

October 2008

Please see the attached announcement from the UST Fund regarding measures it is taking because of the low balance in the Fund. This may have a significant impact on anyone relying on reimbursements from the Fund.

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**REAL ESTATE AND ENVIRONMENTAL LAW**



# State Water Resources Control Board



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Arnold Schwarzenegger  
Governor

October 23, 2008

To: Underground Storage Tank (UST) Cleanup Fund (Fund) Claimants and Interested Parties

## IMPORTANT NOTICE - DELAY IN FUND REIMBURSEMENTS

**This letter is to notify you of immediate actions the Fund program is taking in response to a low cash balance. These actions will delay payments and affect all claimants and their consultants. PLEASE READ.**

Fund payment activity was significantly higher than expected last fiscal year. The Fund processed 4,964 payments (an increase of 7 percent over the year before), with a dollar value of \$239 million (an increase of 18 percent over the prior fiscal year). In addition, other obligations against the Fund have increased over recent years, including program administration and special account costs. Coupled with this, we have experienced a reduction in revenues partially due to the summer spike in gasoline prices. As a result, the Fund began the current fiscal year with a low cash reserve, and we find it necessary to take the following immediate actions:

- 1. Holding Payments:** Current and future payments will be held as necessary to ensure sufficient revenue has been collected and appropriate reserves are maintained. Payments will be delayed several months beyond historic processing times. Payments will generally be made in order of Priority Class and date of receipt of the reimbursement request, as funds are available.
- 2. Suspending Letters of Commitment (LOCs) for Lower Priority Claims:** The number of active claims will be reduced to bring day-to-day demand into balance with revenues. To accomplish this, the LOCs for several hundred lower priority claims will be suspended. LOC suspensions will occur in reverse priority order based on the claim's Priority Class and date of application. You will be notified by separate letter if your LOC is suspended. Eligible costs incurred up to ten days after the date of the issuance of the notice of LOC suspension will be reimbursable, as funds are available. Costs incurred after that date will not be reimbursed until the LOC suspension is lifted. You will be notified when your claim's LOC is removed from suspension.
- 3. Approving Budgets:** Although payments will continue to be processed as outlined above, the Fund will require that a budget be approved for all active Priority Class

*California Environmental Protection Agency*

"B" and "C" claims to allow us to better anticipate cash needs and evaluate planned corrective action. The budget approval process will work as follows:

- Have your consultant prepare a line item budget covering planned corrective action activities for your site for the 18-month period January 1, 2009 through June 30, 2010. Instructions, forms and sample plans and budgets will be available not later than November 7, 2008, on our website at:

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

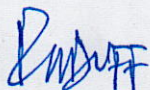
- Submit the completed budget approval request to the Fund no later than February 1, 2009.
- The Fund will review the request and contact you and/or your consultant if we have questions. We will notify you once the budget is approved.
- Submit another budget approval request if the budget needs updating prior to the end of its term.
- Submit a request for approval of an updated 18-month budget each year, at least six months prior to the end of the previous budget.
- Future reimbursement requests should be organized according to the budget line items.

We regret any difficulties caused by this delay in payments. We are very aware of the impact this situation will have on claimants and their consultants and will closely monitor the flow of revenue into the Fund. We will adjust the rate of payments and number of active claims as revenues and demands on the Fund allow.

Finally, we want to urge all claimants, consultants, and regulators to take all appropriate steps to reduce costs and improve efficiencies at cleanup sites and to move cases as quickly as possible toward completion and closure.

If you have questions, please contact the Fund at (800) 813-FUND (3863) or by e-mail at [USTCleanupFund@waterboards.ca.gov](mailto:USTCleanupFund@waterboards.ca.gov).

Sincerely,



Ronald M. Duff, P.E., Fund Manager  
Underground Storage Tank Cleanup Fund

cc: Regional Water Board UST Program Managers (via e-mail only)  
UST Local Oversight Program Managers (via e-mail only)  
UST Program Manager, USEPA Region 9 (via e-mail only)