



WASHINGTON STATE POLLUTION LIABILITY INSURANCE AGENCY

2017-2019 Strategic Plan

The Pollution Liability Insurance Agency provides an effective and efficient government funding model to support owners and operators in meeting financial responsibility and environmental cleanup requirements for underground storage tanks.



Front page photo credits:

Top - Carrie Pederson, PLIA;

Middle – Christophe Allen, ACME Fuel;

Bottom – John Funderburk, SoundEarth Strategies



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MISSION STATEMENT

The Pollution Liability Insurance Agency (PLIA) provides an effective and efficient government funding model to support owners and operators in meeting financial responsibility and environmental cleanup requirements for underground storage tanks.

VISION

PLIA is a leader in integrated financial responsibility, technical assistance, enhanced economic development and innovative cleanup approaches.

VALUES

Be the government you would want at your door: PLIA is passionate about customer engagement, communication, and education and is committed to providing clear guidance and excellent service to our customers.

Stimulate economic development: PLIA works to restore property values, and create and preserve jobs while protecting human health and the environment.

Making the impossible possible: PLIA's strong culture, vision and leadership provide staff with the ability and confidence to take on any challenge in service of the people of Washington State.

Accountable stewardship of resources: PLIA maintains a lean and fiscally sound agency budget and we hold ourselves accountable for efficient and effective stewardship of the state's resources.

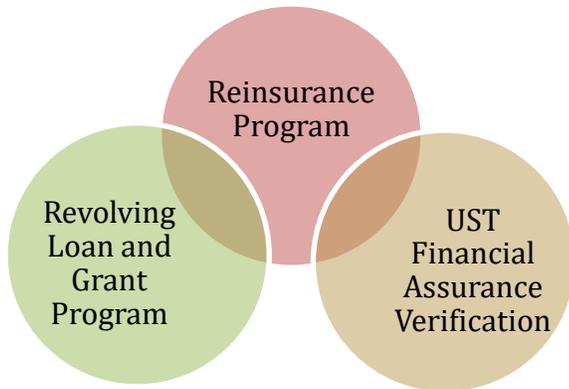
STATUTORY AUTHORITY

PLIA was created in 1989 by the Washington State Legislature. The enabling legislation is contained in:

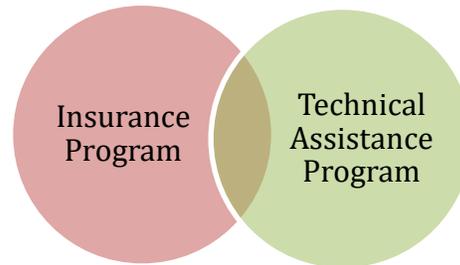
- **Chapter 70.148 RCW, Underground Petroleum Storage Tanks** – Creates a state financial responsibility (pollution liability insurance) program meeting EPA standards for owners and operators of underground storage tanks.
- **Chapter 70.149 RCW, Heating Oil Pollution Liability Protection Act** – Authorizes PLIA to develop a program that provides pollution liability insurance for home heating oil tanks.
- **Title 374 WAC, Pollution Liability Insurance Agency** – Agency's rules and operating procedures.

AGENCY STRUCTURE

COMMERCIAL UNDERGROUND STORAGE TANKS



HEATING OIL



PLIA operates five core programs:

- **Underground Storage Tank (UST) Revolving Loan and Grant Program**
This program provides financial resources in the form of a loan or grant to UST owners to clean up historical or ongoing contamination caused by a UST release, replace or upgrade aging fuel systems to dispense today's fuels and prevent leaks, and transform old stations into the gas stations of the future, adapted to the changing transportation market including the installation of electric vehicle (EV) charging stations.
- **Commercial UST Reinsurance Program**
This program provides reinsurance services to private insurance companies to ensure the availability and affordability of insurance policies allowing UST owners and operators to meet state and federally mandated financial assurance requirements.
- **UST Financial Assurance Verification**
This program works with the Department of Licensing and the Department of Ecology to verify UST owners and operators meet state and federally mandated financial assurance requirements.
- **Heating Oil Pollution Liability Insurance Program**
This program provides registered heating oil tank owners with up to \$60,000 of insurance coverage to clean up heating oil releases.
- **Heating Oil Technical Assistance Program**
This program provides technical assistance to heating oil tank owners on meeting the state's environmental regulations when cleaning up a heating oil release. Heating oil tank owners can also request and receive opinion letters to verify they have met the necessary cleanup requirements.

AGENCY CAPACITY AND FINANCIAL HEALTH

The Pollution Liability Insurance Agency operates its statewide programs with nine (9) full-time employees. PLIA is led by an Executive Director, and staffed by a Deputy Director, a Senior Hydrogeologist, an Agency Planner, two Environmental Specialists, a Fiscal Analyst, a Program Specialist and a Community Involvement Coordinator. Each employee wears many hats and all have a passion for the agency's mission and customers.

The agency's strategic plan development is carried out biennially, with as needed modifications to course correct and adapt to external changes. PLIA's primary strategic planning timeline is two (2) years, to align with our budgeting environment, with additional strategic focus on the period from the present through 2030 (our agency expiration date).

The 2017-2019 budget instructions stipulate that state agencies must find ways to manage budgets without increased funding. In response, we have developed a spending plan focused on living within our current authorization and projected revenue while establishing operating reserves, continuing to implement our mission and expanding the agency's recent innovations.

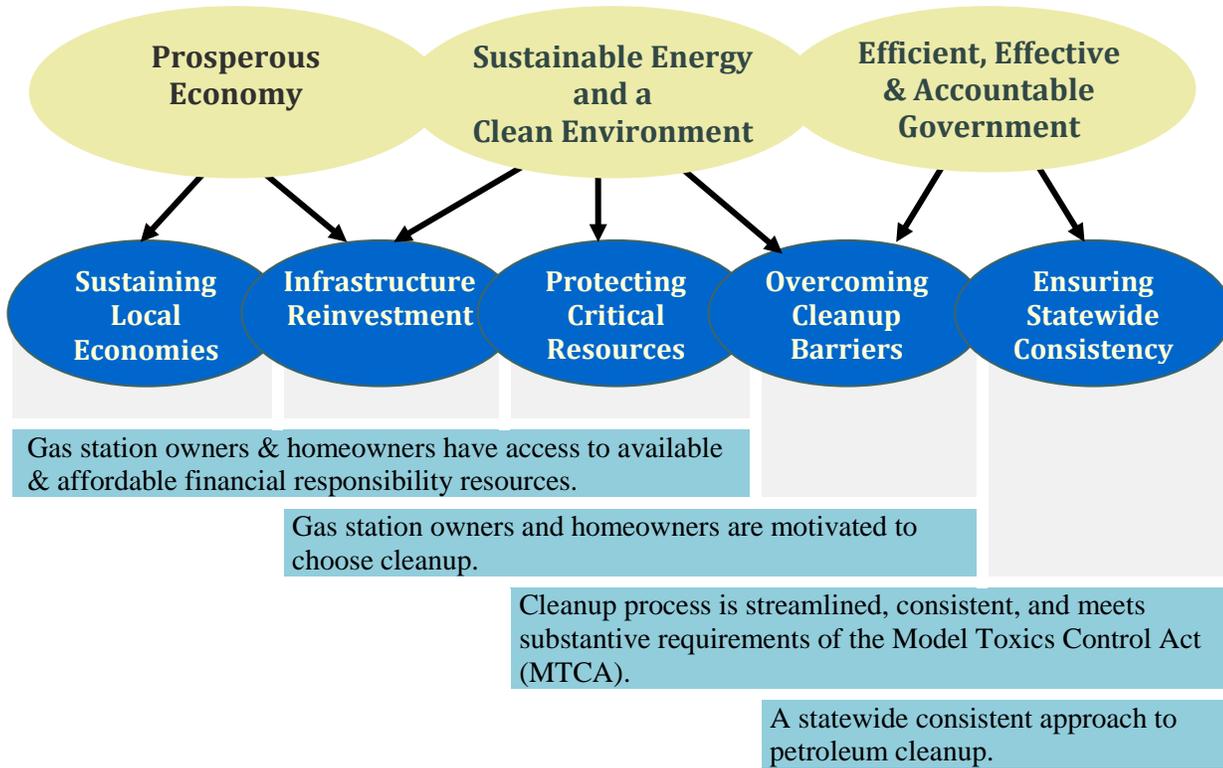
After a leadership transition in 2013, the agency critically evaluated its programs and implemented several improvements, for example:

- Portfolio Management of UST claim sites.
- A Model Toxics Control Act (MTCA) aligned Scope of Work Form for the Heating Oil Liability Insurance Program.
- Increased technical rigor in the Heating Oil Technical Assistance Program.

The agency has begun the process of modernizing IT infrastructure to meet today's digital standards. Our most recent example is the agency's website. Moving forward the agency will leverage capital and replace its legacy databases with modern solutions (architecture and platform) that will enable the agency to meet its desired stakeholder transparency goals. The modern databases will also allow for cross-program and cross-agency coordination (Ecology, Health, Insurance Commissioner) which will help PLIA technical staff accelerate cleanups across the state. In addition, the agency will be able to provide real-time, on-demand access for our customers to their claim and cleanup information.

The Pollution Liability Insurance Agency's biennial operating budget for the 2017-2019 Biennium is \$1,906,000. The major funding source for the agency is the petroleum products tax which is assessed on the first possession of petroleum products in the state, and is deposited in the agency's pollution liability insurance program trust account (fund 544). The current tax rate for the petroleum products tax is 0.003, and is based on the wholesale value of the product. The agency also receives a modest amount of funding from a 1.2 cents/gallon fee assessed on heating oil dealers, which is deposited in the heating oil pollution liability trust account (fund 545). None of the agency funding is derived from the State General Fund. Interest from both of the agency's trust accounts is deposited in the State General Fund. The trust accounts have contributed more than \$28 million in interest revenue since 1992.

AGENCY GOALS



OUTCOME: Gas station owners & homeowners have access to available & affordable financial responsibility resources.

Measures:

- Reinsure at least 70% of USTs in the state and maintain insurance market affordability and stability.
- 90% of claim sites cleaned and claims closed within negotiated timeline and policy limit.
- More than 15 owners/operators per year apply for a revolving loan or grant to upgrade their equipment.
- Five or more aged (older than 25 years) USTs systems per year are upgraded as a result of PLIA's revolving loan and grant program.
- Four or more EV charging stations (or alternative fuel infrastructure) installed per year through PLIA's revolving loan and grant program.

Strategies:

- Renegotiate existing reinsurance treaties with partners to increase savings and coverage for users.
- Provide loans and grants to gas station owners and operators who want to upgrade existing infrastructure but cannot access traditional financing.
- Incentivize the installation of alternative fueling infrastructure in the revolving loan and grant program.
- Make UST compliance and cleanup information easily accessible to insurance companies.
- Provide education and outreach to UST owners and operators concerning risk factors that influence insurance costs.
- Leverage the results of a third party actuarial study in treaty renegotiations, as appropriate,

to ensure the best value of our reinsurance services.

OUTCOME: Gas station owners and homeowners are motivated to choose cleanup.

Measures:

- Increase participation in the Heating Oil Technical Assistance Program by 50% (43 sites in 2013-2015 biennium, to at least 65 sites in the 2015-2017 biennium, and 98 in the 2017-2019 biennium).
- Restore a minimum of \$5 million in property values each year.
- Initiate more than four cleanups per year with PLIA's low interest loan program.

Strategies:

- Provide loans and grants to gas station owners and operators who want to clean up contamination but cannot access traditional financing.
- Conduct financial and technical audits of UST reinsurance claims.
- Enhance relationships with an owner's or operator's consultant to improve communications on cleanup actions.
- Develop and implement ongoing marketing efforts that include contacting realty companies, financial institutions, and other relevant parties to encourage cooperation in providing their customers with agency program information.

OUTCOME: Cleanup process is streamlined, consistent, and meets substantive requirements of MTCA.

Measures:

- Fully implement Portfolio Management Process with all insurers by the 4th quarter of 2016.
- Negotiate and revise reinsurance treaty with all insurers by the 4th quarter of 2017.
- 90% of claim sites will be cleaned and claims closed within negotiated timelines and policy limits.
- Develop and implement strategy for legacy heating oil site closure. (Due 1st qtr 2017.)
- Prioritize revolving loan and grant recipients based on proximity to high susceptibility wells.

Strategies:

- Strengthen agreements with the Department of Ecology and Colony to establish and enforce cleanup milestones for all insurance claim and loan and grant sites. Program activities include meeting with the parties to discuss paths moving forward to closure, submission of a scope of work, a formal review/comment process, and the issuance of an opinion letter to Colony and the insured's consultant. Opinion letters are sent out 30 days after receiving the scope of work.
- Prioritize sites based on environmental issues and remaining monies left on the policy.
- Continue to evaluate and improve the review and approval process initiated as an agency Lean project.
- Fully implement the agency's authority to offer fiberglass tank upgrades for owners who continue using heating oil.
- Educate UST owners and operators about PLIA's portfolio management process.
- Evaluate and improve the report review process through the establishment of standard procedures.
- Allocate the agency's resources to the growing Heating Oil Technical Assistance Program.

OUTCOME: A statewide consistent approach to petroleum cleanup.

Measures:

- 100% of PLIA reinsured cleanup sites entered into Portfolio Management Process by 2018.
- Interagency collaboration to protect groundwater with Department of Health.
- A majority of heating oil release cleanups go through our agency by 2017.
- Design and implement a data collection strategy to effectively assess and proactively address aging petroleum infrastructure.

Strategies:

- Strengthen the performance accountability requirements in the agency’s Heating Oil Service Provider Agreement to ensure timely cleanups that meet the substantive requirements of MTCA.
- Require annual renewal of the Heating Oil Service Provider Agreement.
- Include the Portfolio Management Process in treaty renegotiations with all of PLIA’s insurers.
- Continue leadership activities in ASTSWMO national tanks groups.

AGENCY STRATEGIC PARTNERS

The agency’s external strategic partners include:

- Washington Oil Marketers Association
- Western States Petroleum Association
- Washington Environmental Council
- Washington Realtors
- Colony Specialty Insurance Agency
- Great American Insurance Group
- Crum & Forster Specialty Insurance Agency
- United States Environmental Protection Agency
- Korean American Grocers Association
- Puget Sound Energy
- Association of State and Territorial Solid Waste Management Officials

State agency partners include:

- Department of Health
- Office of the Insurance Commissioner
- Department of Ecology
- Department of Licensing

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