



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Utilities - Solid Waste

To: City Council

From: City Manager & Staff

Council Meeting Date: December 18, 2017

Re: Authorizing the Approval of a Sanitary Landfill Closure and Post-Closure Financial Assurance Instrument (FAI) with the Missouri Department of Natural Resources

Executive Summary

Staff has prepared for Council consideration an ordinance authorizing the City Manager to execute a Contract of Obligation in the amount of \$10,714,909 with the Missouri Department of Natural Resources (MDNR) for the purpose of providing financial assurance for proper closure and post-closure activities of the City of Columbia Sanitary Landfill. This is an increase over last year's amount of \$10,526,485 due to required annual Implicit Price Deflator adjustment requirements.

Discussion

Missouri Solid Waste Management law has required annual Financial Assurance Instruments (FAI) of operators of sanitary landfills since 1988. This agreement provides that in the event the City should fail to perform required closure and post-closure activities at the landfill, MDNR shall collect the required amount from any state funds which are normally disbursed to the City in the amount determined to be necessary to complete the City's obligation.

The amounts are based on estimates in current dollars for a third party to conduct and complete closure and post-closure activities. These estimates must equal a maximum closure cost at any time during the life of the facility and include estimates for each closure activity. The Contract of Obligation is reviewed annually and updated when there are changes to the landfill or new index dollars.

A portion of the required closure activities is completed each year as part of normal landfill operations including activities such as partial final cover construction and associated equipment and labor. The cost for these activities is included in the annual operating budget.

Fiscal Impact

Short-Term Impact: Closure activities that will be completed in FY18 are included in the FY18 operating budget.

Long-Term Impact: Costs will be included annually in the operations budget for the landfill. The following note was included in the City's Comprehensive Annual Financial Report for the fiscal year October 1, 2015 through September 30, 2016 related to Landfill Closure and Postclosure Costs:



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State and federal laws and regulations require that the City of Columbia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. During fiscal year 1994, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.

18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. GASB No. 18 requires that, in addition to recognizing operating expenses related to current activities of the landfill, an expense provision and related liability be recognized for future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is accrued ratably over the useful life of the landfill based on the portion of the landfill used during the year and is being recorded in the Solid Waste Utility Enterprise Fund.

Landfill closure and postclosure costs to date are \$8,569,945 which is based on 66.92% usage of the landfill. The recorded liability is \$2,690,137 as of September 30, 2016. The City will recognize the remaining costs of closure and postclosure care of \$1,956,540 as the remaining capacity is filled. The estimated total current costs of the landfill closure and postclosure care (\$10,526,485) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2016. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The estimated remaining life of the landfill is approximately 12 years.

The City of Columbia has executed a contract of obligation with the Missouri Department of Natural Resources for landfill closure and postclosure care costs. This financial assurance instrument allows the Missouri Department of Natural Resources to collect the required amount from any state funds which could be dispersed to the City should the City fail to perform closure or postclosure care activities.

Strategic & Comprehensive Plan Impacts

[Strategic Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

[Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
	This legislation is authorized by Council on an annual basis.

Suggested Council Action

Approve the ordinance authorizing the City Manager to execute the FAI with MDNR.