

Petroleum Tank Release Compensation Board

Regular Meeting Minutes

Date: 21 MAY, 2025
Location: Summit Conference Room, Golden Rule Building, 85 – 7th Place East, St. Paul, Minnesota
Participants could also attend remotely in accordance with Minn. Stat. §13D.015.

Board Members

Present

- Chair Frank Orton, Petroleum industry representative.
- Julie Quinn, Public member representative
- Charles Blixt, Experience in claims adjustment representative
- Vice-Chair Sarah Larsen, Commissioner of the Minnesota Pollution Control Agency (MPCA) designee
- Peter Bratsch, Commissioner of the Minnesota Department of Commerce (Commerce) designee

Call to Order

Mr. Orton called the meeting to order at 10:30 a.m.

Introductions

Mr. Frank Orton Reads the Remote Mtg opening statement.

Approval of the JAN 15, 2025 Board Regular Meeting Minutes

Ms. Larsen moved, Mr. Bratsch seconded, to approve the January 15, 2025 Board regular meeting minutes. The motion passed 5-0.

Consideration of Environmental Lien for Lk# 21392, Hanson residence

Mr. Hawks provides a summary of Lien and requests Board's approval to file lien in the amount of \$4,983.07 (10% of cost to MPCA fund financed). Invoices are from 2020-2023, the RP (Bonnie Hanson) filed for financial hardship Dec 2020, and was approved March 2021. The site is currently closed and no further charges are expected. No member of the Hanson family was present for discussion.

Mr. Blixt makes a motion to approve the lien, and Ms. Quinn seconds the motion. The motion passes 5-0.

A motion by Frank Orton was made to reopen discussion because a family representative arrived to represent, Julie Quinn Seconded. Motion passes 5-0.

Mr. Hawks provided summary again. Ann Sanaga wanted to ask about a payment option. Payment are an option with or with out lien. Discussion ensued.

Mr. Orton makes motion to approve the lien while simultaneously working out a payment plan with applicant, Ms. Larsen seconds. Motion passes 5-0.

Consideration of Appeal for Lk# 20243, Glenn's Food and Gas Center, inc

Mr. Hawks provides a summary of the case and appeal. The appeal is related to an MPCA 15% tank regulation reduction that has been imposed on 13 prior applications totaling \$51,730.26, with \$9,128.86 in reductions.

Mr. Glenn Gust and his consultant provide background information. MPCA provides background information. Discussion occurred.

Mr. Bratsch makes a motion that Petrofund no longer impose the violation reduction of 15%, and Mr. Blixt seconds the motion. The motion passes 5-0.

Consideration of Appeal for Lk# 22000, 20415 Summerfield Rd property

Mr. Hawks provides a summary of the case and appeal. The appeal is related to a reduction 10% (\$401.04) that has been imposed for failure to obtain competitive bids per Minn Rule 2890.4000.

Mr. Bratsch moved to deny the appeal and maintain the reduction as recommended by Petrofund staff, Ms. Larsen seconded. The motion passes 5-0.

Consideration of Appeal for Lk# 22219, Celine Stop Glencoe inc – formerly Speedway

Mr. Hawks provides a summary of the case and appeal. The appeal is related to a reduction of \$56,810.05 related to Consultant/Contractor services, Excavation/Stockpiling/Loading/Hauling/Disposal of Contaminated soil over the Petrofund maximum costs.

Mike Hayes and Sam Ragheb present case that soil was difficult to estimate due to water saturation, compaction and soil makeup. They also suggest that the basic conversion metric of 1.4 tons per cubic yard is not a 1-size fits all metric. MPCA discussed that there was no request for additional soil to be removed/disposed. Additionally that the amount of soil removed was not in line with the amount of soil screening samples (recommended 1 sample per 10 cubic yds removed)(31 samples were taken, the amount of soil removed should have required 230 samples). MPCA argues there is not enough data to fully state that all soil was contaminated. Pump and Meter provided that the trucks were only being loaded 2/3 full due to the weight of the soil. Discussion ensued.

Mr. Blixt moved to approve the appeal and allow full reimbursement of the costs in dispute, Ms. Quinn seconded. The motion passes 4-1 with Ms. Larsen dissenting.

Minnesota Pollution Control Agency Staff Report and Fund-Financed Summary Report

MPCA Program Administrator Amy Miller introduced a new staff member Marcel Mikkelson as a project manager out of the Saint Paul office. Ms. Miller also reported that PRP/ER is fully staffed.

Ms. Miller reported that the MPCA had 6 reports that were not actioned within the statutory requirement of 120 days. These were due to staffing issues and leaves.

Ms. Miller reports that for FY25 PRP had written work orders totaling approximately 84% of allocated dollars and invoices totaling approximately 40% of that amount. No additional exceedances of \$100k that were not already accounted for, and 2 that were anticipated that did not quite reach that threshold.

Ms. Miller presented and discussed the consultant performance report. Reports are based on a 1 Jan 2025 time start date and will be cumulative going forward. This report will be public facing and has been developed based on recommendations from the MPCA Legislative audit recently conducted.

Mr. Orton moved, Mr. Bratsch seconded, to approve the MPCA staff report and fund-financed summary report. The motion passed 5-0.

Ms. Miller made a request for \$7,700,000 for PRP during FY 2026. These funds are for 92 known sites. 2 projects are over \$1 million dollars.

Mr. Bratsch moved to approve, and Mr. Blixt seconded, to approve the MPCA PRP FY26 budget request. The motion passed 5-0.

Mr. Kory Wiech Program Coordinator for the MPCA Safety and Emergency Management made a request for \$1,000,000 for ER during FY 2026. This will be the first year that we have separated ER from PRP for requests for budget. This is an increase of \$500,000 that was requested last year, though ER has encumbered \$850,000 already in FY 25.

Mr. Bratsch moved, and Ms. Quinn seconded, to approve the MPCA ER FY26 budget request. The motion passed 5-0.

Minnesota Department of Commerce Staff Report and Fund Report

Petrofund Director Scott Hawks notified the Board that the Fund Report, as of 18 April 2025, has an unencumbered balance of the Petrofund was \$1,182,165 and the cash balance was \$32,341,846.

Mr. Hawks reports that Petrofund staff was reviewing initial and supplemental reimbursement applications within 60 and 120 days, respectively, as required by statute.

Mr. Hawks noted that as of May 15, 2025, initial applications were being reviewed within 20 days of their receipt and supplemental applications were being reviewed within 58 days of their receipt. In May of 2024 applications were being reviewed at 57 and 115 days and 63 days and 122 days in 2023 respectively. Our staff is engaging with applicants in less than ½ the time as the previous 2 years.

Mr. Hawks reported that the following number of applications had been received since his last report to the Board: 20 in January, 25 in Feb, 32 in March, 25 in April, and 10 so far in May for a total of 112 Applications. In that same time 115 applications have been processed for payment

Mr. Hawks indicated that as of today, a total of 227 applications have been processed for payment in FY2025 for \$3,568,739. This number exceeds 2 of the past 5 full years and is on pace to be the most applications paid since prior to 2020.

The Petrofund has had one staff member, Kelly Kangas, resign since the past board meeting. The hiring process has been completed and a new staff member selected pending HRO approval. We hope to have that new person on board by 18 Jun 2025. Additionally, we plan to hire 1 additional person to provide redundancy for our Abandoned Tank program and to also assist with application review in early FY 2026.

Petrofund is currently in progress of developing in concert with MNIT and a select group of stakeholders our new database. The new database will allow more efficient tracking of applications and their supplemental applications, it will also allow for an external input of applications directly into the system that should alleviate some of the most common mistakes in application submission. This will lead to faster turn-around and quicker payments for applicants in the future, as well as a more complete and robust record of interactions and application progress.

Mr. Hawks reports that the Abandoned Tank programs contracts have been updated and extended through Jan 2027.

Ms. Larsen moved, Mr. Orton seconded, to approve the Commerce staff report and fund report. The motion passed 5-0.

Mr. Hawks requested approval to Impose Petrofund fee from Sep 1 2025-Dec 31 2025.

Mr. Orton moved, Mr. Blixt seconded, to approve to impose the Petro fund fee from SEP 1 2025-Dec 31, 2025. The motion passed 5-0.

Mr. Hawks requested approval to make an interagency agreement with the Attorney General's Office to 1) Approve agreement, 2) authorize Chair Orton to sign on behalf of the Board, 3) Approval to encumber 150 hrs for legal services in FY26/27.

Ms. Larsen moved, Mr. Bratsch seconded, to approve to the request to make an interagency agreement with the Adjutant General's office as outlined above. The motion passed 5-0.

Mr. Hawks requested approval to update Petrofund forms for FY 2026 to accommodate a greater than 10% inflationary price index increase.

Mr. Orton moved, Ms. Larsen seconded, to approve to the request to update Petrofund forms as outlined above. The motion passed 5-0.

Open Discussion

Mr. Orton brings up an item that is being considered by the Attorney General's office to potentially include "jobbers" as Responsible Persons (RP) for a leak site. Mr. Orton has concerns that this is a reach that the "jobbers" would have the information to be fairly considered an RP. If "jobbers were considered RPs, how would Petrofund be able to penalize these types of RPs for regulatory infractions by the tank operators and owners. Mr. Hawks has agreed to do more research on this and follow-up with Legislative Affairs for further discussion at a future meeting.

Adjournment

Ms. Larsen moved, Mr. Orton seconded, to adjourn the meeting. The motion passed 5-0.

Mr. Orton adjourned the meeting at 12:37 p.m.

Minutes prepared by: Petrofund Director Scott Hawks