



STATE OF TENNESSEE  
**DEPARTMENT OF ENVIRONMENT AND CONSERVATION**

Division of Financial Responsibility  
William R. Snodgrass Tennessee Tower  
312 Rosa L. Parks Ave., 10<sup>th</sup> Floor  
Nashville, TN 37243  
(615) 532-0851

August 18, 14

The Honorable J. H. Graham, III  
City of Crossville Mayor  
99 Municipal Avenue  
Crossville, Tennessee 38555

RE: Annual Inflation Adjustment of the financial assurance for *the City of Crossville Sanitary Landfill, Permit # SNL 18-0206* as required by the Regulations of the Division of Solid Waste Management.

Dear Mayor Graham:

**All county and municipal "Contracts in Lieu of Performance Bonds" must be adjusted annually for inflation by no later than the anniversary date of the issuance of the contract.**

The staff of the Financial Responsibility Group, utilizing data published by the U. S. Department of Commerce, has projected the inflation factor to be used for 2014 inflation adjustments as **1.5%**. The amount of your financial assurance instrument(s) from the Year 2013 must be multiplied by **1.015**. The permitted facility and/or the Department may reserve the right to adjust this figure later based upon revised data released by the U.S. Department of Commerce during the year.

**Effective immediately, any County or Municipal Contract in Lieu of Performance Bond incurring an annual inflation adjustment shall not be processed by amendment until the cumulative amount of the adjustment(s) equals or exceeds TEN THOUSAND DOLLARS (\$10,000.00). This is a change from the previous threshold of Five Thousand Dollars (\$5,000). For example, if the inflation adjustment is \$4,000 in year one, \$5,000 in year two, and \$6,000 in year three, the amendment will be processed in year three when the total of adjustments exceeds \$10,000. We will continue to send your inflation adjustment figures annually for your records whether or not a contract amendment is required.**

Please review the amount(s) listed for each permit listed below. If any changes or modifications to your permit(s) have occurred, please contact us as soon as you receive this letter. The due date(s) and projected amount(s) for the inflation adjustment(s) of your financial instrument(s) are as follows:

Inflation Adjustments **REQUIRED** for 2014


| Facility Permit #: | Financial Instrument Type & No.: | Financial Instrument Anniversary Due Date: | Present Amount of Financial Assurance "On File" | Inflation Adjustment / Increase Required: | Inflation Adjustment and Allowable Post-Closure Reduction: | Total "Required" Amount of Financial Assurance: |
|--------------------|----------------------------------|--|---|---|--|---|
| SNL 18-0206        | Contract                         | 10-27-14                                   | \$ 695,014.00                                   | \$  | \$ 48,361.00   | \$ 646,653.00                                   |

Please see the attached spreadsheets, which list in detail the amount of financial assurance required due to the 2013 annual inflation adjustment and/or post closure reduction (if applicable) for your permit(s). The spreadsheets also list the current amount of financial assurance on file for each permit.

**PLEASE NOTE**

- (1) Any County and/or Municipal Contract In Lieu of Performance Bonds incurring an annual inflation adjustment **shall not be processed by amendment** until the amount of the adjustment equals or exceeds TNE THOUSAND DOLLARS (\$10,000.00).

If you have any questions, please call me at (615) 532-0848 or you may email me at [james.marks@tn.gov](mailto:james.marks@tn.gov) if you would like to receive an electronic copy of the Example Contract in Lieu Of Performance Bond, just let me now.  
Respectfully,

  
James Marks, ASA IV  
County and Municipal Contract Administrator  
Division of Financial Responsibility

CC: Bryant Stephens, Manager of Solid Waste Management, Cookeville Field Office, TDEC

Enclosure: Customer Information Spreadsheet, Example Contract, Blanks

**Amendment of Contract in Lieu of Performance Bond**

Whereas, the City of Crossville and the State of Tennessee Department of Environment and Conservation, entered into a Contract in Lieu of Performance Bond (Copy attached) for proper operation and closure and/or post-closure of the City of Crossville Sanitary Landfill, Registration Number SNL 18-0206; and

Whereas, said contract included a provision allowing the Commissioner of Environment and Conservation to collect up to \$ 695,014.00 from any funds being disbursed or to be disbursed from the State to the City of Crossville as financial assurance for said proper operation, closure and post-closure; and

Whereas, the State and the City of Crossville desire to change the amount of said financial assurance from \$ 695,014.00 to \$ 646,653.00.

Paragraph 3 of the Agreement in Lieu of Performance Bond is amended as follows:

The figure "\$ 695,014.00" is deleted and the figure "\$ 646,653.00" is substituted in lieu thereof.

Date of Amendment to Contract August 18, 2014.

**(Must have date of Official's signature)**

\_\_\_\_\_  
Commissioner  
Department of Environment  
and Conservation

\_\_\_\_\_  
Title Mayor  
For the City of: Crossville

\_\_\_\_\_  
Commissioner  
Department of Finance  
and Administration

\_\_\_\_\_  
Title \_\_\_\_\_  
For the County of: \_\_\_\_\_

\_\_\_\_\_  
Title \_\_\_\_\_  
For \_\_\_\_\_

**(Please Type or Complete Form in Ink and Submit Three (3) Signed Originals of this Document)**

**Summary Sheet**  
**Amount of Financial Assurance Required**

| PERMIT ID #<br>OR<br>FACILITY<br>ID # (s) | AMOUNT OF<br>CLOSURE<br>OPERATING<br>CONTINGENCY<br>REQUIRED<br>(A) | AMOUNT<br>OF POST-<br>CLOSURE<br>REQUIRED<br>(B) | AMOUNT<br>OF 3RD<br>PARTY<br>LIABILITY<br>REQUIRED<br>(C) | AMOUNT<br>OF<br>CORRECTIVE<br>ACTION<br>REQUIRED<br>(D) | INSTRUMENT<br>TYPE<br>AND<br>ISSUE DATE<br>(E) | ISSUING<br>INSTITUTION<br>(F) | TOTAL<br>AMOUNT<br>OF<br>FINANCIAL<br>ASSURANCE<br>(G) |
|---|---|--|---|---|--|-------------------------------|--|
| SNL 18-0206                               | CLOSED  | \$646,652.26                                     |   |   |  |                               | \$646,652.26   |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
|   |   |  |   |   |  |                               |  |
| <b>Total Required</b>                     | \$0.00  | \$646,652.26                                     | \$0.00  | \$0.00  |  |                               | <b>Total (A,B,C,D)</b><br>\$646,652.26                 |

**Amount of Financial Assurance On File**

| PERMIT ID #<br>OR<br>FACILITY ID#(s)         | AMOUNT OF<br>CLOSURE<br>OPERATING<br>CONTINGENCY<br>ON FILE<br>(AA) | AMOUNT<br>OF POST-<br>CLOSURE<br>ON FILE<br>(BB) | AMOUNT<br>OF 3RD<br>PARTY<br>LIABILITY<br>ON FILE<br>(CC) | AMOUNT<br>OF<br>CORRECTIVE<br>ACTION<br>ON FILE<br>(DD) | INSTRUMENT<br>TYPE<br>AND<br>ISSUE DATE<br>(E) | ISSUING<br>INSTITUTION<br>(F) | TOTAL<br>AMOUNT<br>OF<br>FINANCIAL<br>ASSURANCE<br>(G) |
|--|---|--|---|---|--|-------------------------------|--|
| SNL 18-0206                                  | CLOSED  | \$695,013.62                                     |   |   | C 10/27/99                                     | Crossville, TN                | \$695,013.62   |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
|  |   |  |   |   |  |                               |  |
| <b>Total on File</b>                         | \$0.00  | \$695,013.62                                     | \$0.00  | \$0.00  |  |                               | <b>Total (AA,BB,CC,DD)</b><br>\$695,013.62             |
| Net amount<br>overfunded as of<br>02/16/2011 | +\$0.00   | +\$48,361.36                                     |   |   |  |                               | +\$48,361.36   |

ABBR. C - CONTRACT CB - CASHBOND, CHECK OR CASH CD - CERTIFICATE OF DEPOSIT CG-FT - CORPORATE GUARANTEE  
FINANCIAL TEST CI - CERTIFICATE OF INSURANCE FT - FINANCIAL TEST GG - GOVERNMENT GUARANTEE LC - LETTER OF CREDIT PB -  
PERFORMANCE BOND S - SECURITIES TF - TRUST FUND

## Attachment 2 : Calculating Financial Assurance From the Beginning To the End of the Post Closure Care Period

|            |                        |
|------------|------------------------|
| Facility : | City of Crossville, TN |
| Permit# :  | SNL 18-0206            |

This site closed in **1995** and is required to have **30** years of post closure care.  
 At closure in **1995** the cumulative inflation adjusted total of post closure was **\$1,222,912.00**.  
 or

This site has not yet begun post closure. The scheme below is simply an example of how post closure financial assurance will be adjusted annually for inflation.  
 This example assumes that the facility closed in \_\_\_\_\_ and is required to have \_\_\_\_\_ years post closure.  
 At closure, the cumulative inflation adjusted post-closure amount was \$\_\_\_\_\_. Each successive year after closure, the post-closure amount is reduced by approximately one year's post-closure expense and the outstanding dollar amount of post-closure is adjusted for inflation.

### Calculation of Post Closure With Annual Inflation Adjustments After Closure of the Waste Management Unit

| EACH YEAR FOLLOWING CLOSURE (A) | ANNUAL INFLATION FACTOR (B) | SUM OF REMAINING YEARS COST OF POST CLOSURE (C) | NUMBER OF YEARS REMAINING IN POST CLOSURE (D) | APPROXIMATELY ONE YEAR REDUCTION IN POST CLOSURE COST (E) | ESTIMATED AMOUNT OF POST CLOSURE FOR REMAINING YEARS (F) | INFLATION ADJUSTMENT FOR THE REMAINING YEARS (G) | AMOUNT OF POST CLOSURE FINANCIAL ASSURANCE DUE THIS YEAR (H) |
|---------------------------------|-----------------------------|---|---|---|--|--|--|
| Year(row)                       | row27                       | Formula=H26                                     | Year(s)                                       | =C27/D27  | =C27-E27   | =F27*B27   | =G27   |
| 1996                            | 1.025                       | \$1,222,912.00                                  | 30  | \$40,763.73   | \$1,182,148.27   | \$1,211,701.97                                   | \$1,211,701.97   |
| 1997                            | 1.020                       | \$1,211,701.97                                  | 29  | \$41,782.83   | \$1,169,919.15   | \$1,193,317.53                                   | \$1,193,317.53   |
| 1998                            | 1.020                       | \$1,193,317.53                                  | 28  | \$42,618.48   | \$1,150,699.05   | \$1,173,713.03                                   | \$1,173,713.03   |
| 1999                            | 1.010                       | \$1,173,713.03                                  | 27  | \$43,470.85   | \$1,130,242.17   | \$1,141,544.60                                   | \$1,141,544.60   |
| 2000                            | 1.015                       | \$1,141,544.60                                  | 26  | \$43,905.56   | \$1,097,639.03   | \$1,114,103.62                                   | \$1,114,103.62   |
| 2001                            | 1.021                       | \$1,114,103.62                                  | 25  | \$44,564.14   | \$1,069,539.48   | \$1,091,999.80                                   | \$1,091,999.80   |
| 2002                            | 1.022                       | \$1,091,999.80                                  | 24  | \$45,499.99   | \$1,046,499.81   | \$1,069,522.81                                   | \$1,069,522.81   |
| 2003                            | 1.011                       | \$1,069,522.81                                  | 23  | \$46,500.99   | \$1,023,021.82   | \$1,034,275.06                                   | \$1,034,275.06   |
| 2004                            | 1.016                       | \$1,034,275.06                                  | 22  | \$47,012.50   | \$987,262.55   | \$1,003,058.76                                   | \$1,003,058.76   |
| 2005                            | 1.022                       | \$1,003,058.76                                  | 21  | \$47,764.70   | \$955,294.05   | \$976,310.52                                     | \$976,310.52   |
| 2006                            | 1.027                       | \$976,310.52                                    | 20  | \$48,815.53   | \$927,495.00   | \$952,537.36                                     | \$952,537.36   |
| 2007                            | 1.030                       | \$952,537.36                                    | 19  | \$50,133.55   | \$902,403.82   | \$929,475.93                                     | \$929,475.93   |
| 2008                            | 1.027                       | \$929,475.93                                    | 18  | \$51,637.55   | \$877,838.38   | \$901,540.01                                     | \$901,540.01   |
| 2009                            | 1.024                       | \$901,540.01                                    | 17  | \$53,031.77   | \$848,508.25   | \$868,872.45                                     | \$868,872.45   |
| 2010                            | 1.012                       | \$868,872.45                                    | 16  | \$54,304.53   | \$814,567.92   | \$824,342.73                                     | \$824,342.73   |
| 2011                            | 1.010                       | \$824,342.73                                    | 15  | \$54,956.18   | \$769,386.55   | \$777,080.42                                     | \$777,080.42   |
| 2012                            | 1.024                       | \$777,080.42                                    | 14  | \$55,505.74   | \$721,574.67   | \$738,892.47                                     | \$738,892.47   |
| 2013                            | 1.019                       | \$738,892.47                                    | 13  | \$56,837.88   | \$682,054.58   | \$695,013.62                                     | \$695,013.62   |
| 2014                            | 1.015                       | \$695,013.62                                    | 12  | \$57,917.80   | \$637,095.82   | \$646,652.26                                     | \$646,652.26   |