DERT FUND

Drycleaning Environmental Response Trust Fund

2016 ANNUAL REPORT

MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

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History

In 2000, Senate Bill 577 established the Drycleaning Environmental Response Trust Fund (DERT Fund) and Section 260.920, Revised Statutes of Missouri (RSMo) authorized it. The DERT Fund provides funding for the investigation, assessment and cleanup of releases of chlorinated solvents from dry cleaning facilities. The DERT Fund is a state fund and is administered by the Missouri Department of Natural Resources' Hazardous Waste Program (HWP) according to rules published by the Hazardous Waste Management Commission. The laws and regulations governing the DERT Fund are found in Sections 260.900 to 260.965 RSMo and 10 Code of State Regulations (CSR) 25-170.010 to 10 CSR 25-17.170 respectively. In 2011, Senate Bill 135 extended the expiration date of the DERT Fund from Aug. 28, 2012, to Aug. 28, 2017. The fund will sunset on Aug. 28, 2017.

Operators of active dry cleaning facilities are required to register with the department, as outlined in Section 260.915 RSMo. Each active and operating dry cleaning facility is required to pay an annual registration surcharge based upon the number of gallons of chlorinated solvents used during the calendar year, as outlined in Section 260.935 RSMo. This includes coin-operated dry cleaning facilities. Laundry facilities located in prisons, government entities, hotels, motels and industrial laundries are specifically exempt from the requirements of this statute. All solvent suppliers selling or providing chlorinated solvent to a dry cleaning facility are required to pay the solvent surcharge fees to the department.

Section 260.955 RSMo, requires the department to provide an annual report to the General Assembly and the governor regarding:

- Receipts of the fund during the preceding calendar year and the sources of the receipts
- Disbursements from the fund during the preceding calendar year and the purposes of those disbursements
- The extent of corrective action taken during the preceding calendar year
- The prioritization of the sites for expenditures from the fund

Disbursements from the DERT Fund

Expenditures from the fund are used to:

1. Reimburse participants for the costs of addressing releases of chlorinated solvents from dry cleaning facilities. Participants are liable for the first $25,000 of eligible cleanup related costs as a deductible.

2. Administer the program by collecting the surcharges and guiding and assisting the cleanup activities.

Table 1 describes the expenditures from the fund, which were prohibited until, on or after July 1, 2002, by Section 260.925 RSMo. Reimbursements for eligible environmental cleanup costs were not made until the regulations went into effect on May 30, 2006.

TABLE 1: Expenditures of the DERT Fund

Calendar Year(1)	Salaries & Wages	Expense & Equipment	Fringe, etc.(4)	Reimbursements(5)	Total Costs
2000(2)	$0	$0	$0	$0	$0
2001(2)	$0	$0	$0	$0	$0
2002(2)	$1,163	$0	$2,350 (3)	$0	$3,513
2003	$77,271	$14,995	$35,655	$0	$127,921
2004	$106,083	$59,642	$73,437	$0	$239,162
2005	$99,583	$63,909	$92,528	$0	$256,020
2006	$187,488	$145,789	$140,850	$176,031	$650,158
2007	$186,019	$64,858	$155,026	$258,785	$664,688
2008	$192,387	$25,814	$171,884	$140,000	$530,085
2009	$183,108	$9,316	$200,064	$456,733	$849,221
2010	$178,337	$8,450	$172,540	$303,651	$662,978
2011	$137,229	$8,210	$143,355	$284,689	$573,483
2012	$104,777	$4,086	$158,751	$495,468	$763,082
2013	$83,249	$3,729	$128,112	$306,376	$521,466
2014	$86,177	$4,795	$91,410	$244,173	$426,555
2015	$31,680	$2,327	$51,872	$118,200	$204,079
2016	$29,038	$1,653	$52,943	$208,400	$292,034
Totals	**$1,683,589**	**$417,573**	**$1,670,777**	**$2,992,506**	**$6,764,445**

(1) Source: SAM II Data Warehouse Information.
(2) RSMo, Section 260.925 prohibited expenditures from the DERT Fund until on or after July 1, 2002.
(3) House Bill 1115, Section 15.220, RSMo, authorized a transfer of $1,289 out of the State Treasury on May 6, 2002, chargeable to various funds, such amounts as are necessary for allocation of costs to other funds in support of the state's central services, to the General Revenue Fund.
(4) Fringe amount includes OASDI, Retirement Sys, Deferred Comp, MCHCP, Cost Allocation Plan (OA), Cost Allocation (MoDNR), State Office Bldg M&R, etc.
(5) Reimbursements were not made until the regulations went into effect on May 30, 2006.

Receipts to the DERT Fund

HWP is responsible for the collection of all applicable surcharges from dry cleaning facilities and solvent suppliers. There are two main sources of revenue for the fund. The first is a dry cleaning facility annual registration surcharge paid by owners and operators of dry cleaning facilities ($500, $1,000 or $1,500) based on chlorinated solvent used during the calendar year. The second is a solvent surcharge paid by the solvent suppliers on a quarterly basis of eight dollars per gallon of perchloroethylene, trichloroethylene and other chlorinated solvents sold.

TABLE 2: Dry Cleaner Facility Annual Registration Surcharge for Calendar Year 2016

Size of Facility	Facilities Registering by 5/1/17	Gallons of Solvent Used	Annual Registration Fee
Small	63	0 to 140	$500
Medium	7	141 to 360	$1,000
Large	1	>360	$1,500

Table 3 describes the surcharge collections. The collection of the registration surcharges began on April 1, 2001. The collection of the solvent surcharge began with the April 1, 2001 to June 30, 2001 quarter.

TABLE 3 - RECIEPTS TO THE DERT FUND[1]

Calendar Year	Registration Surcharge	Solvent Surcharge	Interest & Penalties	Totals
2000	$0	$0	$0	$0
2001	$221,500	$170,208	$5,995	$397,703
2002	$222,150	$435,859	$17,886	$675,895
2003	$303,126	$427,880	$26,892	$757,898
2004	$319,488	$409,293	$43,178	$771,959
2005	$234,150	$367,598	$73,595	$675,433[2]
2006	$204,993	$308,678	$121,077	$635,248[3]
2007	$185,371	$259,175	$138,931	$583,477
2008	$191,888	$237,874	$132,377	$562,139
2009	$154,991	$182,459	$54,143	$391,598[4]
2010	$135,573	$173,448	$28,387	$337,408
2011	$131,706	$130,997	$17,575	$280,312[5]
2012	$113,415	$105,978	$13,029	$233,442[6]
2013	$141,214	$43,334	$13,708	$198,256
2014	$76,385	$68,847	$7,692	$153,637[7]
2015	$64,680	$36,985	$4,196	$145,083[8]
2016	$68,000	$57,958	$4,346	$130,304
Totals	**$2,768,630**	**$3,416,571**	**$703,013**	**$6,929,793**

[1] Source: SAM II Data Warehouse Information
[2] 2005 total includes a $90 refund to the fund
[3] 2006 total includes a $500 transfer in
[4] 2009 total includes a $5 vendor refund to the fund
[5] 2011 total includes a $34 overpayment
[6] 2012 total includes a $1,020 transfer in
[6] 2014 total includes $713 in recovery costs
[7] 2015 total includes $39,222 refund to the DERT Fund

PRIORITIZATION OF SITES FOR EXPENDITURES FROM THE FUND

10 CSR 25-17.140 allocates DERT Fund monies to prioritized sites in the following proportions:

High Priority Sites	Medium Priority Sites	Low Priority Sites
60%	30%	10%

In any fiscal year, if the funding allocation in any priority category is not used, those funds may be reallocated to other priority categories, starting with any high priority sites and followed by medium and then low priority sites.

Sites applying to the program must submit the results of one soil, groundwater or surface water sample exhibiting contamination of dry cleaner solvent that is in excess of the department cleanup levels. The initial assessment will allow the department to determine the eligibility of the site in the fund. Some sites will provide enough information during the application process to receive a ranking score. Other sites will require additional information before a ranking score can be determined.

If the site has not provided enough information to have a ranking score determined, the department will direct the owner or operator to conduct the necessary assessments to determine a ranking score. The ranking score is based on such factors as environmental contamination, potential economics, potential receptors, risk based cleanup parameters, site history, threat to drinking water sources, threat to off-site properties, etc. A copy of the prioritization form is available on the department's DERT Fund website at dnr.mo.gov/env/hwp/dert/hwpvcp-dryclean.htm.

On May 30, 2006, the DERT Fund began accepting applications for enrollment into the fund for oversight and reimbursement of investigation and cleanup activities. By the end of 2015, the fund had received applications for 42 sites. Five of these sites received a certification of completion (COC) letter from the Brownfields/Voluntary Cleanup Program (BVCP) and enrolled into the fund for reimbursement of eligible costs. Fourteen of the 42 sites transferred from the BVCP to the DERT Fund during 2006.

Prioritization of sites for expenditures from the fund (Continued)

By the end of 2016, the DERT Fund had issued 16 COC letters and reimbursed $2,992,506 in eligible costs to participants (see Table 1).

Annual revenues to the DERT fund continue to decline from a high of $771,959 during calendar year 2004 to a low of $130,303 collected during calendar year 2016. The fund's ending balance as of Dec. 31, 2016, was $165,347. This decline in revenues can be attributed to several factors including; facilities switching to non-chlorinated solvents therefore, they are not being required to register and pay surcharges; newer drycleaning equipment/machines are more efficient and use less solvent; facilities are consolidating cleaning operations to one location; and facilities have gone out of business.

During calendar year 2012, a liability analysis was conducted on the DERT Fund. From that analysis, the department determined that reimbursement of future costs for the investigation and remediation of contaminated dry cleaning sites may be limited or impossible. Reimbursement funds are not guaranteed for any work plans approved after Sept. 3, 2012, and the DERT Fund has not accepted any new applications since Sept. 3, 2012. Notices regarding the DERT Fund status were mailed in September 2012 to the DERT Fund participants and their consultants, the DERT Fund stakeholder group and all active dry cleaners in Missouri using chlorinated solvents.

TABLE 4 - DERT Fund Sites

Site Name and City	Priority			Amount Reimbursed	Comments
	High	Med.	Low		
AG Cleaners, Kirkwood			X	$30,968	Completion letter issued on 12/2/13
Ambassador Cleaners, Ellisville			X		
American Cleaners, Ballwin		X		$6,701	
American Cleaners - Dorsett Road, Maryland Heights			X	$5,090	Completion letter issued 5/21/09
American Cleaners - Fenton Plaza, Fenton		X		$113,125	Completion letter issued on 4/22/13
American Cleaners - Mid Rivers Mall, St. Peters*		X		$144,486	Reimbursements completed
American Cleaners - Natural Bridge, Bridgeton		X		$12,264	Completion letter issued 11/29/10
American Cleaners - Southroads, St. Louis		X		$53,547	Completion letter issued 6/11/09
American Cleaners, University City		X		$61,173	
A to Z Auto Center - Crestwood			X		
Bright and Free Laundry & Dry Cleaners - St. Louis			X	$29,385	Completion letter issued 7/29/13
Busy Bee Laundry, Rolla	X			$406,842	
Charter Dry Cleaning - Ellisville		X		$21,628	Completion letter issued 4/9/13
Clayton Cleaners, St. Louis	X			$60,089	
Colonial Cleaners - Arsenal St., St. Louis	X			$30,400	
Colonial Cleaners - Brentwood Blvd., St. Louis	X				Completion letter issued 7/2/08
Community Laundromat, Ava	X				Terminated by DERT
Cypress Village Shopping Center, St. Ann*		X		$366,200	Reimbursements completed
Davis Cleaners, Columbia					Withdrew
First Capitol Cleaners, St. Charles	X			$43,764	
Foster's Cleaners, Blue Springs			X	$17,353	Completion letter issued 6/18/09
Frontenac Cleaners - West End, St. Louis		X			Completion letter issued 5/14/08
Grandview Plaza, Grandview			X	$20,050	
Kingshighway Retail Center, Sikeston		X		$44,498	
Ma Ma Bessie's Cleaners, Columbia					Withdrew
McDonald's State Line, Kansas City		X			Completion letter issued 7/26/12
Mission River/Antioch Cleaners, Kansas City		X		$45,011	
Paramount Cleaners, Florissant*		X		$42,035	Reimbursements completed
Park Lane Cleaners, Chillicothe			X	$21,837	
Plaza Ford Ideal Laundry & Dry Cleaners Inc., Kansas City	X			$40,197	
Premier Dry Cleaners of KC, Kansas City			X	$22,797	Completion letter issued 9/22/11
Regal Cleaners, University City		X		$8,375	
Shamrock Cleaners, Kansas City					Withdrew
Stanford Saper Cleaners, Kansas City*			X		No claims filed
Staten Island Cleaners, Florissant	X			$203,562	Completion letter issued 12/30/08
Tri-States Service Company - Boonville Ave., Springfield	X			$487,035	
Tri-States Service Company - E. Trafficway, Springfield		X		$509,221	
U.S. Cleaners, St. Louis				$64,224	Completion letter issued on 8/20/15
VIP Cleaners, St. Peters			X		Completion letter issued on 1/13/10
West Gate Cleaners, St. Louis		X			Completion letter issued on 10/19/07
Yorkshire Cleaners, Marlborough	X			$73,297	
Zehrt Printing, St. Louis*		X		$7,352	Reimbursments completed

*Reimbursement only, site received certification of completion letter from BVCP

Table 5: Corrective Action conducted in 2016

Site Name and City	Corrective Action Conducted
American Cleaners, Ballwin	Groundwater monitoring to determine plume stability.
Tri-States Service Company – E. Trafficway, Springfield	Installation of additional wells and sampling to determine extent of contamination.
Yorkshire Cleaners, Marlborough	Groundwater monitoring.

Compliance with Surcharges

The two main sources of revenue for the fund are the dry cleaning facility annual registration surcharge and the solvent surcharge. State law requires that owners and operators of dry cleaning facilities pay the annual registration and the solvent suppliers to pay the solvent surcharge on quarterly basis.

When a facility or solvent supplier is not in compliance with the law, the DERT Fund uses the department's conference, conciliation and persuasion process to return them to compliance. In 2006, HWP began referring facilities and solvent suppliers that continued to fail compliance to the Attorney General's Office (AGO).

Active and abandoned dry cleaners eligible for the fund must be in compliance with all applicable environmental laws in order to receive funding for environmental cleanup from the fund. Consequently, it is in everyone's interest to assist businesses in returning to compliance with the law so they are covered by the fund.

On Sept. 1, 2008, the DERT Fund began notifying the registered solvent suppliers of the active dry cleaning facilities not having paid their required registration surcharges. According to 10 CSR 25-17.030(2)(G), "a solvent supplier shall not provide dry cleaning solvents to an active dry cleaning facility that has not paid its annual dry cleaning facility registration surcharge."

A solvent supplier who knowingly supplies solvent to a dry cleaning facility not in compliance with payment of the surcharges will be in violation of the above regulation. The DERT Fund also posts a listing of these dry cleaning facilities on its webpage similar to that for solvent suppliers who do not pay the required solvent surcharges.

Table 6 indicates the compliance rate for annual dry cleaning facility registration surcharges. Failure to pay the registration surcharges represents approximately 90 percent of the violations that occur in the DERT Fund.

TABLE 6: Dry Cleaning Facility Registration Compliance

Calendar Year	No. of Active Facilities	Facilities Submitting Registration Form and Surcharges by 5/1/17	Percent Compliance with Annual Registration
2016	111	71	64%

TABLE 7: Compliance/Enforcement Issues with Dry Cleaning Facilities

Calendar Year	Facilities Issued a NOV	Facilities Referred to Compliance/ Enforcement	Facilities Referred to AGO	Facilities Returned to Compliance
2016	24	12	0	101

TABLE 8: Solvent Suppliers Quarterly Reporting Compliance

Calendar Year	No. of Active Solvent Suppliers	Suppliers Submitting Quarterly Reports and Surcharges on Time	Percent Compliance Quarterly Reporting
2016	12	9	75%

TABLE 9: Compliance/Enforcement Issues with Solvent Suppliers

Calendar Year	Suppliers Issued a NOV	Suppliers Referred to Compliance/Enforcement	Suppliers Referred to AGO	Suppliers Returned to Compliance
2016	1	0	0	1

Outreach Activities

The department has additional information, publications, forms and answers to questions about the fund available on the web at dnr.mo.gov/env/hwp/dert/hwpvcp-dryclean.htm.

The department is a member of the State Coalition for the Remediation of Drycleaners. The coalition is comprised of states with formal dry cleaner cleanup programs. The U.S. Environmental Protection Agency's Technology Innovation Office funds this coalition. The coalition conducts conference calls every other month and holds an annual meeting to discuss issues related to dry cleaner program administration and technical site investigation or cleanup topics. The coalition serves as an invaluable asset for Missouri as the department manages the fund and provides oversight of assessments and cleanup of dry cleaner sites.

References

State Program To Clean Up Drycleaners. Schmidt, Robin, R. DeZeeuw, L. Henning and D. Trippler. June 2001. State Coalition for Remediation of Drycleaners. drycleancoalition.org/survey/.

Departmental Missouri Risk-Based Corrective Action (MRBCA) Technical Guidance. April 2006. Missouri Department of Natural Resources. dnr.mo.gov/env/hwp/mrbcadocument.htm.

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