

# FUND

# UNDERGROUND STORAGE TANK CLEANUP FUND

**GROUP:** FUND. UNDERGROUND STORAGE TANK CLEANUP FUND. REIMBURSEMENTS

**MEASURE:** FUNDS REIMBURSED  
PAYMENT CLAIMS PROCESSED

**MESSAGE:** *Almost 60% of priority A and B claims have been closed.*

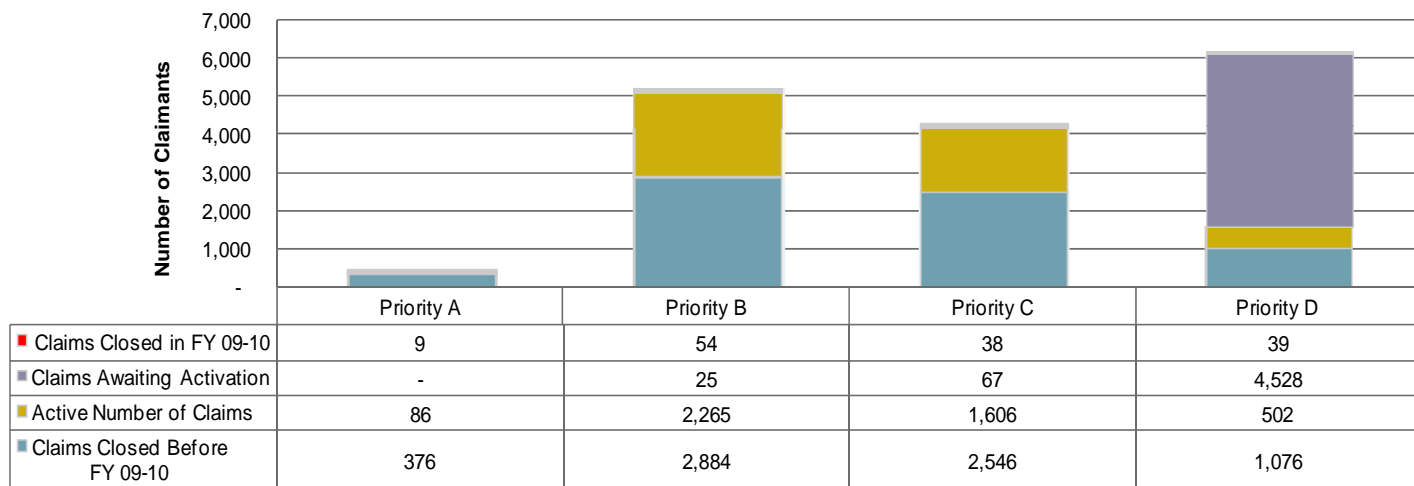
**MEASUREMENTS:**

*KEY STATISTICS FOR FY 2009-10*

REIMBURSEMENTS: \$184,193,393  
PAYMENTS: 4,040

| PRIORITY CLAIMS   | Total Claims Deemed Eligible | Claims Closed Before FY 09-10 | Active Number of Claims | Claims Awaiting Activation | Claims Closed in FY 09-10 | Reimbursements in FY 09-10 | Payment Backlog as of June 30, 2010 |
|---|------------------------------|-------------------------------|-------------------------|----------------------------|---------------------------|----------------------------|-------------------------------------|
| Priority A (residential tank owners)  | 468                          | 373                           | 86                      | 0                          | 9                         | \$2,755,460                | \$132,000                           |
| Priority B (small California businesses NPOs and some governmental entities)      | 5,044                        | 2,696                         | 2,265                   | 25                         | 58                        | \$116,927,413              | \$28,000,000                        |
| Priority C (certain California businesses, NPOs, and other governmental entities) | 4,092                        | 2,380                         | 1,606                   | 67                         | 39                        | \$38,477,937               | \$78,000,000                        |
| Priority D (all other claimants, typically large corporations)                    | 6,109                        | 1,038                         | 502                     | 4,528                      | 41                        | \$26,032,583               | \$16,000,000                        |
| <b>TOTAL</b>  | <b>15,713</b>                | <b>6,487</b>                  | <b>4,459</b>            | <b>4,620</b>               | <b>147</b>                | <b>\$184,193,393</b>       | <b>\$122,132,000</b>                |

## UST Claimants Status By Priority Type



**WHAT THE MEASURE IS SHOWING:**

Leaking USTs continue to cause groundwater impacts and pose a threat to public health, safety and the environment. There are currently approximately 15,713 UST site cleanups have, are being, or may be covered by the Fund, of which 4,459 are currently covered by active Fund claims. (Not all UST site cleanups are eligible for Fund reimbursement. The claims awaiting activation may never be activated, depending on the amount of funding the Fund receives through it's lifetime). Many may be low risk, but progress is lagging and these cases have not been completed for various reasons. Completion and closure of appropriate cases will make funds and oversight staff time available for remaining higher-priority cases. The Fund has historically provided approximately \$200 million annually to investigate and remediate contaminated petroleum UST sites, and the Fund has over 4,600 claims on its Priority List waiting for funding. . AB1182, passed in 2009, temporarily increases the fee on motor



fuels stored in underground storage tanks. The cash infusion from this fee increase allowed the Fund to unsuspend most claims that were suspended in 2008. The increased funding from AB1182 will be primarily used to pay backlogged costs that claimants have incurred, but have not yet been reimbursed for by the Fund due to the recent revenue shortage in 2008-2009. This will allow the Fund to better balance its revenues with projected payment demand on active claims. Funding for this program was recently extended to January 1, 2016 (by SB 1161), and a focus on completing cleanups will enable financial assistance to be provided to a greater number of cases. Since its inception, the Fund has paid approximately 10,900 claimants in excess of \$2.5 billion. Considering the number of claims on the Priority List and the limited amount of funding projected for future years, not all sites will be funded before the program sunsets.

### **WHY THIS MEASURE IS IMPORTANT:**

The Underground Storage Tank (UST) Cleanup Fund (Fund) Program provide financial assistance to owners and operators for cleanup of soil and groundwater contamination caused by leaking petroleum USTs. Leaking petroleum USTs are a significant source of impacts to groundwater and may pose potential threats to health and safety, such as exposure from impacts to soil and/or groundwater, contamination of drinking water aquifers, contamination of public or private drinking water wells, and inhalation of vapors. Federal and state laws require every owner and operator of a petroleum UST to maintain financial responsibility to pay for any damages arising from their UST operations. The Fund provides financial assistance to owners and operators for costs associated with the cleanup of contamination caused by leaking petroleum USTs. A recent (2009-2010) reduction in revenues resulted in substantial delays in reimbursement of corrective action costs to Fund claimants. Various process and program improvements implemented in 2009-2010 have significantly reduced these delays in payment. Various other improvements are being implemented to control claim costs and balance the Fund revenue and expenditures. Water Board staff Review new claim applications to determine if claimants meet the regulatory and statutory eligibility requirements. Determine eligibility for placement on the Priority List and issuance of a Letter of Commitment (LOC). Review agreements to assign Fund claims to otherwise ineligible parties. Review reimbursement requests for compliance with the Fund's cost control guidelines. Provide technical support to staff and claimants. Review site case histories of claims open more than five years to independently check the progress of sites and claim closures. Process reimbursement requests as efficiently as possible. Review settlement agreements to determine if claimants have already received reimbursement for costs also submitted to the Fund for reimbursement resulting in a double payment to claimants. Audit claims that have been closed and reopen claims that have newly discovered contamination associated with the previous occurrence.

### **TECHNICAL CONSIDERATIONS:**

- Data source: UST Cleanup Fund SCUFIS Database. . Period July 1, 2009 to June 30, 2010. Extracted on August, 2010.
- Unit of Measure: Number of projects and monetary amount expressed in current US dollars.
- Data Definitions: For definitions on each program category please go to:  
[http://www.waterboards.ca.gov/board\\_reference/2009spring/tab02/financial\\_assistance.pdf](http://www.waterboards.ca.gov/board_reference/2009spring/tab02/financial_assistance.pdf)
- References: Further information about the Program can be found at the State Water Board's – Underground Storage Tank Cleanup Fund web  
[http://www.waterboards.ca.gov/water\\_issues/programs/ustcf/](http://www.waterboards.ca.gov/water_issues/programs/ustcf/)
- Public Performance Audit Report and data are available at:  
[http://www.waterboards.ca.gov/water\\_issues/programs/ustcf/docs/audit\\_rpt022210.pdf](http://www.waterboards.ca.gov/water_issues/programs/ustcf/docs/audit_rpt022210.pdf)

### **GLOSSARY:**

**Claimant:** A party who is eligible to apply to the Fund. The assignee of a Fund claim must demonstrate the priority and eligibility of the Assignee. See UST Assignment of Claim Information & Guide  
[http://www.waterboards.ca.gov/water\\_issues/programs/ustcf/docs/assignment\\_of\\_claims/assignclaim\\_guide.pdf](http://www.waterboards.ca.gov/water_issues/programs/ustcf/docs/assignment_of_claims/assignclaim_guide.pdf)

**Claim:** A submittal to the Fund for reimbursement of costs incurred due to an occurrence.