



## **ENVIRONMENTAL CONTINGENCY FUND**

# **Fiscal Year 2010 STATUS REPORT**

**January 26, 2011**

**Agency of Natural Resources  
Department of Environmental Conservation  
Waste Management and Prevention Division**

## **FISCAL SUMMARY**

**This report addresses Fiscal Year (FY) 2010, July 1, 2009 through June 30, 2010.**

<b>Balance June 30, 2010</b>	<b>Cash Balance:</b>	<b>\$ 1,973,524.69</b>
	<b>Available Balance:</b>	<b>\$ 1,296,206.61</b>

The Environmental Contingency Fund (ECF) had a starting balance of \$ 1,944,728.00 on July 1, 2009 and a closing balance of \$ **1,973,524.69** on June 30, 2010. The ECF balance increased slightly from the previous year, primarily due to controls on expenditures from the fund. The available balance is derived after due consideration of the reserves that are necessary to meet statutory and court settlement provisions. The reserves and encumbrances needed at the end of FY10 total \$677,318.08. This results in an available balance of \$1,296,206.61.

### **RECEIPTS \$ 209,267.65**

Receipts to the ECF in fiscal year 2010 totaled \$ **209,267.65**. Cost recovery in FY10 totaled \$1,000.00; the regular revenue, derived from the hazardous waste generator tax (32 V.S.A. Chapter 237), totaled \$208,438.68; the Redevelopment of Contaminated Properties Program (RCPP) \$4,500.00, but with a disbursement of \$4,671.03, actually lowered the revenue derived by the RCPP.

### **DISBURSEMENTS \$ 180,470.96**

Disbursements from the Fund in Fiscal Year 2009 totaled \$ **180,470.96**.

Calendar year 2010 saw a small increase in the number of spills/complaints from FY09 at 656 spills/complaints reported. ECF funds totaling \$180,470.96 were disbursed for spills/complaints and site specific investigation and cleanup activities. \$144,772.35 was spent of hazardous waste site investigations or remediation and on spills that required state funds to get cleaned up.

Administrative expenses charged to the ECF for the program operation, wages and equipment totaled \$2,133.58. A total of \$33,565.03 was transferred from the Fund to the Hazardous Waste Management Assistance Fund as per 10 V.S.A. § 6618.

## EXECUTIVE SUMMARY AND RECOMMENDATIONS

This annual report is required by 10 V.S.A. § 1283(e) to describe the condition of the Environmental Contingency Fund (ECF) including a listing of the incidents, disbursements, receipts and reimbursements related to the Fund. The Fund was created in 1985 by the legislature for the purpose of controlling, investigating and remediating the release of hazardous materials. The ECF is capitalized through the hazardous waste generator tax established in 32 V.S.A. Chapter 237. The Secretary may authorize ECF expenditures of up to \$100,000.00 in each of five categories of emergency activity, but requires legislative authorization by the Joint Fiscal Committee for expenditures exceeding \$100,000.00 per category, per incident, for non-emergencies.

Pressures continue to increase on the ECF from multiple sources raising concerns for the fiscal viability of the ECF. The tax on hazardous wastes continues to be low, generating receipts of \$208,438.68, compared to \$195,294.05 in FY09. Both of these totals are significantly lower than the average amounts collected in the 1990s and earlier in this decade. Disbursements in FY09 were **\$180,470.96**, compared to \$306,599.32 in FY09. The fund balance increased in FY09, primarily due to the significant decrease in disbursements. This resulted in a cash balance of **\$1,973,524.69**, and an available balance of **\$1,296,206.61**, after consideration of needed reserves. The Fund includes sub-accounts that contain \$250,000.00 less \$12,483.64 for work at the spill site from a settlement (Maska Inc., Bradford) that is reserved for expenses at that site and a sub account reserved for Redevelopment of Contaminated Properties Program (RCPP). There is also the **\$100,000.00** reserve minimum required by statute. Receipts to the ECF for FY11 are anticipated to be \$150,000.00, with \$50,000.00 of that dedicated to the Hazardous Waste Assistance Fund. The projected useable balance at the end of FY11 is anticipated to be approximately \$1,000,000.00.

In addition to the chronic demands due to spill response and state-lead sites, demands on the ECF continue to increase due to the state's participation in federal Superfund and Brownfield programs. The state has an obligation to share in the cost of federal superfund projects when there is no responsible party (typical at abandoned mine sites and some industrial sites). There are 3 abandoned copper mine sites listed as federal Superfund sites, and an abandoned asbestos mine site that is currently being considered by the state and local communities for inclusion in the Superfund program. The former Pownal Tannery site remediation was completed by EPA and the remaining state capital share was paid. The State of Vermont has an obligation to operate and maintain the remedial system at Pownal and other Superfund sites. Currently, these costs are born by the ECF. Additionally, the distribution of EPA money for promoting the EPA Brownfield program has led to additional demands on the ECF, since these projects have resulted in discovery of conditions that affect public health and the environment. Due to the scale of the potential impacts, some of these sites will not enter the RCPP, where the redeveloper is expected to clean up the site in return for liability protection.

In such sites, even the benefit of potential cleanup grants or low interest loans available from the Brownfields Revitalization Fund may not be adequate to entice participation into the program.

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Examples of this include the former Jard site in Bennington, and the former Parkway Drycleaner site in Hartford.

The ECF should meet the projected fiscal obligation for FY11 due primarily to the decreases expenditures in FY10. It is unknown if this low level of disbursements will continue in FY11. Payment of expected obligations for Superfund sites will result in a significant drain on the ECF, albeit less than anticipated two years ago because of the failure of the USEPA to implement a permanent remedy at the Elizabeth Mine and the other copper mine sites. (The implementation phase triggers the demand for our capital share.) This report includes a summary projection of revenues and disbursements through FY11, including the capital share and operation and monitoring expenses to be incurred at Superfund sites.

Spending authority for disbursements in FY11 is set at approximately \$975,000. The summary of projected revenue and disbursements (p. 4) includes an aggregate of state-lead and federal Superfund site obligations. The most significant Superfund obligations are itemized for the Pownal Tannery and Elizabeth Mine sites. The DEC budget for cleanups, at \$500,000, contains significant expected costs for the former Howe Cleaner site (which benefitted in the current FY from a cost recovery settlement and future costs will be paid up to the limit of a settlement account separate from the ECF) and expected costs for the Vermont Asbestos Group Mine, in addition to the assorted brownfield and other sites mentioned above. The receipts from the hazardous wastes tax are projected at \$150,000 with \$50,000 of that dedicated to the Hazardous Waste Assistance Fund. The projected actual balance for the end of FY 11 is **\$1,153,525**. After accounting for statutory and project related reserves, the available balance is projected to be **\$476,123**. The long-term demand for response to hazardous site and spills will render this balance inadequate. The last section of this report before the conclusions section, **Discussion of Future Needs**, provides a more detailed account of the future demands on the Fund. Accurate, long-term projections for fund solvency are not possible given the unknowns about problem sites that can develop generally, as well as the large scale and uncertain timing of a few individual projects that require federal assistance. (e.g. Vermont Asbestos Mine in Eden and Lowell)

### **Recommendations to the Legislature to Keep the ECF Solvent for Future Funding Needs:**

- 1. Continue to search for acceptable options for increasing annual revenues to the fund to meet the needs in the long term.**
- 2. Consider having capital obligations for Superfund sites funded by another method.**
- 3. Consider funding ANR Spill Responders salaries and expenses out of the ECF to reduce the General Fund contribution of these costs on the Agency.**

# Environmental Contingency Fund

Actual and Projected Balance FY10-FY11

<b>Actual Balance June 30, 2010</b>	<b>\$1,973,525</b>
Funds reserved for Maska, Bradford and RCPP	-\$282,323
Other Encumbrances	-\$295,079
Minimum Balance, per Statute	-\$100,000
Total Encumbered Reserve	<b>-\$677,402</b>
<b>Start FY09 Available Balance</b>	<b>\$1,296,207</b>

<b>Receipts FY10</b>	
Hazardous Waste Tax	\$208,439
Cost Recovery	\$1,000
Other	(\$171)
<b>Total Receipts</b>	<b>\$208,439</b>

<b>Disbursements FY10</b>	
Haz Waste Mgt Asst Fund (HWMAF)	\$33,565
Fire Safety Train Council (FSTC)	\$0
Spills Administrative Expenses	\$2,134
Other Site Work/ Spills/Complaint response	\$144,772
<b>Total Disbursements</b>	<b>\$180,471</b>

<b>Actual Balance June 30, 2010</b>	<b>\$1,973,525</b>
<b>Available Balance</b>	<b>\$1,296,207</b>

<b>Projected FY10 Receipts</b>	
Haz Waste Tax	\$150,000
Cost Recovery	\$5,000
<b>FY11 Projected Receipts - Total</b>	<b>\$155,000</b>

<b>Projected FY11 Disbursements</b>	
DEC Budget and Cleanups	\$500,000
Elizabeth Mine - O&M	\$25,000
Pownal Tannery O&M	\$140,000
HWMAF	\$50,000
Spill Response admin and misc state-lead sites	\$260,000
<b>FY10 Projected Disbursements - Total</b>	<b>\$975,000</b>

<b>Projected Actual Balance June 30, 2011</b>	<b>\$1,153,525</b>
<b>Projected Available Balance</b>	<b>\$476,123</b>

## RECEIPTS

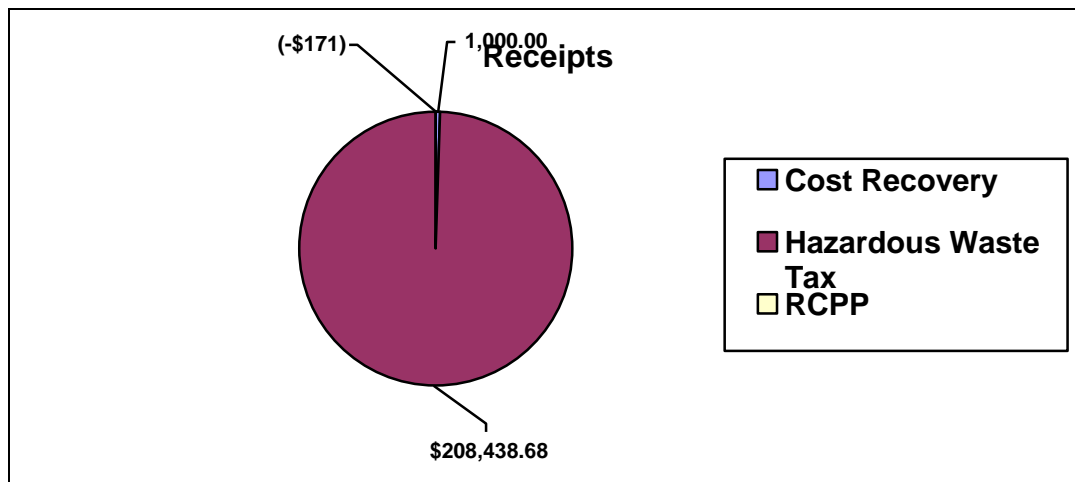
Receipts are the dollars collected and deposited into the Fund. Receipts to the Fund are derived each year from the assessment of taxes on the proper disposal of hazardous wastes, and reflect those assessments, unless there are significant outstanding appeals. In addition to the regular tax receipts, revenue to the fund comes from cost recovery cases and fees from the Redevelopment of Contaminated Properties Program (RCPP), as well as irregular transfers to the fund by the legislature.

Receipts to the ECF in fiscal year 2010 totaled \$ **209,267.65**. Cost recovery in FY10 totaled \$1,000.00; the regular revenue, derived from the hazardous waste generator tax (32 V.S.A. Chapter 237), totaled \$208,438.68; the Redevelopment of Contaminated Properties Program (RCPP) generated negative \$171.03 (a small accounting correction wiped out deposits to the fund). Figure 1 clearly shows that the vast majority of revenues in FY10 to the ECF were from the Hazardous Waste Tax.

### Receipts FY09

Cost Recovery	\$1,000
Hazardous Waste Tax	\$208,439
RCPP	\$(171)
<b>Total Revenue</b>	<b>\$209,268</b>

**Figure 1**



## COST RECOVERY & REIMBURSEMENT

Cost reimbursements this year totaled \$1,000.00. This small cost recovery settlement of \$1,000 was from a spill. No other significant cost recovery cases are active.

## DISBURSEMENTS FOR PROGRAM ACTIVITIES

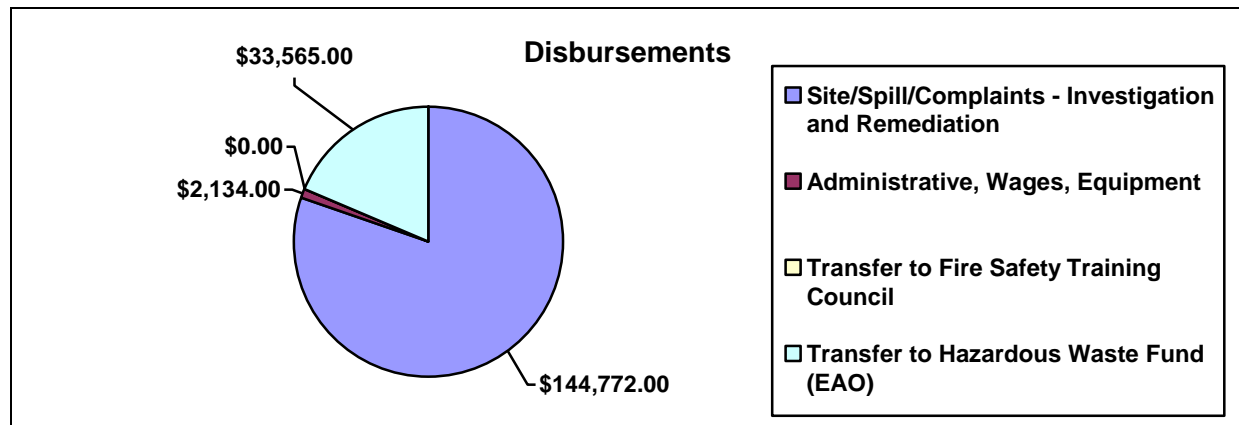
Disbursements from the Fund in Fiscal Year 2010 totaled **\$180,471**.

Fiscal year 2010 saw a significantly larger increase over the previous several fiscal years in the total number of reported spills/complaints to 656 reported spills/complaints. ECF funds, totaling \$180,470.96 were disbursed for spills/complaints and site specific investigation and cleanup activities (see below for specific disbursements at spills/sites for FY10). \$144,772.35 were dispersed for hazardous waste site investigations or remediation and on spills that required state funds to get cleaned up. Of this amount \$109,092.65 was spent on site specific investigation or cleanup work at hazardous waste sites and \$35,679.70 was spent on emergency spill cleanup work. Administrative expenses for the program operation, wages and equipment totaled \$2,133.58. This is a small fraction of the total costs allocated to support administrative expenses (salaries and expenses) to support the DEC Spill Program. In coming years the Secretary of ANR may seek statutory changes to equalize this funding inequity. A total of \$33,565.03 was transferred from the ECF to the Hazardous Waste Management Assistance Fund as per 10 V.S.A. § 6618.

### Disbursements FY09

Site/Spill/Complaints - Investigation and Remediation	\$144,772
Administrative, wages, equipment	\$2,134
Transfer to Fire Safety Training Council	0
Transfer to Hazardous Waste Fund (EAO)	\$33,565
<b>Total Disbursements</b>	<b>\$180,471</b>

**Figure 2**



## Specific Disbursements at Spills/Sites in FY10

Site Name	Site/Spill Number	Town	Amount Spent	Description of Activity
Elizabeth Mine	19770186	Thetford	\$19,178.90	Site maintenance and contract with mine expert to evaluate remedial options
Newport Plastics	19770059	Newport	\$9.00	Town Clerk Fee for coping of deed
Iroquois Man.	19951795	Richmond	\$7,762.76	Investigation of site and point of entry treatment systems on private wells
Pownal Tannery	19770066	Pownal	\$23,372.10	Ongoing groundwater monitoring as part of long-term operation and maintenance of permanent site remedy
Former Springfield Gas	19882399	Springfield	\$345.03	Site investigation of fate and transport of coal tar contamination off-site in support of litigation against the property owner
Parkway Dry Cleaners	20063470	Hartland	\$12,704.26	Upgrade and monitor vapor treatment systems at 8 residences at site with uncooperative responsible party to keep chlorinated solvent vapors out of homes
Rhoades Salvage	19962064	Milton	\$4,952.10	Sampling of site and residential drinking water wells to protect public health
Jard Corp	19770138	Bennington	\$7,513.23	
Woodbury Country Store	19941615	Woodbury	\$2,642.50	Groundwater Investigation
Vermont Asbestos Group	19951825	Lowell	\$9,850.49	Building assessment at Boy Scout Camp in Eden for asbestos
Windsor School	19951840	Windsor	\$13,388.50	Bi-annual groundwater monitoring at former prison wood dipping operation
Naylor Residence	20093922	Fletcher	\$4,357.25	Point of Entry Treatment System of a contaminated water supply
Benzie's	20093987	Bradford	\$139.39	Payment of environmental sample
Hennessey Prop	S2006456	Chester	\$2,360.00	Soil cleanup oversight and sampling
Roadside	S2007374	Peacham	\$348.00	Investigation of roadside spillage
George Res	S2007556	Windsor	\$133.95	Soil Sampling at leak site
McLellan Prop	S2008217		\$18.00	Town Clerk Fee for coping of deed
Nultey Res	S2008625	Hartford	\$1,070.92	Point of Entry Treatment System of a contaminated water supply
LaRock Res	S2009038	Salisbury	\$857.45	Costs over what Petroleum Cleanup Fund would cover
Hogsley Prop	S2009137	Stratton	\$497.12	Cleanup of soils from roadside spill
Reynolds Res	S2009143	Derby	\$12,463.40	Cleanup of solvent from overturned drums
Illegal Dumping	S2009238	Craftsbury	\$7,275.36	Removal and disposal of drums from illegal dumping
Drum on Beach	S2009300	Orwell	\$2,010.00	Removal and disposal of drum that washed up on beach from Lake Champlain
Roadside	S2009433	Hancock	\$600.00	Investigation of roadside spillage
Davis Res	S2009470	Plainfield	\$643.79	
Roadside	S2009519	Ripton	\$1,515.42	Removal of dumped asbestos

## Pownal Tannery

Pownal Tannery remediation construction was completed and the Pownal Settlement Fund was exhausted in FY07. Consequently, the ECF was used to pay for a portion of the state's capital share, and will continue to be used for future operating expenses. Total expenditures for the site in FY07 from the ECF were \$131,981.08. Total expenditures for site work in FY10 from the ECF were \$23,372.10. The legislature authorized continued spending for the Pownal Tannery site in excess of the normal authorization because of the commitment for the state share under Superfund. (See *Act 65, Sec. 298, Authorization for Expenditures at Pownal Tannery*).

## Elizabeth Mine and other Significant State-Lead sites

A Discussion of Future Needs is included at the end of this report, and provides more details about the future demands of these sites, but it is worth noting here that there are sites, besides the Pownal Tannery site, that have exerted a significant current demand on the fund. For example, the former **Jard site, Bennington**, has been the subject of several removal actions in the past decade to eliminate the threat of significant PCB and other contamination remaining at the site. USEPA assistance was recently requested to address the imminent endangerment at the site that was discovered using state brownfield grant and ECF funds, and after expenditure of almost \$2 Million in FY07, the derelict building was razed, the most-contaminated soils were removed, and the site has been capped with soil to prevent public contact with contaminated soils. This work does not address the potential continued migration of contaminated groundwater from the site and the only resource to address the matter is the ECF. **In FY10 the ECF contributed \$7,513.23 to continue with investigation of contamination at this site. We requested and received authorization from the Joint Fiscal Committee to spend an additional \$100,000 in investigation of the area around Jard site because of the need to further evaluate human health and environmental impacts of PCBs. These additional costs will be reflected in next year's report, but the community involvement process, in review of the investigation report data and conclusions, has already begun.**

The Elizabeth Mine site is expected to be a continuing future demand on the Fund. The FY10 expenditures of \$19,178.90 represent some maintenance expenses for the mine site, but predominantly reflect payments to a mine expert to assist the Agency in determining the most appropriate options for a permanent remedy for the site.



### **Success of tailings pile relocation at Elizabeth Mine Site in Stratford/Thetford**

**Parkway Dry Cleaners, Rhoades Salvage, and Iroquois Manufacturing** are sites that are being evaluated for potential vapor intrusion into residential and commercial properties due to the vestiges of spent chlorinated solvents leaking into the soil and groundwater or have contaminated water supplies that require immediate actions to protect human health. The state has aggressively sought to characterize the contamination and evaluate potential for indoor air intrusion in order to protect public health. In the case of Parkway Cleaners indoor air mitigation systems have been installed to reduce the impacts to residents and business from chlorinated solvent vapors.

Continued management of the **Vermont Asbestos Mine Group** site in Lowell has significant long term implications for the Fund. Currently, efforts are underway to evaluate the site for inclusion on the National Priorities List (Superfund). The costs of this project will not be fully realized until the Superfund process is completed (if the site becomes listed on the National Priorities List) – but that process will take considerable time to complete (e.g. listing evaluation, site investigation and remedial action planning and implementation). However, cost estimates for completing the work at the site have ranged from \$220M to \$500M, and these do not include the cost of evaluating and mitigating the off-site impacts. The potential magnitude of the problem cannot be ignored and demands long term planning for the eventuality of future remedial work. The FY10 expenditures of \$9,850.49 were for a building assessment of the Eden Boy Scout Camp for asbestos that was determined to come from fill from the mine.

Approximately \$295,000 has been encumbered for ongoing work under contract that has been committed to a variety of sites around the state. In particular, this represents a commitment to the Elizabeth Mine site, Strafford, and JARD site in Bennington. Actual expenditures will be reported next year.



**Air Monitoring Station on the Eden Quarry testing for airborne asbestos fibers**

## **Spill Response**

The Spill Team is managed using staff from existing programs who are trained in the special skills required for spill response and who are on call twenty four hours a day, 365 days a year, for emergency calls. The team is assigned duty on a rotating basis and, in the aggregate, received and managed 656 spills or complaints during fiscal year 2010. Costs to the ANR in FY10 to fund salaries and expenses of the team total approximately \$150,000, with only a fraction of this amount coming out of the ECF (\$2,134). The remaining costs for this program come out of Agency operating expenses which are funded out of the General Fund. The Secretary may attempt to remedy this inequity in the coming years through a legislative change in Section 1273.



**One of many routine spills where ANR Spill Program personnel ensure proper cleanup. This picture from Vernon is of a household hazardous waste dump site.**



**Improper pumping of a basement above ground storage tank in April of 2010 resulted in significant petroleum entering Tinmouth Pond. Resulting mitigation efforts resulted in a large expenditure from the ECF in FY2011. Efforts are underway to recover these costs.**

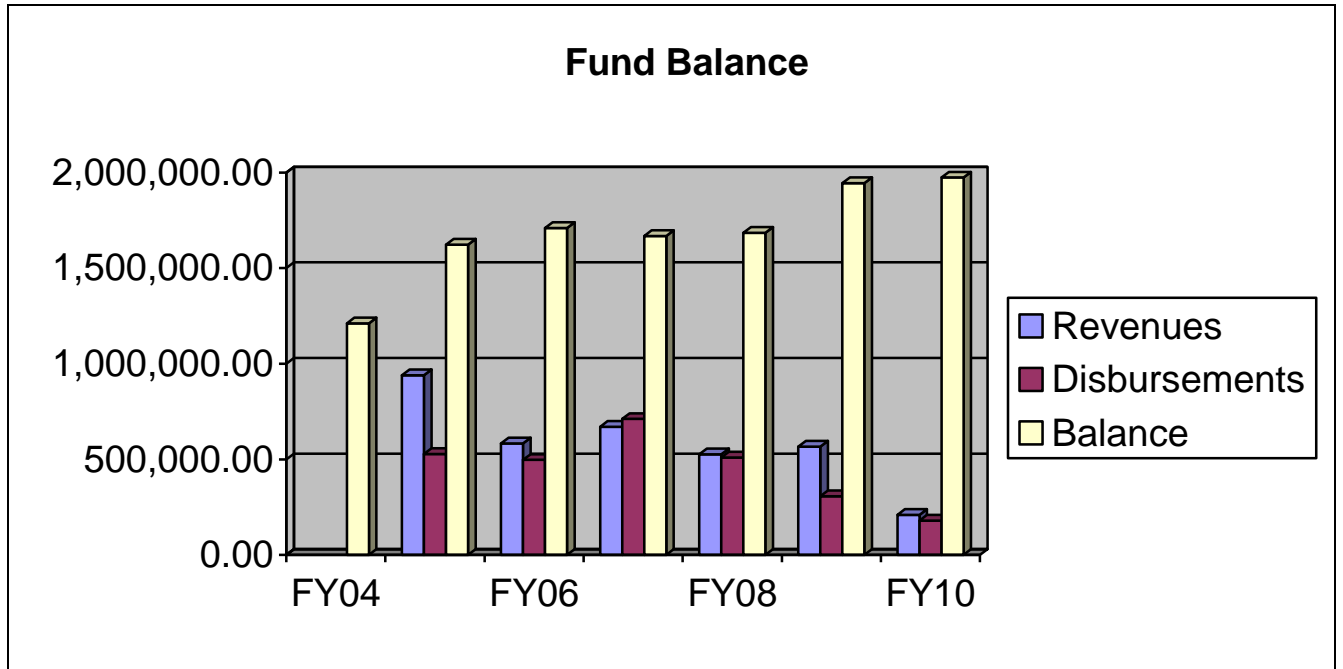
## **FUND BALANCE**

The ending cash balance of the Fund on June 30, 2010 was \$1,973,524.96. The available balance, after consideration of the project and statutory reserves, was \$1,296,206.61.

Figure 3 shows the historical volatility of the Fund balance over the last several years. The increase in disbursements coupled with a steady decline in receipts to the Fund resulted in virtually no available balance in FY03 (Cash balance ~\$340,000). Due to successful cost recovery cases that resulted in approximately \$1.4M revenue to the ECF in FY04 and FY05, and transfers of General Fund and SWMAF totaling \$950,000 in FY06, 07 and 08, and another successful cost recovery case of \$363K in FY09, the Fund balance has been maintained at \$1.97M for the end of FY10. Without this infusion of more than \$2.7M, the Fund would have a

negative cash balance and could not meet its statutory demands. Figure 3 shows the decline in Fund revenues and the increase in Fund disbursements over the last five years, with the exception of a temporary decrease in Fund disbursement in FY10. This figure does not reflect the general decline in tax assessments, which are the only steady revenue source to the ECF, nor does it demonstrate the future funding demands of significant sites; both Superfund and State-lead sites, which have no viable responsible party from which to recover costs.

**Figure 3**



## DISCUSSION OF FUTURE NEEDS

As reported previously, the ECF is seriously under-funded when consideration is given to anticipated long term demands for capital, and long-term operations and maintenance (O&M) demands of Superfund and significant state-lead sites. The current rate of expenditure results in a gradual decline in the Fund balance that has only been offset in the last couple of years through transfers from other funding sources as well as from significant but unpredictable cost recovery cases. Annual expenditures include an estimated \$150,000 per year for management of hazardous sites. For budget purposes this should be increased to at least \$240,000 to allow for discovery of significant new state-lead sites (e.g. Clarendon cancer cluster and chlorinated solvent sites) and contingencies for taking the lead for sites such as Barre Coal Tar, Windsor School, Mitec, and others which could emerge from the Superfund process and require State funds (e.g. Young's landfill, Vermont Asbestos Group Mine, etc.). Additionally, the encumbrance for Maska required by the state consent decree (1997) should continue to be reserved with the minimum threshold (i.e. \$100,000 statutory required + \$250,000 set aside for Maska contingency = \$350,000 minimum balance).

Superfund sites will add a significant burden to the Fund, including commitments for both capital share contribution and long-term O&M. Use of federal Superfund is generally considered a last resort for management of the environmental and public health concerns at a site. The state seeks assistance from the Superfund program when there is no viable responsible party to conduct the work and the scope of the problem exceeds the capacity of the state's resources to respond. In such cases there is an obligation for the state to pay a ten percent share of the capital costs for remediation and all of the long term operations and maintenance costs. Estimates for demands on the ECF from previous reports include:

**Pownal Tannery** – Capital: \$187,000. Annual O&M: \$140,000. Short-term costs for this site represent the most substantive demand on the ECF. Disbursements from the ECF began in FY07, after depletion of the Pownal Tannery Settlement Fund. Both the Capital and Annual O&M costs have been reduced in this projection from previous estimates reflected in past reports due to significant savings achieved by the project manager in negotiating the state superfund contract and the contract let out for providing O&M services. The legislature authorized continued spending for the Pownal Tannery site in excess of the normal authorization because of the commitment for the state share under Superfund. (See *Act 65, Sec. 298, Authorization for Expenditures at Pownal Tannery*).

**Elizabeth Mine** – Annual O&M: \$20,000 (\$150,000 long-term). Past reports have included significantly higher projections for Elizabeth Mine due to expected federal Superfund obligations. These estimates have not been realized because the federal program has not been able to secure funding for the final remedy. When this funding is realized, the state capital share is expected to be approximately \$500,000 to \$600,000 based on 2007 estimated costs. Long-term O&M is based on preliminary estimates of the *average* O&M. There are likely to be cyclic, large expenditures for long term O&M which need to be budgeted through a sinking fund, or similar model, for all the mine sites.

Long-term demands are expected for other Federal-lead sites. These include the following:

**Ely and Pike Hill Mine Sites** – Investigation work has not been completed to date. Cost estimates in the past have been based on Elizabeth Mine and preliminary engineering evaluations. \$50,000 each has been used for estimating annual O&M for budget purposes.

**Bennington Landfill** – \$50,000, annually for monitoring. This estimate has been carried for several years, and was not anticipated until year 11 of the remedy (approximately calendar year 2009). We are currently working with EPA to establish a scope of work and revised estimate for monitoring at the landfill. We have not expended any funds for monitoring during calendar year 2010.

**State –Lead Sites** - The most significant state-lead sites are 9 Depot Square (Howe Cleaners) in Barre City and the Vermont Asbestos Group Mine (VAG) in Lowell. Both of these sites have legally responsible parties, but the means to recover the funds spent by the state to address the immediate environmental and human health issues is uncertain.

The Depot Square site has been a long term problem due to a former dry cleaner and while the significant cost recovery action was settled in court in recent months, there are continuing health and safety issues that need to be addressed in the future, which are not likely to be covered by the settlement account. The Jard site has no viable responsible party and the state is likely to request additional federal assistance to evaluate the fate and transport, and consequent human health and environmental impacts. The VAG site is an immense environmental issue, due to the erosion of the tailings piles into the surrounding watersheds. Continued assessment of potential human health issues are being pursued at this writing. Preliminary cost estimates of the remediation of the site have ranged from \$220M to \$500M. The resources to address a problem of this scope are not available in the state or federal programs, let alone the potentially responsible parties. But the ECF is the only source of funds to address the chronic problems that will plague the site once the PRP resources have been exhausted (a successful cost recovery case against one of the PRPs insurance policies of over \$6M was deposited by the Attorney's General Office in a separate dedicated fund), and clearly the ECF is underfunded for that scale of project. The ECF is expected to expend \$15,000 on a mine expert to assist local planning groups in sorting out their options for the long term solution to this site. Due to this and continued need to fund Agency staff to oversee this work, this site may begin to encroach on the \$100,000 per site maximum level spent by the Secretary without legislative authority. Therefore, the Secretary is likely to be requesting authorization from the legislature to expend funds above this amount in the next fiscal year.

## CONCLUSION

There is no single proposal for assuring long-term stability of the ECF if it is to meet the demands of state-lead sites and the obligation of federal Superfund projects. Two short-term mitigative measures for addressing the ECF budget shortfalls were implemented in recent past legislative sessions by transfer of funds from the General Fund (\$350,000) and the Solid Waste Management Assistance Fund (\$300,000).

The demand on the ECF for the next three years due to Hazardous Waste Sites could easily exceed \$1.5M. This should be compared to a minimum balance of \$350,000 for maintaining the statutory requirement, and encumbrances for Maska and ongoing site work. The demands for Pownal and Elizabeth Mine will continue beyond FY2010. While the Pownal O&M costs are expected to decrease over time, the Elizabeth Mine will exert a chronic O&M demand in addition to whatever capital requirement is requested. If the State anticipates beginning work at these sites using the ECF, the Fund needs to be supplemented, either through increase in revenue or new revenue sources. The short term mitigative measures implemented to address the ECF shortfall cannot be relied upon to meet the long term needs of the Fund. If the ECF cannot be supplemented, another source of funds will have to be found to accomplish the foreseeable cleanups.

Additionally, the ECF funds only a small portion of the Agency Spill Program. As the ANR General Fund resources continue to be squeezed by competing resource needs, the Secretary will need to look at equalizing the funding inequities for maintaining the Spill Program using ECF monies.