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September 9, 2010

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

CHANGES IN UNDERGROUND STORAGE TANK CLEANUP FUND OPERATIONS

This letter is to inform you that the Underground Storage Tank Cleanup Fund (Fund) is changing the way we conduct business, effective July 1, 2011. The Fund is changing to a “new business model” that will allow us to be more proactive in balancing our cash flow both at the individual claim level and at the overall program level. For the claimant, this new business model will increase the predictability in the amount of funding available for individual site cleanups each year, and will allow for faster reimbursement processing and payments times.

This letter does not apply to Priority D claims, which will continue to be reimbursed as they have in the past and receive a minimum of 14 percent of available revenue annually.

Claim Budgets

Beginning July 1, 2011, all claims in Priority A, B, and C will be required to be on a budget. These budgets will be based on site-specific scopes of work for the upcoming year (Fiscal Year 2011/2012), and will be updated annually. The amount of funding available for each claim will be capped according to where the case is in the cleanup process, the Priority of the claim, and the overall funding available during the fiscal year.

Budget caps, detailed instructions and necessary forms for completing the claim budget process will be posted to the Fund’s website in late October. We are encouraging all claimants and consultants to sign up for the Fund’s electronic mailing list to receive updates as they become available:

(http://www.waterboards.ca.gov/resources/email_subscriptions/ust_subscribe.shtml).

Fund staff will be available to help with this budgeting process, so that all the necessary claim budgets are in place by July 1, 2011.

Reimbursements of Old Costs

“Old costs” are any eligible corrective action costs incurred before July 1, 2011. These include costs that have been approved for reimbursement by the Fund and are now on hold awaiting revenue, any appealed costs approved in past or future decisions, and other costs that have been incurred but not yet submitted to the Fund.

Our priority during this current fiscal year will be to pay off outstanding "old costs", once a budget is approved by the Legislature and Governor. Based on current projections, we expect to have approximately \$215 million in fiscal year 2010/2011 to pay "old costs".

Beginning next fiscal year (2011/2012), our priority will be to pay budgeted costs under the new business model. Any unpaid "old costs" remaining at the end of the year ending June 30, 2011, will be paid as a secondary priority as funds are available.

While ample revenue is expected to pay all costs approved to date, some costs submitted for payment later this year will be carried over to next or subsequent years. Claimants and their consultants should plan accordingly as they conduct work during the remainder of this fiscal year.

If you have any questions or concerns, please contact the Fund at (800) 813-FUND (3863) or by e-mail at USTCleanupFund@waterboards.ca.gov. Additional Fund related information, can be found on the web site at:

http://www.waterboards.ca.gov/water_issues/programs/ustcf/.

Sincerely,



John Russell, Fund Manager
Underground Storage Tank Cleanup Fund