



COUNTY OF NEVADA
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: February 7, 2023

TO: Board of Supervisors

FROM: Alison Lehman, CEO

SUBJECT: Resolution approving an interfund loan from the General Fund balance to Western County Solid Waste Fund 4117 to assist with potential cash flow shortages resulting from the McCourtney Road Transfer Station Improvement Project

RECOMMENDATION: Adopt the attached Resolution.

FUNDING: Loan will be from the General Fund for up to \$3 million for a period of not to exceed five years. Loan repayment will be made by the Western County Solid Waste Fund (“Fund”) including fund balance and parcel charges. The amount and timing of the loan will depend on the cash flow needs of the Fund. Three million dollars is the maximum that will be needed—there is a possibility that the Fund will need very little cash flow/loan assistance depending on the operational needs of the Solid Waste program, and contingency use on the construction contract. The proposed loan could reduce available General Fund cash by no more than \$3,000,000 for a period not to exceed five years.

BACKGROUND: The McCourtney Road Transfer Station (“MRTS”) provides solid waste and recycling transfer services for the communities of Grass Valley, Nevada City, and the unincorporated areas of western Nevada County, California. The facility was constructed in 1994 after the adjacent McCourtney Road landfill closed. As currently designed, the MRTS does not have sufficient capacity to accommodate the volume of vehicles regularly delivering waste to the site. This capacity constraint is due to the site’s aging infrastructure, compact size, and limited vehicle capacity. These deficiencies have been exacerbated in recent years due to several major changes affecting the solid waste stream locally, regionally, and nationally.

The Project is intended to address these issues. The Project includes several proposed changes at the MRTS including:

- Expansion of the site entrance road and installation of new scale facilities
- Construction of an approximately 48,000 square foot material recovery facility
- Creation of an organics receiving and transfer building
- New or repaved asphalt surfaces, fencing and other circulation improvements
- Construction of a permanent green waste and construction/demolition receiving area

On December 14, 2021, your Board accepted Project construction documents and authorized the County Purchasing Agent to solicit bids for the Project (resolution 21-540). The resulting bids were significantly higher than the preliminary design and engineering estimates and exceeded available funds in the Fund and as such, all bids were rejected with a second round of bids being solicited in November 2022.

On October 25, 2022, two resolutions (22-559 and 22-560) were presented to and approved by your Board, authorizing the pursuit of two potential paths for financing a portion of the Project in anticipation of bids continuing to exceed available capacity in the Fund.

However, this second round of bids was opened on 1/11/2023, and the results were significantly lower than anticipated. A number of factors contributed to this result, including the refinement of Project design specifications for any potential efficiency and savings by Solid Waste Program Manager David Garcia and contracted engineers.

With the new lowest responsive bid, external financing is not recommended. CEO and CDA fiscal staff have been modeling cash flow needs for the Project and for Solid Waste program operations. Conservative estimates show that Solid Waste may need short term cash assistance up to three million to complete the project.

The primary source of revenue for the Fund is the Western Nevada County Solid Waste Parcel Charges, which has two components: residential and commercial. Residential parcel charges are currently being assessed at a 25% reduction of the established rates and commercial parcel charges are currently being assessed at a 50% reduction of the established rates.

Between available balance in the Fund, projected revenues from the Parcel Charges as described above, and a conservative forecasting of operating costs into the future, it is anticipated that the Fund may need short-term cash flow assistance in an amount not greater than \$3,000,000 over a five-year period. The amount may be significantly lower depending on operational needs and how much of the 10% contract contingency is used on the project. Given the size of the need, external financing would be more complicated and interest expenses more costly than using General Fund resources to meet the short-term need.

Staff is recommending that the Board adopt the attached resolution.

Item Initiated by: Barry Anderson, Management Analyst, County Executive Office

Approved by: Alison Lehman, County Executive Officer