



Libby Asbestos Superfund Oversight Committee

2021 SFY Annual Report

Background:

During the 2017 Legislation Session, Senate Bill 315, passed and was signed into law by Governor Bullock and established a Libby Asbestos Superfund Advisory Team attached to DEQ for administrative purposes. The Advisory Team was created to enhance communication with stakeholders to the Libby Asbestos Superfund Site (Site). In addition, the Advisory Team advises DEQ on administration of the Libby Asbestos Cleanup Trust Fund and operation and maintenance accounts. The bill also originally established a full-time employee as the Libby Asbestos Superfund Liaison who would perform duties recommended by the team and facilitate the required quarterly Advisory Team meetings.

In 2019, HB 30, sponsored by Representative Gunderson, passed and was signed into law by Governor Bullock and amended section 75-10-1601 Montana Code Annotated, 72-10-1604 MCA, and repealed 75-10-1602 MCA. The primary changes included:

- Renamed the Libby Asbestos Superfund Advisory Team to Libby Asbestos Superfund Oversight Committee (LASOC).
- Added duties to LASOC (discussed below).
- Removed the Libby Liaison position.

Oversight Committee:

LASOC, in accordance with 75-10-1601 MCA has met once per quarter, as required, over the last year. Members of the committee:

- Chris Dorrington, Director of the Department of Environmental Quality
- Mark Peck, Lincoln County Commissioner
- George Jamison, Citizen of Lincoln County (reappointed June 2019)
- Sen. Mike Cuffe
- Rep. Steve Gunderson

The composition of the committee has changed since Governor Greg Gianforte was voted into office. Firstly, Chris Dorrington was appointed Director of Department of Environmental Quality, replacing former director Shaun McGrath. Director Dorrington attended his first

meeting in March 2021 and was introduced to the committee. More recently, Commissioner of Lincoln County District 1 (Libby) Mark Peck announced his resignation from the position in June 2021. The commission voted to have Commissioner Jerry Bennet, representing District 2 (Troy), to replace Commissioner Mark Peck's position on LASOC. He will be attending his first meeting in June 2021.

Over the past year DEQ has maintained a website for LASOC, to communicate with the public regarding LASOC meeting advertisements, agendas, handouts, and meeting minutes. (<https://deq.mt.gov/DEQAdmin/dir/libby/SATeam>) DEQ is updating their web services and will be assigning a new website for LASOC.

Commented [BC1]: Update website link on June 24th.

The quarterly meetings captured in this annual report have consisted of LASOC sending recommendations to DEQ for funding specific property owner costs, focused discussions on activities occurring during Operations and Maintenance (O&M) for operable units 4 (properties within Libby) and 7 (properties within Troy), and budget reporting.

Seven property situations were presented to LASOC in September 2020. The summaries described various ways property owners within the Superfund site dealt with contamination on their properties. It is important to note that each property was found ineligible for funding from the cooperative agreement between EPA and DEQ for O&M. LASOC sent their first recommendation on reimbursement for property owners to DEQ. The DEQ Funding Memo helped guide DEQ decision making on reimbursements going to property owners paying out-of-pocket costs to remove and/or sample for Libby amphibole (LA) asbestos. In November 2020, DEQ reported their decisions on the seven property situations. One property owner was found eligible to receive a reimbursement for costs incurred to sample soil for LA asbestos on their property. Another property owner will have soil abatement costs paid for. After going through the process, discussions were held on how the committee may be able to send future recommendations to DEQ for reimbursement requests between meetings. This is an important consideration that may decrease the time for property owners waiting on a decision for reimbursement or not. A resolution to this consideration has not been determined.

EPA determined the transition date for O&M of Operable Units 4 and 7 to be July 1, 2020, and issued this determination in a June 25, 2020. letter to Montana DEQ. With the O&M transition, Montana DEQ became the lead agency responsible for the residential and commercial areas of Libby and Troy, including site monitoring, institutional controls, and oversight of the long-term protectiveness of the remedies in these areas. During the response to the COVID-19 pandemic, the agencies continued to address questions and comments about details and next steps virtually. EPA and Montana DEQ staff continued to perform important site work at Libby. DEQ staff and Lincoln County Asbestos Resource Program (ARP) meet weekly and communicate often to organize activities to manage operable units 4 and 7. DEQ and ARP continue to provide updates on site management including number of hotline responses and scopes of work for investigative sampling and abatement to LASOC as a standing agenda item.

Discussions continue on clarifying the format of budget reporting at LASOC meetings. The budget reports give a snapshot of how monies are spent from four separate funds (all described below under Budget Information). Committee members asked for more detail and a clear

summary of what activities are funded by each fund. Recent communication between DEQ and LASOC have increased details within the report. There may be ongoing discussions to clarify what information is needed quarterly and to reformat the report. .

A Memorandum of Agreement (MOA) between Montana DEQ and Lincoln County became effective November 1, 2019 that funds Lincoln County to provide administrative assistance to LASOC. Lincoln County's services include the responsibilities of coordination of all meetings and materials with DEQ representatives, developing draft agendas, posting public notice, and preparing the annual report. The budget for costs incurred during the term of the agreement has a cap of \$25,000. An amendment to the MOA was made last July 2020 to renew and extend the term of agreement for one calendar year, ending in July 2021. Currently, a new amendment is being drafted by DEQ to continue Lincoln County's administrative role for LASOC.

Budget Information:

There are four types of funds from EPA and the State of Montana available to the State of Montana for the Operation and Maintenance (O&M) phase on the Site. The EPA funds are related to the prior CERCLA settlement and remaining remedial funds available as a funding supplement. The State of Montana funds are from the bankruptcy settlement with W.R. Grace and legislatively approved funds which are governed by originating legislation, as modified. DEQ will be working with the LASOC for input and discussion on O&M work elements identified by the agencies and the LASOC has authority to recommend to DEQ which O&M activities they believe should be funded. It is important to note that as part of the CERCLA statute, the State must cover 100% of O&M costs once the Federal settlement funds are expended.

A summary of the fund types is presented below:

- EPA has approximately \$12 million in O&M funds for all operable units excluding operable unit 3 (mine site) and operable unit 6 (funded by BNSF). This money was set aside at the time of bankruptcy settlement to assist in paying for O&M costs. This money is held by EPA, and thus carries restrictions for being used for those activities that EPA considers appropriate for O&M. DEQ will access this money through a cooperative agreement grant with EPA, and will subsequently fund the Lincoln County ARP with these funds through a separate agreement between DEQ and ARP.
- Doug Benevento, the previous EPA Region 8 Regional Administrator, committed in a December 19, 2018 letter to Montana Governor Bullock that the remaining remedial action funds would be held and be available for the State of Montana and Lincoln County to supplement the \$12M O&M fund once the \$12M fund has been expended. These remaining funds (undisclosed amount) will be held by EPA and can be spent on activities EPA deems appropriate for O&M on the Site.
- The State of Montana, through DEQ, received \$5,167,000 for O&M as part of the bankruptcy settlement. Following approval of SB-315 \$480,000 dollars were allocated from this account for FY2018 for oversight and to support of the Advisory Team, since the 2015 SB315 appropriation and transfer did not occur until July 1, 2018 (State Fiscal Year 2019). Because

this money is held by the State of Montana per the terms of the bankruptcy settlement, the state has discretion regarding the activities the money could be used for, as long as they pertain to the Libby Asbestos site. DEQ has used this funding source for current OU3 bankruptcy litigation, which is anticipated to be reimbursed.

- As authorized in Montana Code Annotated 75-10-743(10)(c) and 75-10-704(4)(j)(I), DEQ received an appropriation for \$600,000 from an Orphan Share account beginning July 1, 2018. Additionally, Montana Code Annotated 75-10-1601 provides a framework on how this money can be used and establishes a permanent Trust fund to pay exclusively for costs to the State of cleanup and long-term O&M.
 - 20% of the funds or \$120,000 allocated to trust fund
 - 80% of funds or \$480,000 allocated to cleanup operation and maintenance account
 - 25% of these funds or \$120,000 used for administrative purposes.
 - Any remaining funds not spent each fiscal year get transferred to the permanent Trust fund.
 - DEQ entered into a MOA with Lincoln County to provide administrative assistance to LASOC. The MOA is effective until July 31, 2021, and is currently being renewed. This MOA is separate from a future agreement with ARP for O&M activities.

Future Committee Activities:

- Continue to share guidance with DEQ on formatting of budget reports to help committee members understand activities being funded.
- Continue to develop recommendations to DEQ for reimbursement requests between meetings.
- LASOC may provide potential funding recommendations to DEQ for review and final approval. Based on future experience with funding recommendations, DEQ and LASOC may determine that specific situations may be approved without recommendations to streamline the process.
- As needed, review and update the May 2020 DEQ Libby Funding Policy Memo.
- Meeting minutes will continue to be prepared and published to the website, following approval.
- Transition LASOC website to new address. The current website is located at <http://deq.mt.gov/DEQAdmin/dir/libby/SATeam>.
- Per MCA 75-10-1601 (5):
 - Monitor activities related to the Libby asbestos superfund site to;
 - Assist in the implementation of final cleanup and long-term operation and maintenance plans for the Libby asbestos superfund site;
 - Review documents and provide comments and recommendations to DEQ and to local governments and appropriate federal agencies regarding the Libby asbestos superfund site, including policies related to O&M;
 - Assist in the preparation and dissemination of reports and other information as necessary;
 - Provide recommendations to DEQ regarding the administration of:
 - Libby asbestos cleanup trust fund provided for in 75-10-1603; and

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- Libby asbestos cleanup operation and maintenance account provided for in 75-10-1604; and
- Recommendations including specific scenarios and/or categories not funded through EPA O&M Funds.
- Initiate and strive to maintain negotiations with DEQ, EPA, and any other entity with a goal of reducing the state and federal roles in the long-term operation and maintenance work at the Libby asbestos superfund site while increasing the role of Lincoln County in expending funds and managing and implementing operation and maintenance activities; and
- Submit a report to the environmental quality council on or before July 1 of each year.

State Fiscal Year 2021 Budget: May 2021 update

| Libby Asbestos Settlement (Fund 08230) | Fund Balance (05/31/2021) | Expenditures FY19 & 20 | Expenditures FY21 |
|---|---------------------------|------------------------|---------------------|
| Libby Settlement | \$5,232,699.48 | \$110,397.80 | \$12.95 |
| Libby Mediation Costs (<i>reimbursement expected</i>) | | \$935,849.00 | \$274,779.02 |
| Total | \$5,232,699.48 | \$1,046,246.80 | \$274,791.97 |

| Libby Asbestos Cleanup Trust (Fund 09033) | Fund Balance (06/30/2020) | SFY 2021 Revenue | Current Fund Balance |
|---|---------------------------|---------------------|-----------------------|
| 530025 STIP Participant Earnings | \$19,976.39 | \$2,598.10 | \$22,574.49 |
| 582825 Income Transfers-Nonbudgeted | \$360,000.00 | \$120,000.00 | \$480,000.00 |
| 582852 Income Transfers | \$936,651.39 | \$0.00 | \$936,651.39 |
| TOTALS | \$1,316,627.78 | \$122,598.10 | \$1,439,225.88 |

| Libby Asbestos Cleanup and Operations Account (Fund 02130) | Allocated Annually | Expenditures FY21 | Projected FY21 Expenditures | Projected Balance FY21 | Expenditures FY18 – 20 |
|--|---------------------|--------------------|-----------------------------|------------------------|------------------------|
| Personal Services | \$22,400.00 | \$14,799.01 | \$22,400.00 | \$0.00 | \$21,310.36 |
| Operating Expenses | \$5,376.00 | \$3,522.12 | \$5,376.00 | \$0.00 | \$18,217.11 |
| Transfer to Trust 09033 | \$402,224.00 | \$0.00 | \$402,224.00 | \$0.00 | \$936,651.39 |
| Lincoln County MOA | \$25,000.00 | \$3,147.31 | \$25,000.00 | \$0.00 | \$0.00 |
| Fund reimbursement | \$25,000.00 | \$0.00 | \$25,000.00 | \$0.00 | \$0.00 |
| TOTALS | \$480,000.00 | \$21,468.44 | \$480,000.00 | \$0.00 | \$976,178.86 |

Summary from July 1, 2019 through June 1, 2021.

- Estimated expenses for the remainder of the year include:
- Personnel Services (salary and benefits) for DEQ staff time to support Libby Asbestos Superfund Oversight Committee efforts.
- Operating expenses for travel.
- Potential approved reimbursement recommendations.
- Lincoln County administrative services.