



**COUNTY OF NEVADA  
COUNTY EXECUTIVE OFFICE**

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**NEVADA COUNTY BOARD OF SUPERVISORS  
Board Agenda Memo**

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**MEETING DATE:** October 25, 2022

**TO:** Board of Supervisors

**FROM:** Alison Lehman, CEO

**SUBJECT:** Resolution of the Board of Supervisors of the County of Nevada authorizing the submission of an application to the California infrastructure and economic development bank (“IBank”) for financing a capital improvement project, authorizing the incurring of an obligation payable to IBank for the financing of a capital improvement project if IBank approves said application, declaration of official intent to reimburse certain expenditures from the proceeds of an obligation, and approving certain other matters in connection therewith.

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**RECOMMENDATION:** Adopt the attached Resolution. A summary of the Resolution is as follows:

- Authorizes application to California Infrastructure and Economic Development Bank (“IBank”) for financing for the McCourtney Road Transfer Station Improvement Project (“Project”)
- Sets a maximum financing amount of \$15,000,000
- Establishes option to use financing proceeds to reimburse eligible costs incurred prior to financing
- Authorizes staff to execute financial documents from IBank upon approval of financing by IBank

**FUNDING:** The Project will be paid for by the Western County Solid Waste Fund (“Fund”). Dollars have been accumulating in the Fund for several years for this purpose, and Waste Management is obligated to contribute to the project, but given market conditions and anticipated bid costs, it is expected that additional funds will be required to deliver the Project. Accordingly, staff have been exploring the issuance of debt to fill in the anticipated gap.

The repayment of debt obligations will be the responsibility of the Fund. 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 (Resolution 22-227).

The attached Resolution requests authorization to pursue financing in an amount not to exceed \$15,000,000. The actual amount financed will be determined by market conditions and final construction project bids. Depending on final financing terms, it may be necessary to re-evaluate parcel charge reductions in order to ensure adequate revenue to cover debt service terms for a financing of that scale.

There is no immediate fiscal impact resulting from this Resolution and no budget amendment is required at this time, though one will be required in order to award a construction contract. An amendment will be brought forward in conjunction with that process.

**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, such as:

- The closure of most recycling buy-back facilities both locally and regionally, following the worldwide collapse of the recyclable materials market, China’s ban on imported recyclables and outdated bottle bill legislation (AB2020, enacted in 1986)
- Significant increase in green waste traffic and material volume since 2016, due in large part to increased fire frequency and severity across the state
- State legislation, specifically SB1383 and AB1826, which will require the County to provide an organic food waste collection and diversion program. The current facility does not have adequate infrastructure to accommodate segregated food waste

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 the project construction documents and authorized the County Purchasing Agent to solicit bids for the Project. 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. It is expected that the second round of bids will be received by 1/5/2023 and a contract awarded in February of 2023 (contract award will be brought to the Board of Supervisors for approval).

Project design specifications are being reviewed for any potential efficiency and savings. However, in anticipation of bids continuing to exceed available funds in the Fund, staff have been researching financing options to help fill in the gap. Two potential paths have emerged, as described below.

### **California Infrastructure and Economic Development Bank**

The California Infrastructure and Economic Development Bank (“IBank”) was created to serve a variety of public purposes including providing an accessible low-cost financing option for a wide range of infrastructure projects. The IBank financing process is summarized below:

<b>Action</b>	<b>Timing</b>	<b>Note</b>
IBank reviews Project and County financial position	September 2022-October 2022	Done
IBank extends an invitation to apply	October-November 2022	In-Progress
County applies for financing ( <b>Board resolution required</b> )	October-November 2022	In-Progress
IBank Board votes to approve financing	December-January 2022	Final financing terms will be set at this time
Decision on IBank Financing or Private Placement	December 2022	
County executes financing documents (Board authority to execute provided in initial resolution)	January-February 2022	Timing will coincide with construction contract award

### **Private Placement/Direct Purchase**

Private financing through a bank or other commercial lender is also available as an option to the County. A private financing deal would follow a slightly different process than IBank, as summarized below:

<b>Action</b>	<b>Timing</b>	<b>Note</b>
County issues request for proposals to financial institutions	October-November 2022	
Potential lenders review Project and County financial position, and respond/bid on financing the project	November-December 2022	Proposed financing terms (may include the option to lock rates at this point)
Decision on IBank Financing or Private Placement	December 2022	
County selects best bid from request for bid responses		
Board authorizes the execution of financing ( <b>Board resolution required</b> )	December-January 2022	Final financing terms will be set at this time
County executes financing documents	February 2022	Timing will coincide with construction contract award

In the interest of ensuring the most favorable financing terms for the County, staff are recommending the pursuit of a parallel process. There are several unknowns regarding IBank that could make that option less favorable than a private placement. As such, staff have prepared two Resolutions, which would allow staff to act upon either path at such time that a clear best option emerges.

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