

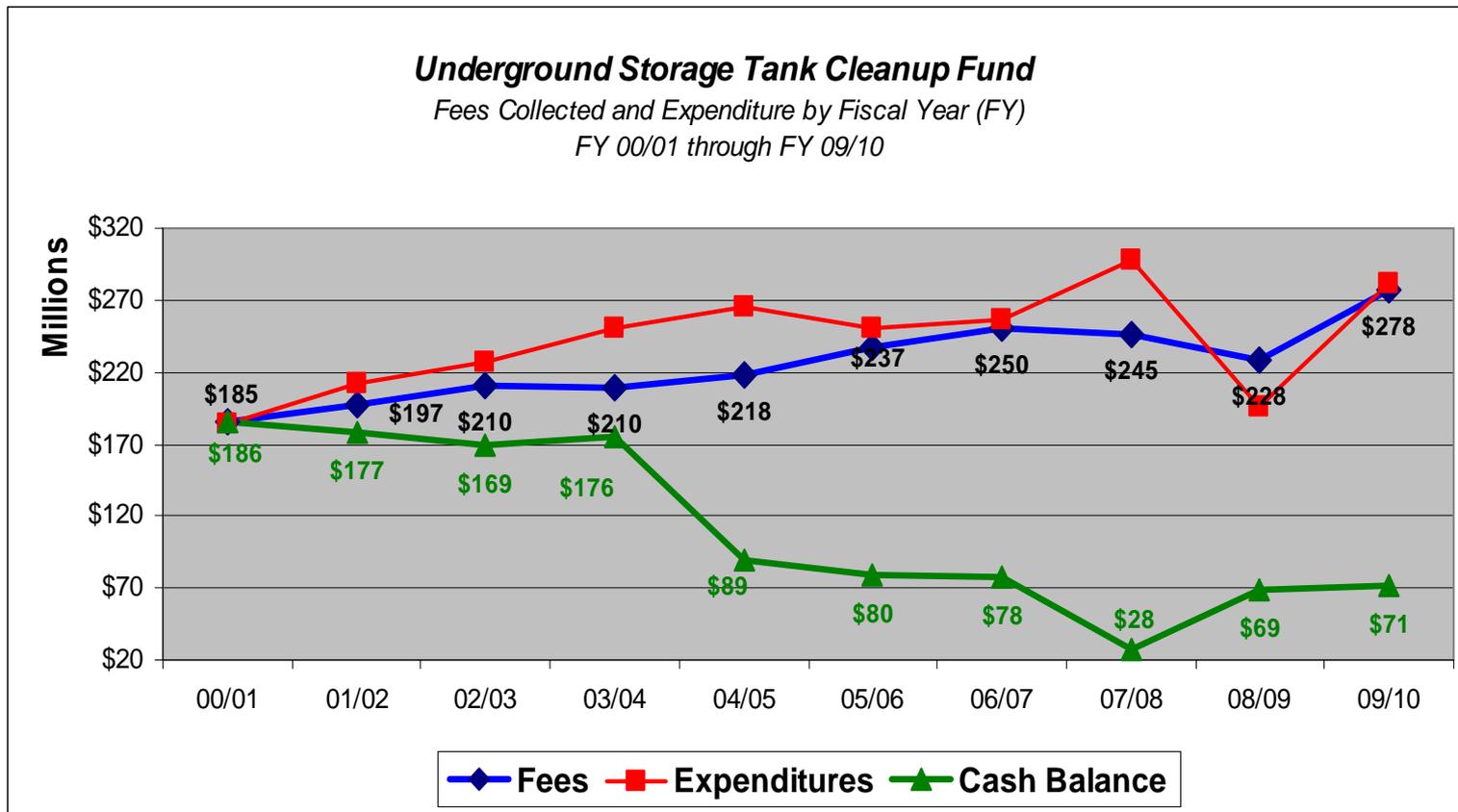


## UST CLEANUP FUND

# Changes to the Fund: New Business Model

February 2011

## Why change?



## Fund shortages

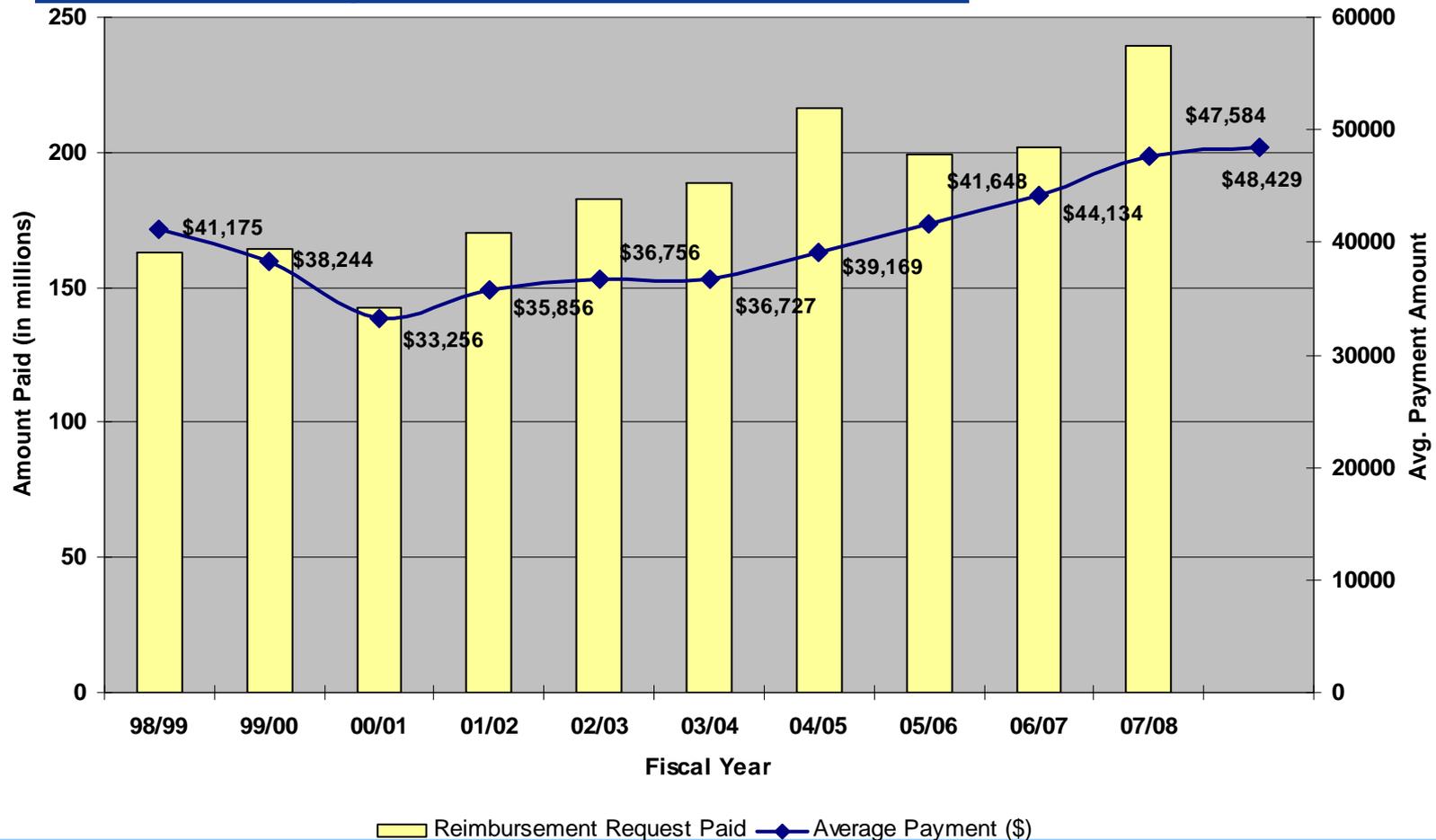
### ✓ Immediate Reason:

The long term cash surplus in the Fund is gone and the program must now operate within annual income

### ✓ Underlying Reasons:

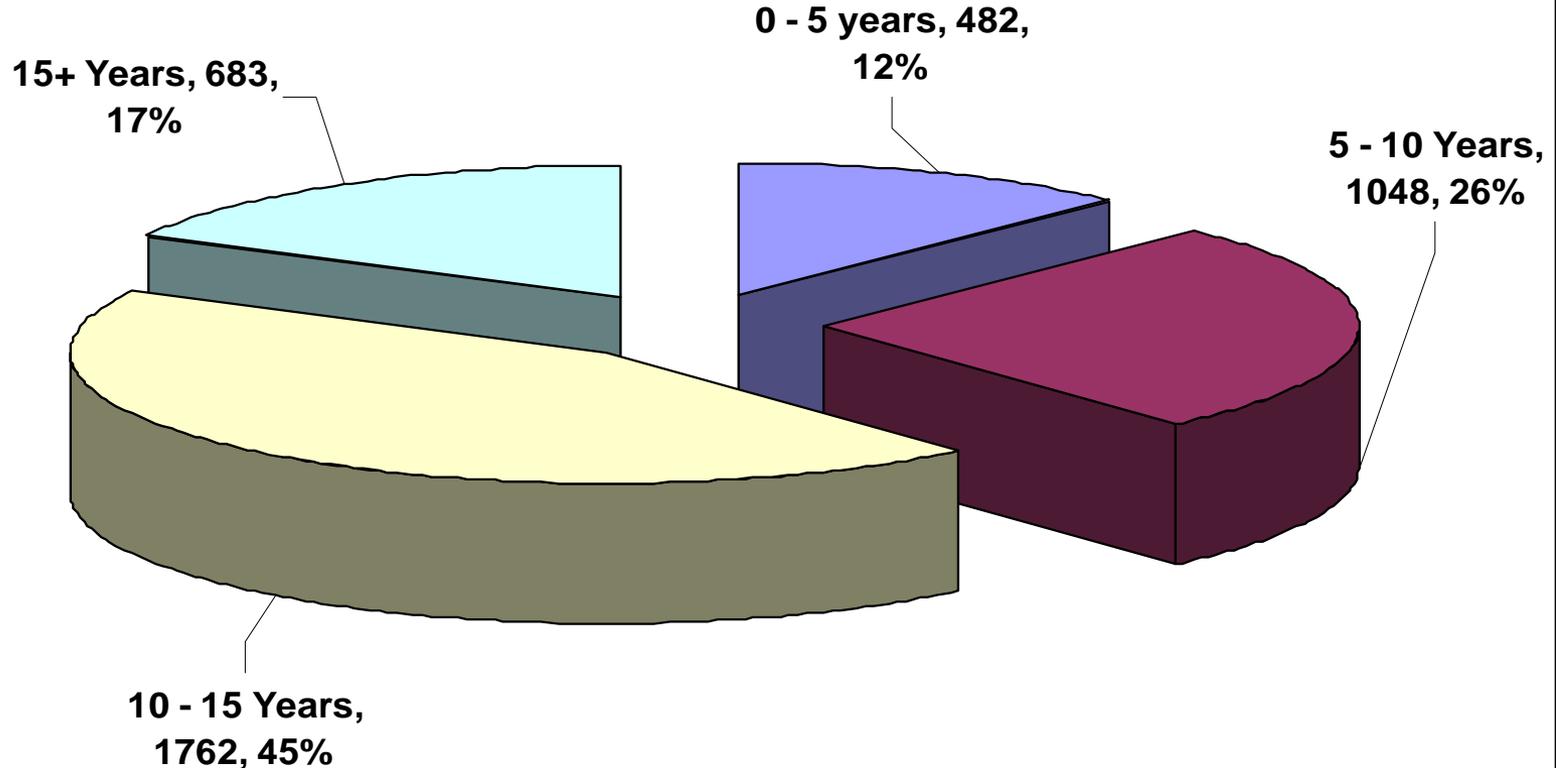
- ✓ The costs for cleanup reimbursements are up
- ✓ The number of sites in the program has not significantly decreased
- ✓ Claims are taking too long to clean up

## Total Payments Increase



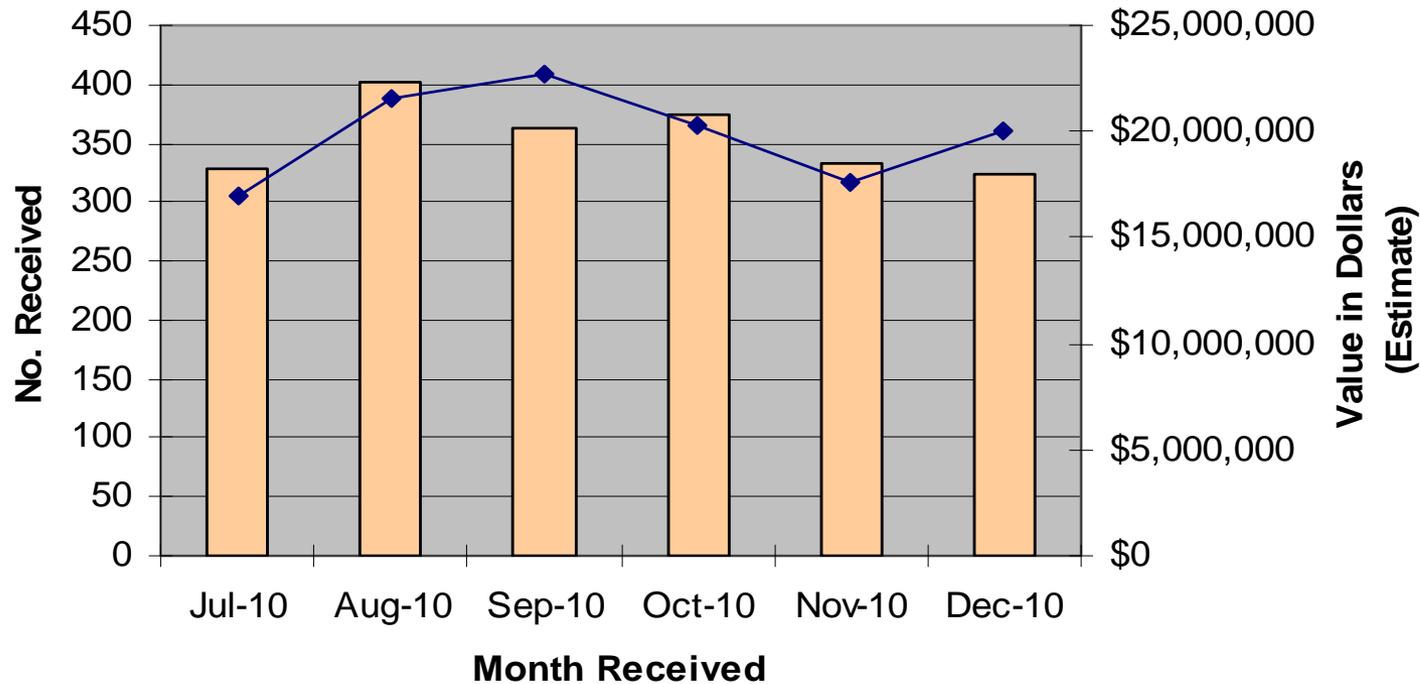
## Cleanups Taking Too Long

**Active Claims by Priority Class**



## Fiscal Year 2011-2012

### Reimbursements Received for FY 10-11



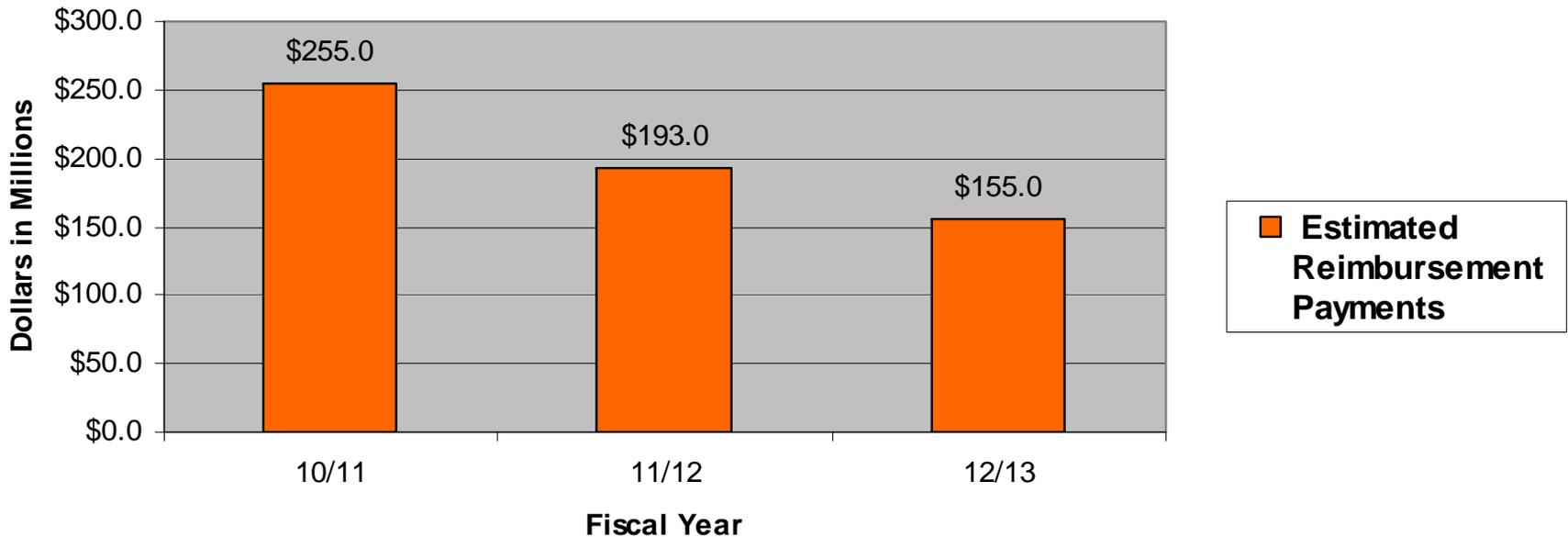
Reimbursements Received
  Amount Requested

## Fiscal Year 2011-2012

- ✓ Demand estimated to be approximately \$240 million a year, based on current (fiscal year 2010-2011) request rates
- ✓ Currently the Fund expects to have available approximately \$114 million for claims in fiscal year 2011-2012
- ✓ Differential of approximately \$126 million for fiscal year 2011-2012

## Outyear Trends

**Underground Storage Tank Cleanup Fund**  
*Estimated Reimbursement Payments*  
*FY 10/11 through 12/13*

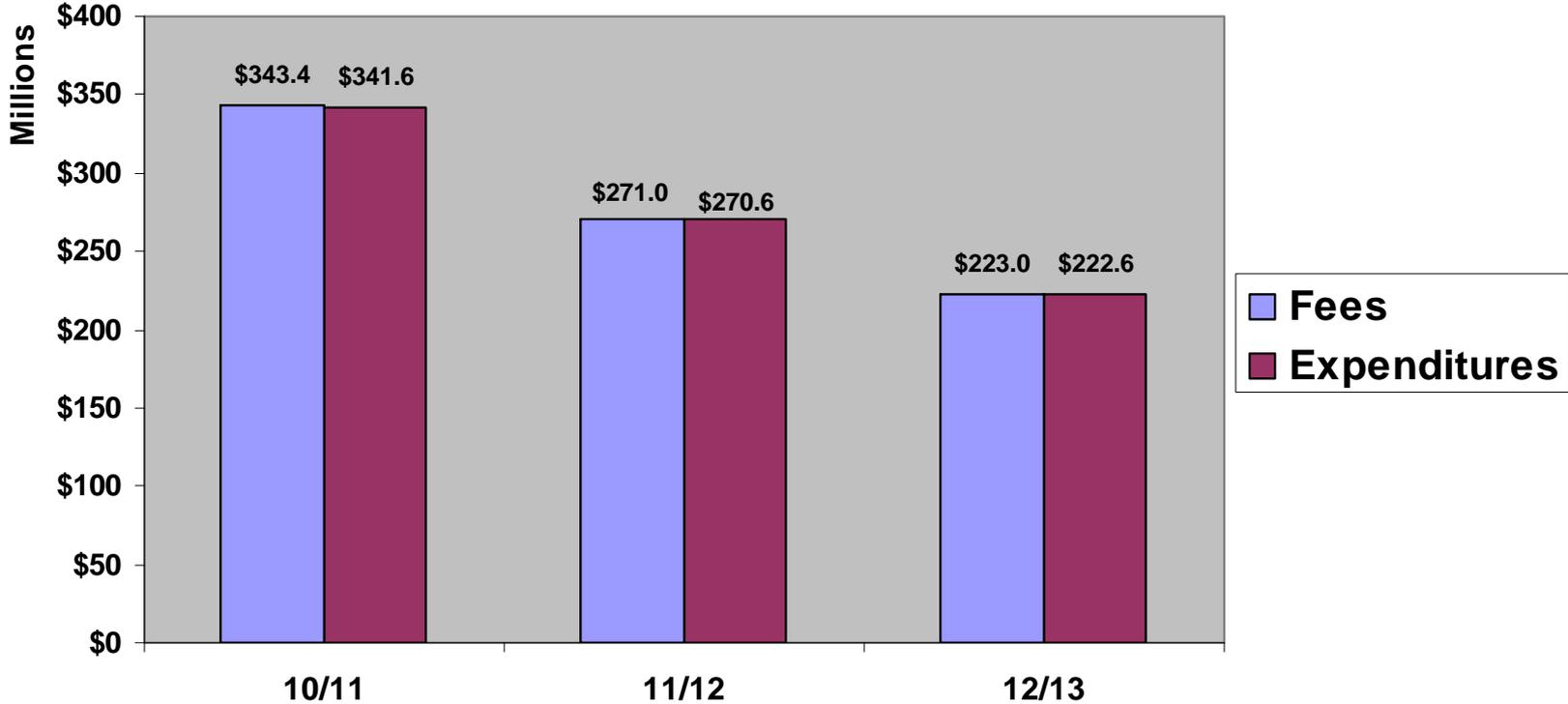


# UST Cleanup Fund

## *Underground Storage Tank Cleanup Fund*

*Projected Fees and Expenditure*

*FY 10/11 through FY 12/13*



## New Business Model

- ✓ All priority A, B and C claims will be on a budget
  - ✓ Site specific scope of work
  - ✓ Costs tied to that scope of work
  - ✓ Path to closure
- ✓ Affects virtually all aspects of the Fund operations

## New Business Model

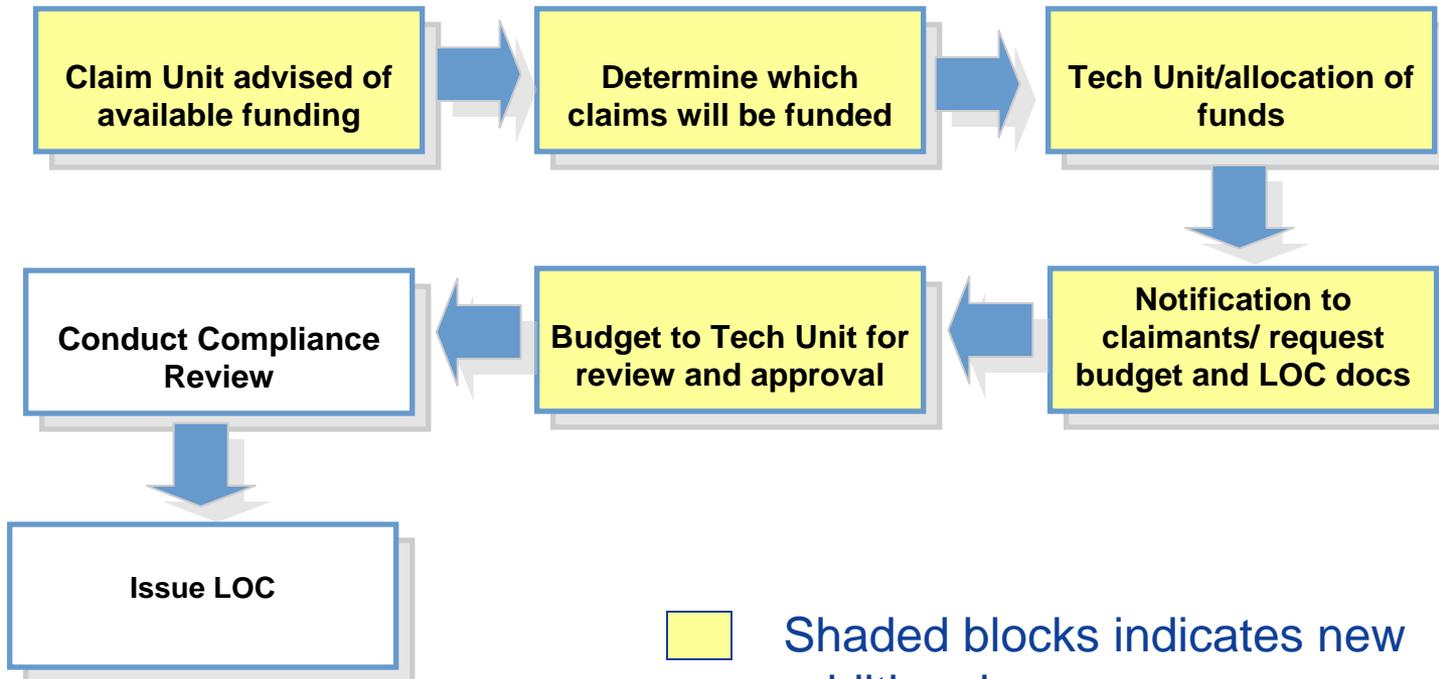
Increased predictability and stability:

- ✓ The Fund
  - ✓ More control of cash flow
  - ✓ Better expenditure prediction tools
- ✓ Claimants
  - ✓ Known amount of funding available
  - ✓ Prompt payment

## Audit Response

- ✓ 60 day Statutory Requirement –  
Make eligibility determination within  
60 days and advise claimant of  
deficiencies
- ✓ Risk Based Compliance Review –  
Field reviews limited to those  
deemed necessary pursuant to  
established risk criteria

## LOC Overview



## Impacts - New Claimants

- **School Districts – No Impact – Account funding expires 2012**
- **Priority A:**
  - Initial Review: Within 60 days
  - Detailed Review: On schedule
  - LOC: Annually
- **Priority B:**
  - Initial review: Within 60 days
  - Detailed review: Delayed
  - LOC: Delayed – dependent on available funding
- **Priority C and Priority D:**
  - Initial review: Within 60 days
  - Detailed review: Delayed
  - LOC: Delayed – dependent on available funding

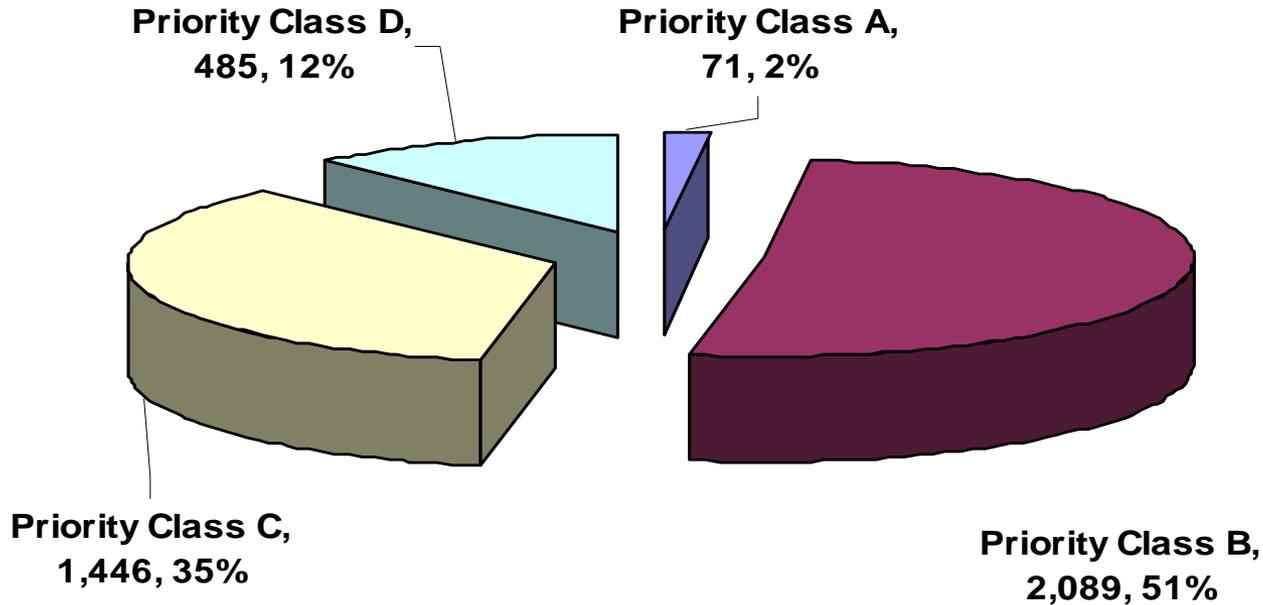


# UST Cleanup Fund-Claim Budgets

- ✓ Primary objective - Ensure some funding is available for necessary corrective action for all active claims, while ensuring the financial soundness of the Fund
- ✓ Funding will be based on the site-specific claim needs, the Priority of the claim, Fund's projected annual revenue, local regulatory priorities, and directions from SWRCB
- ✓ Implementing both zero-sum budgeting and zero-based budgeting

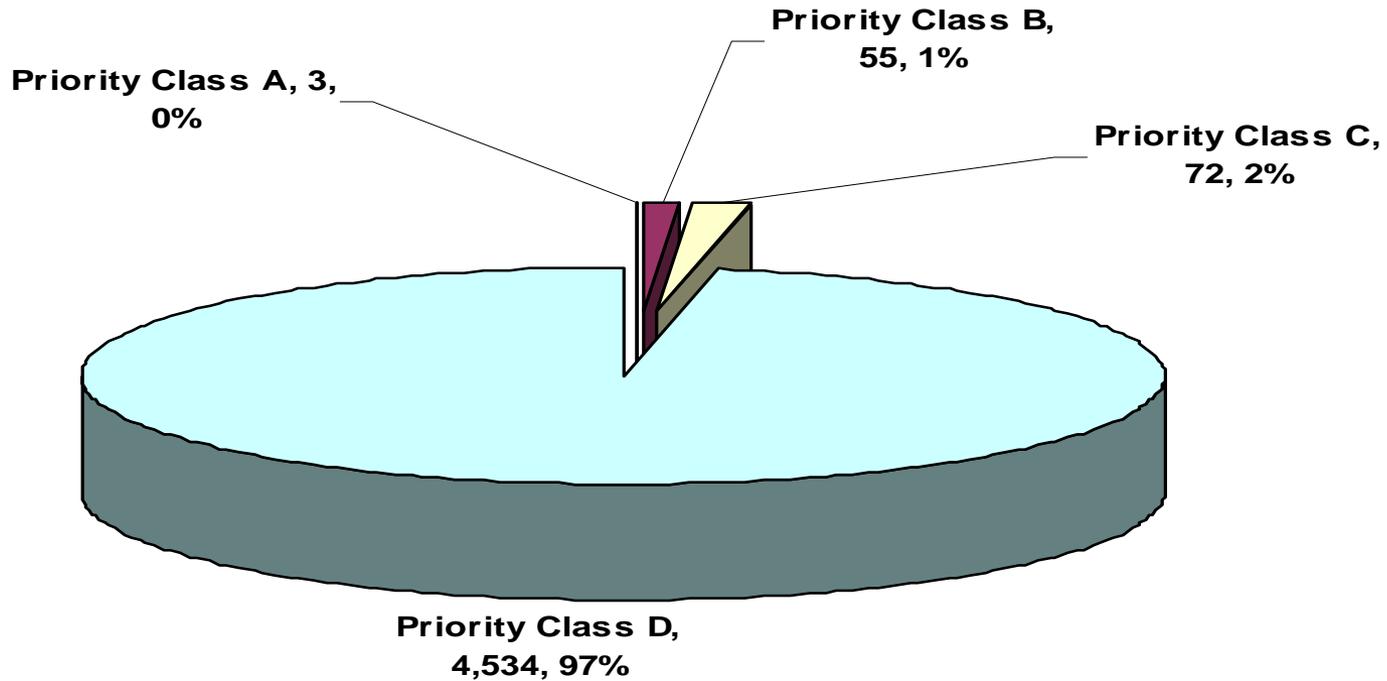
## Current Composition of the Fund

**Active Claims by Priority Class**



## Current Composition of the Fund

**Priority List by Priority Class**



## Category Change Comparisons

Category	Previous (%)	Updated (%)
SWI	16.1	16.0
RS/IRA	15.5	15.4
CAP/REM	26.1	26.0
VM	10.2	10.4
SC	32.1	32.2
Total	100.0	100.0

## Budget Category Information

- ✓ Latest version of *Budget Category Table* web-posted on 1/24/11;
- ✓ Sites in O&M mode of CAP/REM are highest priority for funding
- ✓ Claims in site closeout (SC) category will be as fully funded as possible, again dependant available funding
- ✓ Claims in other categories will be funded with money not allocated to either O&M or SC
- ✓ All claims will receive some funding for 2011-2012 fiscal year

## Budget Category Breakdown

- ✓ Total # A, B and C Claims - 3560
  - ✓ 570 (Soil Water Investigation)
  - ✓ 547 (Remediation Selection)
  - ✓ 927 (Remediation Implementation)
    - ✓ ~ 1/3 (Start-Up)
    - ✓ ~ 2/3 (O & M)
  - ✓ 369 (Verification Monitoring)
  - ✓ 1145 (Site Closure)

## Payment Forms Changes

- ✓ Proof of Payment Certification Form
- ✓ Provider's Complaint Form for Claimant's Nonpayment of Eligible Costs
- ✓ Revised Payment Summary

## UST Cleanup Fund- Summary

- ✓ Begins July 1, 2011
- ✓ Priority A, B and C claims will be placed on an annual budget
- ✓ Reimbursements made against approved budget
- ✓ Eligible costs over budget will be deferred
- ✓ Separate budgeted costs from other costs
- ✓ Old costs/non-budgeted costs paid by Priority and date of receipt, after budgeted costs
- ✓ New spreadsheet template – Invoice breakout by work phases



# UST Cleanup Fund

## Additional Information

USTCF Website – Reimbursement Status

[http://www.waterboards.ca.gov/water\\_issues/programs/ustcf/](http://www.waterboards.ca.gov/water_issues/programs/ustcf/)

Electronic Mailing List Subscription (Listserv)

[http://www.waterboards.ca.gov/resources/email\\_subscriptions/](http://www.waterboards.ca.gov/resources/email_subscriptions/)

State Water Resources Control Board  
Division of Financial Assistance  
Underground Storage Tank Cleanup Fund  
P.O. Box 944212  
Sacramento, CA 94244-2120  
(800) 813-FUND



# UST Cleanup Fund-Claim Eligibility Review

## Questions