

Coast Guard National Pollution Funds Center

AGENCY MISSION:

The U. S. Coast Guard National Pollution Funds Center (NPFC) was commissioned to administer the Oil Spill Liability Trust Fund (OSLTF) and the portion of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) funding accessible to the U. S. Coast Guard. These funds are used to support liability and compensation regimes pertaining to pollution from oil and hazardous substances, respectively. The NPFC executes programs to accomplish the following five principal objectives:

1. Provide funding to permit timely removal actions or to mitigate and prevent a substantial threat of a discharge; including the removal actions to meet the Federal On Scene Coordinators (FOSCs) mandated activities under the Endangered Species Act (ESA).
2. Provide funding to initiate Natural Resource Damage Assessments (oil only).
3. Compensate claimants who demonstrate that certain damages were caused by oil pollution.
4. Recover from Responsible Parties pollution costs and damages incurred by the OSLTF.
5. Certify the financial responsibility of vessel owners and operators.

AGENCY CAPABILITIES:

The NPFC is available to assist Federal On Scene Coordinators (FOSCs) in the following areas:

1. **Funding a response:** NPFC personnel can help the FOSC obtain adequate funds to conduct a response. In addition, they can assist the “Finance Section” of the incident command to ensure funding ceilings remain adequate for the duration of a response. NPFC can also help the FOSC determine if a planned OSLTF expenditure is appropriate.
2. **Identifying the Responsible Party (RP):** NPFC resources are available to assist the FOSC in determining who is financially responsible for a spill by researching Certificates of Financial Responsibility (COFRs).
3. **Hiring other agencies to assist with a response:** NPFC personnel can help execute Pollution Removal Funding Authorizations (PRFAs) with other Federal, State or Local agencies so their services can be used by an FOSC during a response.
4. **Natural Resource Damage Assessments (NRDAs):** If the trustees of the resources impacted by a spill desire to initiate a damage assessment, the costs to “initiate” such an assessment can be funded by the OSLTF. Upon notification, NPFC works directly with the Federal Lead Administrative Trustee (FLAT) to provide funding.
5. **Cost Documentation:** NPFC personnel can advise the incident command “Finance Section” on how to establish proper cost documentation procedures. This will ensure that response organizations (i.e., federal, state, local, commercial, etc) are properly reimbursed or paid for expenditures incurred and RP’s are held accountable for the cost of a response.
6. **Claims Management:** NPFC personnel can prepare “Notices of Designations” to RPs as directed by the FOSC. By this process, RPs are legally advised of the requirement to inform potential claimants of a spill and how to present a claim for damages. If the RP fails to perform this role adequately, NPFC will take responsibility for this function.

AGENCY NOTIFICATION:

The NPFC may be contacted by calling the appropriate Case Officer or the Command Duty Officer. During working hours, the Case Officers may be contacted by the following regions: Northeast Region (202-493-6732); Southeast Region (202-493-6726); Gulf Region (202-493-6723); or West Coast Region (202-493-6729). After working hours, a 24-hour Command Duty Officer may be reached through the National Response Center (1-800-424-8802) or directly by paging 1-800-SKYPAGE (PIN 207-3906).

Payment of Oil Spill Response Costs Incurred under OPA-90

I. REIMBURSEMENTS UNDER THE PRFA PROCESS

- a. Policy: The NCP states the FOSC shall direct response efforts and coordinate all other efforts at the scene of a discharge or substantial threat of a discharge. In this capacity, FOSCs are tasked with coordinating with other response agencies. However, these agencies are not authorized to take actions that involve expenditures of the OSLTF unless an appropriate contract or cooperative agreement has been established with the FOSC. A PRFA is a tool available to the FOSC to establish this “cooperative agreement” and quickly obtain needed services for oil spill response actions. PRFAs are financial obligation documents that commit the OSLTF to payment, by reimbursement, for costs incurred in pollution response activities undertaken by another government agency working for the FOSC.
- b. Procedures: To establish a PRFA, the FOSC and the agency must agree upon and document the specific goods and services to be provided (scope of work) and a good faith estimate of the total anticipated costs. The scope of work is generally documented using an attachment to the basic PRFA and costs must be broken down into line item cost categories. During the response, agencies must document costs using CG 5136 forms (or some other pre-approved system) and submit them to the FOSC daily for approval. As a response progresses, the PRFA may be amended at the FOSC’s discretion if additional assistance is desired or if the costs expected to be incurred look like they will exceed the initial estimate. When the response is complete, the agency submits a cost documentation package to FOSC for certification and then forwards the package to the NPFC for reimbursement. The package is reviewed to ensure the agency is seeking reimbursement for only those goods and services agreed upon in the PRFA, that the cost estimate is not exceeded and that all costs are adequately documented. Once these three elements are met, reimbursement is authorized.
- c. Key Issues: The PRFA process also offers some advantages and disadvantages for Agencies and FOSCs alike. These include:
 - (1) Defining Incident Command (ICS) Role: Under a PRFA, the agency’s role is clearly defined making it a full and effective participant in the ICS.
 - (2) Ceiling Management: An FPN must be opened by the FOSC before a PRFA can be issued. The FOSC is required to monitor all costs incurred by the agency under the PRFA and adjust the FPN ceiling as necessary.
 - (3) Cost Documentation: The agency has full responsibility for tracking all removal costs incurred and must use the CG 5136 (dailies) forms unless an alternative system is approved in advance. Costs are submitted to the FOSC on a daily basis for verification. At the completion of the response, the FOSC is required to certify the agency’s cost documentation package and forward it to NPFC along with any other costs incurred during the response.
 - (4) PRFA Review/Reimbursement: Under a PRFA, the agency is required to invoice the OSLTF using a Standard Form 1080/1081 when they submit their cost documentation. Once the agency’s costs are received, NPFC reviews the costs to ensure they are properly documented, consistent within the scope of work agreed upon and within the cost estimate. Since the “reasonableness” of the PRFA work and cost is determined up front, reimbursement is typically received within 6-8 weeks of submission by the agency.
 - (5) Timeliness: Cost documentation for agency’s working under a PRFA must be submitted to the FOSC within 90 days from the date of final removal activity.
 - (6) Relationships: If an agency is working under a PRFA agreement, expectations are clearly defined, a team approach to the response is established, and reimbursement almost always matches those expectations. While agencies don’t like the increased oversight of their cost documentation process (forcing daily accounting), the cleaner reimbursement procedure is generally preferred.