



Board Agenda Item 51

DATE: September 26, 2017

TO: Board of Supervisors

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

SUBJECT: Coalinga Disposal Site Construction Funds and Blue Hills Permit Renewal

RECOMMENDED ACTION(S):

1. **Approve CAO's recommendation to retain approximately \$540,000 of the \$840,888 remaining in the Coalinga Disposal Site construction fund for current and future post-closure maintenance.**
2. **Authorize the Chairman to execute an Agreement for Processing Application for a Hazardous Waste Facility Post Closure Permit with the Department of Toxic Substance Control (\$300,419).**
3. **Adopt Budget Resolution increasing the FY 2017-18 appropriations for Coalinga Disposal Site Org 9028 in the amount of \$300,419 using available fund balance (4/5 vote); and**
4. **Adopt Budget Resolution increasing the FY 2017-18 appropriations and estimated revenues for Public Works and Planning, Misc Pass-Through Org 43601250 in the amount of \$300,419 (4/5 vote).**

The approval of the recommended actions will fund the post-closure maintenance of the Coalinga Disposal Site for approximately 3.6 years and provide sufficient funding for the Blue Hills Hazardous Waste Facility Post Closure Permit from the existing reserves in the Coalinga Disposal Site Org 9028.

ALTERNATIVE ACTION(S):

Your Board may direct staff to transfer approximately \$540,000 of remaining fund balance in the Coalinga Disposal Site construction fund back to the General Fund and direct staff to request General Fund allocations annually for all post-closure maintenance activities. There are no viable alternatives to the costs and actions pertaining to the Blue Hills Hazardous Waste Facility.

FISCAL IMPACT:

There is no additional Net County Cost associated with the recommended actions. As of August 17, 2017, Coalinga Disposal Site Org 9028, Fund 0710, Subclass 15000 unaudited cash balance was \$840,888. Approval of the third recommended action will increase the FY 2017-18 appropriations in the Coalinga Disposal Site Org 9028 in the amount of \$300,419 as an Operating Transfer Out using available fund balance. Approval of the fourth recommended action will increase the FY 2017-18 appropriations and estimated revenues in the Misc Pass-Through Org 43601250 in the amount of \$300,419 through an Operating Transfer In from the Coalinga Disposal Site Org 9028 to process an application for a Hazardous Waste Facility Post Closure Permit with the Blue Hills Hazardous Disposal Facility.

DISCUSSION:

The County of Fresno operated the Coalinga Disposal Site (CDS) and performed the required regulatory activities for closure of the facility (Project) at a cost of \$7.75 million. On April 21, 2017, staff received a letter from the Local Enforcement Agency informing the County of the issuance of the Closure Permit for CDS. The receipt of the Closure Permit effectively completed the landfill closure project.

On February 2, 2016, Board Agenda item No. 8, the Board approved a transfer of \$832,731 from Interest and Miscellaneous Org 2540 for the completion of the landfill closure project. The recommended action also required that, "upon completion of the Coalinga Disposal Site Closure Project, any unused funds from the appropriations are transferred back to the Assigned Fund Balance for Post Budget Mitigation." The recommendation from the CAO and staff is to retain the remaining construction fund balance of approximately \$540,000 in the CDS Org versus transferring the funds back to the General Fund and then re-appropriating from the General Fund in the amount of approximately \$150,000 each fiscal year. If the \$540,000 balance remains in the CDS fund, staff anticipates that the site will be sufficiently funded for the next 3.6 years.

The inactive Blue Hills Disposal Facility (Site) is located in the northern extremity of the oil fields in western Fresno County, approximately 9 miles northeast of Coalinga. Between its opening in 1973 to the commencement of closure in 1991, waste was disposed at the 32-acre site in four waste management units (WMUs). The WMUs are located in 4 of 6 acres that comprised the waste management area. The Site was used as a Class I disposal facility for disposal of empty agricultural containers. All waste disposal operations at the Site ceased in October 1991 and construction of an engineered final cover over the four WMUs was completed in September 1992. The site is in post-closure maintenance with the current 10 year Post-closure Permit expiring on September 7, 2017.

A permit application reminder letter dated March 29, 2016 was received from the Department of Toxic Substance Control (DTSC) indicating the submittal requirements for a permit renewal. The letter provided two options for payment of the permit. The first option for payment was to pay DTSC's Permit Activity Fee which was one-half of the DTSC published 2016 Post-closure Facility Permit Fee Activity of \$60,214, equal to \$30,107. The second option was to pay DTSC's cost of application processing and permit determination reimbursement. The second option required a cost estimate from DTSC and an agreement for payment of application processing/permit determination. The first option was preferable as it does not require entering an agreement for payment, since it is a flat-rate fee.

On October 26, 2016 staff received a letter from DTSC that indicated the flat-rate Permit Activity Fee option was eliminated via Governor Brown's signature of SB 839. The letter further stated the requirement of the County to enter into a written agreement for reimbursement to DTSC for costs incurred to process applications. Staff immediately started discussions with DTSC representatives expressing concern over the change in law and how that would affect the costs to maintain the Site. After numerous meetings, emails, and teleconferences with DTSC representatives, DTSC representatives provided County staff a cost estimate of \$300,419 for the permit renewal on June 23, 2017. On June 26, 2017 staff held another meeting with DTSC representatives to discuss the cost estimate as it is a significant increase over what staff anticipated. DTSC representatives reiterated that the estimate was only an estimate and that the County would only be charged the costs required to complete the permit.

Staff is recommending that the County execute the proposed agreement and work with DTSC in hopes of reducing the final cost of the permit, if possible. Since DTSC has determined that the permit application is administratively complete, the existing Blue Hills Post-closure Permit will continue to be in force until the new Post-closure Permit is issued; as long as the County executes the proposed agreement in a "timely manner." Within 30 days after the effective date of the proposed agreement, the County must deposit 25% (\$75,105) with DTSC. It is estimated that the permit renewal process may require up to two years from the effective date for its completion. The permit will be for a period of 10 years.

If the County fails to take action and approve the proposed agreement, the County may be subject to fines of up to \$15,000 per day per the Public Resources Code.

REFERENCE MATERIAL:

BAI #8, February 2, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A

On file with Clerk - Agreement with DTSC

On file with Clerk - Budget Resolution 43601250

On file with Clerk - Budget Resolution 9028

CAO ANALYST:

John Hays