

PETROLEUM UST RELEASE COMPENSATION BOARD

Fund Facts: Mandatory Cost Pre-Approval

A responsible person is required to submit a detailed estimated cost and completion schedule to the Board's office for pre-approval of costs for certain program tasks as outlined in Ohio Administrative Code (O.A.C.) 3737-1-12.1. Requests for cost pre-approval should be submitted **prior to** implementation of the work and simultaneously with the submittal of associated notifications or plans to the Bureau of Underground Storage Tank Regulations (BUSTR). In addition, some program tasks require submittal of cost pre-approval applications annually. **The program tasks that require cost pre-approval are outlined below, with a discussion of when cost pre-approval is required and any additional items that should be submitted with the cost estimate and completion schedule.**

Program Tasks Requiring Cost Pre-Approval

Interim Response Actions (IRA)	O.A.C. 3737-1-12.1(A)(1)
When: When prior approval from BUSTR is required (i.e., the volume of soil to be excavated is greater than 800 yd ³ ; the time to initiate and complete the IRA is greater than three months; or more than one IRA is planned) Items to Include: A copy of the Interim Response Action Notification	
Remedial Action Plans (RAP)	O.A.C. 3737-1-12.1(A)(2) and (B)
When: With submittal of any new or revised RAP; and, if the duration of RAP implementation extends beyond one year, annually thereafter (using the Annual RAP Cost Pre-Approval Application form) Items to Include: A copy of the RAP with a brief description of all the remedial action alternatives considered, including a discussion of the costs, reliability, effectiveness, time needed for completion and the rationale for the selected remedial alternative	
Tier 2 Work Plans and Monitoring Plans	O.A.C. 3737-1-12.1(A)(4) and (A)(5)
When: When estimated costs exceed \$6,000 for Monitoring Plans, Calibration Plans or any plan to monitor, calibrate, validate or disprove the fate and transport model in conjunction with a Tier 2 Evaluation Report Items to Include: A copy of the associated plan	
Tier 3 Evaluation Work Plans	O.A.C. 3737-1-12.1(A)(3)
When: When estimated costs exceed \$6,000 Items to Include: A copy of the Tier 3 Evaluation Plan with a description of the objective(s) and all activities to be conducted, a discussion of the effectiveness, costs and rationale for selecting the Tier 3 Evaluation along with an implementation schedule and projected completion date	
Free Product Recovery (FPR)	O.A.C. 3737-1-12.1(A)(7) and (B)
When: When free product has been present for one year following the discovery (or re-discovery) of free product and initiating FPR activities, the first cost pre-approval request must be submitted within 90 days following the anniversary date of the initial FPR event; and annually thereafter (using the Annual FPR Cost Pre-Approval Application form). When FPR is conducted as part of a RAP, the annual FPR evaluation should be incorporated into the annual RAP submissions described above. Items to Include: An assessment of the effectiveness of FPR techniques and a brief evaluation of the reliability, effectiveness, cost and time needed for FPR for the upcoming year	
Free Product Monitoring Plans	O.A.C. 3737-1-12.1(A)(6) and (B)
When: When estimated costs exceed \$6,000 and if implementation of the Free Product Monitoring Plan extends beyond one year, cost pre-approval requests must be submitted annually Items to Include: A copy of the Free Product Monitoring Plan	
A Revised Cost Pre-Approval Request is Required to be Submitted If:	O.A.C. 3737-1-12.1(D)
(1) During the course of completing corrective actions for which cost pre-approval has been granted, the actual costs will exceed the pre-approved amount by 20% or \$6,000 (whichever is less); or (2) During the course of completing corrective actions for which cost pre-approval was not previously required because the anticipated costs did not exceed \$6,000, however the actual costs will now exceed \$6,000	

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Frequently Asked Questions (FAQs)

Question	Answer
Why is cost pre-approval important?	The cost pre-approval process helps to inform responsible persons (owners and operators) of what costs are reimbursable before money is spent. The process also assists with controlling costs, which helps to keep tank fees affordable.
Is there a prescribed cost pre-approval request form?	No. With the exception of the Annual RAP and Annual FPR form applications (available at www.petroboard.org), a prescribed form is not required to be submitted with the cost estimate and completion schedule.
What information is required to be submitted with a request for pre-approval?	Each submittal should include a description of the work to be completed and a detailed breakdown of all anticipated costs on a time and material basis (i.e., hourly labor rates, equipment and materials/supplies, report preparation, laboratory charges and subcontractor charges). If lump sum costs are submitted, detailed information will be requested and notification of the pre-approved costs could be delayed. Providing sufficient cost detail when submitting a cost pre-approval request will allow the analyst to make a more complete evaluation.
How do I submit a cost pre-approval request?	Submission of all cost pre-approval requests must be in hard copy format, regardless of whether the application is also submitted by email. If a request is submitted by email, the request will not be processed until a hard copy is received and the date of submission will be the date the hard copy is received.
How are cost estimates evaluated?	Costs are evaluated to determine if they are necessary, typical and reasonable based upon the Fund's experience and if any non-reimbursable costs are included.
How are Remedial Action Plan (RAP) cost pre-approval requests evaluated?	For RAP cost pre-approvals, a review will be made to determine if the most cost-effective alternative, or least-cost alternative, to achieve a status of "No Further Action" (NFA) has been recommended. BUSTR and this office perform independent reviews of the relevant documents to determine if approval and cost pre-approval is warranted, respectively. If the least-cost alternative is not being recommended, this office will defer any action and may confer with BUSTR during the review process. For release sites where significantly unique site conditions exist which require a more complicated corrective action approach, the owner and consultant are encouraged to contact both BUSTR and this office while they are developing their approach.
When and how will I be notified of the results of the review?	If complete information has been submitted and there are no significant issues, the review process generally takes 30 to 45 days . Once the review is complete, a notification is issued to the owner and the consultant outlining the results of the review. The cost pre-approval notification will identify any non-reimbursable costs, including estimated costs that exceed what are typical.
Does a cost pre-approval guarantee payment?	No. Pre-approval of estimated costs does not guarantee that the subject costs will be reimbursed in full. Costs are required to be submitted in a timely-filed Claim Reimbursement Application. In addition, only eligible costs that are properly documented in a claim and are necessary and typical based upon the Fund's experience will be reimbursed.
What if I forget to submit a mandatory cost pre-approval request?	If a responsible person fails to submit a cost pre-approval request as required, reimbursement in a claim is limited to 50% of the usual, customary and reasonable cost of the least expensive remedial alternative, as determined from the Fund's experience. <i>If implementation of a program task was inadvertently initiated without the required pre-approval or if additional work is required beyond that originally proposed, please contact this office immediately.</i>
Can I submit a voluntary request for cost pre-approval?	Yes. The responsible person may submit estimated costs for proposed corrective action activities for voluntary cost pre-approval for instances where mandatory cost pre-approval is not required.