

PETROLEUM TANK RELEASE COMPENSATION BOARD
 MINUTES
 June 10, 2019
 Lee Metcalf Building, Room 111, 1520 E 6th Avenue
 Helena, MT

Board Members in attendance were Jerry Breen, Keith Schnider, Ed Thamke, Mark Johnson, Heather Smith, Jason Rorabaugh and Gretchen Rupp. Also, in attendance in Room 111 were Terry Wadsworth, Executive Director; Kyle Chenoweth, Attorney for the Board; and Ann Root and Garnet Pirre, Board staff.

Presiding Officer Breen called the meeting to order at 10: 12 a.m.

It was noted that Ms. Gretchen Rupp had been appointed to fill the position of the representative from the public.

Approval of Minutes March 25, 2019

Ms. Rupp abstained from voting because she was not a member of the board, or present at the March 25, 2019 meeting.

Mr. Thamke motioned to approve the minutes as presented. Ms. Smith seconded. The motion was unanimously approved by voice vote.

Eligibility Ratification

Mr. Wadsworth presented the Board with the application for eligibility that was tabulated in the Board packet (see, table below). There were four (4) applications, and each was recommended eligible by Board staff.

<i>Location</i>	<i>Site Name</i>	<i>Facility ID #</i>	<i>DEQ Rel # Release Year</i>	<i>Eligibility Determination – Staff Recommendation Date</i>
Kalispell	John Jump Trucking	9995219	5283 July 2018	Reviewed 5/8/2019. Recommended Eligible.
Kalispell	Red Lion Hotels	9995040	5123 Dec 2015	Reviewed 5/22/2019. Recommended Eligible.
Valier	Former Roy Davis Gas Station	9995204	5263 Oct 2018	Reviewed 5/3/19. Recommended eligible as to any petroleum fuel contamination that exists and is attributable to (in the vicinity of) the former UST systems on the north side of the property.
Whitefish	Harring Residence	9995199	5238 July 2017 Resolved 8/15/2017	Reviewed 3/3/19. Recommended eligible as to any contamination associated with the historical heating oil tank that existed at the site and was removed from the site in approximately 1974.

Mr. Wadsworth noted that both the Former Roy Davis Gas Station, Release 5263, and the Harring Residence, Release 5238, were being recommended eligible only for any petroleum that exists and is attributable to the tank system.

Mr. Johnson asked if the Valier site, Former Roy Davis Gas Station, had more than one release, because the tank system was specified to be on the north side of the property. Mr. Wadsworth stated that he thought the clarifying language had to do with the possibility of on-site migration.

Mr. Schnider recused himself from voting on any sites that are clients of Payne West Insurance. Mr. Johnson recused himself from voting on any projects that are clients of RTI or associated with that company, or

Yellowstone Soil Treatment or associated clients. Ms. Smith abstained from any sites associated with First Interstate Bank.

Mr. Schnider moved to accept the eligibility recommendations, as presented. Mr. Rorabaugh seconded. The motion was unanimously approved by voice vote.

Weekly Reimbursements and Denied Claims

Mr. Wadsworth presented the summary of weekly claim reimbursements for the weeks of March 13, 2019 through May 22, 2019, and recommended the Board ratify the reimbursement of the 225 claims, which totaled \$870,402.94 (see, table below).

WEEKLY CLAIM REIMBURSEMENTS June 10, 2019 BOARD MEETING		
Week of	Number of Claims	Funds Reimbursed
March 13, 2019	31	\$187,762.15
March 20, 2019	37	\$107,759.50
March 27, 2019	28	\$86,731.07
April 3, 2019	21	\$78,191.51
April 10, 2019	33	\$110,852.48
April 17, 2019	17	\$93,257.52
April 24, 2019	18	\$64,089.95
May 1, 2019	12	\$33,878.33
May 8, 2019	15	\$80,277.78
May 22, 2019	13	\$27,602.65
Total	225	\$870,402.94

Mr. Wadsworth presented Claims # 20190325F, #20180323A, #20181228B, #20190325B and #20190325E that were denied.

Mr. Johnson asked if any of the denied claims were disputed. Mr. Wadsworth stated that notifications had been provided 30 days, or more prior to the date the denied claim table was created. He stated that Board staff hadn't heard from all the people notified, but the notifications were more than 30 days old.

Mr. Schnider recused himself from voting on any claims that are associated with Payne West Insurance. Mr. Johnson recused himself from voting on any claims associated with RTI or Yellowstone Soil Treatment. Ms. Smith abstained from any claims associated with First Interstate Bank.

Mr. Schnider moved to approve the weekly claims and denied claim claims as presented. Ms. Smith seconded. The motion was unanimously approved by a voice vote.

Board Claims – Claims over \$25,000

Mr. Wadsworth presented the Board with the six (6) claims for an amount greater than \$25,000 that had been reviewed by Board staff since the last board meeting (see, table below).

Facility Name Location	Facility-Release ID#	Claim#	Claimed Amount	Adjustments	Penalty	Co-pay	**Estimated Reimbursement
Holiday Stationstore 273 Great Falls	708069 3162	20100625A	\$194,285.00	\$142,037.28	-0-	-0-	\$42,247.72
Community Oil Co Reserve	9995156 5029	20190103C	\$39,707.78	-0-	-0-	-0-	\$39,707.78
Inman Property Chinook	6015189 4887	20190206A	\$30,530.33	\$711.42	\$9,840.24	-0-	\$19,978.67
Town Pump Inc Lewistown	1408711 5278	20190206D	\$45,885.05	-0-	-0-	\$5,231.59 Copoly will be met with this claim	\$40,653.46
UPS Billings	5604542 111	20190222C	\$68,838.92	\$12,568.91	-0-	-0-	\$56,270.01
Missoula County Airport Authority Missoula	3201296 3756	20190307E	\$46,995.18	-0-	-0-	-0-	\$46,995.18
Total			\$426,242.26				\$245,852.82

* In accordance with Board delegation authority to the Executive Director signed on December 8, 2003, the Board staff will review the claims for the Board. If the dollar amount of the claim is \$25,000.00 or greater, the claim must be approved and ratified by the Board at a regularly scheduled meeting before reimbursement can be made.

**In the event that other non-Board claims are paid in the period between preparation for this Board meeting and payment of the claim listed above, the amount of co-payment remaining may differ from that projected at this time, which may change the estimated reimbursement.

Mr. Johnson asked about the reduction of Claim #20100625A due to excessive costs for disposal of contaminated soils and wanted to know more about the circumstances surrounding the reduction. Mr. Wadsworth stated that the claim was from 2010, and that there was activity in Great Falls due to road reconstruction. Contaminated soils were encountered, and the Montana Department of Transportation (MDT) failed to coordinate with the third parties. The soil excavation and disposal costs were excessive, because MDT was in a contractual relationship with the party that gave them the best overall value for the project. The contracted party had high costs for excavation, hauling and disposal of contaminated soils, but it was part of the contractual arrangement with MDT. This road project involved the State, County, and City, and was a precedent-setting issue for MDT. On a subsequent project, MDT approached a road reconstruction in Havre by notifying all the parties and the possibility of finding contamination, well before the project began. They also looked at the costs associated with excavation, hauling and disposal more closely because of what happened with the Holiday Stationstore site associated with Claim #20100625A.

Ms. Wadsworth noted that MDT didn't look to see if there was any possible contamination in the project area before they started the project. MDT also didn't provide the owners an opportunity to address any contaminated soils or other third-party damages on their own at their facility.

Mr. Wadsworth noted that Board staff had talked with Holiday Stationstore regarding the recommended reimbursement, and chemistry at the site for the associated Claim ID #20100625A. He indicated the issues were well communicated with the owner, with the associated adjustments laid out.

Mr. Schnider recused himself with any claims associated with Payne West Insurance clients. Mr. Johnson recused himself from claims associated with RTI or Yellowstone Soil Treatment. Ms. Smith recused herself from claims associated with First Interstate Bank.

Mr. Schnider moved to approve the claims over \$25,000, as presented in the packet. Mr. Thamke seconded. The motion was unanimously approved by a voice vote.

Discussion Item

Mr. Breen asked Mr. Thamke to speak about the Survey Monkey® Results. Mr. Thamke stated that he had created a reader-friendly action item list of topics associated with the Survey Monkey® Results that were the Board's responsibility. The three broad categories Mr. Thamke chose were process documentation and consistency, staying in lanes, and providing supervisory responsibility to the Executive Director. Mr. Thamke provided an overview on his ideas of what things the Board could undertake to do as part of each of the categories.

Mr. Wadsworth cautioned that the document under discussion had not fulfilled the rules of public notice, and that may weigh in their decision on whether to discuss it now or after it is published for the public to review. Mr. Breen asked if that meant that nothing could be decided on the items without publishing it to the packet. Mr. Wadsworth stated that he would default to the Board Attorney on specific rules for public notification. He stated that there may be other parties that would wish to see the document and provide information to the Board. He stated that he would have loved to have had the information in time for the packet in time to allow others to see.

Mr. Thamke stated that he didn't anticipate doing anything other than handing the information out to the Board for discussion and suggested that it be put into a future packet for the public to be able to see it.

Mr. Chenoweth stated that he didn't have a lot of heartburn with the document, as it was a collection of Mr. Thamke's thoughts. He felt there was enough notice that it was going to be discussed today along with the fact that it was not an action item, but only for discussion. He stated that he didn't see any red flags.

A variety of ideas were put forth, such as: formation of sub-committees to discuss each broad category and formulate action ideas for the Board; use of a pre-formed sub-committee to address the creation of a job description for the Executive Director; getting a variety of viewpoints from stakeholders; being more specific in what changes are needed and the language used; understanding the processes already in place before suggesting change; keeping open dialog; providing a flow chart of the Board staff's business processes for more transparency; creating a memorandum of understanding; hiring a facilitator to work through issues; and utilizing all the different groups already formed to have more input.

Mr. Johnson asked if publishing the packet provided public notice. Board staff, indicated that publishing the packet did provide the public notice. The packet is mailed to the Board for review and published on the website for the public to review ten days before the next meeting, as required by statute.

Mr. Brad Longcake, Executive Director, Petroleum Marketers Association, addressed the Board. He stated that in his work with the Stakeholder Work Group, and working with Ms. Amy Steinmetz, Section Supervisor, Petroleum Tank Cleanup Section, Department of Environmental Quality (DEQ), he noticed that there are many misconceived assumptions about timing for activities. He noted that work plan review timing was something he had not known anything about.

Mr. Longcake stated that it looked like the Board was chasing rabbits down holes and forming more work groups will not get any decisions made. He suggested that people are assigned items from the issues discussed, set a time frame, and have the Board be accountable. He stated that the Petroleum Marketers want change and that they were formulating a list of items to be presented to the Board for discussion.

Mr. Thamke asked Mr. Longcake's opinion on hiring a facilitator to break down the issues. Mr. Longcake stated that it is a good option to have a third person facilitate but stated that person should have a basic understanding of what both DEQ and Board staff are trying to do. He stated that would enable the facilitator to give good and honest feedback.

After discussion, the Board decided to move this document, as presented, to an action item at the August 26, 2019 meeting. They stated that they would review the categories and items and come prepared to break down the items into actionable parts. The actionable parts would be addressed by placing them on future agendas, as the Board decides.

Board Attorney Report

Mr. Chenoweth stated that there had been a change in the Cascade County case since the packet went out. He stated that the Court had remanded the decision back to the Board, because the Court felt that the Board's use of the five-year statute of limitations was improperly invoked. The Court did not say what should have been used. The five-year statute that was used referred to claims, not eligibilities and that is why it was remanded back to the Board.

Mr. Chenoweth indicated that he would be working with County's counsel to address upcoming deadlines and try to encourage them to work with the Board's meeting schedule. He stated that the Board may want to have an executive session to discuss litigation strategy. He also stated that he hoped to be providing the Board with materials to review regarding the case by the next Board meeting and noted the case files themselves are large.

Mr. Rorabaugh asked what the Board's exposure was. Mr. Chenoweth stated that originally Cascade County was asking for three (3) releases, which would have been the reimbursement of \$982,500 for each one. He stated that so far one previous release had reached maximum reimbursement. He said there was an additional \$800,000 and change that was out there to finish the project.

Mr. Chenoweth stated that he would keep the Board members informed if there were any deadlines that needed to be addressed before the next Board meeting.

Location	Facility	Facility # & Release #	Disputed/ Appointment Date	Status
Great Falls	Cascade County Shops	07-05708 Release 3051-C1,3051-C2,3051-C3 AND 3051-C4	Denial of applications	The District Court has allowed additional briefing, which has been completed. We are awaiting a decision from the Court.

Fiscal Report

Mr. Wadsworth presented the Fiscal Report to the Board for the period ending April 30, 2019.

Mr. Johnson asked if the fiscal report included the million dollars that was taken in the 2019 legislative cycle. Mr. Wadsworth stated it would not show in this year's fiscal reports, and that it was not a transfer. He stated that there would be two DEQ expenditures from the Fund in the amount of around \$500,000 per year for each of the fiscal years FY20 and FY21. Those expenditures will be reflected in the fiscal reports for those years.

Ms. Smith asked what the line item entitled "Contingent Contracted Services", in the amount of \$1,000,000, was for. Mr. Wadsworth stated it was for subrogation of the big oil cases and noted that no money has been spent on those yet. He stated that the funds were appropriated by the legislature, so the amount stays there as funds authorized to be spent for potential cost recovery and payout of the legal contract.

Mr. Rorabaugh asked about a line item from the fiscal period ending on October 31, 2018, in the amount of \$123,000 for claims. Mr. Wadsworth stated that pertained to accruals from FY19.

Board Staff Report

Mr. Wadsworth presented the Board staff report. He noted that there was an error in the spreadsheet software used to create the Board staff graphs. In the past, Board staff had been able to create the graphs for the packet directly out of the MS Access® database, and the program no longer has that functionality. All Board members were provided a corrected graph for the Eligibility Report. The incorrect report was a result of not adding the releases applied for in August, September, October, November and December of 2018.

Ms. Rupp asked if the graph showed pending eligibilities from two years past and wondered if it was a running total, or something that just came to the Board's attention. Mr. Wadsworth stated that the eligibility graph was based on the date of the eligibility application and its current status. There are eligibilities that remain pending until a Board determination is made, and the other statuses are eligible, ineligible, suspended and withdrawn. The older

eligibilities that are pending are in that status due to either insurance or other issues. If there is a pending eligibility that is recent, it is most likely still under staff review.

Mr. Johnson asked how a contested eligibility would be displayed on the graph and asked if it would be in a pending status. Mr. Wadsworth answered that it likely would show as pending, but not be shown as contested on this graph. There are times that the eligibility remains pending because an owner does not want to pursue an ineligibility dispute, and it can sit for 12 to 18 months without being a contested case. After, perhaps, obtaining more information, that owner may decide to pursue the dispute and then the matter comes before the Board. There are several releases that are in that status, where the ball is in the owner's court and the staff are in a holding pattern awaiting correspondence.

Mr. Johnson discussed a site where the owner had paid for clean-up with insurance funds and was debating applying for eligibility. Mr. Wadsworth encouraged him to have the owner apply, and if the release is determined eligible, the monies spent on remediation could be submitted on an Allocation to Co-Pay (Form 11) resulting in helping the owner meet their \$17,500 co-pay requirement. This process is open to everyone where there is another funding source being used in the stages of clean-up.

Petroleum Tank Cleanup Section (PTCS) Report

Ms. Amy Steinmetz, Supervisor, PTCS, DEQ, presented the Board with the PTCS Report. She presented the PTCS Activity Report and noted that since the last Board meeting's reporting period, there have been six new confirmed releases and 15 resolved. The year-to-date total is 10 confirmed releases and 21 resolved.

Ms. Steinmetz noted that this report is a combination of pulling information out of the TREADS database and information from their legacy database. She stated that they are finding duplicates and have to comb through the data to ensure the report's accuracy, but noted the kinks were being worked out.

Ms. Steinmetz stated that the total number of active releases was inaccurately stated as being 995 in the report. She stated that the accurate number is closer to 930.

Ms. Smith asked if there was seasonality in terms of the ground thaw/freeze cycle and release discovery. She asked if more releases were discovered during certain times of year. Both Ms. Steinmetz and Mr. Thamke stated that in their experience, there is not a seasonality, and the leak detection systems can go off at any time of year.

Ms. Rupp asked if the total number of active releases being off in calculation made the other total numbers off as well. Ms. Steinmetz stated that she thought the only number that was incorrect was the total active releases, but Ms. Smith and Ms. Steinmetz both noted that the sum of the categories on the activity report don't add up to a consistent number. Ms. Steinmetz stated that she would get this figured out for the next report.

Kernaghans Service, Great Falls, Fac #07-04508, Rel #4005, WP #716833773, Priority 1.1 and Kernaghans Service, Great Falls, Fac #07-04509, Rel #3400, WP #716833774, Priority 1.1

Ms. Steinmetz presented both WP #716833773, in the amount of \$138,355.91, and WP #716833774, in the amount of \$145,566.20, at the same time, because the technology being used at the site is the same. There has been one other WP with this technology, CalClean, that was briefed to the Board at the February 11, 2019 meeting. CalClean uses a multi-phase extraction technology shown to be very effective in other states, and it is currently being used in Miles City, Havre, and now in Great Falls. These sites will provide information for case studies to see if it can be used elsewhere in Montana. CalClean was found to be the most successful of the alternatives in the remedial alternatives analysis. Ms. Steinmetz stated that this was hopefully the most successful technology for both of these sites.

The purpose at both sites is to clean the persistent petroleum-impacted groundwater and soil in the saturated zone beneath the UST basin and dispenser islands on the west side of the facility. The WPs include the installation of extraction wells, operation of a high-vacuum dual-phase extraction (HVDPE) system for up to one-month, concurrent monitoring of HVDPE-induced groundwater draw-down, review and interpretation of real-time HVDPE monitoring data to optimize the extraction and flow rates within the aquifer, and one round of post-HVDPE compliance monitoring of the groundwater plume.

Ms. Steinmetz stated that the technology being used for WP #10965, in the amount of \$105,706.69, is an in-situ submerged oxygen curtain. When oxygen is added to the subsurface, it speeds up the breakdown of the petroleum products in the ground. The estimated time for closure using this technology is three to five years. The remedial alternatives analysis for this WP outlined the use of this in-situ oxidation canister treatment technology and the timeline for closure.

Mr. Rorabaugh asked what the goal was for closures for 2019, and what are the projections and actual closures for the same period. Ms. Steinmetz said that the goal was roughly 80 to 120, but if PTCS closes 80 sites they will be happy with that, and the group is on track to reach that number.

Ms. Steinmetz stated that, typically, closure packets are written in the first part of the year, then reviewed, and before a No Further Corrective Action Letter is written, the wells onsite have to be abandoned. She stated there are more sites approved for closure that are awaiting well abandonment. She noted the number of closed sites will increase quickly toward the end of the year.

Mr. Thamke asked the Department's performance partnership agreement with EPA influenced PTCS's goal of 80 closures. Ms. Steinmetz stated it was an internal goal that is shared with EPA. Feedback is given to the Department from EPA, and that feedback outlines their expectations, but there is no specific performance partnership agreement in place through the LUST Trust Program.

Public Forum

The following transcript of the public forum is provided by Nordhagen Court Reporting and was created from the recording of the June 10, 2019 Board meeting.

CHAIRMAN BREEN: That's it, then. We're down to public forum. And under this item, members of the public may comment on any public matter within the jurisdiction of the board that is not otherwise on the agenda of the meeting. Individual contested case proceedings are not public matters on which the public may comment.

Public forum. Is there anybody, anybody in the audience? Mr. Longcake?

MR. LONGCAKE: Again, Brad Longcake, with the Petroleum Marketers.

If you can bring that last slide up, the PTS report with the numbers, this slide triggered something from the session. So if you're looking at all the numbers on the bottom - 4700, 3705, 995 - I had a significant amount of questions related to the total active and ineligible, and the active undermined/pending --

UNIDENTIFIED SPEAKER: "Undetermined."

MR. LONGCAKE: "Undetermined," excuse me.

Just in the spirit of thinking of, you know, things we could work on from the board's perspective and, you know, setting some workable goals, and with Mr. Thamke asking about the 80, this might be something that might be good to look at, some of the active undetermined/pending, and set a goal on some of those.

Or, you know, the active eligible, there's -- you know, I get a lot of feedback from a variety of members, whether they're consultants or owner-operators. A lot of sites haven't been touched in quite a long time, and some of our members have actually proactively reached out to find, you know, "What can we do to close them?"

The problem is some of those are 10 - 15 years old, so the priority in terms of wanting to get those

closed, it's still there, but it's not as urgent as an active release that's happened that's catastrophic.

So, this might be something to figure out, you know, set a goal on some of those. Maybe we chop off 5 or 10 of those or 20 of those, or figure out a way to look at a priority in terms of, "We've almost -- we're at the 90-yard line. What's it going to take to get the last 10 yards," right?

I understand some of those might not be, on the hierarchy scale, extremely high, but it might be something that we can pick up some low-hanging fruit. So, I don't know how the Department can help look to figure out what some of those low hanging fruit are, but this might be something that, again, we could show some real tangible movable pieces by picking off some of these items.

And this is something that I just remember seeing and having a lot of conversations with legislators, and this might be something that we can really work together on.

It looks like Mr. Thamke is shaking his head. He's got something to talk to me about.

MR. THAMKE: Well, actually, we've talked, Mr. Chair and Brad, we've talked a little bit about this in our Tank Triune, and I'd like to ask Amy to come back up and share some of the thoughts that we've had on that.

MS. STEINMETZ: Mr. Chair, Mr. Thamke, and members of the board, we've recently undertaken an effort to do a review on all of our 930 active releases, put together a spreadsheet. Now, this is something that eventually our database will help us do, but for right now it's a manual effort going through.

I've had each of my project managers take a look at all of their sites and answer some questions so that we could help save them into these categories - the eligible sites, the ineligible sites, pending eligibility, whether or not they might be eligible for Brownfields funding, and whether or not they might be eligible for LUST Trust funding. And then knowing that, we have the \$500,000 in the next year to apply to some sites, how do we best achieve closure of the largest number of sites?

So, we're taking a look at - I think we're calling it "funding buckets" or I'm calling it "funding buckets" - how do these sites fit into those buckets?

And then also, where are they in the cleanup phase? Are they in investigation? Are they ready for remediation? The priorities on this spreadsheet, some of them are pending closure. So, we've been taking a look at these and really trying to identify: What is the mechanism for getting this site cleaned up and to closure?

And so, to address those ineligible sites, the pending sites, we've got some action items on there. One is: Work with the current owner to get them to apply for eligibility and help them out with the paperwork process, if we can.

Some of them -- just taking, taking a look and thinking about how we can best use the \$500,000 over the next year, we want to make sure that we're using that to not undermine the process that's in place with enforcement. So, for example, if we had a site where a responsible party -- there was a release at their site and they did something wrong, there's a violation, that's -- or they're, they're not meeting cleanup goals or they're not meeting time frames, that's an enforcement issue and not something where we would want to use that money.

But we do have a lot of sites where they are these old and ineligible sites, but the person who currently owns the property has no idea that there's a release on their property, it's maybe changed hands two

or three times and under our current regulatory structure, we don't have the authority to make them clean it up. They're not an owner and operator under the rule. So, we might be able to help them out by using some of this funding to go in, do an investigation or do a cleanup, and get that site to closure and get it off the books. And that would address quite a lot of those ineligible sites.

So those are a couple of things that we're thinking about -- well, that we're moving forward on, but right now we're kind of in the investigation stage.

MR. JOHNSON: Mr. Chairman, question. Would you be looking like at the SB 96 money that might assist someone who fails a means test to meet their deductible as well?

MS. STEINMETZ: Mr. Chair, Mr. Johnson, that's definitely something that we're considering. So, if they're Petrofund eligible but they don't have an ability to pay, we might assess that. That's another, another area where we might use some of that money.

MS. RUPP: Mr. Chair, Ms. Steinmetz, this table brings up another question in my head, based on the, the judge's finding last week that an ineligible site was, in fact, not ineligible because five years is not the proper standard to apply.

Do you have a sense of how many of the sites that are on this table that are listed as ineligible are, are so listed because of that five-year statute of limitations? I mean, is -- are a whole bunch of sites now going to have to get bumped into another category?

MS. STEINMETZ: Mr. Chair, Ms. Rupp, I would guess "no," but Mr. Wadsworth might have a better idea of that.

MR. WADSWORTH: Cascade County is the only one that I know of that falls in that category, that I'm aware of.

CHAIRMAN BREEN: So there's still some problems with generating information that's accurate out of the computer systems? Is that what I'm hearing?

MS. STEINMETZ: Mr. Chair, we are still working out some kinks.

CHAIRMAN BREEN: This is the same thing we were talking about at the last board meeting?

MS. STEINMETZ: I believe at the last board meeting, we were maybe talking about --

MR. THAMKE: Reimbursements -- (inaudible.)

MS. STEINMETZ: Reimbursements, correct.

CHAIRMAN BREEN: Payments.

MS. STEINMETZ: Payments.

CHAIRMAN BREEN: Do we have that solved?

MR. WADSWORTH: Yes, Mr. Chairman. That's why you saw \$850,000 in that weekly reimbursement.

CHAIRMAN BREEN: But was that done under the new program or with the old technology?

MR. WADSWORTH: It's, it's using our legacy system, our old technology.

CHAIRMAN BREEN: Old technology.

MR. WADSWORTH: Yeah.

CHAIRMAN BREEN: Where are we at on the new -- maybe you can't answer that. I'm just curious: Where are we at on the new technology?

MR. WADSWORTH: It's being worked on.

CHAIRMAN BREEN: Okay, thank you.

MR. WADSWORTH: I wish I could give you a timeline, but I don't have one.

CHAIRMAN BREEN: Okay. Anybody else for public forum? Mr. Longcake?

MR. LONGCAKE: Brad Longcake again. I just want to follow up on that.

Again, the Petroleum Marketers are trying to do the best we can with the system we have. We're trying to increase our transparency and our coordination with all the different entities. And again, I seem to be the conduit for all the, the phone calls.

And so, my only question would be, is -- I appreciate what the Department and Amy is saying about the ineligible sites, but from the marketers' perspective, I think if they're going to utilize that money, we would like to figure out the low-hanging fruit on the eligible sites first.

The only reason that I bring that up is that the people that are eligible have done the proper protocol and they've done the proper procedures, they've paid their co-pays, they've done all these things. And I understand trying to clean those ineligible sites up, but those individuals didn't follow the particular protocol. There's always exceptions. But my point would be, is, I don't want to see that money being utilized to fix a problem that those individuals potentially chose to not follow the rules.

I've got some feedback from members that they're concerned that they, they followed the rules, they've done the proper procedures, and then these other people that haven't, are they going to be able to utilize the same resources that they have access to?

I'm not saying that we don't want to do that in the future; I'm just saying that that's something that I want to make sure people are cognizant of because you're rewarding people for not doing what they're supposed to do.

You know, again, it's a small number, but again, that sometimes sends a message with unknown consequences or hurt feelings or misconceptions that people might not think of, but there are going to be people out there that do see that, and so I just want to make sure that people are cognizant of that.

I'm not saying that we shouldn't clean those up at some point in time and -- if there's some that can be easy to be done, but I just want to caution people for, for rewarding people that are not following the rules.

MR. THAMKE: Mr. Chair, Mr. Longcake, when's the next Montana Petroleum Marketers Association work group meeting.

MR. LONGCAKE: I think it's the 24th or 26th --

UNIDENTIFIED SPEAKER: 26th.

MR. LONGCAKE: 26th.

MR. THAMKE: Of this month?

MR. LONGCAKE: This month, sir.

MR. THAMKE: And has the agenda been --

MR. LONGCAKE: We're, we're working on that right now.

MR. THAMKE: You know, I would suggest perhaps that is something that is a good discussion item that might help drive some of the agency's effort to create a guide path for that appropriation.

And while I'm on that, I'm not going to be able to go to that next work group meeting. I was going to ask the Board for a volunteer that might help sit on the conference call or even attend, but I think it would

be great for edification for some of the Board Members to at least listen to that dialogue.

MR. LONGCAKE: Yeah. And our, our work group is -- we're just still formulating and gelling. We've only had one meeting so far, but we've decided to meet monthly because we find it's very important. And we're trying to get a collage of ideas. And once we've picked the two, three, four items that we really want to focus on, then we're going to move forward.

But it just takes time to gel with the Board Members, to open that honest dialogue. You know, because sometimes what you really want to say is not what everybody wants to hear, but I think it's important that we do that. And so, we're trying to find an atmosphere where that's open and honest.

And that's why I bring this up in terms of the ineligible sites. I just think that that's going to be something that, for our members, is going to be a sticking point, just from the standpoint that, again, everybody's trying to do the right thing. They're trying to make sure they have their site inspections, which is why we're doing this work group, but -- and to try to increase transparency. And by rewarding those individuals that haven't done, that I think is going to cause some friction, and I just want to make sure that I had an opportunity to express that to the board.

So, thank you again for the opportunity.

MR. JOHNSON: I have a question, Mr. Chairman.

And I'm not even sure if the law would even allow us to do that. (Inaudible) -- there's an enforcement issue.

But you mentioned that you were -- had been talking to legislators and they were concerned about the numbers. I mean, with your time in the legislature and considering that there was legislation that impacted this board, are there any other observations you would have from the legislative session that you could pass on to the board?

Because sitting in on that one hearing, it sounded like maybe there wasn't a clear understanding on the Natural Resources Committee what this fund does with -- and the relationship with the DEQ, and everything. If there's anything you --

MR. LONGCAKE: Yeah. Mr. Johnson, members, there was 100 percent not understanding anything that the board does.

MR. JOHNSON: I tried to be kind.

MR. LONGCAKE: This is a very complicated system. There's a lot of moving pieces, there's a lot of people that get involved. And if you're just, you know, Legislator A off the street and your, you know, your business is plumbing, you have no idea what, what the board does, right?

And so that's why I got so many questions off this particular graph, is because people couldn't understand: Well, what does "active undetermined" mean? Why are they undetermined? Why are they pending? Why aren't those people doing something to get those determined? Why do we still have this many sites -- I mean, why are these ineligible?

And so, it was very difficult for those individuals to understand -- I mean, people understand what "ineligible" means and "uneligible," hence -- but they couldn't understand why that was that way and they couldn't understand why there was bowls of money in the pot. When you try to explain there's money that's obligated, there's -- it's like your checkbook, cash comes in, cash goes out.

And during that process, they originally wanted to take 5 million. Well, by the time we got to the actual hearing, there was only 4.2. Well, then they wanted to take 4 million. Well, then by the time we got to the hearing, there was 3-and-change. It's, it's a revolving money-in/money-out.

And so, a very, very complicated process - which you guys all know because you live every day - that legislators have a hard time understanding what it is.

And so, what happens is, by the time we had so many interactions, they got to the point where they didn't want to talk about it anymore, "Find a solution and fix it."

And so that's where we were at, and that's why the million was taken out at that point.

You know, trying to figure out how to incorporate members, I have ideas of how that could be done. The problem is, is that those board members -- or, excuse me, those legislators roll out fairly frequently. So just when you get somebody to the point where they really understood it, then they might term out or not get reelected and so you start over.

And so, I don't know if that's an appropriate methodology, but just from the a 30-foot level -- the 30,000-foot level, they don't understand the process because it's very complicated. I mean, it's your business, you understand that.

MR. JOHNSON: Yeah. It just seems like, you know, we've gotten their attention now, and --

MR. LONGCAKE: Oh, we definitely got their attention. I mean, we ripped the band-aid off, for sure. But I look at that as an opportunity to figure out what we can all do better, right?

Every vested party in this has things we could do better. There's things that we haven't done well. And so that's where -- that's how this whole work group was originally starting, was to try to figure out: How can we make this better?

You know, and that's why -- you know, that's where I'm telling you guys, as the Board, don't go down the rabbit holes. Figure out what we can do that has some quick action, some low-hanging fruit. If you can find what those active, undetermined -- and let's say we only get 10 of them. Well, that's 10 more that you now can flood the petro board with and start that process, right?

And so that's, that's what I'm trying to figure out, is what can we do to make all these things more efficient? And the information that I've gotten - again, because I seem to be the conduit - is that there's a lack of communication by all parties involved.

And it could be something simple. The consultant thinks that the RP is understanding, they're not. RP thinks the Petro Board is paying, they're not. The petro board is not letting a consultant know that there's a piece of paper missing, right?

So, it's, it's little tiny things, but it's those little tiny things that have now compounded and have exploded, and those are the things that our group is trying to figure out what we can do to make that better, if that makes sense. I don't know what those items are going to be yet, but we're trying to flesh those out in our work groups.

MR. THAMKE: And frankly, that's where I've been coming from about diagraming and documenting those processes, so you can use that as a communication tool to not only the legislator but to the owner and operators and everybody informed. When you diagram it, when you document it, when you can find those opportunities, you can actually instruct communication with those entities that you just did. So that's why

I'm -- (inaudible.) And hopefully, we can get to that point where it's going to be easier for everybody to understand "what is this complicated, wasn't."

MR. LONGCAKE: Hopefully, that answered your question. It's --

MR. JOHNSON: Yeah. I was just hoping to hear of any insight, if you heard any just grumbling about this fund or -- in general. That's --

MR. LONGCAKE: Honestly, I don't think anybody knew the fund was even here --

MR. JOHNSON: Yeah.

MR. LONGCAKE: -- until the legislator brought it up. And then as we continued to work through that process, it started to become more elevated as we increased our debates.

MR. JOHNSON: Does it seem like a big deal to them? Because, I mean, our little fund, I mean, compared to most of the funds in the state, is --

MR. LONGCAKE: I don't think it's a big deal. I think it's an individual or entity saw what they thought was an unused pot of money, and they wanted that pot of money, not understanding how that pot of money is utilized. And then it's money-in/money-out. And so, we were able to get a few legislators to understand that process, but it's the masses, right? You have to convince the masses.

MR. JOHNSON: I think, also, one important thing to emphasize, if I can make a suggestion, is how efficient this fund is, how transparent it is, and how really little overhead. I mean, most of the money literally goes in the ground.

MR. LONGCAKE: Right. Well, and that, that was the unfortunate part of the whole scenario, was that the individuals pushing to take the money were telling other individuals that there was not active utilization of the money happening, and that was where the misinterpreted information was coming from.

Now, there's many angles to that, obviously, but that was the gist of it. I heard, "There's money, you're not using it. We're taking it and going to turn around and use it."

Well, that really isn't the case. And so that was the challenging part, is again, trying to explain to somebody that has very little or no understanding of the process to ensure that they understand. And it's very complicated, as everybody on the board understands.

MR. JOHNSON: And really very little waste.

MR. LONGCAKE: Yeah.

MR. JOHNSON: I mean, I think that -- if that could be demonstrated somehow to the legislature to say, you know, "This is, this is a good fund and is doing a good job" -- (inaudible.)

MR. LONGCAKE: And I don't think there was any question of waste. It was, "Is there work being done or is there not work being done?"

And that's where, like I said, I got lots and lots of questions about this. And that's why I think that -- something that Mr. Thamke suggested in our work group that we talk about is -- you know, again, for me, I'm not involved in that part of it. Why is there? I don't know the answer to that so I can't even tell people.

So, you know, once you peel the layers of the onion back and understand what it takes to get those done, then that's a totally different story. And I don't know because I just assume. So that's where I think, you know, our work group will be better.

My suggestion is let's pick off the low-hanging stuff, figure out what we need to do to get those cleaned up, moving forward, whatever it is, and then develop a long-term strategy to utilize the money to the best of our ability.

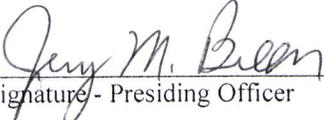
You know, and I would hope, again from the Marketers' perspective, that we don't reward the individuals that are in that ineligible bucket. I'm not saying that we shouldn't be doing; I'm just saying it's something to think about because there's going to be a consequence or pushback when that happens. That's just honest feedback, so --

CHAIRMAN BREEN: Thank you, Brad.

MR. LONGCAKE: Mr. Chairman, thank you.

CHAIRMAN BREEN: That's it. Our next board meeting is August 26th, and this meeting is adjourned.

Meeting adjourned at 12:10 pm.


Signature - Presiding Officer