

Directions for Financial Assurance Checklist

Chapter 173-306 WAC

General Information

Does the facility require financial assurance for a permit to be issued?

Reference the appropriate rule to determine if financial assurance is a permit condition.

STOP HERE IF FINANCIAL ASSURANCE IS NOT REQUIRED

Is the financial assurance information required in the rule included in the application information?

Each application must include closure and postclosure plans. Each plan should identify activities necessary to close a facility along with postclosure monitoring. These activities should identify tasks along with the associated costs. Incomplete information should be remitted back to the applicant stating where the information is deficient.

Is the cost information reflective of today's cost to complete the activities identified in the closure and/or postclosure plans?

Include in the cost information a discussion on how the dollar amounts were calculated. Construction cost estimation books (example: Means Site Work Cost Data) provide cost information. The publication date indicates the currency of the information provided.

Financial Assurance Mechanism

Is the financial assurance instrument proposed allowable under the rule?

Review the appropriate rule section(s) that indicate the type of facility with allowable instruments to determine whether a particular instrument is eligible.

Is the instrument current or is a new instrument required?

Review the documents provided by the applicant. The instrument should include information on its effective date, duration, and expiration date.

Can the company issuing the instrument conduct business in Washington State? (Does the company have a license to do business in Washington?)

Depending on the instrument, the following is a list of sources:

Trust account	Fed./State licensed institution State - Dir. of Financial Institutions
Surety bond	Dept. of Treasury Circular 570
Insurance	State Insurance Commissioner
Letter of Credit	Fed. or state regulated institution Fed.- Federal Reserve State - Dir. Of Financial Institutions

Date the instrument was last reviewed?

For existing facilities review your records to determine when the instrument was last reviewed. For new facilities, this is not applicable.

Is there a clearly defined process for Ecology access to the financial assurance instrument if the permittee does not carry out the permit requirements?

Instrument language must include a process for Ecology access to the funds, when appropriate. If clear language is not included in the instrument, send the instrument back to the applicant explaining the problem.

For permit renewals, have you received an independent audit of the account for the previous year?

By March 1 of each year all privately owned facilities must provide to the local health department a statement from an independent auditor attesting to fund amounts for the prior year. If the audit is not received, or the response is less than 100% positive, the applicant must be required to provide further information. After review of the information a decision on permit renewal must be made with an explanation of approval or disapproval with justification.

Cost Estimate

Is the cost estimate current?

Check the cost estimate date. Determine if adjustments have been made for inflation and any other factors that could dictate a cost change. If the cost estimate is not current do not accept until the estimate is current.

Does the current cost estimate accurately reflect the costs of doing closure and postclosure activities (Use prior permit cycles for the review, if applicable)?

For new facilities, review the cost estimate against the closure and postclosure plan for completeness. Then review both cost data information and prior experience to determine fund adequacy.

For existing facilities, review the cost estimate against prior estimates (also considering inflation) to make sure sufficient funds exist to complete closure and carry on postclosure activities after the operation ceases.

Is there a standard cost reference manual used to determine costs associated with closure/postclosure?

If so, list the manual name and publication date.

If no cost reference manual was used how were the costs determined.

If no standard cost references were used, the operator must explain the how cost numbers were arrived at. Local costs, standard industry costs in the area, and/or other methods to determine costs may be appropriate. How costs were determined is important in determining accuracy.

Are the cost estimate documents signed by a licensed professional engineer or a person authorized to represent the applicant or permittee?

Review the cost estimate documents to assure a licensed professional engineer or a person authorized to represent the applicant or permittee reviewed and concurred with the activities identified in the closure/postclosure plans. Review the estimated costs to complete all identified activities.

Does the current cost estimate(s) accurately reflect the costs of doing closure and postclosure activities?

NEW FACILITIES Examine the cost estimate documents; compare the estimates with the approved closure and/or postclosure plan activities to determine the adequacy of the cost estimates.

EXISTING FACILITIES Review the cost estimate documents against prior information to determine if the cost estimates are still correct.

Have the documents been submitted to the appropriate agencies for review?

Permit information must be submitted to Ecology and all other agencies that have a responsibility to review/approve or concur with portions of the permit.

Is the withdrawal of funds (schedule) clearly stated?

The timeline for the withdrawal of funds to complete closure and postclosure must be included to help the local health department evaluate the cost estimate. Funds must be available at the point in time when needed to assure proper closure and postclosure. During the operating life of the facility, review the planned fund withdrawal against the actual withdrawals to assure accuracy. Cost estimates that do not include a schedule of activities should be r



Checklist for Financial Assurance Review

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ACTIVITY	REQUIRED Yes/No		
General information			
Does the facility require financial assurance for a permit to be issued?	Yes	No	
<i>STOP HERE IF FINANCIAL ASSURANCE IS NOT REQUIRED</i>			
Does the facility have an existing permit?	Yes	No	
Is the financial assurance information required in the rule included in the application information?	Yes	No	
Is the cost information, included as part of the permit application, complete?	Yes	No	
Is the cost information reflective of today's cost to complete the activities identified in the closure and/or postclosure plan?	Yes	No	
Financial assurance mechanism			
Is the financial assurance instrument proposed allowable under the rule that applies to the facility?	Yes	No	
Is the instrument current or is a new instrument required?	Yes	No	
Can the company issuing the instrument conduct business in Washington state? (Does the company have a license to do business in Washington?)	Yes	No	
Date when the instrument was last reviewed?			
Is there a clearly defined process for Ecology access to the financial assurance instrument if the permittee does not carry out the permit requirements?	Yes	No	
Are safeguards incorporated into the financial assurance instrument so that the permittee can not withdraw assets from the instrument without the approval of Ecology?	Yes	No	n/a
For permit renewals, have you received an independent audit of the account for the previous year? (privately owned)	Yes	No	n/a
Cost estimate			
Is the cost estimate current?	Yes	No	n/a
Does the cost estimate clearly identify the activities to be carried out for closure or postclosure including associated costs? (Crosscheck with required activities of rule that applies and approved closure/postclosure plans)	Yes	No	n/a
Is there a standard cost reference manual used to determine costs associated with closure/postclosure?	Yes	No	n/a
Manual name _____			
If no cost reference manual was used how were the costs determined.			
Is the cost estimate documents signed by a licensed professional engineer?	Yes	No	n/a
Does the current cost estimate accurately reflect the costs of doing closure and postclosure activities? (Use prior permit cycles to review)	Yes	No	n/a
Have the documents been submitted to the appropriate agencies for review?	Yes	No	n/a
Is the withdrawal of funds (schedule) clearly stated?	Yes	No	n/a

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