



Board Agenda Item 11

DATE: April 4, 2017

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Southeast Regional Disposal Site Funding

RECOMMENDED ACTION(S):

Receive a report detailing actions undertaken by the Southeast Regional Solid Waste Commission to address funding shortfalls for FY 2017-18 for the closure-post closure maintenance for the Southeast Regional Disposal Site.

On January 24, 2017, the Southeast Regional Solid Waste Commission (Commission) directed staff to provide a report to your Board of their findings and actions taken related to the financial status of the Southeast Regional Disposal Site (SERDS).

FISCAL IMPACT:

There is no increase in Net County Cost for the current fiscal year. In future years, staff will include the cost for this program in Public Works and Planning Org 4360-1250 Miscellaneous Passthroughs.

DISCUSSION:

The Cities of Fowler, Kingsburg, Selma, Orange Cove, Parlier, Reedley, Sanger (Cities) and the County of Fresno (County) own the closed Southeast Regional Disposal Site (SERDS) located at the corner of South Academy and East Dinuba Avenues in Selma, CA. A map depicting the SERDS area is attached as Exhibit A. In 1970, the seven Cities and the County executed a Joint Powers Agreement (JPA) to manage and to secure appropriate funding for the operation of the disposal site. The JPA details ownership of the SERDS and it identifies the County as the administrator of the agreement. The County established Enterprise Fund 0720 and Budget Unit 9020 to administer revenues and oversee expenses for the SERDS. The SERDS ceased to operate in 1990 and is currently in post-closure maintenance. Post-closure maintenance will continue until SERDS is considered to no longer pose a threat to public health and safety, and the environment. Post-closure requirements are set forth in regulations promulgated by the State Water Resources Control Board and CalRecycle in Title 27, Division 2, Chapter 3, Subchapter 5, Articles 1 and 2, California Code of Regulations (27 CCR) §20950 and §21100.

The post-closure maintenance activities are funded by a \$3.50 per ton surcharge fee (Surcharge) applied to landfilled waste generated within the SERDS area. In 1987, it was estimated that 138,800 tons of waste from the SER area would be subject to the Surcharge Fee; however, since then the State has mandated recycling and diversion programs, which have significantly reduced the amount of waste generated within the SER area which in-turn has created a revenue shortfall. The County has also worked hard at eliminating annual costs but is unable to match the revenue shortfall as most of the annual costs are directly related to post-closure compliance.

At the March 28, 2016 meeting of the Commission, staff informed the Commission that an evaluation of the proposed expenditures for post-closure maintenance activities had identified that beginning FY 2017-18 expenditures will exceed the SERDS fund cash reserves and Surcharge revenues collected. Staff provided a report that detailed the balance of funds, current and proposed expenditures, which quantified that the current funds and cash reserves will not be sufficient to continue to fund the closure, post-closure maintenance activities. That report is attached as Exhibit B. Staff stated that additional funding would be needed, on an annual basis, from each of the JPA member jurisdictions to ensure on-going and future regulatory compliance. Staff also provided an overview of the documents, including JPA's, executed to manage the SERDS. Staff informed the Commission that the JPA specified ownership of the SERDS and stipulated a guaranteed amount of waste by jurisdiction to secure the funds needed to operate and maintain SERDS. The JPA also prescribed actions to be taken to address insufficient funds or a shortfall in revenues

The Commission requested that at the next scheduled meeting, staff provide a comprehensive analysis of funding needed to continue to adhere to state-mandated closure, post-closure regulations for the SERDS. The analysis was to assess the amount of shortfall to be made up by each jurisdiction in accordance with the JPA, and based on the provisions specifying percentage of ownership and guaranteed tonnage.

At the June 27, 2016 Commission meeting, staff provided the Commission members with a spreadsheet detailing the following information: Jurisdiction, Percentage of Share (as identified in Exhibit B - 1988 JPA), and the anticipated funding needs for the following budget years - FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21. The Commission requested that staff also develop a "blended" cost table that takes into account a portion of the SERDS ownership. This "blended" method places a larger liability on the County, as the County is the majority owner of SERDS. The Commission requested that prior to October 31, 2016, staff issue correspondence to each jurisdiction apprising them of the SERDS financial forecast, and to coordinate with the Commission member representing each jurisdiction to present the forecast before each of the respective jurisdictions' governing bodies so that they can discuss the matter and appropriately address fiscal and budgetary issues and obligations.

At the January 23, 2017 Commission meeting, staff reported that all member jurisdictions had been apprised of the SERDS Financial Forecast. All jurisdiction representatives at the meeting acknowledged a preference to use the "blended" method to determine cost apportionment. The Commission chair requested that an official vote be taken. The Commission members voted unanimously to implement the "blended" method, directed staff to present a report to the Board of Supervisors apprising them of the actions taken and authorized staff to prepare and issue invoices to each respective jurisdiction utilizing the "blended" table, as shown in Exhibit C, prior to July of each year. The first invoice is scheduled to be issued in June 2017 for FY 2017-18.

OTHER REVIEWING AGENCIES:

SER Commission Members

County of Fresno

City of Fowler

City of Kingsburg

City of Orange Cove

City of Parlier

City of Reedley

City of Sanger

City of Selma

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A

Exhibit B

Exhibit C

CAO ANALYST:

John Hays