



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Financial Assurance Section
Davy Crockett Tower, 6th Floor
500 James Robertson Parkway
Nashville, TN 37243
615-969-7931
TDEC.Financial.Assurance@tn.gov

The Honorable Paul W. Montgomery
Mayor of the City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660

RE: 2026 Annual Inflation Adjustment of the Financial Assurance for ***City of Kingsport Demolition Landfill***, Permit Number ***DML820000016 (Phase 1 Area 2 only)*** as required by the Regulations of TDEC's Division of Solid Waste Management

Dear Mayor Montgomery:

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

Rule Chapters 0400-12-01-.06(8) and 0400-11-01-.03(3) state that the inflation adjustment may be made by recalculating the closure and/or post-closure cost estimate in current dollars or by using an inflation factor derived from the most recent Implicit Price Deflator for the Gross National Product published by the U. S. Bureau of Economic Analysis in its Survey of Current Business.

The staff of TDEC's Division of Financial Assurance, utilizing data published by the U. S. Bureau of Economic Analysis, has projected the inflation factor to be used for **2026** inflation adjustments as **2.80%**. The amount of your financial assurance instrument(s) from the **Year 2025** must be multiplied by **1.0280**. The permitted facility and/or TDEC may reserve the right to adjust this figure later based upon revised data released by the U. S. Bureau of Economic Analysis during the year.

Effective immediately, any County or Municipal Contract of Obligation 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 (\$5,000.00). For example, if the inflation adjustment is \$4,000.00 in year one, \$5,000.00 in year two, and \$6,000.00 in year three, the amendment will be processed in year three when the total of adjustments exceeds \$10,000.00. 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) 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:

2026 Inflation Adjustment(s)

Facility Permit #:	Financial Instrument Type & #:	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:
DML820000016 Phase 1 Area 2 only	Contract	07/24/2026	\$ 2,594,828.41	\$ 72,655.19	\$ 0.00	\$ 2,667,483.61

Please see the attached spreadsheets, which list in detail the amount of financial assurance required due to the **2026** 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) If you currently have a financial assurance instrument on file with TDEC that was issued by a Commercial Financial Institution, that institution may consider this letter as TDEC's authorization for it to change the amount of the financial instrument(s) to the amount(s) specified in this letter for the specific permit(s) as listed.**
- (2) If you have been advised by the TDEC Field Office that the required post-closure activities at a permitted site listed herein have not been performed to the satisfaction of the TDEC Field Office Staff, do not reduce your financial assurance instrument until the TDEC Field Office has approved the performance of the required post-closure work.**

If you have any questions, please send an e-mail to TDEC.Financial.Assurance@tn.gov, or call 615-969-7931. Please submit the inflation adjusted financial instrument(s) to the TDEC Division of Financial Assurance at the address listed on the letterhead as indicated above.

Respectfully,



Jennifer Gelfand
TDEC Division of Financial Assurance

Enclosures: Annual Inflation Letter, Amendments to Contract of Obligation in Lieu of Performance Bond, Customer Information Spreadsheet

CC: Chris Lamb, Manager, TDEC Division of Solid Waste Management, Johnson City Field Office