

CLERK'S OFFICE
APPROVED
Date: 5/20/08

Submitted by: Chair of Assembly at the
Request of the Mayor
Prepared by: Solid Waste Services
For reading: March 25, 2008

ANCHORAGE, ALASKA

AO No. 2008- 46

1 AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE
2 CHAPTER 26.80 TO ADD A NEW SECTION FOR ANCHORAGE REGIONAL
3 LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY RETROACTIVE
4 TO JANUARY 1, 2008.

5
6 THE ANCHORAGE ASSEMBLY ORDAINS:
7

8 **Section 1.** Anchorage Municipal Code chapter 26.80 is amended to add a new
9 section for Anchorage Regional Landfill Closure and Post-Closure Care Liability as
10 follows (*the remainder of the chapter is not affected and therefore not set out*):
11

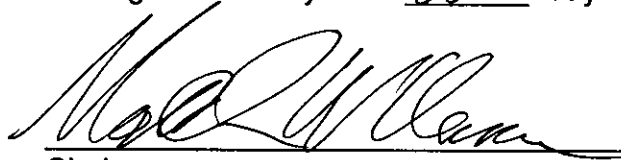
12 **26.80.060 Closure and Post-Closure Care Liability.**
13

- 14 A. Title 40, C.F.R., Parts 257 and 258 of the United States
15 Environmental Protection Agency rules and generally accepted
16 accounting principles require landfill operators accrue funds for the
17 future liability related to the final closure of a landfill and maintain
18 and monitor the landfill for 30 years after closure.
19
- 20 B. The solid waste disposal utility shall operate to ensure sufficient
21 revenues are collected to cover its costs, including the Anchorage
22 Regional Landfill closure and post-closure liability accrual, adjusted
23 for inflation.
24
- 25 1. Current users of the landfill shall pay for the costs of the
26 required closure and post-closure care liability through tipping
27 fees paid during the useful life of the landfill.
28
- 29 2. The solid waste disposal utility shall budget and set aside
30 money collected from tipping fees related to the closure and
31 post-closure care liability into a restricted cash and investment
32 account to ensure assets accumulated to pay for this future
33 liability are available for the intended purpose.
34
- 35 C. Money deposited in the closure and post-closure restricted account
36 and interest and dividends earned shall be restricted solely to pay for
37 landfill closure, post-closure landfill maintenance, or projects related
38 to closure activities, as required by Federal and State landfill
39 regulations.


1. Money shall be deposited into this account annually. The annual deposits shall equal the liability accrual for that period as required by generally accepted accounting principles.
2. The solid waste disposal utility shall budget an estimate of the required liability accrual, plus additional cash to fund the restricted account for any shortfalls in accruals from years prior to establishing the restricted account. The additional deposits shall be based on unrestricted funds available after evaluating the utility's expected cash needs.
3. The account shall fully fund the accrued closure and post-closure care liability on or before December 31, 2015 so the restricted cash and investments equal the accumulated liability for closure and post-closure care on or before that date.
4. Withdrawal from the restricted account for purposes other than expressly related to landfill closure activities shall require Assembly approval.

Section 2. This ordinance shall be effective retroactive to January 1, 2008.

PASSED AND APPROVED by the Anchorage Assembly this 20th day of May, 2008.


Chair

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

Page1

AO Number: AO 2008- 46

Title: An Ordinance amending Anchorage Municipal Code Chapter 26.80 to add a new section for Anchorage Regional Landfill Closure and Post-Closure Care Liability retroactive to January 1, 2008.

Sponsor: Mayor Mark Begich

Preparing Agency: SWS

Others Impacted:

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY08	FY09	FY10	FY11	FY12	
Operating Revenues:						
	\$ 1,379	\$ 1,448	\$ 1,528	\$ 1,528	\$ 1,613	
TOTAL OPERATING REVENUES	\$ 1,379	\$ 1,448	\$ 1,528	\$ 1,528	\$ 1,613	
Operating Expenses:						
	\$ 1,379	\$ 1,448	\$ 1,528	\$ 1,528	\$ 1,613	
TOTAL OPERATING EXPENSES	\$ 1,379	\$ 1,448	\$ 1,528	\$ 1,528	\$ 1,613	
Non-Operating Revenues:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)	\$ -	\$ -	\$ -	\$ -	\$ -	
POSITIONS: FT/PT and Temp	0	0	0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on the financial reporting changes for Solid Waste Services.

Solid Waste Services Disposal Utility currently accrues costs for closure of the Anchorage Regional Landfill as an annual expense. Money realized from the accrual of this expense is currently held in the utilities general cash. This ordinance will move these moneys to a restricted cash account controlled by the Utility.

Public sector customers of SWS Disposal Utility will have no economic effects.

PRIVATE SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on the financial reporting changes for Solid Waste Services.

Solid Waste Services Disposal Utility currently accrues costs for closure of the Anchorage Regional Landfill as an annual expense. Money realized from the accrual of this expense is currently held in the utilities general cash. This ordinance will move these moneys to a restricted cash account controlled by the Utility.

Public sector customers of SWS Disposal Utility will have no economic effects.

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 195 -2008

Meeting Date: March 25, 2008

FROM: MAYOR

SUBJECT: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 26.80 TO ADD A NEW SECTION FOR ANCHORAGE REGIONAL LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY RETROACTIVE TO JANUARY 1, 2008.

Assembly Memorandum (AM) 637-2007 and Assembly Resolution (AR) 2007-231 were submitted and approved by the Assembly at the December 18, 2007 meeting, with the agreement that a follow-up Ordinance be submitted to the Assembly. The AM and AR set aside tipping fees for the future payment of the Anchorage Regional Landfill (ARL) care and closure liability.

EPA and accounting rules require landfill operators accrue for the future liability related to the final closure of a landfill as waste accumulates, and maintain and monitor the landfill for 30 years after closure. Thus, the Solid Waste Service (SWS) Disposal Utility accrues a liability for future ARL closure and post-closure costs. The current liability is approximately \$47 million based on a 2005 engineering study using 2005 dollars. Additionally, rules require the liability grow by inflation each year, until an updated engineering analysis is performed. At 3% inflation, the liability will grow from \$47 million to approximately \$83 million in 2043 when maximum capacity is expected to be reached.

Cash to pay closure and post-closure costs was historically commingled with SWS operating cash. In recent years, it has been used to subsidize rates at an artificially low level. This created a \$7 million shortfall between the liability and the cash on hand to pay for this liability. The ordinance proposes to catch up and eliminate the gap by budgeting additional contributions each year. The goal is to have cash and investments accumulated in the restricted account equal to the Closure/Care liability by the end of 2015.

Recommendation

SWS should operate to ensure sufficient revenues are collected to cover its costs, including the ARL Closure/Care liability accrual, adjusted for inflation. Cash and investments should be segregated and restricted to ensure moneys being accumulated to pay for this future liability are available for the intended purpose. In addition, additional deposits should be made to the restricted account until the liability is fully funded.

THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 26.80 TO ADD A NEW SECTION FOR ANCHORAGE REGIONAL LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY RETROACTIVE TO JANUARY 1, 2008.

Prepared by:	Solid Waste Services
Approved by:	Mark G. Madden, Director, Solid Waste Services
Concur:	Sharon B. Weddleton, CFO
Concur:	James N. Reeves, Municipal Attorney
Concur:	Michael K. Abbott, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

Content ID: 006005**Type:** Ordinance-InvolvingFunds - AO**Title:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 26.80 TO ADD A NEW SECTION FOR ANCHORAGE REGIONAL LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY RETROACTIVE TO JANUARY 1, 2008.**Author:** maglaqui**Initiating Dept:** SWS**Description:** Closure and post-closure liability**Keywords:** closure and post-closure liability**Date Prepared:** 2/4/08 4:21 PM**Director Name:** Mark G. Madden**Assembly Meeting Date:** 3/25/08**Public Hearing Date:** 4/15/08

2008 MAR 17 PM 12:53
CLERK'S OFFICE
110 A

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	3/13/08 4:20 PM	Exit	Heather Handyside	Public	006005
MuniMgrCoord_SubWorkflow	3/13/08 4:20 PM	Approve	Heather Handyside	Public	006005
MuniManager_SubWorkflow	3/13/08 4:20 PM	Approve	Heather Handyside	Public	006005
MuniManager_SubWorkflow	3/11/08 10:10 AM	Checkin	Joy Maglaqui	Public	006005
Legal_SubWorkflow	3/10/08 3:05 PM	Approve	Rhonda Westover	Public	006005
CFO_SubWorkflow	3/10/08 2:33 PM	Approve	Wanda Phillips	Public	006005
OMB_SubWorkflow	3/7/08 3:47 PM	Approve	Wanda Phillips	Public	006005
SWS_SubWorkflow	3/7/08 1:29 PM	Approve	Mark Madden	Public	006005
AllFundOrdinanceWorkflow	3/6/08 4:58 PM	Checkin	Patty Kilson	Public	006005
Legal_SubWorkflow	3/6/08 3:43 PM	Reject	Dean Gates	Public	006005
CFO_SubWorkflow	3/6/08 2:23 PM	Approve	Sharon Weddleton	Public	006005
OMB_SubWorkflow	2/27/08 12:01 PM	Approve	Wanda Phillips	Public	006005
SWS_SubWorkflow	2/25/08 9:29 AM	Approve	Mark Madden	Public	006005
AllFundOrdinanceWorkflow	2/8/08 1:07 PM	Checkin	Patty Kilson	Public	006005
OMB_SubWorkflow	2/8/08 11:42 AM	Reject	Wanda Phillips	Public	006005
SWS_SubWorkflow	2/6/08 9:48 AM	Approve	Mark Madden	Public	006005
AllFundOrdinanceWorkflow	2/6/08 8:51 AM	Checkin	Patty Kilson	Public	006005
SWS_SubWorkflow	2/6/08 7:42 AM	Reject	Mark Madden	Public	006005
AllFundOrdinanceWorkflow	2/4/08 4:44 PM	Checkin	Patty Kilson	Public	006005

CONSENT AGENDA - INTRODUCTION