

MEMORANDUM

TO: Lawrence D. Matson, P.G., Environmental Program Manager II *LM 3/26/25*  
THRU: Doug Godfrey, Environmental Scientist III *DGC 3/26/25*  
FROM: Eric Burnham, Environmental Scientist I *EB 3/26/25*  
SUBJECT: Scrap Tire Solutions (STS) - 2025 Financial Assurance Review  
REFERENCE: Facility ID: RR-0104, File Code: 04.D  
DATE: March 26, 2025

Under Permit SW-24/02 , Scrap Tire Solutions, referred to as “STS“, must submit updated closure and post-closure cost estimates along with applicable financial assurance (FA) documents by **March 31** of each year.

**Current Cost Estimate = \$185,500.00**

On March 11, 2025, the Division of Waste and Hazardous Substances (WHS) received an updated closure and post-closure cost estimate of \$185,500.00 for STS (Document Handle: 2923281).

In 2024, STS used the third-party vendor Verdantas to estimate closure and post-closure costs. Verdantas estimated a per-ton cost of \$1,000.00 for a maximum of 375 tons, totaling \$375,000.00, plus a \$5,000.00 administrative fee, for a total of \$380,000.00.

In 2025, STS switched to a new third-party vendor, Wilmington Trash Authority, which submitted an updated estimate of \$185,500.00. This amount reflects a worst-case scenario of 375 tons at approximately \$494.67 per ton.

Despite the lower estimate, STS has elected to maintain closure and post-closure financial assurance in the amount of \$380,000.00 (Document Handle: 2913813). This amount exceeds current estimated needs to account for potential future inflation and market fluctuations. STS will continue to submit annual updates to its closure and post-closure cost estimates.

Year	Post-Closure Cost Estimate	Cost Estimate Relative Change	Post-Closure Cost Coverage	Cost Coverage Relative Change
2025	\$185,500.00	-51.2%	\$380,000.00	0.00%
2024	\$380,000.00		\$380,000.00	

The cost estimate has been reviewed and deemed sufficient by project officer Doug Godfrey.

Financial Assurance Mechanism = Surety Bond

According to the FA records maintained by WHS, STS has chosen to provide FA through a Surety Bond. Under Title 7 DE Admin. Code §1301, Delaware’s Regulations Governing Solid Waste (DRGSW) Section 4.1.11, seven core conditions must be met when demonstrating FA via a surety bond, with two additional requirements that apply under specific circumstances (e.g., change of instrument or failure of

the operator). The following is an overview of these conditions as they relate to the FA documentation submitted for STS.

Condition 1: At a minimum, the surety company issuing the bond must be listed in Circular 570 of the U.S. Department of Treasury as qualified in the state where the bond was executed.

**Condition 1 has been satisfied** by Surety Bond #LICX1215646, issued by Lexon Insurance Company (Document Handle: 2798458). According to the most recent U.S. Department of Treasury Circular 570, dated July 1, 2024, Lexon Insurance Company is a qualified financial institution.

Condition 2: The surety's underwriting limit must be at least as great as the amount of the surety bond.

**Condition 2 has been satisfied.** According to the most recent U.S. Department of Treasury Circular 570, Lexon Insurance Company has an underwriting limit of \$7,451,000.00, which exceeds the current bond amount.

Condition 3: The wording of the surety bond must be identical to the wording specified in Appendix B, except that instructions in brackets shall be replaced with the relevant information and the brackets deleted.

**Condition 3 has been satisfied.** The wording of Surety Bond #LICX1215646 matches Appendix B and remains in effect.

Condition 4: The owner or operator must establish a standby trust fund, and the standby trust fund must meet the requirements of these regulations except that initial and annual payments are not required. Updates of Schedule A, and annual valuation reporting will not be required until payment is made into the trust fund. Payments made under the terms of the surety bond shall be deposited by the issuing institution directly into the standby trust fund.

**Condition 4 has been satisfied.** The standby trust Agreement between STS and The Bryn Mawr Trust Company of Delaware (a WSFS Company) was entered into as of November 21, 2023 (Document Handle: 2749167). The Bryn Mawr Trust Company of Delaware (a WSFS Company) is regulated by the Delaware Office of the State Bank Commissioner as a Delaware-chartered trust company. All other Standby Trust Agreement requirements have been met.

Note: The wording of Condition 4 in the current regulations refers to a "trust fund" rather than a "trust agreement.". This discrepancy have been noted and is scheduled to be corrected in the next revision of the solid waste regulations.

Condition 5: The wording of the standby trust fund must be identical to the wording specified in Appendix G, except that instructions in brackets shall be replaced with the relevant information and the brackets deleted.

**Condition 5 has been satisfied.** The Standby Trust agreement between STS and The Bryn Mawr Trust Company of Delaware (a WSFS Company) is worded identically to Appendix G.

Note: The wording of Condition 5 in the current regulations refers to a “trust fund” rather than a “trust agreement.” This has been noted and is scheduled to be corrected in the next revision of the solid waste regulations.

Condition 6: The owner or operator shall submit the bond and Standby Trust fund for Department approval prior to receiving solid waste, or in the case of an existing facility, prior to the cancellation of the existing financial assurance mechanism.

**Condition 6 has been satisfied.** All financial assurance documentation was received before the 2025 FA review, and neither the Surety Bond nor the Standby Trust Agreement has been canceled.

Condition 7: Under the terms of the bond, the surety may cancel the bond by sending notice of cancellation to the Secretary of the Department, to the Solid and Hazardous Waste Management Section, and to the owner and operator at least 120 days in advance of cancellation. If the Surety cancels the bond, the owner or operator must obtain alternate financial assurance. The Department may draw on the surety bond if the owner or operator has not provided alternative financial assurance within 90 days after receipt by the Solid Waste Management Section of a notice of cancellation from the surety.

**Condition 7 has been satisfied.** The terms of the surety bond #LICX1215646 allow for cancellation with at least 120 days’ notice.

Condition 8: The owner or operator may cancel the surety bond if the Department provides its written consent to do so. The Department will provide such written consent when the owner substitutes alternate financial assurance as specified in these regulations or the bonded activity has been completed in accordance with these regulations.

Condition 9: The surety shall become liable on the bond when the owner or operator has failed to fulfill the closure, post-closure care or corrective action activities as required. Upon notification by the Department that the owner or operator has failed to perform closure or post-closure care guaranteed by a payment bond, the surety shall place funds in the amount guaranteed for the facility into the standby trust fund. Upon notification that the owner or operator has failed to perform closure, post-closure care, or corrective action as guaranteed by a performance bond, the surety shall either perform the activities guaranteed by the bond or place funds in the amount guaranteed for the facility into the standby trust fund.