

Number 0591
September 2002

Financial Assurance for C&DD Facilities

Purpose of Financial Assurance

The purpose of financial assurance is to ensure adequate funding is available for proper closure. If the owner/operator abandons the facility, the licensing authority will draw on the financial assurance instrument to pay for the cost of final closure.

Financial Assurance Mechanisms

There are six financial assurance mechanisms listed in 3745-400-13. These instruments may be used singly, or the trust, financial guarantee bond, letter of credit and insurance certificate may be used in combination.

*Trust - cash deposit earns interest (interest available after fully funded)

*Financial guarantee bond - also requires standby trust (empty account)

*Performance bond - also requires standby trust (empty account)

*Letter of credit - also requires standby trust

(empty account)

*Insurance certificate

*Financial test

Review procedure

Financial assurance is required at the beginning of the license year.

An originally signed financial assurance document shall be submitted to the licensing authority to be reviewed.

The licensing authority (approved local health department or Ohio EPA) reviews the financial assurance document to determine if the document is complete and includes identical language from OAC Rule 3745-400-14.

Accuracy of the document and amounts listed are important to ensure adequate funding of closure and because the document is a legally binding contract. Safe storage of the original document is important.

Calculating Financial Assurance

The amount of financial assurance provided by the instrument (document) is submitted with the annual license.

Additionally, within the license application is a tab titled "Financial Assurance Documents" with a financial assurance calculation worksheet. The financial assurance amounts listed on the calculation sheet are based on the plan drawings which show the active licensed disposal areas (ALDAs) and the inactive licensed disposal areas (ILDAs).

For more information about ALDAs and ILDAs, refer to DSIWM fact sheet #0561 "Construction & Demolition Debris Facility Definitions".

Facilities are required to have \$13,000 per acre of ALDA, rounded to the nearest tenth acre (\$1,300 per tenth acre), \$2,175 per monitoring well, and \$550 per acre of capped ILDA.

No financial assurance is required on areas where

debris placement is complete prior to 9/30/96 (whether or not properly capped).

Release of Funds

As ALDA's are capped in accordance with OAC Rule 3745-400-08(A)(3), the licensing authority shall release to the owner/operator \$12,450 per acre plus \$2,175 for each properly plugged and abandoned ground water monitoring well. The calculated amount is based upon the total acreage of the certified cap system, to the nearest tenth of an acre.

The remaining \$550 per acre is for maintenance of the certified cap during the active life of the facility but prior to final closure.

After final closure is deemed complete in accordance with OAC Rule 3745-400-12(G), the licensing authority shall release all remaining funds from the financial assurance required under this rule.

For more information, contact the licensing authority or Ohio EPA.

Division of Solid and Infectious Waste Management

P.O. Box 1049, Columbus, Ohio 43216-1049 (614) 644-2621

DSIWM Web Page: <http://www.epa.state.oh.us/dsiwm>