

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PAM*

FROM: Brandi Harbaugh, Finance Director *BH*
Lee Frey, Director of Solid Waste *LF*

DATE: July 25, 2024

SUBJECT: Ordinance 2023-19- 56 , Appropriating Funds from the General Fund for the Kenai Peninsula Borough Municipal Solid Waste Landfill Closure and Postclosure Care and Associated Liability (Mayor)

In 1991 the U.S. Environmental Protection Agency (EPA) established closure requirements for all municipal solid waste disposal facilities. Due to the EPA requirements, the Governmental Accounting Standards Board created GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* to assist municipalities with the required accounting and reporting. The Kenai Peninsula Borough (KPB) implemented GASB 18 in fiscal year 1994 with an initial liability of \$2.1 million. Since 1994, the KPB has annually expensed closure costs equal to the proportion of the tonnage or capacity used each year based on cell improvements, additions, closures and changes in capacity based on estimates. GASB 18 requires that the estimated total current cost be reevaluated periodically and adjusted for inflation and when any cooperating conditions increase or decrease estimated costs.

In fiscal year 2024, the KPB engaged with Geosyntec to complete the Closure / Post Closure Updates project. As a part of this project, Geosyntec reviewed and updated the closure and post closure care liability estimate workbook which we used as a tool to determine an additional liability to be recorded of \$9,301,060.

The additional liability is a result of inflationary increases over the past 10-12 years and certain components of the Central Peninsula Landfill and Homer facilities that were not previously included in the liability calculation. Over 80% of the Closure Post Closure Care Liability will not be paid out until after fiscal year 2042, 18 years from now.

Your consideration is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct	<u>1,27910</u> Amount : <u>\$9,301,060</u>
By: <i>BH</i>	Date: <u>7/26/2024</u>