



**Contra
Costa
County**

To: Board of Supervisors
From: John Gioia, District I Supervisor
Date: August 7, 2018

Subject: Authorization to Allocate and Expend North Richmond Integrated Resource Recovery Facility (IRRF)
Mitigation Fees Received from the IRRF Operator

RECOMMENDATION(S):

AUTHORIZE the ongoing expenditure of Integrated Resource Recovery Facility (IRRF) Mitigation Fees collected by the operator of the IRRF paid directly to the County in accordance with the County's Policy Governing Special Revenues and the proposed allocation parameters described below:

1. Payment of salary and benefit costs for up to one Resident Sheriff Deputy assigned to work in North Richmond as follows: (a) \$124,849.30 for the period between October 1, 2017 and June 30, 2018; and (b) an amount not to exceed \$200,000 per year for ongoing services;
2. Maintenance costs for the Fred Jackson Way median improvements, between Grove Avenue and Chesley Avenue in North Richmond in an amount not to exceed \$6,000 per year; and
3. Costs for staff time dedicated to administering the use of IRRF Mitigation Fee funding as follows: (a) an amount not to exceed \$12,400 for past staff work; and (b) an amount not to exceed \$2,000 per year for ongoing services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **08/07/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

ABSENT: Candace Andersen, District II Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 7, 2018

, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Supervisor John Gioia,
510-231-8686

cc:

FISCAL IMPACT:

Although this is not expected to have a direct impact on the County General Fund, authorizing use of IRRF Mitigation Fee funding to pay for the recommended expenditures helps offset some costs that would otherwise most likely be paid from the County General Fund.

BACKGROUND:

The Board of Supervisors approved a Policy Governing Special Revenues on December 3, 2013. In accordance with Section 3.b of said Policy, this Board Order affirms how IRRF Mitigation Fees which originate in District I and are paid directly to the County by the IRRF operator are proposed to be allocated and used.

HISTORY

On July 13, 1993, the County Board of Supervisors (Board) approved land use permit (LUP) 2053-92 authorizing the construction and operation of the IRRF. The IRRF is permitted as a transfer station and recycling center, which primarily functions as a public recyclable drop-off and processing facility that handles a wide range of materials (including those collected curbside in West County as well as a full range of household hazardous wastes). The LUP includes a condition establishing a Host Community Mitigation Fee ("Fee") to help offset the potential impacts the transfer station activity would have on the surrounding North Richmond community. This Fee is collected on a per ton basis for all incoming non-hazardous solid waste and processible materials. The Fee amount is subject to annual adjustment based on the change in the Consumer Price Index (CPI); it was initially \$2.00 per ton when the IRRF began operations in 1996 and most recently increased to \$3.74 per ton effective January 1, 2018.

The West Contra Costa Integrated Waste Management Authority (Authority) is a joint powers authority which did not include the County at the time it was initially formed. In order to help facilitate approval of bond financing to fund the development of the IRRF, the Board approved a contract between the County and the Authority on May 25, 1993 (County-Authority Contract).. Upon execution of the 1993 contract, the County became an ex-officio member of the Authority. The contract contained various other provisions deemed necessary by the bank in order to obtain approval for the IRRF bond financing. One such bond financing requirement mandated that IRRF Mitigation Fees be paid to and administered by the Authority pursuant to the terms of the 1993 contract.

As provided for by the County-Authority contract and LUP 2053-92, the Board delegated authority for administering a number of LUP conditions to the Authority, including the Mitigation Fee condition. In accordance with the bond financing requirements, Fees collected by the IRRF operator were paid to the Authority from the time the facility opened in 1996 until the bonds were paid off on December 31, 2013.

PAST USES OF MITIGATION FEES RECEIVED FROM THE AUTHORITY

All Mitigation Fees paid on waste stream tonnage received at the IRRF on or before

December 31, 2013 were paid directly to the Authority by the operator. The Authority approved the County's request for funding and allocated all Mitigation Fee revenue received directly from the operator to the County for various proposed uses intended to benefit North Richmond. Over time, the County's use of Mitigation Fee funding narrowed down to two items. The first was the offsetting costs to maintain the median improvements along Fred Jackson Way in North Richmond which started in about 2002. The second has been funding a Resident Sheriff's Deputy in North Richmond. The Mitigation Fee revenue collected through calendar year 2013 has been utilized to fund these costs until the balance had been drawn down in fiscal year (FY 2017-18).

RECOMMENDED ALLOCATION OF MITIGATION FEES RECEIVED FROM THE OPERATOR

In accordance with the County's policy governing Special Revenue Funds which require concurrence by the District Supervisor, this funding allocation proposal is being sponsored by District I Supervisor John Gioia in order to facilitate continued funding of the below described activities to serve North Richmond on an on-going basis. The recommendation pertains to the use of Fee funding paid by the operator directly to the County, which are Fees collected for the period beginning on January 1, 2014. If the recommended expenditures are authorized by the Board, DCD staff will continue allocating funds to help pay for both of the existing on-going activities listed as # 1 and 2 below as well as provide for reimbursement of costs for staff time spent administering this funding.

The amount of tonnage subject to this Mitigation Fee varies from year to year so the amount of per ton Fee revenue actually generated annually fluctuates. Since the Mitigation Fees have been paid directly to the County starting in January 2014, the annual Fee revenue has ranged from a low of \$148,682.08 to a high of \$212,254.96 per calendar year. Payments made directly to the County by the operator total \$787,730.30 between January 2014 and March 2018, all of which remains on deposit. DCD deposits Mitigation Fee revenue into a segregated account and will only use these monies in accordance with the authorization to be provided by the Board of Supervisors.

1. Resident Deputy Salary & Benefits: The vast majority of the Mitigation Fee funding is proposed to be used to help pay for salary and benefit costs for up to one full-time Resident Sheriff's Deputy position assigned to North Richmond. During the period between January 2014 and December 2017, the average amount needed to pay a proportion of the assigned Resident Deputy position was \$34,790.24 per quarter, with a quarterly high of \$51,908.07. Average salary and benefit costs will increase in the future, however amount of funding recommended to be allocated for this purpose would be based on funding availability rather than being proportional to future changes in actual salary and benefit costs. Funding already on deposit is recommended to be used to reimburse the full amount invoiced for this Deputy's salary and benefit costs between October 1, 2017 and June 30, 2018 totaling

\$124,849.30. For the period beginning July 1, 2018, the funding allocation is recommended to be based upon the amount invoiced for actual salary and benefit costs, not to exceed \$200,000 per year.

2. Maintenance of Median improvements along Fred Jackson Way Between Grove Avenue and Chesley Avenue, North Richmond: Only a small amount of funding is needed and therefore proposed to be used to pay the Public Works Department to maintain the median public improvements along this block of Fred Jackson Way. During the period between January 2014 and December 2017, the average cost to maintain the median ranged between roughly \$140 and \$200 a month, with a monthly high of \$347.20. Average monthly median maintenance costs are likely to increase in the future, however reimbursement for said costs is recommended to be limited to no more than \$500 per month (not to exceed \$6,000 per year).

3. Staffing to Administer Funding: This recommended expenditure is solely intended to allow for reimbursement of cost for staff time spent administering the Mitigation Fee funding, including processing incoming payments (revenue), processing expenditures to reimburse the other County Departments (expenditures), maintaining related records and any other actions necessary to demonstrate funding is properly accounted for. If the Board authorizes reimbursement for DCD staff work directly associated with administering funds as recommended, funding would be used to cover some past and future staff costs. An amount not to exceed \$12,400 would be used to cover past staff costs associated with the one-time reconciliation process needed to facilitate establishment of a dedicated fund (account), the subsequent internal audit process and coordination of this recommended expenditure authorization. Reimbursement for future DCD staff costs will be limited to no more than \$2,000 annually, with the exception of any year in which an internal audit is conducted. Board approval is needed for expenditures exceeding \$2,000 per year.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board does not authorize expenditure of IRRF Mitigation Fee funding, the Mitigation Fee revenue balance would continue to increase until such time as the Board of Supervisors approved other allowable expenditures in accordance with County Policy Governing Special Revenues. The current on-going activities (expenditures) recommended for funding could only continue if an equivalent amount of funding from some other source is identified and secured.