

Solid Waste Enterprise Fund

Health Services

Kris Balaji, Public Works Director

Enterprise Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
Salaries & Benefits	\$8,402,097	\$8,799,414	\$9,790,107	\$9,790,107	\$990,693
Services & Supplies	19,682,462	20,583,697	22,404,918	22,404,918	1,821,221
Centrally-Budgeted Expenses	602,463	497,596	456,734	456,734	(40,862)
Other Charges & Uses	1,889,208	1,898,850	1,794,745	1,794,745	(104,105)
Fixed Assets	4,507,573	12,930,000	5,566,226	5,566,226	(7,363,774)
Total Expenditures	\$35,083,803	\$44,709,557	\$40,012,730	\$40,012,730	(\$4,696,827)
Expenditure Reimbursements	(4,659,652)	(2,937,998)	(3,264,207)	(3,264,207)	(326,209)
Total Appropriations	\$30,424,151	\$41,771,559	\$36,748,523	\$36,748,523	(\$5,023,036)
Earned Revenues By Source					
Interest/Rents	\$225,917	\$150,800	\$257,745	\$257,745	\$106,945
Aid From Other Governments	664,592	284,435	359,258	359,258	74,823
Charges For Services	1,208,472	1,220,818	1,284,284	1,284,284	63,466
Miscellaneous Revenues	1,411,604	1,396,815	1,357,193	1,357,193	(39,622)
Solid Waste Special Revenues	29,954,322	29,822,635	30,893,097	30,893,097	1,070,462
Fund Balance	(3,040,756)	8,896,056	2,596,946	2,596,946	(6,299,110)
Total Revenues	\$30,424,151	\$41,771,559	\$36,748,523	\$36,748,523	(\$5,023,036)
Net County Cost	\$0	\$0	\$0	\$0	\$0
Staffing					
Allocated Positions	78.0	80.0	90.0	90.0	10.0
Temporary (Full-Time Equivalent)	5.5	8.5	7.7	7.7	(0.8)
Total Staffing	83.5	88.5	97.7	97.7	9.2

Purpose

The Solid Waste Enterprise Fund (#921000000) provides funding for the operation of the County's solid waste management programs. These programs include long-range planning, operation of the County's solid waste transfer and disposal facilities, and acquisition, design, and development of landfill sites. It also includes refuse collection, franchise management, Countywide waste reduction activities, and the Countywide household hazardous waste program. More than 82% of this Fund's revenue is derived from tip fees charged on disposal tons.

Major Budget Changes

Salaries & Employee Benefits

- \$340,097 Salary and benefits adjustments.
- \$395,430 Add three Senior Solid Waste Recovery Workers and three Solid Waste Recovery Workers.
- \$207,900 Add three Cashier Clerks.
- \$95,292 Add an Equipment Operator Foreman.
- \$21,179 Increase in holiday pay.
- (\$34,814) Decrease in extra-help.
- (\$34,391) Decrease in overtime.

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Services & Supplies

- \$700,043 Increase in waste volumes delivered to Foothill and Forward Landfills.
- \$354,789 Increase in capital lease equipment costs.
- \$332,700 Increase in equipment repair costs.
- \$303,503 Increase in mitigation impact fees and Master Gardener diversion program costs.
- \$102,000 Increase in engineering services for road expansion at North County Landfill.
- \$101,164 Increase in Assembly Bill (AB) 939 expenses.
- \$78,197 Increase in mandatory collections expenses.
- \$40,000 Increase in fuel costs.
- \$37,436 Increase in Public Works allocated costs.
- \$36,000 Increase in utility costs.
- \$34,500 Increase in engineering service costs for landfill gas and ground water wells.
- \$27,300 Increase in landfill surcharge.
- \$19,000 Increase in California Department of Resources, Recycling, and Recovery (CalRecycle) Grant expenses.
- \$18,000 Increase in new Zone Incentive Fund Grant expenses.
- \$14,400 Increase in internal audit costs.
- \$11,500 Increase in lead enforcement agency surcharge.
- \$10,000 Increase in employee training costs.
- \$10,000 Increase in costs for professional services provided by Sheriff.
- \$5,000 Increase in Tire Cleanup Grant expenses.

- (\$315,000) Decrease in landfill gas and ground water well maintenance.
- (\$34,811) Decrease in oil payment program costs.
- (\$25,000) Decrease in special studies for organics.
- (\$24,000) Decrease in promotional expenses for diversion programs.
- (\$22,400) Decrease in equipment rentals.

Centrally-Budgeted Expenses

- \$12,861 Increase in radio maintenance costs.
- (\$22,571) Decrease in Workers' Compensation and Casualty insurance costs.
- (\$26,589) Cost Allocation Plan adjustment.

Other Charges

- (\$104,105) Decrease in Certificate of Participation debt and interest expenses.

Expenditure Reimbursements

- \$263,945 Increase in reimbursement from the Household Hazardous Fund.
- \$62,264 Increase in AB 939 reimbursement due to increase in diversion tons expected at County sites.

Revenues

- \$542,698 Increase in landfill fees based on projected customer volume.
- \$465,500 Increase in landfill gate fees.
- \$106,945 Increase in interest income.
- \$62,264 Increase in AB 939 recapture of program revenues for waste diversion activities at County sites.
- (\$6,299,110) Decrease in use of fund balance.

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Fixed Assets/Capital Improvement

- | | | | |
|---------------|---------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------|
| ➤ \$1,563,526 | Construction of Area 2B at Foothill County Landfill. | ➤ \$50,000 | Backup generator for North County Scale House. |
| ➤ \$512,500 | Mitigation Impact Fee Report for Foothill Landfill. | ➤ \$40,000 | LED monitors for Lovelace Transfer Station and North County Landfill (2). |
| ➤ \$500,000 | Soil monitoring (5) and extraction wells (3) at Foothill Landfill. | ➤ \$40,000 | Oil collection center at Mokelumne Fire Department. |
| ➤ \$405,000 | Roadway improvements at North County Landfill. | ➤ \$33,000 | Cushion tires for loader at Lovelace Transfer Station (4). |
| ➤ \$400,000 | Gas Flare for Foothill Landfill. | ➤ \$32,000 | Carpet replacement and window improvements at administration office. |
| ➤ \$250,000 | Site improvements at North County Scale House. | ➤ \$28,400 | Roll off recycling bins for Lovelace Transfer Station and North County Landfill (4). |
| ➤ \$200,000 | Organics processing improvements at North County Landfill. | ➤ \$15,000 | Remote communication system for Corral Hollow Landfill. |
| ➤ \$196,800 | Water truck for North County Landfill. | ➤ \$15,000 | Heating Ventilation and Air Conditioning replacement at Lovelace Transfer Station Maintenance Building. |
| ➤ \$185,000 | Forklifts for Lovelace Transfer Station and North County Landfill (2). | ➤ \$10,000 | Portable welder for Lovelace Transfer Station. |
| ➤ \$180,000 | Bobcat skid steers for Lovelace Transfer Station and North County Landfill (2). | ➤ \$5,000 | Air compressor for Harney Lane Landfill. |
| ➤ \$180,000 | Transfer truck trailers for Lovelace Transfer Station (2). | | |
| ➤ \$150,000 | Fence upgrade at Foothill Landfill. | | |
| ➤ \$120,000 | Backhoe loader for North County Landfill. | | |
| ➤ \$100,000 | Light Emitting Diodes (LED) lighting upgrades at Lovelace Transfer Station. | | |
| ➤ \$80,000 | Groundwater monitoring wells at Harney Landfill (2). | | |
| ➤ \$80,000 | Groundwater monitoring wells at North County Landfill (2). | | |
| ➤ \$75,000 | Weight in motion systems at Lovelace Transfer Station. | | |
| ➤ \$70,000 | Vehicle. | | |
| ➤ \$50,000 | Robotics research at Lovelace Transfer Station. | | |

Program Discussion

The 2019-2020 recommended Solid Waste Enterprise Fund (SWEF) budget totals \$40,012,730, which is a decrease of \$4,696,827 from the 2018-2019 adjusted budget. This change primarily reflects the completion of the majority of the Area 2B Foothill County Landfill project and a portion of the Mitigation Impact Fee report, partially offset by the addition of 10 allocated positions, and increases in waste volumes delivered to landfills, capital lease equipment and repair costs, mitigation impact fees, and diversion program costs.

County-owned landfills have continued to experience dramatic increases in waste volume over the past years. The Solid Waste Division is cautiously optimistic about this upturn and the current focus continues on the maintenance of current operation levels, compliance with legislative requirements, meeting Certificates of Participation debt ratio guidelines, and positioning the SWEF to be debt free by 2022. The projected June 30, 2019 year-end fund balance is \$6.7 million.

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The Division continues to lead in regional solid waste planning for all jurisdictions in the County. In 2015, the County was successful in securing long-term waste disposal contracts with the cities of Manteca, Ripon, and Tracy. The Division continues to maintain a contractual relationship for waste disposal with the City of Lodi, while maintaining informal arrangements with the cities of Escalon, Lathrop, and Stockton for incoming waste volumes at County facilities.

Incoming waste volumes from the City of Manteca contract continue to increase. This increase, coupled with increases in self-haul and commercial waste, have put tonnages at around 11% in 2017-2018. This unexpected increase, coupled with other factors such as acceleration of State diversion legislation (which should drive tons away from the landfill), has led the Division to a conservative increase of 2% projected in the recommended budget for the incoming tons in 2019-2020 over the 2018-2019 projection.

Solar Project

The County has an agreement with Ameresco for a 25-acre Solar Energy Project at the Foothill Landfill. This agreement includes a \$500,000 up-front lease payment from Ameresco to the SWEF. The original up-front lease payment amount was \$1,000,000 and was reduced in 2018-2019 to \$500,000 as a result of renegotiations. The Project estimates energy savings for the San Joaquin General Hospital and other County agencies estimated at \$4.2 million over the next 20 years, with no up-front capital costs to the County. Groundbreaking is expected in early 2019-2020.

Organics Facility New Economic Model

CalRecycle has mandated that organic materials be increasingly eliminated from landfills in order to reach the goal of 75% diversion of materials being disposed in landfills. This will require new infrastructure and processing methods. Volumes of expected organic waste over the next 10 years will double. Current legislation has been designed to handle this demand. A needs assessment for the County will be established in 2019-2020.

Waste Diversion Planning

CalRecycle is currently redefining its waste diversion goals with the depressed markets of recyclable materials, expected volume increases of organic waste, and limited processing facilities. CalRecycle will take an active role to ensure the County operations will meet the new complex goals for the County. The County will initiate dramatic outreach efforts to re-educate the public in waste diversion practices.

The County will maintain its leadership position for all jurisdictions in waste diversion efforts through four areas of focus:

1. Waste Diversion Programs.
2. Community Outreach and Education.
3. Regulatory and Compliance Efforts.
4. Administration and Reporting.

Module Construction

The construction of a new landfill module began at the Foothill Landfill in 2018-2019 for a total project cost of \$7,077,926. In 2018-2019, work completed included installation of stormwater control features, landfill liner, leachate piping, and leak detection systems at a total anticipated cost of \$5,514,400. In 2019-2020, work expected to be completed includes the placement of operation soil layer over landfill liner, installation of access road oiling and leachate sump pump and controls, final survey, as-builts, hydroseeding, and demobilization at a total cost of \$1,563,526. The next new module construction will not begin until 2021-2022 at North County Landfill unless waste volumes continue to increase dramatically. In 2021-2022, the planned construction consists of the installation of a landfill liner, leachate collection and monitoring systems, stormwater drainage, and construction of an access road with an anticipated cost of \$6,000,000.

Closure Enterprise Fund

The Solid Waste Closure Enterprise Fund (#39033 Closure Fund) is maintained for the exclusive purpose of accumulating and distributing funds for closure of presently active (North County Landfill and Foothill Landfill). An enterprise fund is one of the several approved mechanisms by which the County can demonstrate financial assurance for closure, as required by State regulations. Monies placed in the Closure Fund may only be used for closure of landfills.

Prior to 2009-2010, monies were transferred from the SWEF into the Closure Fund to provide funding for future closures of Foothill and North County Landfills. Evaluation of Closure Fund requirements and balances indicate that no transfer is needed from the SWEF into the Closure Fund for 2019-2020. Interest earned from this fund is directly deposited into the SWEF. As of March 31, 2019, the fund balance was \$5,149,008.

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Workload Data

	-----Actual-----			Est./Act. 2018-2019	Projected 2019-2020
	2015-2016	2016-2017	2017-2018		
Waste Received (Tons)					
<i>Foothill Landfill</i>	117,171	131,370	136,574	134,980	137,679
<i>Lovelace Transfer Station</i>	177,085	214,464	235,947	249,487	254,477
<i>North County Landfill</i>	174,853	189,135	192,519	193,030	196,891
<i>Total Tons Received</i>	469,109	534,969	565,040	577,497	589,047
Transfers-Lovelace					
<i>Tons Transferred</i>	173,970	210,536	234,048	258,442	263,611
<i>Number of Loads</i>	7,729	9,568	10,217	10,524	10,734
Recycled Materials (Tons)					
<i>Foothill Landfill</i>	4,093	4,360	2,878	2,964	3,024
<i>Lovelace Transfer Station</i>	3,114	3,929	4,122	4,246	4,331
<i>North County Landfill</i>	12,049	11,514	13,581	13,988	14,268
<i>Total Tons Received</i>	19,256	19,803	20,581	21,198	21,623
<i>Groundwater Monitoring Samples</i>	100	101	105	110	111
<i>Landfill Gas Collection Wells Adjusted</i>	177	180	180	185	188
<i>Landfill Gas Flare Stations Maintained</i>	4	4	4	4	4
<i>Perimeter Landfill Gas Monitoring</i>	210	210	210	210	210
<i>Soil Gas Volatile Organic Comp. Samples</i>	88	90	91	95	95
<i>Stormwater Samples (Waste Discharge Permit Requirements)</i>	4	4	4	4	4
<i>Stormwater Samples (NPDES)</i>	34	34	34	34	34
<i>Surface Water Samples Collected</i>	30	30	30	30	30