



# Underground Storage Tank Program Updates

## Review of New Rules and HB2704 Implementation

APMA September 10, 2019 Luncheon Meeting

# Introductions

## ■ Who's Here:

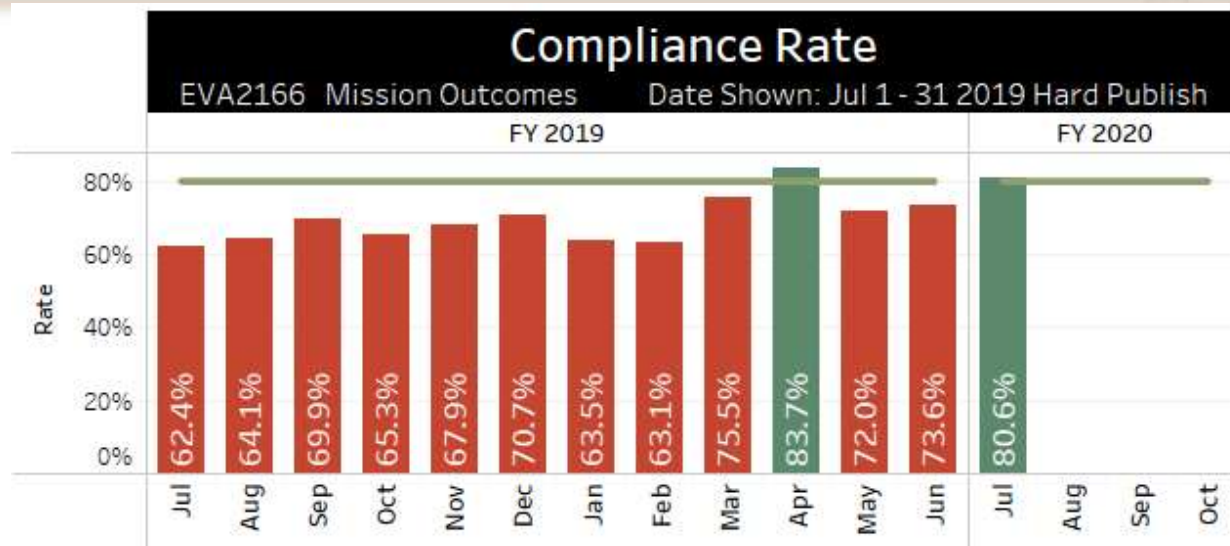
- **Pamela Nicola,**  
UST Manager
- **Nicole Delgado,**  
UST Deputy Manager
- **Chelsey Fenton,**  
Tank Site  
Improvement  
Program
- **Jorge Espinosa,**  
Preapproval Program
- **Ian Lies,**  
Business and Finance
- **Ana Vargas,**  
WPD Deputy Director

## ■ Agenda:

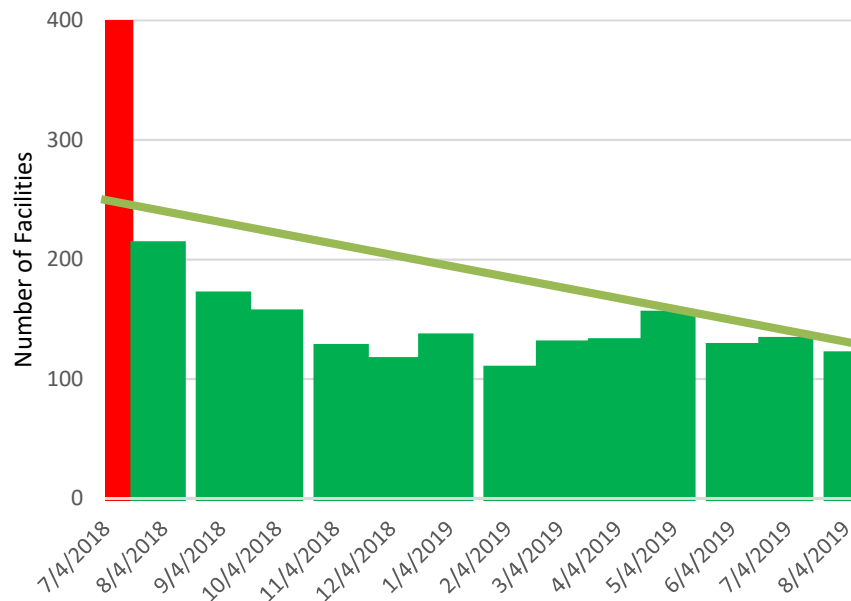
- Rule Revision Timelines
- Financial Assistance Program Overview
- State Lead Programs
- Tank Site Improvement Program
- Insurance
- Preapproval Program



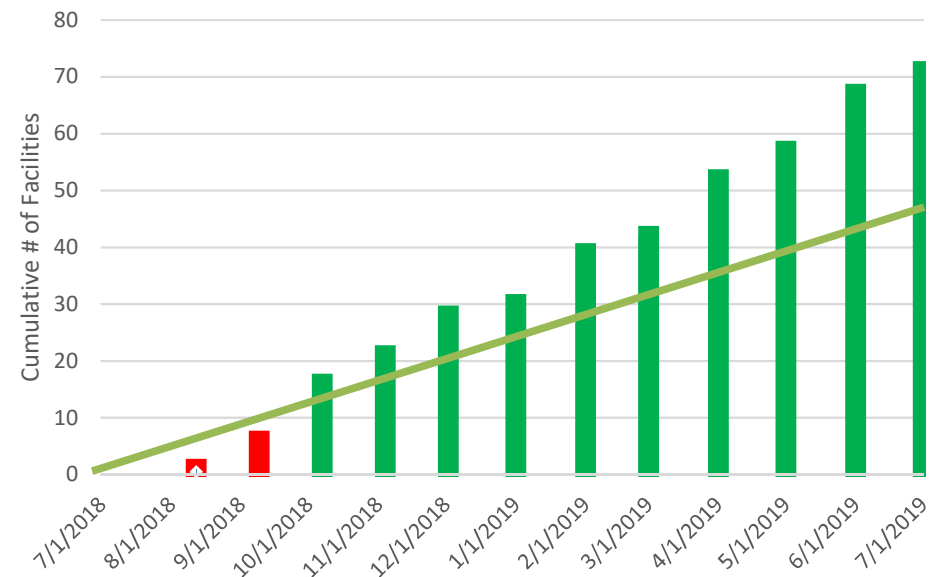
# Mission Outcomes & Strategic Measures



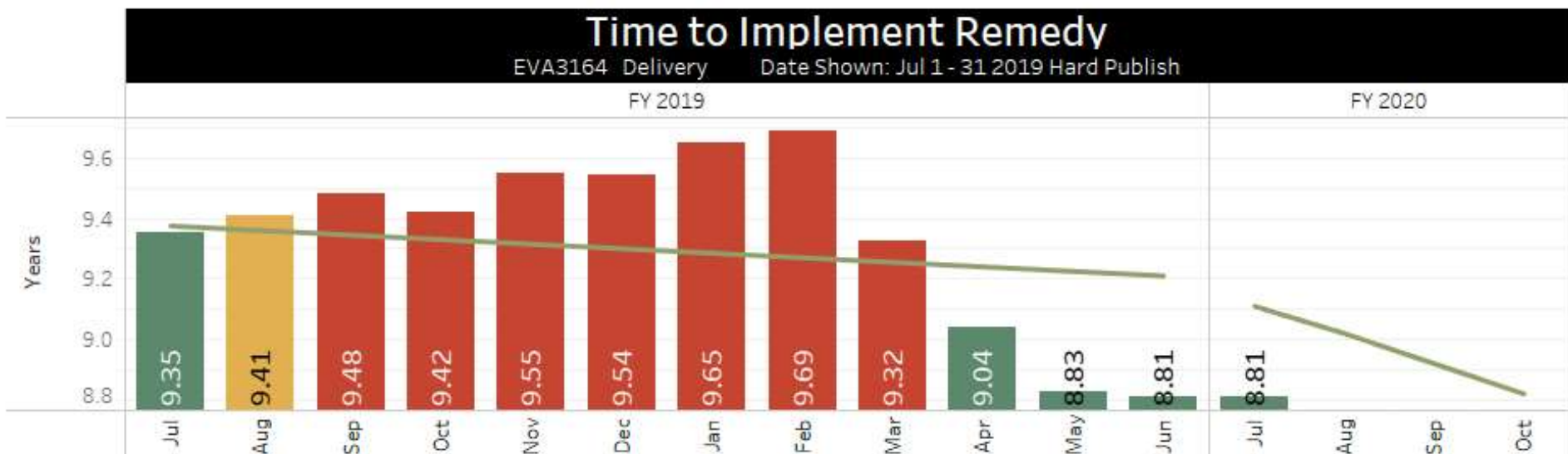
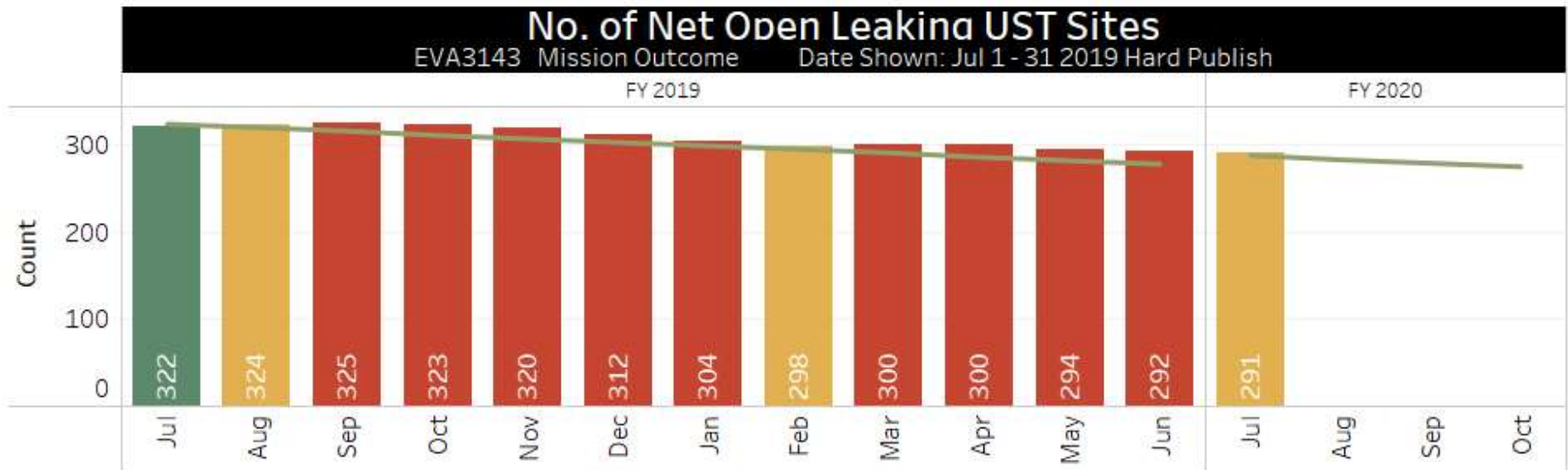
## Facilities Out of Compliance with FR



## Facilities with 30+ Year-old Tank Closures



# Mission Outcomes & Strategic Measures

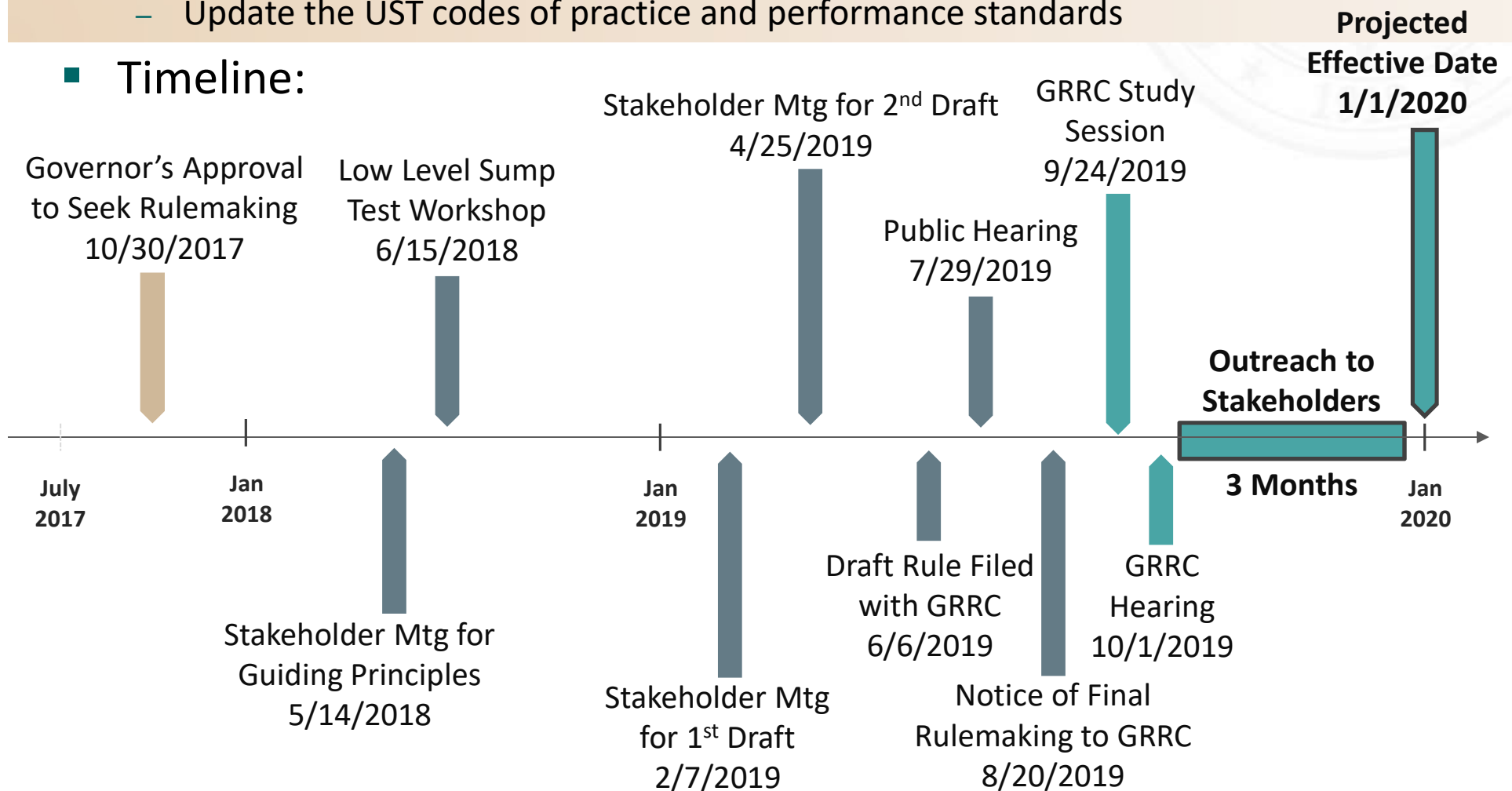


# New Rule

## ■ Highlights:

- Align with the 2015 federal UST rule revision
- Codify the plan review process
- Update the UST codes of practice and performance standards

## ■ Timeline:





# Financial Assistance Program Overview

Leak Prevention		Corrective Action (Clean-Up)	
Owner Managed	<b>Tank Site Improvement Program (TSIP)</b> <ul style="list-style-type: none"> <li>- Work must be completed within 1 year for funds to be reimbursed</li> <li>- Reimbursement is limited to the preapproved scope of work</li> <li>- Up to \$300,000 per facility</li> <li>- Tank Removal (\$25,000/tank)</li> <li>- Excavation of contaminated media found during tank removal (\$15,000/site)</li> <li>- Baseline Assessment (\$40,000/occurrence)</li> <li>- Release Confirmation (\$20,000/occurrence)</li> <li>- Equipment improvements to comply with installation standards (\$200,000/facility)</li> </ul> <p><i>Reimbursement</i></p>	Release is Confirmed	<b>Preapproval Program</b> <ul style="list-style-type: none"> <li>- Up to \$1 million per facility</li> <li>- Work plan must be approved in advance</li> <li>- Eligibility is dependent on compliance with financial responsibility requirements</li> <li>- Provides assistance for UST owners and operators for costs not covered by their financial responsibility mechanism</li> <li>- Expedited process for newly discovered contamination that poses risk to human health and the environment</li> </ul> <p><i>Reimbursement</i></p>
	<b>State Lead Noncorrective Action (NCA)</b> <ul style="list-style-type: none"> <li>- No eligibility restrictions (only prioritization)</li> <li>- Requires site access from the property owner</li> <li>- ADEQ's contractors perform the work</li> <li>- Tank Permanent Closure</li> <li>- Baseline Assessment</li> <li>- Release Confirmation</li> </ul> <p><i>Free</i></p>		<b>State Lead Corrective Action</b> <ul style="list-style-type: none"> <li>- Available to UST owners, operators and property owners who do not want to manage clean-up at their site</li> <li>- Requires site access from the property owner</li> <li>- ADEQ's contractors perform the work</li> <li>- Applicants eligible for Preapproval can assign those funds to State Lead</li> </ul> <p><i>Cost Recovery / Financial Hardship</i></p>
ADEQ Managed		ADEQ Managed	

## ■ Corrective Action

- New feature through HB2704, apply Preapproval funds to State Lead
- Financial hardship improvement event resulted in simpler application and settlement process
- Revision of lien provision through HB2704



## ■ Noncorrective Action

- Unchanged by HB2704
- No liens involved
- Schedule is coordinated with the owner/operator
- Can be combined with TSIP
- Benefits of over-excavation and multi-depth sampling

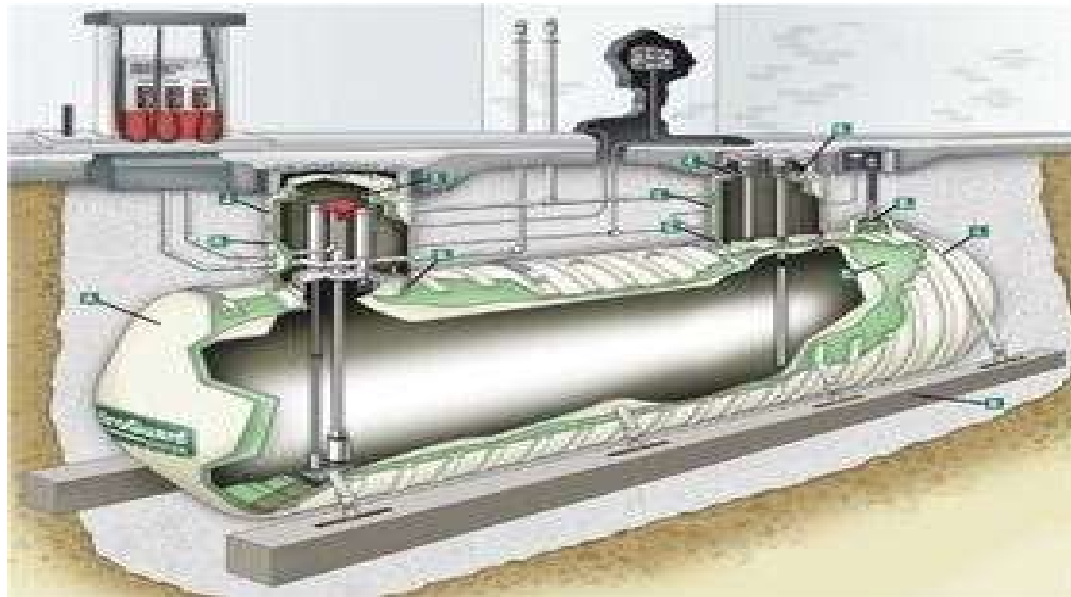
# Tank Site Improvement Program (TSIP)

- Retroactive Payments from HB2704
  - Eligible customers will be contacted by ADEQ
  - Simplified process for customers who submitted all costs in advance
  
- TSIP Enhancements from HB2704
  - Streamlined application
  - Working to align with plan review process
  - Recommendation to obtain 3 bids, only 1 bid required
  - Up to \$15,000 per site for removal of contaminated media during UST removal





- TSIP / Noncorrective Action
  - Notify your insurance carrier prior to any noncorrective action work
- Policy Renewals
  - Start the process early, don't assume you will automatically be renewed
- Preapproval
  - Making a timely claim and pursuing it is required for eligibility



# Preapproval Program

## ■ HB 2704 Enhancement – Retroactive Payments

### – Who's eligible:

- §49 -1051(J)(1): Corrective Actions taken between 12/31/15 – 12/31/19 not subject to Preapproval or Time Barred Claims because financial responsibility was defective during time of release or release occurred before financial responsibility was in place. Costs are eligible for reimbursement from and after the date facility is in compliance with FR.
- §49-1051(J)(2): Corrective actions taken between 12/31/15 - 12/31/19 if Preapproval was impracticable due to urgent newly-discovered contamination or risk
- §49 -1051(J)(3): Reimbursements for Corrective Actions between 12/31/15 – 12/31/18 that were not subject to TBC or previously reimbursed by ADEQ



- **HB2704 Enhancement – Reimbursement of Preparation Costs**
  - Costs for preparation of the initial approved application
  - Consulting expenses for participating in the initial kickoff meeting
  - Not more than 2% of the first year's corrective action costs
    - The first year begins on the date when work from the approved Preapproval work plan/cost sheets starts
    - Not Retroactive – Preparation costs incurred prior to the HB2704 effective date, August 27, 2019, cannot be reimbursed
    - Documentation requirement is the same as for all other parts of our program: Invoice Ledger, Invoices, Proof of Payment, Certification Statements
    - Submit preparation costs and the documentation with the first reimbursement request
    - Prep costs will be paid when corrective action costs reach threshold or after 1<sup>st</sup> year's corrective action costs are totaled, whichever comes first

# Preapproval Program

## ■ Scenario #1 – Preparation Costs

HB 2704 Effective  
8/27/2019

**CA Request = \$106,000**  
2% of \$106,000 = \$2120  
\$2120 > \$2000 Prep Costs  
**\$2000 Prep Costs Paid w/1st Reimbursement**

PA Application Approved  
9/15/2019  
**Prep = \$2000**

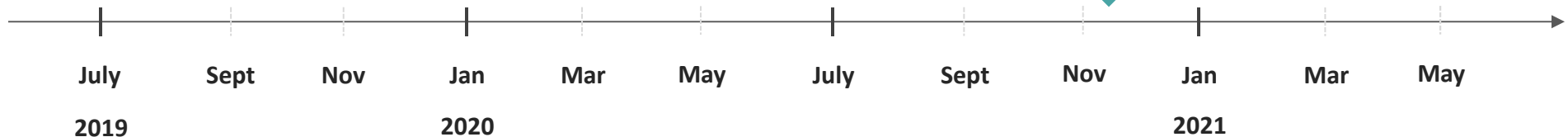
CA Work Begins  
11/3/2019

1<sup>st</sup> Reimbursement Request  
(Include Prep Info w/ this Request)  
7/26/2020

**CA Request = \$106,000**

CA 1<sup>st</sup> Year End  
11/2/2020

Approved CA Costs Counted Towards 2%

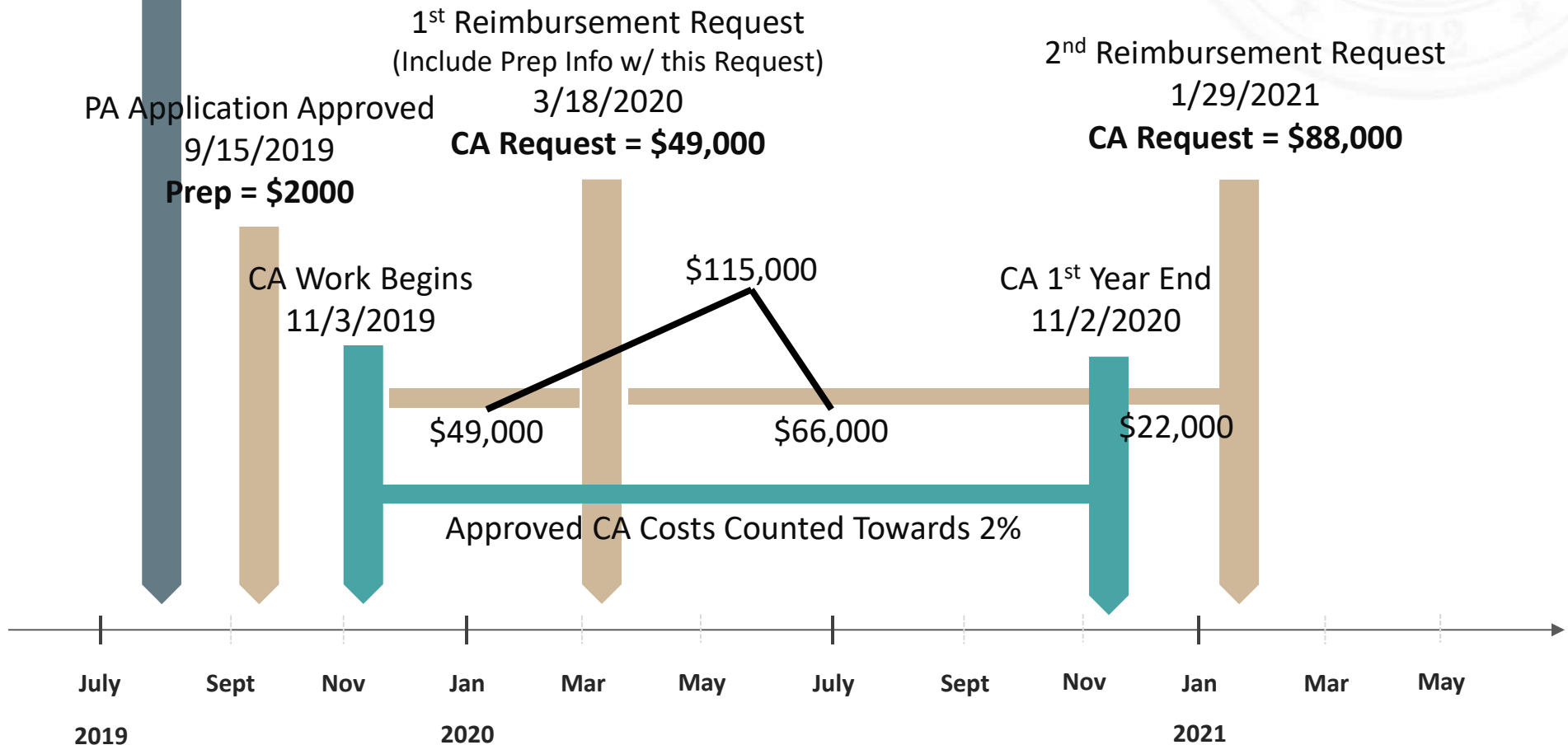


# Preapproval Program

## ■ Scenario #2 – Preparation Costs

HB 2704 Effective  
8/27/2019

**1<sup>st</sup> Year CA Costs = \$115,000**  
2% of \$115,000 = \$2300  
\$2300 > \$2000 Prep Costs  
**\$2000 Prep Costs Paid w/ 2<sup>nd</sup> Claim**



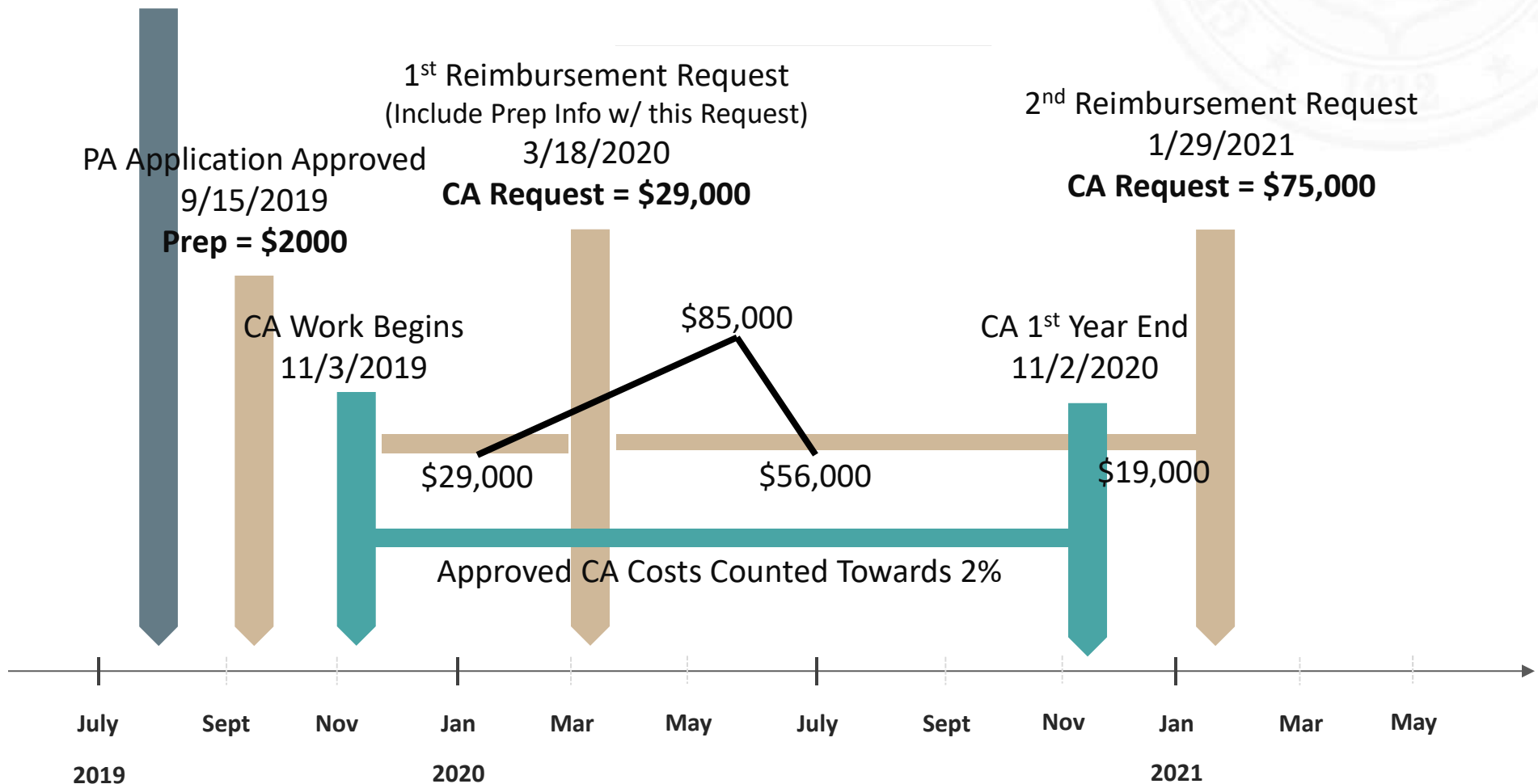


# Preapproval Program

## ■ Scenario #3 – Preparation Costs

HB 2704 Effective  
8/27/2019

**1<sup>st</sup> Year CA Costs = \$85,000**  
2% of \$85,000 = \$1700  
\$1700 < \$2000 Prep Costs  
**\$1700 Prep Costs Paid w/ 2<sup>nd</sup> Claim**



# Where to Find Information and Applications

- UST Program Webpage: <http://azdeq.gov/USTProgram>
  - Rulemaking: <http://azdeq.gov/node/4838>
- Preapproval Program
  - Webpage: <http://azdeq.gov/node/1393>
  - Email: [ustpreapproval@azdeq.gov](mailto:ustpreapproval@azdeq.gov)
- Tank Site Improvement Program
  - Webpage: <http://azdeq.gov/node/4290>
  - Email: [usttsi@azdeq.gov](mailto:usttsi@azdeq.gov)
- State Lead Program
  - Noncorrective Action Webpage: <http://www.azdeq.gov/node/1473>
  - Corrective Action Webpage: <http://www.azdeq.gov/node/4452>
  - Email: [uststatelead@azdeq.gov](mailto:uststatelead@azdeq.gov)



# Questions?

