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December

2005

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State Water Resources Control Board  
Division of Financial Assistance

**REPLACEMENT OF UNDERGROUND  
STORAGE TANKS PROGRAM**

**LEGISLATIVE  
ANNUAL  
REPORT**

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## **Summary**

The Replacement of Underground Storage Tanks (RUST) Program provides low-interest, small business loans (ranging from \$10,000 to \$750,000) to help replace, remove, and repair underground storage tanks (USTs) in order to meet regulatory standards and take corrective actions. Subsequent legislation has expanded the RUST Program to enable small and disadvantaged businesses to obtain grants (ranging from \$3,000 to \$50,000) for required UST and UST-related upgrades. The following information is based on State Water Resources Control Board RUST Program records through June 30, 2005.

## **Loans, Grants, and Resultant Tanks Removed/Upgraded**

During fiscal year 2004-2005, the RUST Program issued: 22 loans totaling \$5,661,565, with an average loan amount of \$257,344; and 62 grants totaling \$2,230,206, with an average grant amount of \$35,970. These loans and grants enabled recipients to remove/upgrade 228 USTs and preserve 662 jobs.

## **Characteristics of Grant and Loan Recipients**

The loan and grant applications include questions that identify the gender, ethnicity, business type, and legal business structure of the applicant. The following charts summarize these characteristics:

**Chart 1. Applicant's Gender**

<b>GENDER OF APPLICANT</b>	<b>2004-05 TOTAL</b>
Male	60
Female	6
Joint Filings	18

**Chart 2. Applicant's Ethnicity\***

<b>ETHNICITY</b>	<b>2004-05 TOTAL</b>
White	43
Asian/ Pacific Islander	10
Hispanic	1
African-American	0
East Indian	10
Other	6
Not Reported	14

\*This question was optional and all applicants did not respond

### Chart 3. Business Types

<b>BUSINESS TYPES</b>	<b>2004-05 TOTAL</b>
Gas Sales	9
Gas & Auto Repair	13
Gas & Mini Mart	59
Boat Marina	1
Cardlock	2

### Chart 4. Applicant's Legal Business Structure

<b>LEGAL STRUCTURE</b>	<b>2004-05 TOTAL</b>
Sole Proprietorship	41
Corporation	30
Partnership	8
Individual	2
Limited Liability Company	2
Trust	1

## Administrative Costs

The state operating expenditures for the RUST Program totaled \$280,000 in FY 2004/2005. These expenditures are for servicing and collection costs. Servicing costs include processing and accounting for new and existing loans and grants and depositing of monthly payments. Collection costs include pursuing delinquent borrowers and enforcement of contract provisions that ensure loan repayment.

## Conclusion

The RUST Program has helped independent gas retailers, which cannot otherwise afford the expense associated with required UST upgrades and/or removal, to remain in business. The success of the RUST Program has helped protect California's drinking water from contaminants, including MTBE, and ensured that necessary fuel supplies, particularly in rural areas, are maintained.