



November 30, 2007

Margo Reid Brown, Board Chair  
California Integrated Waste Management Board  
PO Box 4025  
Sacramento, CA 95812-4025

RE: Agenda Item 11 (Committee Item L): Presentation And Discussion Of Contractor Report  
Titled: Study To Identify Potential Long-Term Threats And Financial Assurance  
Mechanisms For Long-Term Postclosure Maintenance And Corrective Action At Solid  
Waste Landfills

Dear Ms. Brown:

On behalf of the California State Association of Counties (CSAC), the Rural Counties Environmental Services Joint Powers Authority (ESJPA), the League of California Cities (the League), the Solid Waste Association of North America (SWANA), and the Los Angeles County Sanitation Districts, we write to express our concerns with the analysis of the Pledge of Revenue financial assurance mechanism. The Pledge of Revenue is the most common mechanism selected by nearly 55% of total landfills and a majority of local jurisdictions for their public landfills.

As presented in the report, the Contractor's admitted lack of experience with this mechanism raises so many questions that a reader unfamiliar with the issue would be inappropriately concerned.

We do appreciate the contractor's acknowledgement to the Board staff's expertise on the use of the Pledge of Revenue mechanism. Therefore, it is highly appropriate and essential that the Board staff report include that successful experience on the appropriateness and validity of the Pledge of Revenue Financial Assurance Mechanism.

The Pledge of Revenue is a valid Financial Assurance Mechanism that has the following strengths:

- The Pledge of Revenue obligates a jurisdiction to provide funds not only for the estimated amount of the postclosure or corrective action expense but includes assurance that sufficient funds will be provided if necessary. This is a stronger guarantee than other mechanisms that have limited funds available and satisfies the criteria that "Future revenue may be more or less than the funding needed".
- In committing to the Pledge of Revenue, the local government is required to report the estimated amount of the pledge as a financial obligation. That "reporting" of the obligation is included in considerations when the local government attempts to secure future funding via bonds, loans, or other funding.
- Since a local government's fundamental obligation is to protect its citizens and lands it satisfies the "eligibility criteria" for ensuring that funds will be available.

- The Pledge of Revenue is not necessarily limited to future solid waste revenue. For example, when a pledge of revenue is made based upon the sale of power from a landfill gas recovery project, such a pledge can be affirmatively demonstrated with a formal contract with the power company.

### Recommendations

CIWMB staff should use their considerable experience with the pledge of revenue mechanism to strengthen the analysis of the Pledge of Revenue mechanism in their report. The Overview of Evaluations tables in Exhibit 1-1 and 2-1 should be updated and included in the staff report to reflect higher rankings for the pledge of revenue under the Certainty and Amount criteria as indicated in the table below.

**EXHIBIT 1-1 & 2-1  
Overview of Evaluation of Mechanisms**

	<b>Certainty</b>	<b>Amount</b>	<b>Liquidity</b>	<b>Burden/Cost</b>
Trust Fund	High	Medium	High	High
Enterprise Fund	Medium	Medium	High	High
Sale of Securities	Medium	High	High	High
Letter of Credit	High	High	High	Low
Surety Bond	High	High	Medium	Low
Pledge of Revenue	<b>High</b>	<b>High</b>	Medium	Medium
Financial Means Test	Medium	High	Medium	Medium
Corporate Guarantee	High	High	Medium	Medium
Insurance	Medium	Medium	Medium	High
Government Fin. Test	Medium	High	Medium	Medium
Government Guarantee	High	High	Medium	Medium
Federal Certification	Low	Low	Low	Low

It is essential that the revised staff report be bundled with the Contractor's Study as a package to ensure that the Pledge of Revenue Mechanism and other issues are accurately portrayed.

Thank you for the opportunity to provide comments.

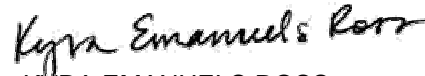
Sincerely,



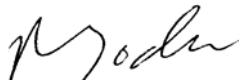
KAREN KEENE  
Legislative Representative  
CSAC



MARY PITTO  
Program Director  
Rural Counties ESJPA



KYRA EMANUELS ROSS  
Legislative Representative  
The League of California Cities



PAUL YODER  
Legislative Advocate  
SWANA, California Chapter



GRACE CHAN, P.E.  
Department Head  
Los Angeles County Sanitation Districts

December 3, 2007

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cc: California Integrated Waste Management Board Members  
Mark Leary, Executive Director, California Integrated Waste Management Board  
Ted Rauh, Program Director, California Integrated Waste Management Board  
Bill Orr, Division Chief, California Integrated Waste Management Board  
Bernie Vlach, Branch Manager, California Integrated Waste Management Board  
Garth Adams, Supervisor, California Integrated Waste Management Board  
Richard Castle, California Integrated Waste Management Board