KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
DIVISION OF ENVIRONMENT
BUREAU OF ENVIRONMENTAL REMEDIATION
STORAGE TANK SECTION

ANNUAL REPORT OF
UST FUND ACTIVITIES TO THE LEGISLATURE
DURING FISCAL YEAR 2014

Pursuant to the requirements of K.S.A. 65-34,121

This report is submitted in accordance with **K.S.A. 65-34,121. Annual report to governor and legislature**. On or before the first day of the regular session of the legislature in each year, the secretary shall prepare and submit a report to the governor and to the chairperson, vice-chairperson and ranking minority member of the standing committees on energy and natural resources of the house of representatives and the senate regarding the receipts and disbursements from the underground fund and the aboveground fund during the preceding fiscal year, indicating the extent of corrective action taken under this act.

During fiscal year 2014, the average number of new applications received by the Underground Storage Tank (UST) Fund was about two per month. The volume of applications for assistance has been relatively low the past few years compared to the large number of applications received during the early years of the program in the 1990's. Numerous aging underground storage tanks were replaced during that decade as all active underground storage tanks were required to be upgraded by fiscal year 1999 and operators have since been required to perform monthly leak detection and leak prevention practices. More recently, training for underground storage tank operators became a requirement in 2007 and since then more than 4204 operators have been trained. Although major releases still occur each year, the cumulative effect of these measures has achieved a significant reduction in the number of releases annually from underground storage tanks. The application rate is expected to remain relatively low and steady for the foreseeable future. Current applications are often associated with property transfers and re-development activities following the discovery of orphaned tanks.

The department evaluates a site's risk to the public as the main criteria for focusing remedial efforts. Sites are analyzed for potential risk to the public immediately upon discovery of the release. Conducting this analysis provides protection of public and domestic water supplies against impacts from leaking USTs. The department uses a risk-based corrective action program which incorporates nationally recognized procedures for identifying exposures and quantifying risk at UST sites. The risk-based approach results in cleanup levels varying from site to site. These procedures have allowed for a sizable rate of site closures for low risk sites and allowed the program to continue focusing remedial activities at high risk sites.

Continuing efforts to support the use of improved and more efficient technologies and remedial approaches have been made. The program used strategies that allow active remedial efforts to be performed at a large number of sites while continuing to ensure cost effectiveness, such as the use of a standard remedial design implementation plan for sites in the Arkansas River Valley.

The UST fund, as enacted by the Kansas Legislature (Session of 1989), requires competitive bidding to establish reimbursement limits prior to the work being performed. Implementation of the bidding program required considerable effort to develop and implement; however the bidding process continues to work very effectively. Due to the technical nature of the activities, few tank owners are able to prepare the necessary bid documents to obtain three competitive bids for site investigation and remediation. The department has developed pre-approved work-plans for each phase of corrective action needed to complete site remediation. These scopes of work are adapted for individual sites which reduces the overall level of effort required to bid each site.

Although the UST fund is operating very effectively at the present time, the large number of active facilities participating in the UST Fund program, as well as the large number of abandoned sites which may represent future trust fund sites, continue to pose a potential long term financial risk to the fund. Care must be taken to continue the safeguards that have been developed to maintain a strong program.

As indicated in the attached UST fund balance information, contingent encumbrances are used to track the approved projects without setting funds aside for the specific projects. Consequently, the program remits payment for reimbursement requests from the available cash balance. This process, in concert with close attention to balance reports, helps increase the confidence that when invoices are submitted, funds are available to provide timely reimbursements. The Kansas UST fund is continuing to operate well within the budget constraints established by the legislation. The processing of most reimbursement requests was performed in less than four weeks.

The second attachment indicates the UST fund activities. It reflects that the number of sites being remediated and closed continues to increase at a steady pace, while the number of new applications has been low and stable during recent years. Compliance with deadlines is tracked to prevent firms from accepting new bids when existing work is not being completed. In order to limit cost, KDHE is careful not to approve unneeded remedial action. As shown by the statistics, a large percentage of sites are being monitored with minimal costs to the fund.

The goal of the Kansas program is to focus on and streamline actual cleanup activities. Kansas continues to be a national leader in remedial strategies and has earned national recognition for innovative approaches to site cleanup.

STATE OF KANSAS
UNDERGROUND PETROLEUM STORAGE TANK RELEASE TRUST FUND

Statement of:
Receipts, Disbursements
and Fund Balance
for period July 1, 2013
though June 30, 2014

RECEIPTS:		
Fees	$12,442,038.99	
Misc Other Receipts	$19,537.23	
Interest	$6,595.87	
Total Receipts		$12,468,172.09
DISBURSEMENTS (Schedule #1)		
To Owner/Operators, Current Year Obligations	$4,547,566.40	
To Owner/Operators, On Prior Year Obligations	$4,280,534.52	
Salaries and Benefits	$2,184,277.56	
Other State Operations	$938,365.15	
Total Disbursements		$11,950,743.63
Total Receipts over Disbursements		$517,428.46
FUND BALANCE:		
Beginning Fund Balance July 1, 2013	$8,366,731.15	
Receipts over Disbursements	$517,428.46	
Ending Fund Balance June 30, 2014	$8,884,159.61	
Encumbrances	$3,474,715.93	
Ending Fund Balance, June 30, 2014		$5,409,443.68

STATE OF KANSAS
UNDERGROUND PETROLEUM STORAGE TANK RELEASE TRUST FUND

Schedule #1
Disbursements
for period July 1, 2013
though June 30, 2014

DISBURSEMENTS:

General Management

Office of the Secretary

Transfers - INDIRECTS	$596,074.00	
Salaries and Benefits	$27,799.42	
Other State Operations	$0.00	
Total		$623,873.42

Division of Health

Bureau of Epidemiology and Public Health Informatics

Salaries and Benefits	$12,179.41	
Other State Operations	$0.00	
Total		$12,179.41

Division of Environment

Bureau of Environmental Remediation

Salaries and Benefits	$1,473,732.60	
Other State Operations	$191,673.02	
Total		$1,665,405.62

Bureau of Environmental Field Services

Salaries and Benefits	$664,217.22	
Other State Operations	$39,136.98	
Total		$703,354.20

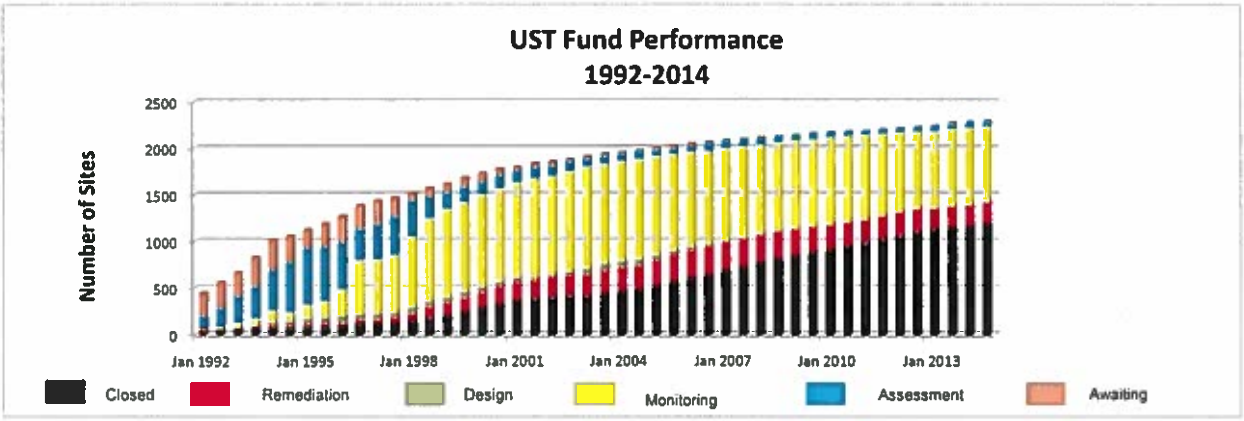
Health and Environmental Lab

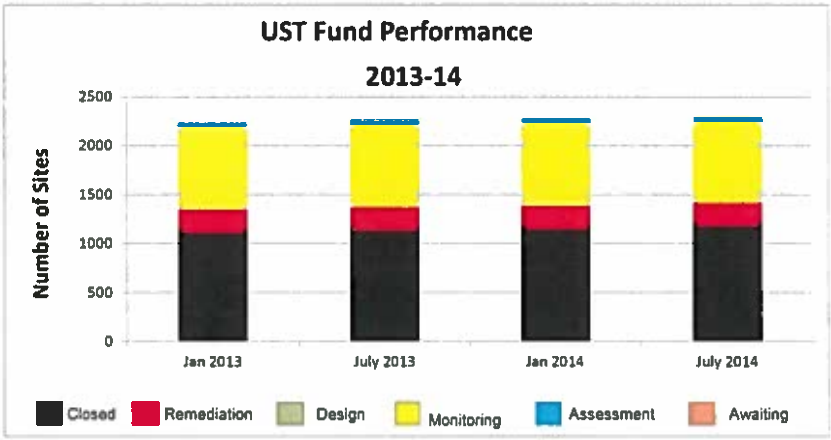
Salaries and Benefits	$6,348.91	
Other State Operations	$111,481.15	
Total		$117,830.06

Total Operational Disbursements:

Reimbursements for Corrective Action:

Current Year Obligations	$4,547,566.40	
Prior Year Obligations	$4,280,534.52	
Total Reimbursements for Corrective Action		$8,828,100.92
TOTAL DISBURSEMENTS		$11,950,743.63


UST Fund Performance
1992-2014
Number of Sites
2500
2000
1500
1000
500
0
Jan 1992
Jan 1995
Jan 1998
Jan 2001
Jan 2004
Jan 2007
Jan 2010
Jan 2013
Closed
Remediation
Design
Monitoring
Assessment
Awaiting


UST Fund Performance
2013-14
Number of Sites
2500
2000
1500
1000
500
0
Jan 2013
July 2013
Jan 2014
July 2014
Closed
Remediation
Design
Monitoring
Assessment
Awaiting