (EFD 7/01/04)

Section 5: Tank Registration Fees: Sets up automatic deposit of storage tank registration fees to the renamed "revolving loan" fund. (EFD 7/1/02)

Section 6: Deletes reference to grants under the tank cleanup program. (EFD 7/01/04)

Section 7: Changes the Underground Storage Tank Assistance Fund to a revolving loan fund incorporating money appropriated to it by law, storage tank registration fees, repayments of principal and interest on loans and income earned on the money in the fund. Gives commissioner permission to use money in the fund to pay the costs of administering the fund, costs of the Board of Storage Tank Assistance, and the tank cleanup loan program (EFD 7/1/02)

Section 8: Becomes law in 2004, deletes references to tank cleanup grants. (EFD 7/01/04)

Section 9: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Section 10: Amends tank cleanup grant program to cover any overlap of grant/loan combinations after the grant program is repealed, so no unintentional harm comes to a loan recipient. (EFD 7/1/02)

Section 11: Program receipts received under the tank cleanup program will be deposited into the revolving loan fund. (EFD 7/1/02)

Section 12: Amends tank cleanup loan program statutes to reflect UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Sections 13, 14 and 16: Effective 2004 amends tank cleanup loan program statutes to clarify that this section only applies to loans available under this program (not loans and grants). (EFD 7/01/04)

Section 15: Acknowledges Tank upgrade and closure grants are repealed 7/1/02. (EFD 7/1/02)

Section 17: Allows department to deposit loan repayments and interest into the revolving loan fund. (EFD 7/1/02)

Section 18: New "means" test provision for the revolving loan fund - if the owner/operator is eligible for self-insurance under U. S. EPA regulations (\$10 million), the owner/operator is ineligible for a loan under this program. Municipalities are excluded from the means test. (EFD 7/1/02)

Section 19: Amends the Oil and Hazardous Substance Prevention and Response Account statute to reflect the UST Assistance Fund as a revolving loan fund. (EFD 7/1/02)

Section 20: Repeals the UST upgrade and closure grant program. (EFD 7/1/02)

Section 21: Repeals the UST cleanup grant program (EFD 7/01/04)

Section 22: (a) Transfers the funds the Legislature has appropriated to the Underground Storage Tank Assistance Fund into the UST Revolving Loan Fund.

(b) Makes plain that the upgrade and closure grant program will not be funded past June 30, 2002; and the tank cleanup grant program will not be funded past June 30, 2004. (EFD immediate)

Section 23: Effective Dates for establishing Revolving Loan fund and means test; and repeal of the UST upgrade and closure grant program.

Section 24: Effective Dates for continuation of Revolving Loan Fund and repeal of UST cleanup grant program.

Section 25: Immediate effective date for transitional provisions.

Cheat sheet for statute citations  
CS SB 153( ): UST Loan Fund

AS 46.03.360: Board of Storage Tank Assistance

.420: Underground Storage Tank (UST) cleanup grant program

.422: Underground Storage Tank (UST) cleanup **loan** program

.430: Underground Storage Tank (UST) upgrade and closure grant program

FACT SHEET ON UNDERGROUND STORAGE TANK (UST) PROGRAM  
(applicable statutes: AS 46.03.360-450)

- Owners of underground storage tanks had until 12/22/98 to either upgrade or close their underground storage tanks.
- Prior to SB 128 (ch 70 SLA 1999) there were four UST grant and loan programs:
  - \*Tank Tightness (AS 46.03.415)
  - \*Reimbursement program (sec. 7, ch 96 SLA 90)
  - Upgrade & Closure Loans and Grants
  - Clean Up Loans & Grants

\* repealed by SB 128
- All applications for grant assistance under the Upgrade and Closure program are in. THERE CAN BE NO NEW APPLICANTS. Under the law prior to SB 128, DEC estimated it would use \$3.5 million of the \$5.0 million in the UST fund to give all of the qualified applicants grants. Under SB 128's provisions, the Upgrade and Closure list is valued at around \$32, 200 to satisfy the qualified applicants.
- The Clean Up Grant program under SB 128 now requires a one million dollar tangible net worth limitation, which reduces the number of qualified applicants on the Clean-up list which in FY 00 totaled \$23.3 million. This change moves off the list, applicants such as Unocal, Tesoro, Chevron Mapco and Providence Hospital, and retains the smaller "mom and pop" requests.
- The Clean Up Loan Program (created by SB 128) requires that to receive a loan, the applicant must have submitted an application before July 1, 1994 (see: AS 46.03.422 (a) reference to AS 46.03.420. All applications are in for the Clean up grant & loan programs. It's now a matter of finishing off the lists.
- Applying the \$1.0 million limitation to the Clean up grants has resulted in about \$9.0 million of eligible costs.
- It was the Senate's desire during the debate on SB 128 that the Storage Tank Assistance Fund be fully capitalized so that the Upgrade & Closure program could be finished in 2000. Clean up assistance was to end shortly after.
- DEC RSA's money to the Division of Investments to handle the loans for these programs.

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**Terms and conditions of 10% loans:**

- Duration or length of loan? schedule agreed upon by the parties - Not to exceed five (5) years.
- Do they start right after loan is awarded? yes
- Terms and conditions of loans No interest, secured by a lien or collateral if Department requires it. Up to 10% of total costs, not to exceed a maximum of \$25,000
- Repayment schedule (i.e. how much per month?) Based on amount and agreed loan duration.

**•Status of loans:**

- How many loans are still out? 4 (brooks, korovin, sunny chevron, greatland auto) All are current.
- Have there ever been any defaults? no

**•Late Fees:**

- Are late fees consistently charged? yes
- If a late fee is charged, is it 5% of payment in default which is defined in statute? yes of the outstanding payment amount

## Upgrades and Closure

### Combination "Upgrade and Closure" Grant

#### *Valley Country Store*

- Owner/operator, small businessman, Dennis Illies of Alaska Country Stores, Inc.
- Total eligible project costs \$108,584.43
- **Total Combined Upgrade / Closure Grant Issued = \$60,000**
- Breakout of eligible Upgrade/Closure Costs:
  - Closure = \$ 18,000.00
  - Upgrade = 90,584.43
  - \$108,584.43
- For the upgrade of one regulated underground storage tank and the removal of three underground storage tank
- Grant issued February, 1996 to reimburse the following:
  - Installation of one 18,000 gallon double-walled tank with three compartments (one 12,000 gallon and two 3,000 gallon compartments)
  - Removal of two 10,000 gallon gasoline tanks and one 5,000 gallon diesel tank

### Upgrade Grant

#### *Old Super Suds Car Wash*

- Grantees, Tom and Sharon Snelling, small business owners
- Grant was issued December, 1998
- **Total grant award \$60,000**
  - Reimbursed 60% (not to exceed \$60,000), of the actual eligible project costs
- For installation of new underground storage tank (UST) system at the former Super Suds Car Wash, located at 180 Muldoon Road, Anchorage
- Upgrade grant funded only a portion of the following materials and labor
  - **Installation of a new UST system since the total cost was estimated to be \$212,750**
  - One double wall tank with three compartments with a total capacity of 28,000 gallons with double-walled piping
  - Concrete protective pad with manways and monitor stations
  - Veeder Root TIS 350 Monitor leak detection system with printer, three tank level probes and 12 sump sensors
  - Spill containment and overflow devices to be installed in each tank compartment fill section

### Closure (only) Grant

#### *Great Land Auto*

- Isaiah Lewis (owner/operator) small business owner unable to perform work until he received assistance
- Closure grant issued in January, 1995 for \$16,779
  - Reimbursed 60% of the actual eligible project cost of \$27,965.22 required to:
    - Remove of two 5,000 gallon gasoline tanks, one 2,000 gallon gasoline tank, one 1,000 gallon diesel tank, and one 1,000 gallon waste oil tank
    - Perform closure site assessment and site restoration
- Contamination discovered during tank removal
- Owner currently receiving cleanup grant to address contamination

## Cleanup Sites

### Goldpanner Chevron:

Timeframe: June, 1994 - December, 2002 (8 years) to closure

#### Site Information:

- Owned and operated by a small businessman, Vern Stoner

#### Site History and Phases:

- Initial grant issued 6-28-94
- Total of 8 cleanup grants issued for this since since 6-94
- Purpose: Closure of existing UST system and removal of five tanks
  - Site assessment
  - Characterization of excavated soil
  - Transport and thermal treatment of excavated soil
  - Additional Cleanup activities:
    - On going groundwater (GW) monitoring, quarterly and semi-annual
    - Site Characterization – installation ground water monitoring wells
    - Installation of a remediation system
    - On-going monitoring, maintenance and operation of remediation system since 1996

#### Site Status:

- Closure estimated to be no later than December, 2002.
- Total grant costs \$274,189.65.

### Denali Fuel

Timeframe: December 1992 – on-going.

#### Site History and Phases

- 9-91, extensive petroleum hydrocarbon contamination was discovered during the removal of a 12,000 gallon underground storage tank system used to store diesel fuel at this site
- Cleanup grant issued in the amount of \$224,959.90 in November, 2000
  - To reimburse release investigation efforts already performed and
  - Continue corrective action activities to address remaining fuel contamination
    - Excavation to remove approximately 1000 yards of remaining petroleum contaminated soil
    - Transport/treatment of this excavated petroleum contaminated soil
- On going release investigation to include:
  - Installation of five to eight additional groundwater monitoring wells
  - Replace two groundwater monitor wells destroyed during excavation activities for further plume delineation
  - Quarterly groundwater sampling of monitoring wells for two years.

#### Site Status:

- Site not closed
- Total grant costs \$274,189.65
- Grantee has nearly reached the maximum amount allowed under the grant program, so no additional grant funds will be available. Loans will be needed to finish this cleanup.

## Cleanup Project with No Future Action Letter

This project was issued an NFA in March 1998 for the LUST cleanup.

Total time: March, 1993 - March, 1998 (Approximately 5 years )

Total estimated cost to bring site to closure \$274,189.65.

### **Courtney's Service Station**

#### Site Information

- 2715 E. Tudor Rd., Anchorage, AK 99507
- Owner did not proceed with ADEC required site assessment due to financial hardship
- Filed for bankruptcy in 1988
- No site assessment or soil remediation documented in project file as of December 1990
- Formerly known as Courtney's Tudor Service. Name changed to Kim's and then back to Courtney's
- Owner/Grantee: The facility is currently owned by the Estate of Courtney C/O Carol Humbyrd of Homer.

#### Historical Site Summary:

- Soil/groundwater contamination from a leaking unleaded gasoline UST discovered in 11/8
- Undetermined amount of product released from the 12,000 gallon unleaded gasoline tank at Kim's Service Station owned by Dick Kim
- Consists of a gasoline filling station and an auto repair
- Spill amount and duration unknown
- Initial cleanup activities:
  - Leaking tank removed along with about 1000 tons of soil
  - Clean Alaska was contracted to pump out contaminated water
  - New tank installed and the pit backfilled with clean soil..

#### Site History and Phases:

- Initial grant issued March, 1993 to
    - Fund removal of the existing UST system
    - Perform area wide release investigation
    - Stockpile petroleum contaminated soil
    - Treat and dispose of contaminated soil
  - Additional cleanup activities funded by the FAP grants included the following:
    - Area-wide release investigation;
    - Drinking water well search;
    - On going groundwater (GW) monitoring on and off-site;
    - Site Characterization and drilling investigations – installation of ground water monitoring wells (MWs) to delineate plume on-site and off-site;
    - Installation and maintenance of an Oxygen Releasing Compound (ORC) groundwater treatment program;
    - Additional excavation of the source area;
    - Soil treatment and disposal;
- Decommissioning of monitoring wells in conjunction with site closure