

WAC 173-360A-1072 Mechanism—Local government guarantee. (1)

Applicability of mechanism. A local government owner or operator may satisfy the requirements of WAC 173-360A-1015 by obtaining a guarantee that conforms to the requirements of this section.

(2) **Eligibility of guarantor.** The guarantor must be either the state in which the local government owner or operator is located or a local government having a "substantial governmental relationship" with the owner and operator and issuing the guarantee as an act incident to that relationship.

(3) **Test of guarantor.** A local government acting as the guarantor must:

(a) Demonstrate that it meets the bond rating test requirements of WAC 173-360A-1070 and deliver a copy of the chief financial officer's letter as required in WAC 173-360A-1070(3) to the local government owner or operator;

(b) Demonstrate that it meets the financial test requirements of WAC 173-360A-1071 and deliver a copy of the chief financial officer's letter as required in WAC 173-360A-1071(5) to the local government owner or operator; or

(c) Demonstrate that it meets the local government fund requirements of WAC 173-360A-1073 and deliver a copy of the chief financial officer's letter as required in WAC 173-360A-1073(4) to the local government owner or operator.

(4) **Content of guarantee.** The content of the guarantee depends on whether the guarantor is a state or a local government and whether the guarantor guarantees to fund a standby trust.

(a) If the guarantor is a state and, in the default or incapacity of the owner or operator, the guarantor guarantees to fund a standby trust as directed by the department, then the guarantee must be worded as specified in WAC 173-360A-1091, except that instructions in brackets are to be replaced with relevant information and the brackets deleted.

(b) If the guarantor is a local government and, in the default or incapacity of the owner or operator, the guarantor guarantees to fund a standby trust as directed by the department, then the guarantee must be worded as specified in WAC 173-360A-1092, except that instructions in brackets are to be replaced with relevant information and the brackets deleted.

(c) If the guarantor is a state and, in the default or incapacity of the owner or operator, the guarantor guarantees to make payments as directed by the department for taking remedial action or compensating third parties for bodily injury and property damage, then the guarantee must be worded as specified in WAC 173-360A-1093, except that instructions in brackets are to be replaced with relevant information and the brackets deleted.

(d) If the guarantor is a local government and, in the default or incapacity of the owner or operator, the guarantor guarantees to make payments as directed by the department for taking remedial action or compensating third parties for bodily injury and property damage, then the guarantee must be worded as specified in WAC 173-360A-1094, except that instructions in brackets are to be replaced with relevant information and the brackets deleted.

(5) **Responsibilities upon failure of test.** If the local government guarantor is unable to demonstrate financial assurance under WAC 173-360A-1070, 173-360A-1071, or 173-360A-1073, at the end of the financial reporting year, then the guarantor must send by certified

mail, before cancellation or nonrenewal of the guarantee, notice to the owner or operator. The guarantee will terminate no less than one hundred twenty days after the date the owner or operator receives the notification, as evidenced by the return receipt. The owner or operator must obtain alternate coverage as specified in WAC 173-360A-1035(5).

[Statutory Authority: Chapter 90.76 RCW. WSR 18-15-083 (Order 16-02), § 173-360A-1072, filed 7/18/18, effective 10/1/18.]