
State Water Resources Control Board

UST Cleanup Fund Program Update

Fund Web page: http://www.waterboards.ca.gov/water_issues/programs/ustcf/
(as of July 25, 2012)

FISCAL YEAR 2012/13 SITE BUDGET CHANGES

ESTIMATED FUNDS FOR ANNUAL SITE BUDGET CHANGES

The UST Cleanup Fund Update (as of July 16, 2012) provided the following information related to the Fiscal Year (FY) 12/13 annual site budgets:

FY 12/13 is the second year the UST Cleanup Fund is implementing the new business model adopted pursuant to the recommendations of the 2009 external audit and task force. The Fund's new business model includes: (1) placing all Priority A, B, and C claims on an annual site budget; (2) programmatically budgeting for overall annual costs within the amount available each year from petroleum storage fee revenues; and (3) avoiding creating new carryover costs from year to year.

The most recently updated list of annual site budgets for Priority A, B, and C claims, "Site Budgets for FY 2012_13" is posted on the UST Cleanup Fund web page. Of the \$169 million budgeted for annual site budgets for Priority A, B, and C claims, approximately \$102 million have been approved as initial annual site budgets. The remainder of the \$169 million, about \$67.4 million, has been identified for budget changes for Priority A, B, and C claims.

Nearly the entire statutorily mandated 14 percent minimum has been identified for annual site budgets for Priority C claims leaving about \$4.7 million for Priority C budget changes. The remaining \$62.7 million is available for annual site budgets for Priority A and B claims. The amount in the far right column in the table below shows the current estimate of funds available for FY 12/13 budget changes.

In addition to that budgeted reserve, an uncertain amount of funding may also become available as claims are identified that do not need their annual site budgets. Throughout the year the Fund is notified of claims that do not intend to expend the approved annual site budgets. These claims include those where (1) the claimant submits a request for a decreased budget; and (2) those where claims close and do not use the budgeted amount.

**Table: Estimated FY 12/13 Funding Available for Priority Class Payments
(Approximate UST Cleanup Fund Budget for Reimbursement of Claims)**

Cost Categories	Approximate Budget by Category (Million)	Approximate Amount Budgeted (as of 7/16/12) (Million)	Approximate Amount Available for Budget Changes (Million)
Previously Accrued Costs			
Priority A, B, C, D Old Costs (<7/1/11)	\$ 9	N/A	N/A
New Priority B Old Costs (< LOC)	\$ 15	N/A	N/A
SubTotal	\$ 24	N/A	N/A
Annual Site Budgets: Priority A, B, C			
Priority A	Approximately \$135 for combined Priority A and B claims	\$ 2.0	Less than \$62.7 for combined Priority A and B claims
Priority B		\$ 70.3	
Priority C (14%)	\$ 34	\$ 29.3	\$ 4.7
SubTotal	\$169	\$101.6	\$67.4
Annual Budget: Priority D (14%)	\$ 34	\$ 34.0	\$ 0
SubTotal	\$203	\$135.6	\$67.4
Estimated Funding Available For Priority Class Payments TOTAL	\$227	\$135.6	\$67.4

BUDGET CHANGE REQUEST PROCESS

Budget Change Request:

A budget change request is submitted by the claimant for either an increase or decrease in the amount of the approved annual site budget for FY 12/13. The budget change request form has been revised from last year's form to accommodate both needs.

Request for Decreased Budget:

The Fund requests claimants who do not need any or all of the annual site budget identified for their claim to submit a budget change request for a decrease in budget as soon as possible.

Unused funds can be assigned to other claims if the Fund receives a budget change request in a timely manner. Those funds cannot be assigned for use by other claims if the Fund does not receive a budget change request for a reduction in funds from the original claimant.

Unused annual site budget moneys that are not re-assigned to other claims result in under-expenditure of the FY 12/13 Fund Budget. Unexpended funds cannot be used the following fiscal year, but must be formally requested through the State budget process for re-appropriation to the Fund for use a minimum of two fiscal years later.

Request for Increased Budget:

The Fund anticipates that budget change requests will exceed the amount of money available for the FY12/13 Fund Budget.

Content of Budget Change Request:

A budget change request consists of:

- Budget Change Request Form – The form includes instructions for submittal of the entire budget change request. The FY 12/13 budget change request form, including instructions, has been posted on the Fund website at: http://www.waterboards.ca.gov/water_issues/programs/ustcf/forms.shtml.

The form includes a signature block for the claimant to certify that they are requesting a change to the approved FY 12/13 site budget. All sections of the form **must** be completed to be accepted by the Fund for review of the request. Failure to complete any section will result in the form being rejected by the Fund for lack of information.

- Justification - The justification should include a brief explanation of the reason the increased budget is needed, such as: change of category, new regulatory requirements, Fund error on the initial budget, etc. In most cases, sufficient justification can be provided in a few sentences.

- Budget Breakdown Form - Excel spreadsheet showing the budget estimate including the additional work. A spreadsheet template can be found at: http://www.waterboards.ca.gov/water_issues/programs/ustcf/docs/budget/budget_scope_brkdown.xls.
- Remediation Information Form – This form should be included for claims where there is either proposed or active remediation. In these cases, the Fund staff needs to evaluate the cost effectiveness of the system including design, operation and maintenance and whether the associated costs are likely to be reasonable and necessary. [Note: The Fund will request submittal of updated Remediation Information Forms as supporting information for future Reimbursement Requests for sites where remediation is proposed or ongoing in order to determine reasonable and necessary costs for reimbursement.]

Submittal of Budget Change Requests:

- The budget change request should be submitted by e-mail. The e-mail must include the budget change request form, a brief narrative justification, a budget breakdown spreadsheet, and, if there is proposed or active remediation at the site, the remediation information form.
- The subject line of the email should include the claim number and region.
- The e-mail should be sent to: USTCleanupFund@waterboards.ca.gov.
- Emails submitted to this email address will receive an email confirming receipt. The Fund cannot guarantee either receipt of or response to budget change requests submitted by other means.
- Only one budget change request should be included in each e-mail. Claimants with multiple claims should send one e-mail per claim.

Timeframe for Submittal of Budget Change Requests:

The Fund strongly encourages claimants to submit budget change requests (including the budget change request form and all supporting documentation) as soon as possible.

Timeframe for Action on Budget Change Requests:

The Fund plans to begin reviewing budget change requests for FY 12/13 during August 2012. The Fund's goal is to have assigned the funding available for budget changes to claims by January 2013. No budget change requests to increase budgets will be approved after April 1, 2013.

Budget change requests require review time and assessment regarding the availability of funds. The Fund will post on the Fund website approved budget changes on a monthly basis.

FAQ'S

(As of July 25, 2012)

**FISCAL YEAR 2012/13
BUDGET CHANGE REQUESTS**

Q: When will site budget change requests be approved?

A: Budget change requests will be reviewed starting in August 2012. The latest approvals will be no later than April 1, 2013.

Q: Why is the claimant's signature required on the budget change request?

A: The Fund is authorized to reimburse the claimant and, therefore, must ensure the claimant is aware of the approved site budget as well as any requests to increase or decrease the budget.

Q: Why is information necessary regarding remediation systems?

A: Fund regulations permit reimbursement for costs, including remediation system costs, of efficient and cost-effective corrective action alternatives. Only reasonable and necessary costs can be reimbursed. The largest portion of corrective action costs is for active remediation systems. In order to better contain costs and to determine whether the associated costs are likely to be reasonable and necessary, the Fund will review the system including design, operation, and maintenance for cost-effectiveness and efficiency. Additional funds will be assigned based on the review.

Q: I have already sent in a budget change request. Do I need to re-send it? I sent a budget change request to another email address. What should I do?

A: You should re-send the budget change request and supporting documentation. Note in the e-mail that this may be a duplicate submittal. Forms and supporting documentation should be submitted to the Fund by e-mail to USTCleanupFund@waterboards.ca.gov. Include the claim number and region on the subject line. Emails submitted to this email address will receive an email confirming receipt. The Fund cannot guarantee either receipt of or response to budget change requests submitted by other means.

Q: How will I know if my budget change request has been approved?

A: The Fund will post on the Fund website approved budget changes on a monthly basis.