

**PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES
FISCAL YEAR 2011-2012**

July 5, 2011

I. UNIFORM FISCAL YEAR ENCUMBRANCES (Weekly Obligations)

Subsection 376.3071(4) (p), Florida Statutes (F.S.), states:

“Petroleum remediation pursuant to s. 376.30711 throughout a state fiscal year. The department shall establish a process to uniformly encumber appropriated funds throughout a state fiscal year and shall allow for emergencies and imminent threats to human health and the environment as provided in (5)(a). This paragraph does not apply to appropriations associated with the free product recovery initiative (FPRI) of paragraph (5) (c) or the preapproved advanced cleanup program (PAC) of s. 376.30713.”

In order to implement the statutory requirements, the Bureau of Petroleum Storage Systems (BPSS) will continue the established prioritization and tracking system for all obligations associated with the cleanup appropriation. A weekly obligation list will be compiled in priority order to track and monitor the amount of all obligations. This list will include obligations recorded as the week (Friday-Thursday) progresses through close of business each Thursday. After approval by the BPSS Bureau Chief, the final weekly obligation list will be posted each Friday.

In addition to managing the appropriation on a weekly basis, the BPSS Petroleum Cleanup Preapproval Program will also monitor the actual cash balance in the Inland Protection Trust Fund (IPTF) to ensure that the Department can certify at the end of the fiscal year, in accordance with section 216.301, F.S., that there is enough cash in the IPTF to cover all obligations. If there is a reduction in the IPTF revenue projections, the BPSS may have to issue fewer Work Orders (WOs) and Task Assignments (TAs) towards the end of the fiscal year so that the cash balance is not less than the cleanup program’s obligations. What this means is that even if there is appropriation that is unobligated, the cleanup program may not be able to obligate the remaining appropriation amounts due to a lack of actual cash in the trust fund.

As outlined in the table below, a uniform maximum funding cap will be established for each weekly obligation by dividing the total available cleanup appropriation (\$124 M) by the 52 Thursdays in the fiscal year. Days that fall after the last Thursday of the month will be counted in the first week of the next month. Excess dollars not obligated in a given week will be carried forward to the next week. Weekly appropriation obligation caps may be adjusted based upon significant FPRI and PAC obligations if necessary.

Florida Department of Environmental Protection - Bureau of Petroleum Storage Systems

PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES

FISCAL YEAR 2011-2012

FY 2011/2012 Weekly Obligation List

	Week 1	Week 2	Week 3	Week 4	Week 5	Total
July	7/7/11 \$2.385 M	7/14/11 \$2.385 M	7/21/11 \$2.385 M	7/28/11 \$2.385 M		\$9.54 M
August	8/4/11 \$2.385 M	8/11/11 \$2.385 M	8/18/11 \$2.385 M	8/25/11 \$2.385 M		\$9.54 M
September	9/1/11 \$2.385 M	9/8/11 \$2.385 M	9/15/11 \$2.385 M	9/22/11 \$2.385 M	9/29/11 \$2.385 M	\$11.925 M
October	10/6/11 \$2.385 M	10/13/11 \$2.385 M	10/20/11 \$2.385 M	10/27/11 \$2.385 M		\$9.54 M
November	11/3/11 \$2.385 M	11/10/11 \$2.385 M	11/17/11 \$2.385 M	11/24/11 \$2.385 M		\$9.54 M
December	12/1/11 \$2.385 M	12/8/11 \$2.385 M	12/15/11 \$2.385 M	12/22/11 \$2.385 M	12/29/11 \$2.385 M	\$11.925 M
January	1/5/12 \$2.385 M	1/12/12 \$2.385 M	1/19/12 \$2.385 M	1/26/12 \$2.385 M		\$9.54 M
February	2/2/12 \$2.385 M	2/9/12 \$2.385 M	2/16/12 \$2.385 M	2/23/12 \$2.385 M		\$9.54 M
March	3/1/12 \$2.385 M	3/8/12 \$2.385 M	3/15/12 \$2.385 M	3/22/12 \$2.385 M	3/29/12 \$2.385 M	\$11.925 M
April	4/5/12 \$2.385 M	4/12/12 \$2.385 M	4/19/12 \$2.385 M	4/26/12 \$2.385 M		\$9.54 M
May	5/3/12 \$2.385 M	5/10/12 \$2.385 M	5/17/12 \$2.385 M	5/24/12 \$2.385 M	5/31/12 \$2.385 M	\$11.925 M
June	6/7/12 \$2.385 M	6/14/12 \$2.385 M	6/21/12 \$2.385 M	6/28/12 \$2.365 M		\$9.52 M
Total						\$124 M

The following categories of WOs, TAs, expenses and adjustments will be used to compile the weekly obligation list: Priority 1 items are the highest priority and shall be processed without delay. Priority 2 items are the second highest priority and shall not be subject to the site scoring process. Lastly, Priority 3 items shall be processed in site scoring order up to the available amount remaining in the weekly cap. BCO Special Category is not part of the cleanup appropriation and therefore not subject to the scoring priority process.

Priority 1, 2, and 3 items will be tracked together so that the weekly dollar totals can be tabulated. However, Priority 2 and 3 items, as well as BCO Special Category items, shall not be processed until confirmation of approval by the BPSS Bureau Chief has been posted each Friday. See the latest version of the routing slip and STCM menu for the most current letter designations.

**PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES
FISCAL YEAR 2011-2012**

Priority 1 Items - Process Without Delay and Deduct Obligations from the Weekly Cap

- Emergency actions approved by the Bureau Chief – regardless of score.
- Cleanup related utility bills paid directly by the Department – regardless of score, if otherwise funded.
- Payments associated with settlement agreements, including litigation, building demolition and SRFA lumps sums.

Priority 2 Items - Process after Approval and Deduct Obligations from the Weekly Cap

- Imminent threat (IT) WOs/TAs approved by the Bureau Chief – regardless of score (*sites classified as health/safety threats*).
- Preapproved Advanced Cleanup (PAC) WOs/TAs for existing contracts – regardless of score (*PAC WOs associated with executed contracts*).
- Site Rehabilitation Funding Allocation Agreement (SRFA) WOs/TAs for agreements that commit cleanup funds out of priority order – regardless of score (*WOs/TAs for SRFA's not committing funds out of priority order are Priority #3*).
- Verification sampling for Performance Based Cleanup (PBC) and other special purpose WOs/TAs – regardless of score.
- PBC milestone authorizations and amendments to PBC agreements – regardless of score (*to be handled the same as change orders – entered as they come through but do not have to wait for weekly approval*).
- Approved bankruptcy/court order site WOs/TAs – regardless of score (*required by section 376.30711(3), F.S., see list in SOP Appendix C.7.1*).
- Free Product Recovery Initiative (FPRI) WOs/TAs – regardless of score for site below funded score range (*statutory cap of \$5 M per fiscal year*).
- Change order (CO) amounts from official change order and invoice forms for current fiscal year WOs/TAs originally executed with current year budget (*entered as they come through but do not have to wait for weekly approval*).
- CO amounts from official change order and invoice forms for prior fiscal year WOs/TAs originally executed with prior year budget. These are charged or credited as applicable to current year budget when prior year's budget is exhausted (*entered as they come through but do not have to wait for weekly approval*).
- Operation & Maintenance (O&M) continuation WOs/TAs, including limited supplemental assessment and minor remedial action plan (RAP) modifications that are integral to O&M, and post remediation monitoring following remediation system O&M (either PARM or NAM) – regardless of score. These WOs/TAs may not exceed two quarters in duration or December 31, 2012, whichever comes first. (*These sites are subject to remediation performance and progress reviews. If the system performance and/or cleanup progress are below acceptable levels, the remediation system may require a RAP modification or be shut*

**PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES
FISCAL YEAR 2011-2012**

down or post remediation monitoring may be discontinued if determined to not be cost effective.)

- Well abandonment WOs/TAs required for a site rehabilitation completion order (SRCO) – regardless of score.
- Investigative derived waste (IDW) removal/disposal WOs/TAs – regardless of score.
- Department discretion – for emergency projects as approved by the Bureau Chief on a case-by-case basis.
- Post-biological and/or chemical application monitoring WOs/TAs where required by the UIC or other program for compliance verification monitoring of the effects of remediation products on groundwater quality – regardless of score.
- Low Scored Site Initiative (LSSI) WOs/TAs for sites with priority scores of 10 or less (*statutory cap of \$10 M per fiscal year*)
- Long Term Natural Attenuation Monitoring (LTNAM) WOs/TAs for sites authorized per current guidance.

Priority 3 Items – Process after Approval in Priority Score Order Up to Weekly Cap

- Standard WOs/TAs – funded sites. Including those for post biological and/or chemical application monitoring that is not required by the UIC or other program for compliance verification and those for post remediation monitoring (either PARM or NAM) that does not follow remediation system O&M and is not considered LTNAM.
- SRFA WOs/TAs for agreements that do not commit lump sums or cleanup funds out of priority order – funded sites.
- Original PBC WOs/TAs – funded sites.

BCO Special Category Items – Process after Approval, Not Part of Weekly Cap

(Note this category is for non-fixed capital outlay expenses and circumstances other than normal funded cleanup activities subject to the discretion of the Bureau Chief.)

- Department discretion

After signature by the Cost Center Administrator, copies of all WOs/TAs are to be routed to the BPSS Accounting Section for logging into the accounting and prioritization databases. Each WO/TA shall be identified using the applicable priority funding code on the BPSS FCO Encumbrance Routing Slip for proper characterization in the tracking system. Utility bills will be sent directly to the Accounting Section for tracking prior to payment.

Teams may mail Priority 1 WOs/TAs without delay provided they have sent copies of the WOs/TAs and the associated cover sheets to the Accounting Section. The Accounting Section may process utility bills without delay after entering these obligations onto the weekly tabulation sheets. WOs/TAs for Priority 2 and 3 items and BCO Special Category items shall have their

**PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES
FISCAL YEAR 2011-2012**

weekly obligations tabulated on the weekly sheets. Teams shall await confirmation of funding status on the approved weekly obligation list each Friday before mailing any Priority 2 and 3 and BCO Special Category WOs/TAs to the Contractor.

The BPSS Accounting Section will log or confirm the information from the WOs/TAs, expenses and adjustments, including the site score and other procedure-specific information affecting prioritization, into the applicable financial tracking system.

As the week progresses the weekly obligation list will be sorted in priority category (all) and site score order (Priority 3 items only) and include other procedure-specific information (obligation type). The list, including all WOs/TAs, expenses, adjustments and procedure-specific information for the week, will be finalized between noon and the close of business on Thursday, executed by the Bureau Chief with an indication of which items are funded, and posted each Friday. For those Fridays that are State holidays, the finalization cut-off will occur at noon on Wednesday and the posting of the approved weekly obligation list will occur on Thursday.

The total amount for the WOs/TAs and expenses obligated will be equal to or less than the maximum obligation amount available for the applicable week. For Priority 3 items, if two or more WOs/TAs that are next in line for consideration have the same priority score and there are insufficient funds in the weekly cap to cover them all, a secondary prioritization will be applied based on the date of the Cost Center Administrator's signature. The WOs/TAs and expenses that are approved within the available weekly obligation cap will be posted on the BPSS web site.

If the total amount for all obligations in a given week is less than the maximum available obligation amount the balance will be carried forward and increase the next week's obligation amount. To maximize the use of available funds, if the remaining available obligation amount is insufficient to cover the next WO/TA or expense in priority order, then the next WO/TA or expense (or group) in priority for which the amount left is sufficient to cover shall be approved at the discretion of the Bureau Chief. When there are no further WOs/TAs that can be approved within a reasonable application of the prioritization matrix, the remaining available obligation balance will be carried forward and increase the next week's obligation amount.

WOs/TAs that do not make the approval list and are not mailed to the contractors will be carried forward and incorporated into the next week's prioritization listing. If there are significant delays in the execution of WOs/TAs based on this procedure, time extensions for deliverables may be approved by the site manager if necessary.

II. OTHER PROCEDURES

All individual work orders or task assignments, including PAC work orders, **shall not exceed \$250,000.** Projects requiring an amount greater than \$250,000 will have to be broken out into multiple work orders or task assignments spanning multiple weekly approval cycles. Generally, commencement of work for any portion of a split project is conditional upon execution of all associated WOs/TAs.

**PETROLEUM CLEANUP PREAPPROVAL PROGRAM SPENDING PROCEDURES
FISCAL YEAR 2011-2012**

Approved Contractor Designation Forms (CDF's) requesting a switch in the designated contractor for a site that has already been assigned to a site manager will be forwarded to that site manager.

Re-scored sites may be activated for entry into the Preapproval Program if the score is within current funding range or the site is otherwise authorized to proceed pursuant to these spending procedures. Unless approved by the Bureau Chief as an emergency or otherwise funded out of priority order in accordance with the list of priority 2 items in section I of these procedures, if a site is re-scored at the request of the owner/responsible party and the new score is below the current funding threshold and does not qualify pursuant to these spending procedures, it will no longer be authorized to continue work under Preapproval this fiscal year.

WOs/TAs and verbal change orders (VCOs) shall only be written to cover field and office work necessary through the end of December 31, 2012. No WO/TA or VCO will extend field or office work beyond December 31, 2012.

All deliverables shall be received no later than December 31, 2012, finalized by program staff no later than March 1, 2013, and all invoices submitted and received no later than May 1, 2013.

All change orders for current and prior fiscal year obligations will be tracked by the BPSS Accounting Section as the official Change Order and Invoice Forms are processed. Note that prior fiscal year change orders will be charged or credited against current year appropriations as applicable. Note that VCOs are not tracked until they are compiled and presented on the Change Order and Invoice Form.

VCOs greater than \$25,000 shall require prior approval by the Cost Center Administrator and those exceeding \$100,000 shall also require prior approval by the Bureau Chief (sign off on VCO).

Owners and responsible parties who believe that their site should be classified as an imminent threat (IT) should contact Mr. Jeff Priddle, P.G., BPSS Petroleum Cleanup Section One, at 850/245-8860 to begin the process of providing the applicable documents and information necessary to make an IT determination. As in the past, emergency situations (contamination causing an immediate health or safety problem) for any site, regardless of score or whether the site is eligible or ineligible, will be handled on a case-by-case basis and require approval by the Bureau Chief.

Work at cluster sites will continue if the highest scored site within the cluster is within funding range. However, the work order should be clearly marked to highlight the fact that it involves a cluster and identify the highest score in the cluster.

Any modifications to the above stated procedures shall require approval by the Bureau Chief.