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# MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

*Home of the Last Chance Mercantile*

February 11, 2008

Mr. Roger Briggs, Executive Officer  
California Regional Water Quality  
Control Board Central Coast Region  
895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401

Attn: Mr. Dan Niles

**RE: Report on Financial Assurance for Corrective Action, Closure and Postclosure Maintenance, and Environmental Impairment; Waste Discharge Requirements (WDRs) Order No. R3-2006-0017; Monterey Peninsula Landfill, Monterey County, California**

Dear Mr. Briggs:

Pursuant to your email request of December 21, 2007, and to fulfill the financial assurance requirements that are stipulated under CCR Title 27, Article 4, we are submitting this updated report on financial assurance for Corrective Action. The MRWMD has also established approved financial assurance mechanisms for Closure and Postclosure Maintenance, and Environmental Impairment (Operating Liability). We are including in this submittal, for your information, documentation on the MRWMD's financial assurance for Corrective Action, Closure and Postclosure Maintenance, and Environmental Impairment.

**1. Corrective Action Financial Assurance**

State regulations require operators of solid waste landfills to demonstrate the availability of financial resources to initiate and complete corrective action for all "known or reasonably foreseeable releases" of waste constituents at the landfill.

In August 1992, the MRWMD Board of Directors adopted Resolution No. 92-7 Financial Assurance for Corrective Action for the MPL. This resolution, which remains in full force and effect, established a Pledge of Revenue to demonstrate financial responsibility for corrective action. A Pledge of Revenue is an approved financial assurance mechanism which recognizes that public agencies can make extended financial commitments utilizing rate setting and fee collecting powers (in this case, waste disposal fees) that offer satisfactory financial assurance. A copy of Resolution No. 92-7 is enclosed.

Please refer to the enclosed letter report prepared by Shaw Environmental, dated January 22, 2008, which includes an updated cost estimate for corrective action related to a "reasonably foreseeable release" from the Monterey Peninsula Landfill. The total present worth for the potential remediation is estimated at \$671,988

(which is a 23% increase from the original 1992 estimate of \$546,000). This is the estimated amount of money needed to pay for the evaluation monitoring, engineering design, construction, operations and maintenance, and post-construction monitoring costs for the duration of the corrective action program.

## **2. Closure and Postclosure Maintenance Financial Assurance**

State regulations require operators of solid waste landfills to demonstrate the availability of financial resources to conduct closure and postclosure maintenance activities.

In February 1992, the MRWMD Board of Directors adopted Resolution No. 92-1 "Financial Assurance for Closure and Postclosure Maintenance of the Monterey Peninsula Landfill" (MPL). Resolution No. 92-1 was rescinded and updated by Resolution No. 98-8 and Resolution No. 98-9, as discussed below.

In September 1998, the MRWMD Board of Directors adopted Resolution No. 98-8 "Establishing an Enterprise Fund for Financial Assurance for Closure of the MPL." This resolution, which remains in full force and effect, established an Enterprise Fund, known as the "Closure Fund", as the financial assurance mechanism to be used exclusively for closure activities at the MPL. Annual deposits as required by Title 27, CCR are made to the Closure Fund so that an amount equal to the current closure cost estimate will be available at the time of final closure. A copy of Resolution No. 98-8 is enclosed.

In September 1998, the MRWMD Board of Directors adopted Resolution No. 98-9 "Establishing a Pledge of Revenue for Financial Assurance for Postclosure Maintenance of the MPL." This resolution, which remains in full force and effect, established a Pledge of Revenue as the financial assurance mechanism to be used for postclosure maintenance activities at the MPL. A Pledge of Revenue is an approved financial assurance mechanism which recognizes that public agencies can make extended financial commitments utilizing rate setting and fee collecting powers (in this case, waste disposal fees) that offer satisfactory financial assurance. The projected net revenues from the waste disposal fees during the thirty (30) year period of postclosure maintenance, shall, during each year of this period, be greater than the yearly postclosure maintenance costs. Resolution No. 98-9 changed the financial assurance mechanism for the 30-year postclosure maintenance cost from an Enterprise Fund to a Pledge of Revenue. A copy of Resolution No. 98-9 and "Pledge of Revenue Agreement" is enclosed.

## **3. Environmental Impairment Financial Assurance**

State regulations require operators of solid waste landfills to demonstrate adequate financial ability to compensate third parties for bodily injury and property damage caused by facility operations prior to closure, including exposures to environmental pollution.

The MRWMD uses self-insurance and risk management as the financial assurance mechanism for operating liability for the MPL. In July 1993, the MRWMD established an "Environmental Impairment Fund" (also known as "Operating Liability and Pollution Insurance") which consists of restricted assets (cash and cash equivalents held with Trustee) in the amount of \$1,000,000. Additionally, the MRWMD maintains a "Certificate of Self-Insurance and Risk Management" (CIWMB Form 109) in the amount of \$10,000,000 (per occurrence/aggregate). A copy of the certificate is enclosed. Personal injury and property damage liability coverage in the amount of \$10,000,000 (per occurrence/aggregate) is provided by the Special District Risk Management Authority (SDRMA). This policy has an exclusion clause for environmental pollution. A copy of SDRMA's Certificate of Coverage is enclosed.

Mr. Roger Briggs  
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If you have any questions or require additional information, please call me at (831) 384-5313.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard D. Shedden", with a long horizontal flourish extending to the right.

Richard D. Shedden, P.E.  
Senior Engineer

Enclosures

cc: Mr. Ted Terassas, Monterey County Health Department  
Mr. Richard E. Castle, CIWMB