Washington State
Pollution Liability Insurance Agency

Underground Storage Tank Loan and Grant Program

GUIDANCE

Photo courtesy of access.wa.gov

P.O. Box 40930, Olympia, Washington 98504-0930
1-800-822-3905 ▪ www.plia.wa.gov ▪ @PLIAWA

Publication No. 02-2016-04 v.9 (Rev. 09/2020)

Summary

The Washington State 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 petroleum underground storage tanks.

Washington's underground storage tank (UST) infrastructure is aging with almost half of the tanks statewide aged more than 20 years old. It becomes more difficult and costlier to insure aging tanks because of the risks of leaks and contamination. There are limited traditional financial resources available to tank owners and operators. This prevents many owners and operators from accessing funds when upgrading UST systems and cleaning up contamination.

Photo courtesy of www.epa.gov

The Pollution Liability Insurance Agency (PLIA) Loan and Grant Program[1] offers UST owners and operators financial assistance for:

- Remediating past releases.
- Upgrading, replacing, or removing petroleum underground storage tank systems to prevent future releases.
- Installing new infrastructure or retrofitting existing infrastructure for dispensing renewable or alternative energy.

The program predominantly offers low-interest loans so that UST owners and operators have financial assistance to:

- Replace or upgrade aging fuel systems to dispense today's fuels and prevent leaks.
- Clean up historical or ongoing contamination caused by an UST release.
- Transform, modernize, and adapt gas stations to changing transportation fuel markets including installation of electric vehicle charging stations.

These efforts directly impact Washington communities and offers:

- Environmental and drinking water protection.
- Restoration of property values.
- Job creation and economic stimulus.

***

[1] Chapter 70A.345 RCW.

Table of Contents

Summary 2
Introduction 4
Definitions 5
Abbreviations 7
UST Loan and Grant Program 8
I. Obtaining a Loan or Grant 8
1. Eligibility 9
2. Declines 9
3. Application 9
4. Application review 11
5. Program acceptance 11
6. Preliminary Planning Assessment (PPA) 11
7. Site Ranking For Loan 13
8. Financial Strategy Meeting for Loans 14
9. Loan Funding and Invoice Payments 15
10. Participant Loan Repayments 15
11. Suspension and Termination of Loan 16
12. Ranking of Grant Applications 17
13. Financial Strategy Meeting for Grants 18
14. Grant Funding and Invoice Payments 19
15. Participant Grant Repayments 19
16. Suspension and Termination of Grants 20
II. Additional Information 21
1. Applicable State Law and Regulations 21
2. Participant Role and Responsibilities 21
3. PLIA Role and Responsibilities 21
4. Closing a UST 22
5. Upgrading or Replacing a UST Infrastructure 22
6. Contractor Services 22
7. Eligible Costs 22
8. PLIA-Led Remedial Actions 23
9. Repayment Options, Deferment, Forbearance, and Forgiveness 24

Introduction

Chapter 173-360A WAC lists Washington State's underground storage tank (UST) regulations. These regulations are administered by the Department of Ecology (Ecology) UST Program (www.ecology.wa.gov). The UST Program is federally-approved and applies[2] to state UST systems. UST site owners and operators are required to register with Ecology and provide evidence of financial responsibility[3] to show that funds are available for cleaning up petroleum releases and to pay for any third-party losses. Financial responsibility includes insurance coverage of UST systems and funding sources to pay for required assessments and clean-ups.

Some UST owners and operators do not have the necessary funding sources to meet the financial responsibility requirements. PLIA's programs assist UST owners and operators with meeting this requirement. PLIA administers the UST Loan and Grant Program to provide a funding source for costs associated with UST regulations. PLIA also administers the UST Reinsurance Program to offset insurance costs. UST site owners and operators may participate in both programs at the same time.

The Model Toxics Control Act (MTCA) found in Chapter 70A.305 RCW, and MTCA Cleanup Regulations, Chapter 173-340 WAC, applies to all cleanup efforts of a contaminated UST site. PLIA technical staff assist owners and operators with interpretation of MTCA and UST laws and rules. Work conducted under PLIA's programs must meet the requirements of MTCA and applicable UST regulations.

Photo courtesy of access.wa.gov

This document provides an overview of the UST Loan and Grant Program and serves as an interpretive guidance as PLIA completes the program rules. This guidance also lists the roles and responsibilities of PLIA and UST owners and operators. Updates to the program and rules are on PLIA's website at www.plia.wa.gov.

Please call 1-800-822-3905 or email pliamail@plia.wa.gov for additional information or questions about this guidance.

***

[2] Exempt and partially exempt UST systems are listed in WAC 173-360A-0110.
[3] WAC 173-360A-1000 through WAC 173-360A-1097.

Definitions

Agency	Pollution Liability Insurance Agency (PLIA).
Agreement	A contract between the UST owner or operator and PLIA that details each party's terms and responsibilities.
Applicant	Owner or operator of a petroleum underground storage tank system who has applied for a loan or grant.
Collateral	Property subject to a security interest within the lender's legal control which may be sold to satisfy any unpaid amounts owing.
Grant	A sum of money awarded by PLIA for costs associated with UST cleanup, repair, or closure.
Lien	A claim or encumbrance on property used as security for a debt.
Loan	A sum of money awarded by PLIA to a UST owner or operator that is repaid with interest.
Loan and Grant Community	The online tool used by owners or operators and their consultants to apply for a loan or grant, and to view or manage their projects.
Local Government	A political subdivision of the state, including a town, city, county, special purpose district, or other municipal corporation.
Operator	A person in control of, responsible for, the daily operation of a petroleum underground storage tank system.
Owner	A person who owns a petroleum underground storage tank system.
Participant	Owner or operator of a petroleum underground storage tank system who has been accepted into the Program.
PLIA-Led Remedial Action	A remedial action that is funded and managed by PLIA.
Program	Underground Storage Tank Loan and Grant Program.
Project	A work plan with a specific purpose that requires a lot of time.
Release	Any intentional or unintentional entry of any hazardous substance into the environment, including but not limited to the abandonment or disposal of containers of hazardous substances.
Remedial action	Any action or expenditure consistent with MTCA purposes to identify, eliminate, or minimize any threat or potential threat

	posed by hazardous substances to human health or the environment. This includes any investigative and monitoring activities related to any release or threatened release of a hazardous substance and any health assessments or health effects studies conducted in determining the risk or potential risk to human health.
Site	Location of an actual or planned underground storage tank.
Underground Storage Tank Facility	The location where one or more underground storage tank systems are installed. This encompasses all contiguous real property under common ownership associated with the operation of the underground storage tank system or systems.
Underground Storage Tank System	Underground storage tank system defined by Subtitle I in 40 CFR 280, regulated under chapter 70A.355 Revised Code of Washington (RCW) or subtitle I of the solid waste disposal act (42 U.S.C. Chapter 82, Subchapter IX).
Working day	Measurement of time that refers to any day in which normal business is conducted. Agency working day is considered Monday through Friday, excluding weekends and state holidays.

***

Abbreviations

CAP	Cleanup Action Plan
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CSM	Conceptual Site Model
DOH	Washington State Department of Health
Ecology	Washington State Department of Ecology
EPA	Environmental Protection Agency
EV	Electric Vehicle
FA	Further Action
FS	Feasibility Study
HSL	Hazardous Sites List
MTCA	Model Toxics Control Act, chapter 70A.305 RCW
NFA	No Further Action
PLIA	Washington State Pollution Liability Insurance Agency
PPA	Preliminary Planning Assessment
RCW	Revised Code of Washington
RI	Remedial Investigation
WAC	Washington Administrative Code

***

UST Loan and Grant Program

PLIA assists UST owners and operators with the costs to install new infrastructure, retrofit existing infrastructure, close an underground storage tank, or cleanup facilities contaminated by a petroleum release. The Program is managed by PLIA in partnership with the Department of Health (DOH). PLIA receives applications, conducts assessments, provides technical advice, assists in evaluating financial options, lends the funds, manages the loan accounts, and oversees remediation. DOH completes financial assessments of applicants and makes lending recommendations to PLIA.

Program funds are offered through low-interest loans which are paid back to PLIA. Program grants do not need to be paid back to PLIA, however, these are only offered for very specific site situations. RCW 70A.345.030 authorizes PLIA to fund up to two million dollars ($2,000,000) for a single UST facility. This funding is secondary to a site owner's or operator's other financial sources and insurance coverage.

Funds can only be used for eligible work activities[4] such as:

- Removal and replacement of contaminated soils;
- Equipment removal and installation; and
- Remedial actions to reduce threats to groundwater.

An UST facility under a MTCA order or consent decree with the Department of Ecology (Ecology) is not eligible for a program loan or grant.

I. Obtaining a Loan or Grant

An owner or operator may apply to the Program at any time, provided the application process is open. PLIA will accept applications as agency resources and funding allow. PLIA will publish a notice on its website by the first business day of February of that year detailing if the application process is open or closed for the following year. The deadline for the award year is the first business day of March of that year. To be considered for the award year, a complete application must be submitted by that deadline. Application materials may be accessed online at www.plia.wa.gov.

[4] RCW 70A.345.030. The loan or grant funds may be used to: (a) conduct remedial actions in accordance with MTCA, including investigations and cleanups of any release or threatened release of a hazardous substance at or affecting an underground storage tank facility, provided that at least one of the releases or threatened releases involves petroleum; (b) Upgrade, replace, or permanently close a petroleum underground storage tank system in accordance with chapter 70A.355 RCW or subtitle I of the solid waste disposal act (42 U.S.C., chapter 82, subchapter IX), as applicable; (c) Install new infrastructure or retrofit existing infrastructure at an underground storage tank facility for dispensing renewable or alternative energy for motor vehicles, including electric vehicle charging stations, when conducted in conjunction with either (a) or (b); or (d) Install and subsequently remove a temporary petroleum aboveground storage tank system in compliance with applicable laws, when conducted in conjunction with either (a) or (b) of this subsection.

1. Eligibility

To be eligible, a UST facility:

- Cannot be under a MTCA order or consent decree with Ecology.
- Cannot be currently enrolled in Ecology's Voluntary Cleanup Program.
- Must meet other criteria provided by rules and regulations.

2. Declines

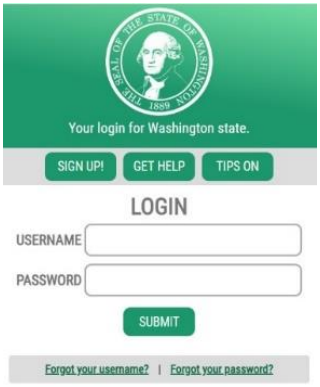
PLIA may decline to offer a loan or grant to a Participant at any point in the process. A written explanation for declining will be sent to the Participant.

3. Application

Applicants apply online at PLIA's Loan and Grant Community online portal or contact PLIA by email (pliamail@plia.wa.gov), or by phone at 1-800-822-3905. The same application is used for a Loan, Model Remedy Grant, or Project Grant.

Applications must include the following documents.

- ❑ Financial Documents
  - Income tax returns – past 3 years (Business and Personal)
  - Financial Statements – past 3 years (Business and Personal)
  - Income expense projections – 2 years
  - Debt Schedule
  - Cash flow statements – past 3 years
  - Management Resume
  - Accounts receivable and account payable aging reports
  - Any funding or credit denial letters
- ❑ Business Documents
  - Business License
  - Business operating agreements and bylaws
  - History of the Business
  - Refueling Agreement (if applicable)
  - Branding Agreement
  - All leases and contracts associated with the operation, site or access to tanks



- The most recent tax assessment statement and any appraisals completed on the business premises or equipment

❑ UST information

- Environmental reports for the UST facility[5].
- Description of actual or potential sources of remedial action funding, including:
  - Agreements with other potentially liable persons (PLPs) and potentially responsible parties (PRPs) to help pay for remedial action costs.
  - Insurance policies and claims made against those policies.
  - Lawsuits that have been filed to pursue a contribution claim or cost recovery claim under MTCA or CERCLA.
- Access Agreement for PLIA to conduct the preliminary planning assessment.
- Any other items or clarification requested by the agency following submission.

To receive funding, Applicants must also provide one of the following:

- Agreement to expend all moneys available under the Applicant's financial assurance.
- A demonstration that the Applicant has spent all moneys available under the Applicant's financial assurance.
- A demonstration of a claim denial against the Applicant's financial assurance.

Additionally, applicants must provide

- A signed Access Agreement allowing PLIA and its representatives access rights to the property on which the UST facility is located to conduct data collection and monitoring.

[5] Any UST facility under a MTCA order or consent decree with the Department of Ecology is not eligible to receive a loan or grant.

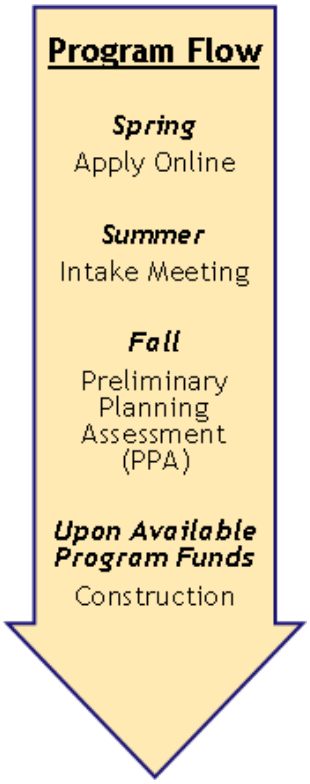
4. Application review

Within thirty (30) days of submission, PLIA reviews all applications for completeness. PLIA notifies Applicants, in writing, of any missing application documents. Incomplete applications are not considered for the current award year, but Applicants may re-submit for the following year.

5. Program acceptance

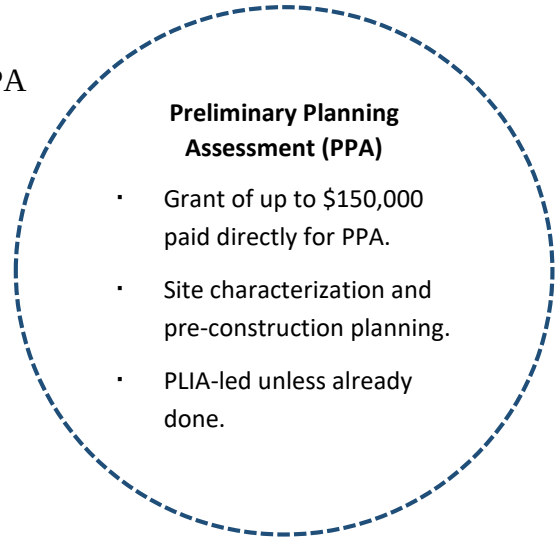
PLIA notifies approved and accepted Applicants in writing. The acceptance letter confirms an Applicant as a Program Participant. The letter also offers information on the intake meeting with the Participant where PLIA provides a program overview and discusses the Participant's specific project. This includes information on next steps in the Program. Intake meetings are conducted after July 1 of the award year. The meeting is held at PLIA's office or by phone.

6. Preliminary Planning Assessment (PPA)



a. Each Participant is eligible for a PPA of the UST facility. The PPA identifies the extent of contamination, if any, the required remedial actions, and a cost estimate for desired infrastructure upgrades at the facility. The PPA is paid for by PLIA and is conducted by a PLIA-contracted environmental consultant. A PPA is not needed if the facility already has equivalent and technically-sufficient data and information available. During the PPA, PLIA's consultant reviews existing data and completes an assessment of the site. The investigation reviews:
    - Contamination at the facility.
    - Status of the UST system.
    - Pre-construction planning for infrastructure upgrades.

b. PLIA oversees the work, tests, and investigations needed to complete a PPA by the environmental consultant. This may include:



   - Collecting soil samples and completing laboratory analysis.
   - Collecting soil vapor samples and completing laboratory analysis.
   - Collecting groundwater borings and completing laboratory analysis of samples.
   - Developing a conceptual site model.
   - Identifying preferred remedial alternatives.
   - Developing a cleanup action plan (CAP).
   - Developing design specifications for UST infrastructure upgrades.
   - Developing design specifications for alternative fuel infrastructure.
   - Completing a property value appraisal.

c. The total cost of the PPA cannot exceed one hundred fifty thousand dollars ($150,000). If the actual PPA costs are lower than $150,000, then Participants are not paid the difference. The final cost of the PPA is deducted from the program loan amount awarded to the Participant. Participants do not repay the PPA cost.

d. The PPA provides Participants with a clear understanding of the site conditions and the costs associated with site cleanup or infrastructure upgrades.

   i. Participants may be alerted to previously undiscovered contamination for which PLIA can direct Participants to pollution liability insurance options.

ii. Alternatively, the PPA may also reveal that contamination at the site has been remediated and the participant can reach site closure with no further action (NFA) required.

e. The PPA does not guarantee that Participants will obtain financing through the Loan and Grant Program.

7. Site Ranking For Loan

a. After completing the PPA, PLIA conducts a project ranking for loan applications based on pre-established criteria that prioritize high risk sites. This ranking allows PLIA to determine loan fund allocation.

b. PLIA conducts the site ranking by reviewing the PPA and assigning a point value to each criteria.

Criteria	Explanation of Criteria	Points[6]
Age of tank(s)	Older tanks are more likely to fail/have failed. Scoring is based on tank age (> 25 years old).	25
Public health threat (drinking water) to surface water and groundwater	Contamination that has potential to impact surface water and groundwater.	15
Extent of historical contamination	Immediate free-product removal required, and impacted groundwater present.	15
Insurance need	The inability to obtain insurance through a PLIA reinsured provider; an insurance policy that has been cancelled; or, there has been a significant premium increase.	13
Financial need	Owner/operator has documentation of financing denial.	10
Current insurance policy exceeded	Owner/operator exceeded their current insurance policy limit before completing cleanup.	8
Environmental Justice	Meeting the needs of a highly impacted environmental justice community[7]. Revitalizing the community that surrounds the property by transforming the project into drivers of community revival.	8

[6] Applicants who applied for the 2015 Pilot Program, but were not awarded a grant, will receive an additional 10 points when re-applying.

[7] PLIA defines this as a community that the agency has determined is likely to bear a disproportionate burden of public health risks from environmental pollution. This includes consideration of both minority and low income populations and communities with disproportionate public health challenges.

Criteria	Explanation of Criteria	Points[6]
Community need and benefit	Isolated communities depend on the station as their source of motor vehicle fuel for essential emergency, medical, fire and police services.	6

c. The project ranking is the final prioritization order from which loan proceeds are funded. Projects which are selected for grant funding, along with a loan, may receive the loan regardless of their ranking under this section.

d. PLIA, at the Director's discretion, may increase the project ranking of a government-owned site to further benefit a surrounding community's civic access and needs.

8. Financial Strategy Meeting for Loans

a. PLIA will inform Participants of their project's initial rank, and schedule a financial strategy meeting.

e. The financial strategy meeting allows PLIA and the Participant to discuss the project profile including the estimated project costs. PLIA will also discuss financial resources and options, including PLIA-led Remedial Actions (*see* Section 10).

f. For Participants offered a loan, this financial strategy meeting will also detail the reasons for the loan amount and the loan terms.

Loan Interest Rate Discounts

- 1.0% for Electrical Vehicle Charging
- 0.5% for UST upgrades

g. PLIA will explain how the loan will be administered and detail what the agencies' and Participant's roles and responsibilities are.

h. Participants are given ten (10) business days to accept or decline the loan[8].

i. Program lending is capped at two million dollars ($2,000,000) for a single UST facility.

[8] Under unprecedented circumstances, such as a natural disaster or pandemic, PLIA may temporarily pause action on a loan offer.

j. After PLIA and the Participant agree to the financing and scope of work terms, PLIA will prepare a Loan Agreement.

k. After signature by all parties, PLIA submits the Agreement to DOH for account preparation. Loan funds are administered by the PLIA and not directly dispersed to the Participant.

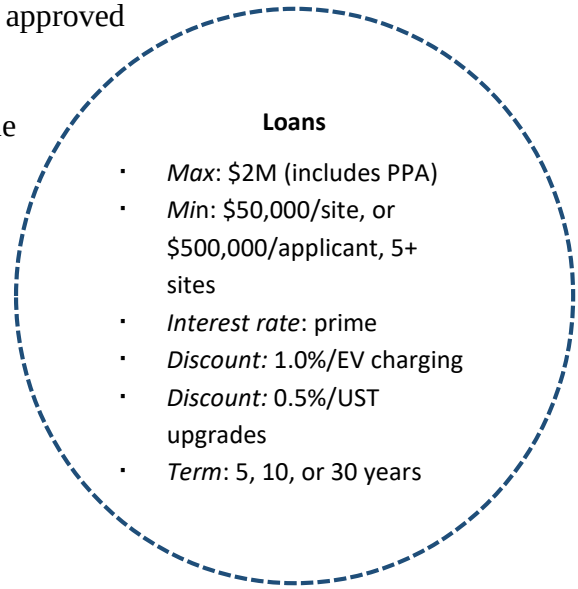
9. Loan Funding and Invoice Payments

a. PLIA administers the loan funds by issuing payments directly to contractors or consultants hired by the Participant to perform site work.

b. A Participant does not directly receive the loan funds, instead, the Participant will review and approve their contractor or consultant's invoices prior to payment.

c. PLIA will review invoices to ensure that work performed aligns with the loan's eligible cost requirements[9] and the approved scope of work. PLIA's approval is not an endorsement of the work performed by the contractor or consultant. PLIA is not reviewing or approving the quality of the work performed. PLIA will approve the invoices and forward to DOH for payment.

d. PLIA issues payments, drawing from the Participant's loan fund.



10. Participant Loan Repayments

a. Loan payments are due thirty (30) days following PLIA approval of the first submitted payment request form.

b. DOH will send billing statements one month prior to the payment due dates.

c. Participants will make loan payments directly to PLIA.

[9] Contractors and consultants hired by Participants may contact PLIA directly to discuss eligible cost requirements.

11. Suspension and Termination of Loan

a. A suspension is a PLIA action that temporarily withholds or stops a project, including payment of invoices from the loan fund.
b. A termination is the cancellation of a loan prior to its expiration.
c. A suspension or termination may occur in whole or in part for any of the following reasons.
    - The Participant fails to comply with the loan terms and conditions.
    - PLIA and the Participant mutually agree to suspend a project or an assessment, or terminate a project or loan.
    - Funding from state, federal, or other sources are withdrawn from the program. PLIA may choose to pursue a suspension until the lack of program funds is resolved.
    - Ecology places a site under an Administrative Order.
    - Other causes which impede the program's purposes.
d. Notice to Participant
    - PLIA will provide written notice to the Participant prior to any action unless immediate suspension or termination is required to protect the state's interests.
    - For written notice, PLIA will explain the reasons for the action, provide the effective date, and other details about the suspension or termination. PLIA will provide the Participant the opportunity to correct any deficiencies.
    - Either PLIA or the Participant may initiate a suspension or termination when there is a catastrophic event, a disruption which frustrates the project's purpose, or any other cause which makes the project impracticable legally or financially.
e. Notice to PLIA
    - The Participant must provide written notice to PLIA to request a suspension or termination.
    - PLIA will accept or deny a request in writing within thirty (30) days of receipt.

f. Costs cannot be incurred during a suspension or after a termination. Exceptions are limited and must be unavoidable costs or expenses which are permitted under the loan Agreement.
g. Following a termination, the Participant will provide a progress summary that includes a cost accounting of costs and expenses incurred.

12. Ranking of Grant Applications

a. PLIA may award, based on funding availability, a Model Remedy Grant or Project Grant to qualified applicants. Model Remedy Grant funds may only be used to pay for cleanup actions which are part of a model remedy. Project Grant funds may be used to fund any eligible work cost as detailed in RCW 70A.345.030. A project may qualify for both a loan and grant, however the maximum amount provided under the program cannot exceed two million dollars ($2,000,000) for a single underground storage tank facility.
b. After completing the PPA, PLIA conducts an initial project ranking for grant applications based on pre-established criteria. This ranking allows PLIA to determine grant fund allocation. Inclusion in ranking is no guarantee of grant funding. PLIA will provide grants as resources allow.
c. For Model Remedy Grants, an applicant's project must qualify for a Model Remedy cleanup action. PLIA will rank all qualified applications in the following priority order (descending priority):
    i. The project requires no infrastructure installation, only cleanup actions for the project.
    ii. Infrastructure installation is required as part of the project and Applicant has resources to cover those costs.
    iii. Infrastructure installation is required as part of the project and costs are covered by a loan.
    iv. Insurance funds are available to address all or part of the cleanup action costs.

d. For the Project Grant, PLIA conducts the site ranking by reviewing the PPA and assigning a point value to each criteria. Sites will be ranked based on the scored criteria value.

e. For the first funding cycle, 2019-2020, PLIA based ranking on existing sites. In upcoming award years, after 2020, PLIA will incorporate an application process to include model remedy.

Criteria	Explanation of Criteria	Points[10]
Age of tank(s)	Older tanks are more likely to fail/have failed. Scoring is based on tank age (> 25 years old).	25
Public health threat (drinking water) to surface water and groundwater	Contamination that has potential to impact surface water and groundwater.	15
Extent of historical contamination	Immediate free-product removal required, and impacted groundwater present.	15
Insurance need	The inability to obtain insurance through a PLIA reinsured provider; an insurance policy that has been cancelled; or, there has been a significant premium increase.	13
Financial need	Owner/operator has documentation of financing denial.	10
Current insurance policy exceeded	Owner/operator exceeded their current insurance policy limit before completing cleanup.	8
Environmental Justice	Meeting the needs of a highly impacted environmental justice community[11]. Revitalizing the community that surrounds the property by transforming the project into drivers of community revival.	8
Community need and benefit	Isolated communities depend on the station as their source of motor vehicle fuel for essential emergency, medical, fire and police services.	6

13. Financial Strategy Meeting for Grants

a. The Financial Strategy Meeting for grants may take place at the same time as the Financial Strategy Meeting for loans.

[10] Applicants who applied for the 2015 Pilot Program, but were not awarded a grant, will receive an additional 10 points when re-applying.

[11] PLIA defines this as a community that the agency has determined is likely to bear a disproportionate burden of public health risks from environmental pollution. This includes consideration of both minority and low income populations and communities with disproportionate public health challenges.

b. PLIA will inform Participants of their project's rank and, if resources allow for grant funding.
c. The financial strategy meeting allows PLIA and the Participant to discuss the project profile including the estimated project costs.
d. PLIA will explain how the grant will be administered and detail what the agencies' and Participant's roles and responsibilities are.
e. Participants are given ten (10) business days to accept or decline the grant.
f. After PLIA and the Participant agree to the grant funding and scope of work terms, PLIA will prepare a Grant Agreement. The Participant must insure that their contractor or consultant's work meets all requirements of the Grant Agreement.
g. Grant funds are administered by the PLIA and not directly dispersed to the Participant.

14. Grant Funding and Invoice Payments

a. PLIA administers the grant funds by issuing payments directly to contractors or consultants hired by the Participant to perform site work.
b. A Participant does not directly receive the grant funds, instead, the Participant will review and approve their contractor or consultant's invoices prior to payment.
c. PLIA will review invoices to ensure that work performed aligns with the grant's eligible cost requirements[12] and the approved scope of work. PLIA's approval is not an endorsement of the work performed by the contractor or consultant. PLIA is not reviewing or approving the quality of the work performed.

15. Participant Grant Repayments

a. Participants awarded a grant, but who subsequently obtain additional funds from an insurance claim, contribution claim, or recovery claim under MTCA

[12] Contractors and consultants hired by Participants may contact PLIA directly to discuss eligible cost requirements.

or CERCLA, will have the grant award amount reduced by the additional fund amount.

b. If PLIA has already awarded and made payments under the grant, then PLIA requires repayment of the grant amount equal to the additional funding proceeds.

16. Suspension and Termination of Grants

a. A suspension is a PLIA action that temporarily withholds or stops a project, including payment of invoices from the grant fund. PLIA may suspend a Grant Agreement, in whole or in part, at any time upon written notice to the Participant.

b. A termination is the cancellation of a grant. PLIA may terminate a Grant Agreement at any time for cause or convenience upon written notice to the Participant. The parties may agree to terminate the Grant Agreement at any time by mutual agreement.

c. PLIA's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way, PLIA at its sole discretion, may elect to terminate the Grant Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. PLIA may also elect to suspend performance of the Agreement until PLIA determines the funding insufficiency is resolved. PLIA may exercise any of these options with no notification or restrictions, although PLIA will make a reasonable attempt to provide notice.

***

II. Additional Information

1. Applicable State Law and Regulations

- UST Revolving Loan and Grant Program, Chapter 70A.345 RCW
- Model Toxics Control Act (MTCA), Chapter 70A.305 RCW
- Underground Petroleum Storage Tanks, Chapter 70A.355 RCW
- Petroleum Storage Tank Systems - Pollution Liability Protection Act, Chapter 70A.330 RCW
- MTCA Cleanup Regulation, Chapter 173-340 WAC

2. Participant Role and Responsibilities

- Participant understanding and adherence to the program is vital. Participants are responsible for:
    - Submitting a complete application package and providing PLIA with any requested application materials.
    - Engaging with PLIA technical and program staff throughout the process.
    - Ensuring that hired environmental consultants and contractors comply with the PLIA-approved scope of work. Participant is responsible for approving and directing all work conducted by their consultants and contractors.
    - Maintaining communications with PLIA staff to mitigate project disruptions and to apprise PLIA of new concerns.
    - Complying with all applicable rules and regulations.

3. PLIA Role and Responsibilities

- PLIA technical and program staff are committed to assisting UST owners and operators in identifying the work to be done and to lead owners and operators through the program's process.
- During the technical advice and program implementation process, PLIA agrees to:
    - Maintain open communications with Participants about all site-related issues.

- Review regular status reports from consultants and discuss findings with Participants.
- Initiate and lead regular conference calls with consultants, vendors, and Participants.
- Conduct follow-up meetings with Participants after construction completion.
- Assist Participant in understanding project scope of work.
- Review all consultant and vendor invoices for accuracy and alignment with Program requirements.

4. Closing a UST

Participants wishing to close a UST should review the applicable UST laws, Chapter 70A.355 RCW, and regulations, Chapter 173-360 WAC. Additional closure information is located on Ecology's website at www.ecology.wa.gov.

5. Upgrading or Replacing a UST Infrastructure

UST site owners and operators are encouraged to upgrade existing infrastructure. One example is to install an alternative fuel infrastructure. Upgraded equipment must have a useful life of at least thirteen (13) years. Infrastructure can include: the UST; piping; dispensers and dispenser pumps; spill and overfill prevention equipment; and release detection systems for tanks and piping.

6. Contractor Services

Resources on selecting a contractor or consultant are available at:

- Department of Ecology: www.ecology.wa.gov [add specific link]
- Department of Labor & Industries: www.lni.wa.gov [add specific link]

7. Eligible Costs

Invoices submitted for payment must be for performance on approved work plan. Eligible costs are paid by the loan or grant funds. Ineligible costs are the Participant's responsibility, and loan and grant funds cannot be paid directly or indirectly for these

costs. Participants must confirm with PLIA about what costs are eligible prior to commencing any work paid by loan or grant funds.

Eligible Costs	Ineligible Costs
Activities within the scope of work	Developing loan and grant application package
Costs incurred within the Agreement term dates	Advance payments for services or equipment
Permissible expenses described in the Agreement	Activities outside the scope of work
Documented expenses for services and equipment	Expenses associated with lien filing and removal
Any PLIA-approved costs	Participant's legal fees
Personal Protective Equipment up to $20 per person	Expenses incurred prior to Agreement

PLIA may reject invoices for costs deemed excessive, such as consultant hourly rates charged in excess of the market rate.

8. PLIA-Led Remedial Actions

Where PLIA has provided a loan or grant for an underground storage tank facility, the agency may also conduct MTCA remedial actions to address a release of hazardous substances at that facility. PLIA will notify Applicants that they qualify for this option during the Financial Strategy Meeting. PLIA will provide this option to qualified Applicants when their total project costs are in excess of the amount of loan they qualify for; however, the entire project costs cannot exceed two million ($2,000,000) per single underground storage tank facility. In order to qualify for a PLIA-led Remedial Action, the following factors must be met:

- The owner of the property at the facility must consent to PLIA's right to enter on the property and conduct the remedial action;
- The owner of the property at the facility must consent to PLIA's recovery of the remedial action costs; and
- The owner of the facility must consent to PLIA filing a lien on the facility to recover agency costs.

9. Repayment Options, Deferment, Forbearance, and Forgiveness

During the repayment period, program Participants may experience financial difficulties impacting their ability to meet repayment terms or cost recovery terms. Difficulties can include unforeseen widespread emergencies such as economic impacts inflicted by a global health pandemic. In these circumstances, PLIA will work closely with the Participant to review current financial concerns and modify repayment options as necessary.

The following list describes the actions available to PLIA in seeking repayment and the options available to Participants facing financial difficulties. Not all options are available to every borrower.

Loans and PLIA-led repayment.

a. For late and missed monthly payments, the loan agreement terms apply.

b. For payments in arrears (up to six months past due) or in default (more than six months past due), PLIA may seek direct recovery through:

   i. Debt collection.

   ii. Court judgment filing.

   iii. Lien filing and enforcement.

   iv. Proceeds from property sale, specifically if property value increased after cleanup completion due to PLIA funding.

Repayment difficulties.

a. Process:

   a. Contact PLIA's Financial Manager to discuss concerns about financial difficulties. PLIA and DOH will review Participant's current financial information to consider the borrower's ability to repay the loan and other options.

   b. Consider changes to repayment terms.

i. Option 1- Deferment: PLIA will suspend interest charges and monthly payments for a fixed period of time. The total loan obligation must still be repaid. The total months of suspended payments will be added on at the end of the original loan term. Available loan funds will not be dispersed during deferment.

ii. Option 2 – Forbearance: PLIA will suspend monthly payments for a fixed period of time; however, interest charges will continue to accrue. The total loan obligation must still be repaid. The total number of months for repayment may not change. Available loan funds will not be dispersed.

iii. Option 3 – Loan Modification: Modify payment structure and terms to accommodate Participant's current financial situation. Participant is still responsible for full loan amount. Loan funding cannot exceed the original loan award.

c. PLIA's Executive Director may consider forgiveness and write off the balance of a loan or PLIA-led repayment, if it is in the best interest of the state.

Loan or Repayment Forgiveness

PLIA will review the outstanding debt owed to determine a cost-effective approach to handling past due receivables, and whether the receivable should be removed from the agency's financial records (i.e., written off) as the expected costs of further collection efforts exceeds the expected benefits.

PLIA may forgive a portion or all of the debt owed. PLIA will consider the Participant's current situation and may seek third party accounting of Participant's financial documents to support consideration of forgiveness. The agency receivable may be written off as uncollectible when it meets any of the following criteria:

a. The debtor cannot be located, nor can any of the debtor's assets.
b. The debtor has no assets and no expectation of having any in the future.

c. The debt is discharged in bankruptcy, and there is no guarantor or successor.
d. The debt is disputed, and PLIA has insufficient documentation to pursue collection efforts.
e. The debtor has died and there is no estate or guarantor.
f. Any time the expected costs exceed the expected benefits as determined by PLIA management or the Attorney General's Office.
g. Accounts under a minimal amount where the debtors have not responded to the original billing, a telephone call, or a dunning letter.

***

Washington State Pollution Liability Insurance Agency
P.O. Box 40930, Olympia, Washington 98504-0930
1-800-822-3905 ▪ www.plia.wa.gov ▪ @PLIAWA