Transitioning from Remediation Funding Source to Financial Assurance

Karen Jentis
Remediation Funding Source Unit
Can RFS be used as Financial Assurance for my Remedial Action Permit?

Yes, if **all three** of the following criteria apply:

- The LSRP will be issuing an entire site RAO
- The amount of the RFS is **equal to** the amount required to be posted for FA at the time the Remedial Action Permit application is submitted
- The RFS is **NOT** in the form of a self-guarantee
Can RFS be used as Financial Assurance (FA) for my Remedial Action Permit?

No, if:

- If an AOC-RAO is issued, a separate instrument must be established for the FA, and
- The existing RFS must be maintained in an amount to cover the cost of remediating the remaining AOC(s)
- The amount of the RFS may be decreased to the amount needed for remediating the remaining AOC(s)
Transitioning from RFS to FA

If RFS amount does not equal FA amount, then submit the Remediation Cost Review and RFS/FA form as follows:

Section C (check the following boxes):
- “Change in Remediation Funding Source or Financial Assurance Amount Pursuant to N.J.A.C. 7:26C-5.11” AND
- “Using a Remediation Funding Source as Financial Assurance”

Section D3
- Check either “Reduce RFS” or “Increase RFS”
- Fill in the amount the RFS needs to be changed to, to equal FA on the “by (amount)” line

Section E
- Fill in the cost for Financial Assurance
Transitioning from RFS to FA

When RP receives revised instrument which reflects the amount needed for FA, submit:

- RAP application
- **Revised** Remediation Cost Review and RFS/FA form:
  - Section C, only check “Using a Remediation Funding Source as Financial Assurance”
- Revised instrument
Transitioning from RFS to FA

Our case:

• Will be getting entire site RAO
• RFS is a Letter of Credit
• Have $500,000 RFS
• Need $200,000 for FA

Remaining slides show completed Remediation Cost Review and RFS/FA form for this case
### Remediation Cost Review Form

**SECTION C. PURPOSE OF COST REVIEW/ESTIMATE** (please check all that apply)

- [ ] Initial Remediation Funding Source pursuant to N.J.A.C. 7:26C-5 *(attach original RFS instrument)*
- [ ] Initial Financial Assurance for a Remedial Action Permit pursuant to N.J.A.C. 7:26C-7 *(attach original FA instrument)*
- [ ] Annual Remediation Cost Review pursuant to N.J.A.C. 7:26C-5.10 10

**SECTION D. TYPE AND AMOUNT OF REMEDIATION FUNDING SOURCE OR FINANCIAL ASSURANCE POSTED**

<table>
<thead>
<tr>
<th>Initial or Existing Mechanism for</th>
<th>RFS or FA</th>
<th>Replacement Mechanism for</th>
<th>RFS or FA</th>
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<tbody>
<tr>
<td>(Check all that apply)</td>
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<td>(Check all that apply &amp; indicate provider lender for each)</td>
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SECTION D. TYPE AND AMOUNT OF REMEDIATION FUNDING SOURCE OR FINANCIAL ASSURANCE POSTED

Initial or Existing Mechanism for RFS or FA
(Check all that apply)

- Letter of Credit
- Remediation Trust Fund
- Self Guarantee
- Line of Credit
- Environmental Insurance Policy
- Fully Funded Trust
- Performance Bond
- Surety Bond

Replacement Mechanism for RFS or FA
(Check all that apply & indicate provider lender for each)

- Letter of Credit:
- Remediation Trust Fund:
- Self Guarantee:
- Line of Credit:
- Environmental Insurance Policy:
- Direct Oversight Remediation Trust Fund:

1. Expiration Date of RFS or FA Posted: .................................................................

2. Amount of remediation funding source or financial assurance posted as of the date
   of this filing (prior to increase/reduction/disbursement): ........................................ $500,000.00

3. Do you want to reduce or increase the amount of the RFS? ...................................... X Yes    No

   If “Yes,” specify below:

   - Reduce RFS   Increase RFS   by (amount): $300,000.00

SECTION E. METHOD OF REMEDIATION COST ESTIMATION
(Check all that apply)

- RACER® (attach documentation for estimate)
- Cost-Pro® (attach documentation for estimate)
- Surrogate Cost from NJDEP Guidance
- Cost Estimate Guidance which can be found on the Department’s Website at http://www.nj.gov/dep/srp/guidance
- Calculated independently by LSRP/Consultant using (attach documentation used to generate calculation):
of this filing (prior to increase/reduction/disbursement): .......................................................... $500,000.00

3. Do you want to reduce or increase the amount of the RFS? .......................................................... ☒ Yes ☐ No
   If “Yes,” specify below:
   ☒ Reduce RFS ☐ Increase RFS by (amount): $300,000.00

SECTION E. METHOD OF REMEDIATION COST ESTIMATION (Check all that apply)
   ☐ RACER® (attach documentation for estimate)
   ☐ Cost-Pro® (attach documentation for estimate)
   ☐ Surrogate Cost from NJDEP Guidance
   ☐ Cost Estimate Guidance which can be found on the Department’s Website at http://www.nj.gov/dep/srp/guidance
   ☐ Calculated independently by LSRP/Consultant using (attach documentation used to generate calculation):
     ☐ Actual competitive bid(s)
     ☐ Internal company data
     ☐ Other commercially available software. Specify: 
     ☐ Other. Specify: 

Estimated cost:
   To complete remediation: __________________________ For Financial Assurance: $200,000.00

Full legal name of person who prepared the cost estimate: __________________________

SECTION F. COST REVIEW FOR RFS AND FA

1. RFS – due annually
   a. Date of most recent prior cost estimate: ____________________________________________

   b. Total amount of RFS as of the date of the most recent prior cost estimate: __________________________
**SECTION C. PURPOSE OF COST REVIEW/ESTIMATE** (please check all that apply)

- [ ] Initial Remediation Funding Source pursuant to N.J.A.C. 7:26C-5 *(attach original RFS instrument)*
- [ ] Initial Financial Assurance for a Remedial Action Permit pursuant to N.J.A.C. 7:26C-7 *(attach original FA instrument)*
- [ ] Annual Remediation Cost Review pursuant to N.J.A.C. 7:26C-5.10 10

**SECTION D. TYPE AND AMOUNT OF REMEDIATION FUNDING SOURCE OR FINANCIAL ASSURANCE POSTED**

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Using a Remediation Funding Source as Financial Assurance

SECTION D. TYPE AND AMOUNT OF REMEDIATION FUNDING SOURCE OR FINANCIAL ASSURANCE POSTED

Initial or Existing Mechanism for ☑ RFS or ☑ FA (Check all that apply)

- ☑ Letter of Credit
- Remediation Trust Fund
- Self Guarantee
- Line of Credit
- Environmental Insurance Policy
- Fully Funded Trust
- Performance Bond
- Surety Bond

Replacement Mechanism for ☑ RFS or ☑ FA (Check all that apply & indicate provider lender for each)

- ☑ Letter of Credit: 
- Remediation Trust Fund: 
- Self Guarantee: 
- Line of Credit: 
- Environmental Insurance Policy: 
- Fully Funded Trust: 
- Performance Bond: 
- Surety Bond: 

1. Expiration Date of RFS or FA Posted: .................................................................

2. Amount of remediation funding source or financial assurance posted as of the date of this filing (prior to increase/reduction/disbursement): .................................................. $200,000.00

3. Do you want to reduce or increase the amount of the RFS? ........................................... Yes ☑ No ☑
   If “Yes,” specify below:
   - ☑ Reduce RFS  ☑ Increase RFS  by (amount): .........................................................

SECTION E. METHOD OF REMEDIATION COST ESTIMATION (Check all that apply)

- ☑ RACER® (attach documentation for estimate)
- ☑ Cost-Pro® (attach documentation for estimate)
- ☑ Surrogate Cost from NJDEP Guidance
- ☑ Cost Estimate Guidance which can be found on the Department’s Website at http://www.nj.gov/dep/srp/guidance
- ☑ Calculated independently by LSRP/Consultant using (attach documentation used to generate calculation):
  - ☑ Actual competitive bid(s)
1. Expiration Date of RFS or FA Posted: .................................................................

2. Amount of remediation funding source or financial assurance posted as of the date of this filing (prior to increase/reduction/disbursement): $200,000.00

3. Do you want to reduce or increase the amount of the RFS? ................................................ No
   If “Yes,” specify below:
   □ Reduce RFS  □ Increase RFS  by (amount): ................................................

SECTION E. METHOD OF REMEDIATION COST ESTIMATION (Check all that apply)
   □ RACER® (attach documentation for estimate)
   □ Cost-Pro® (attach documentation for estimate)
   □ Surrogate Cost from NJDEP Guidance
   □ Cost Estimate Guidance which can be found on the Department’s Website at http://www.nj.gov/dep/srp/guidance
   □ Calculated independently by LSRP/Consultant using (attach documentation used to generate calculation):
     □ Actual competitive bid(s)
     □ Internal company data
     □ Other commercially available software. Specify: ................................................
     □ Other. Specify: ................................................

Estimated cost:
   △ To complete remediation: ................................................ or △ For Financial Assurance: $200,000.00

Full legal name of person who prepared the cost estimate: ................................................

SECTION F. COST REVIEW FOR RFS AND FA
1. RFS – due annually
   a. Date of most recent prior cost estimate: ................................................
   b. Total monies spent to date to remediate the site: ................................................
Questions?

Thank you!