

# Costly underground storage tank insurance may be superfluous

By PETER BLAIS

Municipal and county governments, airport authorities or other local jurisdictions — many of which operate golf courses with underground storage tanks — could be considered self-insured and save thousands of dollars annually in insurance premiums if they meet recently developed Environmental Protection Agency requirements, according to a federal environmental protection specialist.

The new ways of assuring local governments can cover clean-up costs or third-party damages resulting from leaking USTs were published Feb. 18 in the Federal Register. That means the oft-delayed deadline for meeting the financial requirements is now a year from that date, according to the EPA's Andrea Osborne.

The new measures offer tank owners an alternative to buying costly private insurance, which averages about \$3,000 annually for a facility with three to five USTs, Osborne said.

"If they [local governments] can use it [one of the new mechanisms], they would be more likely to self-insure," she explained. "You're just talking about a couple of hours of a city attorney's time to keep the appropriate records on file [as opposed to the cost of private insurance]."

The new mechanisms are:

- **Bond rating test.** General purpose governments, such as cities and counties, with outstanding issues of general obligation bonds rated by Standard & Poor's or Moody's as "investment grade" will be allowed to self insure.

Special districts, such as school districts and airport authorities, that do not have the authority to issue general obligation bonds, may also self-insure if they have outstanding revenue bonds rated "investment grade."

To be eligible, local governments must have at least \$1 million in currently outstanding bonds.

- **Worksheet test.** A financial worksheet has been developed recognizing the unique financial structure of government entities. Governments with scores at or above a selected level can self-insure.

## New EPA regulations may render municipal, county governments self-insured

- **Government guarantees.** A government can obtain a guarantee from its state or another local government with which it can demonstrate "substantial government relationship."

To serve as a guarantor, a local government must qualify using the bond rating or worksheet test.

- **Fund balance test.** Local governments may self-administer a UST response fund if appropriate safeguards are met.

Anyone interested in obtaining additional information should contact EPA's RCRA/Superfund Hotline at 800-553-7672.

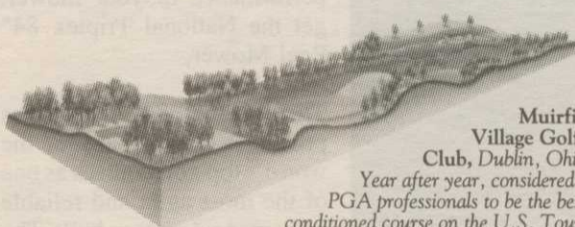
The compliance date for local governments to meet their financial responsibility requirements — whether through one of the new measures or some other means — is Feb. 18, 1994, one year after publication of the new measures in the Federal Register. The 1988 Resource Conservation and Recovery Act required UST owners and operators to show

they could cover clean-up costs or third-party damages resulting from leaks.

The original mechanisms listed by the EPA to meet these requirements included a corporate test of self insurance, letter of credit, surety bond, private insurance and a guarantee.

EPA soon discovered many of these mechanisms (e.g. the corporate self-insurance test) weren't appropriate for local governments. Consequently the federal agency pushed back the original date (Oct. 26, 1990) when local governments were supposed to comply with the financial requirements until the new measures were developed.

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## Aussies eye memberships Japanese-style

SYDNEY, Australia — The Japanese developers of a \$95 million golf course in Sydney's northern suburbs have applied to have memberships traded on the Australian Stock Exchange.

Terrey Hills Country Club is on schedule for its late-1993 opening. If approved by the Australian Securities Commission, it will be the first time golf club membership is traded Japanese-style on the stock exchange.

The developer, Terrey Hills Golf and Country Club Holdings Ltd., is 50 percent owned by Tokyo Dome, one of Japan's largest pleasure companies; 40 percent by Osaka-based Lansura Pty. Ltd., part of the Yamamoto Realty Group; and 10 percent by fashion company Sanki Shojo Co. Ltd.

Ron Stephens, the company's marketing manager, said it will cost more to join the Terrey Hills Club than any other in Australia. However, once the membership has been purchased, buyers will have the option of selling it — if the Securities Commission signs off.

Some of the 30 housing lots on and around the course will be auctioned off in November when the clubhouse is completed.

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