
December

2005

State Water Resources Control Board
Division of Financial Assistance

**REPLACEMENT OF UNDERGROUND
STORAGE TANKS PROGRAM**

**LEGISLATIVE
ANNUAL
REPORT**

New Series No. 2
December 2005
State Water Resources Control Board

Summary

The Replacement of Underground Storage Tanks (RUST) Program provides low-interest, small business loans (ranging from \$10,000 to \$750,000) to help replace, remove, and repair underground storage tanks (USTs) in order to meet regulatory standards and take corrective actions. Subsequent legislation has expanded the RUST Program to enable small and disadvantaged businesses to obtain grants (ranging from \$3,000 to \$50,000) for required UST and UST-related upgrades. The following information is based on State Water Resources Control Board RUST Program records through June 30, 2005.

Loans, Grants, and Resultant Tanks Removed/Upgraded

During fiscal year 2004-2005, the RUST Program issued: 22 loans totaling \$5,661,565, with an average loan amount of \$257,344; and 62 grants totaling \$2,230,206, with an average grant amount of \$35,970. These loans and grants enabled recipients to remove/upgrade 228 USTs and preserve 662 jobs.

Characteristics of Grant and Loan Recipients

The loan and grant applications include questions that identify the gender, ethnicity, business type, and legal business structure of the applicant. The following charts summarize these characteristics:

Chart 1. Applicant's Gender

| GENDER OF APPLICANT | 2004-05 TOTAL |
|----------------------------|----------------------|
| Male | 60 |
| Female | 6 |
| Joint Filings | 18 |

Chart 2. Applicant's Ethnicity*

| ETHNICITY | 2004-05 TOTAL |
|-------------------------|----------------------|
| White | 43 |
| Asian/ Pacific Islander | 10 |
| Hispanic | 1 |
| African-American | 0 |
| East Indian | 10 |
| Other | 6 |
| Not Reported | 14 |

*This question was optional and all applicants did not respond

Chart 3. Business Types

| BUSINESS TYPES | 2004-05 TOTAL |
|-----------------------|--------------------------|
| Gas Sales | 9 |
| Gas & Auto Repair | 13 |
| Gas & Mini Mart | 59 |
| Boat Marina | 1 |
| Cardlock | 2 |

Chart 4. Applicant's Legal Business Structure

| LEGAL STRUCTURE | 2004-05 TOTAL |
|---------------------------|--------------------------|
| Sole Proprietorship | 41 |
| Corporation | 30 |
| Partnership | 8 |
| Individual | 2 |
| Limited Liability Company | 2 |
| Trust | 1 |

Administrative Costs

The state operating expenditures for the RUST Program totaled \$280,000 in FY 2004/2005. These expenditures are for servicing and collection costs. Servicing costs include processing and accounting for new and existing loans and grants and depositing of monthly payments. Collection costs include pursuing delinquent borrowers and enforcement of contract provisions that ensure loan repayment.

Conclusion

The RUST Program has helped independent gas retailers, which cannot otherwise afford the expense associated with required UST upgrades and/or removal, to remain in business. The success of the RUST Program has helped protect California's drinking water from contaminants, including MTBE, and ensured that necessary fuel supplies, particularly in rural areas, are maintained.



Alan C. Lloyd, Ph.D.
Agency Secretary

State Water Resources Control Board



Executive Office

1001 I Street, Sacramento, California 95814
P.O. Box 100, Sacramento, California 95812-0100
(916) 341-5615 ♦ FAX (916) 341-5621 ♦

Arnold Schwarzenegger
Governor

MAR 3 2006

Mr. Gregory Schmidt
Secretary of the Senate
State Capitol, Room 3044
Sacramento, CA 95814

Dear Mr. Schmidt:

Pursuant to provisions required in Chapter 6.76, section 25299.112 of the California Health and Safety Code, enclosed is a copy of the 2005 Legislative Annual Report describing the performance of the Replacement of Underground Storage Tanks Program.

Should you have any questions or need further assistance, please do not hesitate to contact Mr. Ron Duff, Fund Manager, Division of Financial Assistance, at (916) 341-5353 or Mr. David Ceccarelli, Staff Services Manager I, at (916) 341-5671.

Sincerely,

Celeste Canfi
Executive Director

Enclosure



MAR 3 2006

cc: Honorable Joe Simitian, Chair
Senate Environmental Quality Committee
State Capitol, Room 4062
Sacramento, California 95814

Honorable George Runner, Vice Chair
Senate Environmental Quality Committee
State Capitol, Room 4066
Sacramento, California 95814

Honorable Ira Ruskin, Chair
Assembly Environmental Safety and Toxic Materials Committee
State Capitol, Room 4139
Sacramento, California 95814

Honorable Van Tran, Vice Chair
Assembly Environmental Safety and Toxic Materials Committee
State Capitol, Room 4009
Sacramento, California 95814

Mr. Richard Costigan, Legislative Secretary
Governor's Office
State Capitol, First Floor
Sacramento, California 95814

Ms. Elizabeth G. Hill, Legislative Analyst
Legislative Analyst's Office
925 L Street, Suite 1000
Sacramento, California 95814

Mr. David S. Harper
Department of Finance
State Capitol, Room 1145
Sacramento, California 95814

Ms. Susan Hildreth, State Librarian
Library & Courts Building
Sacramento, California 95814





Alan C. Lloyd, Ph.D.
Agency Secretary

State Water Resources Control Board



Executive Office

1001 I Street, Sacramento, California 95814
P.O. Box 100, Sacramento, California 95812-0100
(916) 341-5615 ♦ FAX (916) 341-5621 ♦

Arnold Schwarzenegger
Governor

MAR 3 2006

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, CA 95814

Dear Mr. Wilson:

Pursuant to provisions required in Chapter 6.76, section 25299.112 of the California Health and Safety Code, enclosed is a copy of the 2005 Legislative Annual Report describing the performance of the Replacement of Underground Storage Tanks Program.

Should you have any questions or need further assistance, please do not hesitate to contact Mr. Ron Duff, Fund Manager, Division of Financial Assistance, at (916) 341-5353 or Mr. David Ceccarelli, Staff Services Manager I, at (916) 341-5671.

Sincerely,

Celeste Cantu
Executive Director

Enclosure



MAR 3 2006

cc: Honorable Joe Simitian, Chair
Senate Environmental Quality Committee
State Capitol, Room 4062
Sacramento, California 95814

Honorable George Runner, Vice Chair
Senate Environmental Quality Committee
State Capitol, Room 4066
Sacramento, California 95814

Honorable Ira Ruskin, Chair
Assembly Environmental Safety and Toxic Materials Committee
State Capitol, Room 4139
Sacramento, California 95814

Honorable Van Tran, Vice Chair
Assembly Environmental Safety and Toxic Materials Committee
State Capitol, Room 4009
Sacramento, California 95814

Mr. Richard Costigan, Legislative Secretary
Governor's Office
State Capitol, First Floor
Sacramento, California 95814

Ms. Elizabeth G. Hill, Legislative Analyst
Legislative Analyst's Office
925 L Street, Suite 1000
Sacramento, California 95814

Mr. David S. Harper
Department of Finance
State Capitol, Room 1145
Sacramento, California 95814

Ms. Susan Hildreth, State Librarian
Library & Courts Building
Sacramento, California 95814

