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BONNIE GORE, PLACER COUNTY  
BILL HALLDIN, ROCKLIN  
KEN GREHM, EXECUTIVE DIRECTOR

## MEETING OF THE BOARD OF DIRECTORS AGENDA

**June 9, 2022 6:00 PM**

Materials Recovery Facility Administration Building  
3013 Fiddymment Road, Roseville, CA 95747

*The WPWMA Board of Directors June 9, 2022 meeting will be open to in-person attendance. Individuals may also participate in the meeting via Zoom at <https://placer-ca-gov.zoom.us/j/93315683028>*

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection by emailing the Clerk of the Board at [info@WPWMA.ca.gov](mailto:info@WPWMA.ca.gov). The Western Placer Waste Management Authority is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you require disability-related modifications or accommodations please contact the Clerk of the Board at (916) 543-3960 or at [info@WPWMA.ca.gov](mailto:info@WPWMA.ca.gov). If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk three business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated if time permits.

1. Call Meeting to Order
2. Pledge of Allegiance (Director Gore)
3. Roll Call
4. Statement of Meeting Procedures (Clerk of the Board)
5. Public Comment  
This is a time when persons may address the Board regarding items not on this Agenda. It is requested that comments be brief, since the Board is not permitted to take any action on items addressed under Public Comment.
6. Announcements & Information
  - a. Reports from Directors ----
  - b. Report from the Executive Director (Ken Grehm) ----
  - c. Financial Reports (Eric Oddo) Pg. 3
  - d. Monthly Tonnage Reports (Eric Oddo) ----
  - e. Facility Improvements Financing Update (Kevin Bell) Pg. 5
7. Consent Agenda
  - a. Minutes of the Board Meeting held May 12, 2022 Pg. 15  
Approve as submitted.

- b. Temporary HHW Collection Event (Eric Oddo) Pg. 27  
Authorize the Executive Director, or designee, to: 1) cease conducting WPWMA managed and funded temporary household hazardous waste collection events, and 2) reimburse the Participating Agencies a portion of the actual disposal cost incurred at temporary events should any Participating Agency elect to conduct such periodic HHW collection events.
- c. Eighth Amendment to the MRF Operating Agreement and Sixth Amendment to the WRS� Operating Agreement (Eric Oddo) Pg. 31  
Authorize the Executive Director or designee, upon review and approval by WPWMA Counsel, to sign the Eighth Amendment to the Second Restated and Amended Operating Agreement with Nortech Waste, LLC. for operation of the Materials Recovery Facility and the Sixth Amendment to the Restated and Amended Agreement with Nortech Landfill, Inc operation of the Western Regional Sanitary Landfill that addresses operational issues associated with the November 2021 facility fire.
- d. Engagement Agreement with Del Rio Advisors, LLC (Eric Oddo) Pg. 35  
Authorize the Executive Director or designee, upon review and approval by WPWMA Counsel, to execute an engagement agreement and disclosure letter with Del Rio Advisors, LLC for municipal advisory services related to securing public financing for facility improvements.
- 8. Action Items
  - a. Resolution Commending Nortech Waste for their 29 Years of Service (Eric Oddo) Pg. 45  
Adopt Resolution 22-03 commending Nortech Waste for their nearly 29 years of service to the Western Placer Waste Management Authority.
- 9. Upcoming Agenda Items  
Identification of any items the Board would like staff to address at a future meeting.
- 10. Adjournment

Western Placer Waste Management  
Operations Fund Income Statement  
(unaudited/depreciation excluded)

Year-to-Date  
April 2022

	Year to Date			Variance	Notes
	Annual Budget	Actuals	Budget		
<b>Revenue</b>					
42010:Investment Income	109,229	66,135	91,024	(24,890)	Overestimated rate of return
42030:Rents and Concessions	412,477	379,928	343,731	36,197	Energy 2001 royalties exceeding budgeted amounts.
46240:Sanitation Services - Other	33,018	28,143	27,038	1,105	Quantity of waste tonnages received at facility exceeding budgeted projections
46250:Solid Waste Disposal	42,514,953	36,675,957	34,917,490	1,758,466	Quantity of waste tonnages received at facility exceeding budgeted projections
46430:Insurance	-	144,129	-	144,129	Represents first MRF fire claim payout
48030:Miscellaneous	7,500	142,601	6,250	136,351	Variance related to recyclable revenue sharing payment from Nortech, sale of excess soils and State oil grant funds
<b>Total Revenue</b>	<b>43,077,177</b>	<b>37,436,892</b>	<b>35,385,534</b>	<b>2,051,359</b>	
<b>Expenses</b>					
<b>Capital Assets:</b>					
54430:Buildings and Improvements	1,134,651	1,134,651	1,134,651	-	- Actual incurred costs associated with engineering component of FCC equipment downpayment
54450:Equipment	29,250,349	29,187,189	29,569,033	381,844	Actual incurred costs associated with engineering component of FCC equipment downpayment
54470:Infrastructure	2,025,000	-	1,338,934	1,338,934	Projects not initiated yet.
54480:Land Improvements	8,048,140	1,258,137	2,629,535	1,371,398	Costs related to compost pond project only - project temporarily halted due to weather conditions.
<b>Operating Expenses:</b>					
51010:Wages and Salaries	2,187,698	1,609,389	1,823,081	213,692	Approximately \$220,312 allocated for positions not filled.
52030:Clothing and Personal	3,500	527	2,917	2,390	
52040:Communication Services Expense	35,000	15,131	29,167	14,036	Partial SCADA related fees have been billed and paid - remainder expected before end of FY.
52050:Food	1,500	1,012	1,250	238	
52060:Household Expense	3,000	470	2,500	2,030	
52080:Insurance	212,000	205,442	176,667	(28,775)	Includes an unexpected and unbudgeted charge of \$30,110.25 from Placer County. Working with the County to resolve.
52140:Parts	1,500	203	1,250	1,047	
52160:Maintenance	32,746	22,698	27,288	4,590	Includes annual payment for drone deploy software. Other costs incurred monthly or quarterly.
52161:Maintenance - Building	25,000	21,138	18,750	(2,388)	Annual building maintenance costs higher than budgeted or previous year's amounts
52170:Fuels & Lubricants	300	1,300	250	(1,050)	WPWMA now direct billed for vehicle fuel - previously built into County hourly labor rates as overhead.
52180:Materials - Buildings & Improvements	300	21	250	229	
52240:Professional / Membership Dues	2,600	3,185	2,600	(585)	
52250:Services and Supplies	200	480	167	(314)	
52260:Misc Expense	2,000	920	1,667	747	Per Placer County Auditor, costs should no longer be billed to this account.
52320:Printing	8,000	20,379	6,667	(13,712)	Includes \$14,368.38 in overhead costs previously built into County hourly labor rates as overhead.
52330:Other Supplies	25,000	15,791	20,833	5,042	
52340:Postage	3,500	3,236	2,917	(319)	
52360:Prof. & Special Svcs - General	4,730,305	1,634,532	3,941,920	2,307,389	Anticipated costs not yet realized due to phased nature of projects and resulting consultant services
52370:Professional and Special Services - Legal		98,434	62,500	(35,934)	Greater ongoing use of legal counsel than included in the Final Budget.
52380:Prof. & Special Svcs - Tech., Eng. & Env.					
SC3140:Building Maintenance Installation and Repair Services					
SC3180:MRF Operations	5,000	-	4,167	4,167	No building repairs necessary at this point in the year.
SC3190:Landfill Operations	19,397,601	14,679,961	14,650,373	(29,588)	Higher costs due to quantity of waste tonnages received at facility exceeding budgeted projections
SC3320:Environmental and Ecological Services	2,764,327	1,863,348	2,303,606	440,257	Includes \$160,000 in reverse accruals.
SC3322:Hazardous Waste	1,000,000	368,444	833,333	464,890	Labor charges for Auburn staff conducting WPWMA business.
52390:Prof. & Special Svcs - County	110,000	-	110,000	110,000	Cost for Auburn HHW not yet realized.
52400:Prof. & Special Svcs - IT	126,000	148,390	105,000	(43,390)	Reflects monthly LEA charges, annual payment of \$84,100 to Auditor and \$45,225 in unanticipated facility repair costs
52440:Rents and Leases - Equipment	40,000	14,864	33,333	18,469	Monthly IT charges less than budgeted amount.
52450:Rents and Leases - Buildings & Improvements	100	-	83	83	
52460:Small Tools & Instruments	100	-	83	83	
52480:PC Acquisition	1,000	619	833	215	
52510:Commissioner's Fees	12,500	-	12,500	12,500	Budgeted cost associated with a dedicated AutoCAD server. Have not procured yet.
52540:Signing & Safety Material	6,000	4,300	5,000	700	Did not hold the 8/21 or 2/22 meetings; one director absent at October meeting. Two additional "special" meetings in April
52570:Advertising	10,000	48	8,333	8,285	Majority of budget for new facility signage with change in facility operators; cost not yet incurred.
52580:Special Department Expense	30,000	14,821	25,000	10,179	Actual advertising costs lower than budgeted.
52750:Training / Education	14,060	4,075	11,717	7,642	Budgeted for office equipment for additional staff - staff not yet hired, office equipment not required yet.
52790:Transportation and Travel	10,000	3,472	7,500	4,028	Training expenses not realized yet.
52800:Utilities	50,000	41,667	36,436	5,230	
52810:Operating Materials	300,000	97,781	250,000	152,219	Annual costs factored into YTD budget amount but not billed or realized yet.
53190:Taxes and Assessments	-	-	561,977	104,156	Several annual permit operating fee expenditures not yet realized or billed
53250:Contributions to Other Agencies	749,302	457,820	266,553	3,683	
53390:Transfer Out A-87 Costs	266,553	262,870	208,333	162,964	Full annual A-87 payment made, lower than expected due to direct charges from County departments to WPWMA
55510:Operating Transfer Out	250,000	45,369	-	-	
59000:Appropriation for Contingencies	-	-	-	-	
<b>Total Expenses</b>	<b>71,815,180</b>	<b>52,102,233</b>	<b>59,099,534</b>	<b>6,997,301</b>	
<b>Net Income</b>	<b>(28,738,003)</b>	<b>(14,665,341)</b>	<b>(23,714,001)</b>	<b>9,048,660</b>	

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**MEMORANDUM  
WESTERN PLACER WASTE MANAGEMENT AUTHORITY**

TO: **WPWMA BOARD OF DIRECTORS**  
FROM: **KEN GREHM / ERIC ODDO**  
SUBJECT: **FACILITY IMPROVEMENTS FINANCING UPDATE**

DATE: **JUNE 9, 2022**

**RECOMMENDED ACTION:**

None. This report is for information purposes only.

**BACKGROUND:**

WPWMA staff, in coordination with the WPWMA's Treasurer, have convened a financing team comprised of: 1) WPWMA staff, 2) Treasurer and Auditor staff, 3) Del Rio Advisors, LLC (municipal financial advisor), 4) Jones Hall (bond and disclosure counsel) and 5) Ramirez & Co., Inc. (underwriter).

Staff have been working with the financing team to gather the necessary operating information that will be used to support the MRF upgrade financing effort and will be an element of determining the WPWMA's credit rating.

At the May 12, 2022 meeting, a representative of Del Rio Advisors, LLC made a presentation to your Board which, among other things, identified that two of the major financial risk factors that will be evaluated when determining the bond rating of the WPWMA include: 1) debt service coverage (the ratio of net available revenue to annual debt service costs) and 2) financial liquidity (expressed in the form of the amount of available cash to cover the cost of a given number of typical operating days' worth of expenses).

In collaboration with the financing team, staff have developed a financial pro forma intended to provide insight into future tipping fee structures based on various operating scenarios. Additionally, the attached financial summary is intended to provide context related to the WPWMA's current finances and how they may be influenced by the issuance on debt.

Staff will be referring to the attached summary and presenting the model to your Board this evening and may analyze various scenarios based on feedback from your Board.

ATTACHMENT: WPWMA FINANCIAL SUMMARY

## SUMMARY

### FACILITY UPGRADE FINANCING

Staff estimate the need to finance \$108.8 million over 20 years at 5.0% APR. Assuming a 1.50x annual coverage value, the WPWMA will need to budget \$13,005,000 for debt service.

### EXPENSES

The following table provides a summary of WPWMA's primary cost centers (exclusive of major capital projects), the relative size of each cost center compared to the annual budget, and an estimate of possible (but not necessarily advisable) cost reductions that could be considered.

Cost Center	FY 22/23 Preliminary Budget		Potential Cost Reductions
	Amount	% of Total	
MRF & WRS� Op Agreements	\$34,846,997	61.9%	
Debt Service (estimated)	\$13,005,000	23.1%	
WPWMA direct labor	\$2,439,881	4.3%	
Req'd Consultants/Contractors	\$1,639,000	2.9%	
Overhead supplies/services	\$1,227,411	2.2%	\$24,600
Placer County services	\$1,036,647	1.8%	
NReq'd Consultants/Contractors	\$784,355	1.4%	\$626,590
Closure/Postclosure	\$637,436	1.1%	
Permits & Taxes	\$618,278	1.1%	
Miscellaneous	\$65,439	0.2%	
<b>Total</b>	<b>\$56,300,444</b>	<b>100.0%</b>	<b>\$651,190</b>

### REVENUES

Nearly all of the WPWMA's annual revenue (other than use of retained earnings from the previous fiscal year and any cancellation of reserves) comes from receipt of tipping fees. The following provides a summary of the WPWMA's revenue sources and their relative contribution to the overall revenue figure.

Revenue Source	FY 22/23 Preliminary Budget	
	Amount	% of Total
Tipping Fees	\$46,251,686	98.5%
Rent and Royalties	\$552,146	1.2%
Investment Income	\$143,429	0.3%
Miscellaneous Revenues	\$15,000	>0.05%
<b>Total</b>	<b>\$46,962,261</b>	<b>100.0%</b>

## **TIPPING FEES**

A bond pro forma has been developed to estimate possible tip fee adjustments over the financing term. The pro forma is tied to the WPWMA's 25-year Financial Forecast model and reflects the new FCC MRF and landfill operating agreements as well as other costs and revenues that are directly related to the quantity of materials received at the WPWMA's facility.

Four parameters are included in the pro forma that can be adjusted to analyze the potential impact on rates. These include: 1) bond financing parameters, 2) the relative amount of "non-contractually bound" waste stream tonnages the WPWMA may be able to assume as "guaranteed" for the purposes of demonstrating security to bond holders, 3) the estimated number of years the City of Roseville commits the entirety of their waste stream to the WPWMA and 4) an estimate of future waste stream growth.

When these factors are adjusted, a tip fee increase can be estimated to ensure the WPWMA's annual budget is balanced and the debt coverage and liquidity bond factors are within acceptable ranges.

## **TECHNICAL ADVISORY GROUP FEEDBACK**

In discussions with the WPWMA's technical advisory group (TAG), the TAG indicated they were generally not supportive of dramatically reducing WPWMA funding of non-required consultant and contractor costs. Specifically, the group noted that eliminating WPWMA management and funding of outreach contracts would necessitate the Member Agencies conduct individual outreach efforts and that doing so would be more costly and result in less consistent messaging. Additionally, the group noted that reducing or eliminating the WPWMA's website and odor monitoring efforts would result in customer confusion and frustration and would likely not result in a net savings to the WPWMA. The TAG suggested the WPWMA evaluate methods to streamline business functions for WPWMA account customers including online bill pay and reporting features, which could result in ongoing labor and material cost savings and improve customer satisfaction.

## FACILITY UPGRADE FINANCING

The total, not-to-exceed design and construction price agreed to by the WPWMA and FCC (and memorialized in the Design and Construction Agreement executed by the WPWMA Board on April 22, 2022) is \$119,967,184.31. For purposes of this discussion, staff have rounded this figure to \$120,000,000.

On April 26, 2022, the WPWMA made a payment of \$30,321,839.95 to FCC as the initial payment for the new MRF and C&D equipment. Of this amount, \$28,805,747.95 was wired directly to FCC while the remainder was withheld as “retention”. Of this total amount of approximately \$30 million, the WPWMA planned to utilize \$25 million of existing reserves and currently anticipates replenishing approximately \$5 million in reserves via the subsequent bond sale. Additionally, according to the WPWMA’s Financial Advisor, the costs associated with securing the bonds are estimated at approximately \$3.8 million. As a result, the WPWMA currently estimates issuing bonds for \$108.8 million.

In discussions with the WPWMA’s financing team, it is understood that it will be in the best interest of the WPWMA to finance over the longest period legally allowable. Given the legal limits on the duration of public debt (i.e.; 1.2 x the useful life of the asset being financed), the WPWMA has been advised it should consider financing over a 20 year term.

Based on the current state of the market and the WPWMA’s Financial Advisor’s belief that the WPWMA could receive an “A” or “BBB” rating Standard & Poor’s, (based on the Financial and Enterprise Risk factors summarized below), the WPWMA may be able to realize an average annual financing rate of 4.5 to 5.0%

Finance Risk		Enterprise Risk	
All-in coverage	40%	Economic Fundamentals	45%
Liquidity and Reserves	40%	Market Position	25%
Debt and Liabilities	10%	Industry Risk	20%
Financial Management Assessment	10%	Operational Management Assessment	10%

For the purposes of this summary, staff have assumed a relatively modest “all-in coverage” value of 1.50, liquidity equal to approximately 100 days of cost coverage, relatively strong economic fundamentals, a strong market position and moderate to low industry risk with a resulting rating of “BBB”. As such, staff estimate the actual annual debt service to be \$8,670,000 with the budgeted amount equal to \$13,005,000 (i.e., 1.50x coverage).

## EXPENSES

The WPWMA’s annual expenditures can be broadly summarized in the following categories:

1. MRF and WRSL operating contract costs
2. MRF Improvements annual debt service
3. WPWMA direct labor
4. Third party consultant/contractor costs (required for compliance)



5. Overhead supplies and services
6. Technical and administrative services provided by Placer County
7. Third party consultant/contractor costs (not required for compliance)
8. WRSL Closure/Postclosure expenses
9. Permitting costs and disposal taxes
10. Capital projects and other one-time construction projects
11. Funding of reserves for future projects

Following is a brief summary of each of these cost centers, an estimate of the FY 2022/23 values of each, the relative percentage of the overall annual budget each cost center represents (exclusive of capital projects and funding reserves), and the ability and methods – if any – to reduce the identified costs.

MRF and WRSL operating contract costs: Represents the majority of the WPWMA's annual expenditures and are prescribed in the respective agreements between the WPWMA and FCC. There is very little opportunity for the WPWMA to realize cost savings in these agreements without renegotiating with FCC. Both contracts are closely linked to tonnages received at the facility; in general, as the quantity of material received at the facility increases, so do the costs associated with these two agreements.

**Estimated FY 22/23 cost:** \$34,846,997

**Estimated % of FY 22/23 Budget:** 61.9%

MRF Improvements annual debt service: While the amount to be financed by the WPWMA and the terms of the financing are still being determined, a reasonable estimate can be provided based on financing ~\$109 million over 20 years at a 5% APR. Under these conditions, the annual estimated debt service would be approximately \$8.67 million. To achieve a "coverage" value of 1.5x, the WPWMA would need to budget for the higher debt service coverage value shown below. These excess funds will remain in the WPWMA's possession and presumably could be used in the future to retire the bonds early, pay for other capital projects or buffer future tip fee increase needs.

**Estimated FY 22/23 cost:** \$13,005,000 at 1.50 coverage

**Estimated % of FY 22/23 Budget:** 23.1%

WPWMA direct labor: Consists of the wages and salaries, retirement, payroll taxes, insurance and OPEB costs for the 16 dedicated, permanent full-time staffing positions allocated to the WPWMA as well as costs related to temporary staff provided by a temp agency and charged on an hourly basis rate.

**Estimated FY 22/23 cost:** \$2,439,881

**Estimated % of FY 22/23 Budget:** 4.3%

Third party consultant/contractor costs (required for compliance): There are several contracts the WPWMA has with third-party firms to manage elements of its facility operations which are required by permit or law. These include: 1) operation and maintenance of the landfill gas collection and leachate system, 2) water quality monitoring and reporting, 3) landfill gas system data collection and reporting via

SCADA, and 4) conducting annual aerial mapping. Other required efforts associated with design and construction quality assurance services are periodic and are associated with capital projects.

**Estimated FY 22/23 cost:** \$1,639,000

**Estimated % of FY 22/23 Budget:** 2.9%

Overhead supplies and services: This grouping of costs includes: 1) insurance, 2) scalehouse staff uniforms, 3) food, 4) janitorial costs, 5) fuel and transportation costs, 6) membership/dues, 7) banking fees, 8) misc. parts, 9) printing and office supplies, 10) equipment rentals, 11) computer equipment/replacement, 12) directors' fees, 13) staff training, and 14) utilities.

There is the potential to reduce some costs in this category. The WPWMA could elect to no longer provide uniforms to the scalehouse staff (\$2,000), no longer provide food at Board and other after-hours meetings (\$1,000), no longer pay for professional memberships to SWANA (\$2,600), move to greater use of paperless technologies (\$14,000) – although doing so would have startup and transition costs, and cease providing professional and technical staff training (\$5,000).

**Estimated FY 22/23 cost:** \$1,227,411

**Estimated % of FY 22/23 Budget:** 2.2%

Technical and administrative services provided by Placer County: This grouping of costs includes: 1) legal counsel, 2) Auditor, Treasurer, accounting, and payroll, 3) procurement, 4) building maintenance and repairs, 5) communications and information technology, 5) vehicle supply and maintenance, 6) non-dedicated WPWMA labor costs, 6) fire service costs, and 7) A-87 administrative costs.

**Estimated FY 22/23 cost:** \$1,036,647

**Estimated % of FY 22/23 Budget:** 1.8%

Third party consultant/contractor costs (not required for compliance): There are numerous third-party contacts the WPWMA has entered into that, while not strictly required by the WPWMA's operating permits or applicable law, nevertheless provide direct benefit to the WPWMA, the Member Agencies and the WPWMA's customers. These include, but are not necessarily limited to: 1) facility master planning, 2) scale maintenance and repair, 3) legislative advocacy, 4) education and outreach, 5) website development and maintenance, 6) scalehouse software and CCTV systems, 7) odor monitoring and reporting systems, 8) fuel reduction efforts (livestock grazing) of the landfill surface, and 9) one-day HHW collection events.

While WPWMA staff do not advise dramatically reducing or eliminating these contract services, it is important to understand the potential savings that could realized if some of these costs were eliminated. For purposes of discussion, if the WPWMA were to eliminate all efforts (and costs) associated with: 1) legislative advocacy (\$54,000), 2) education and outreach (\$271,760), 3) website development and maintenance (\$25,500), 4) odor monitoring and reporting systems (\$122,580), 5) livestock grazing services (\$40,000) and 6) one-day HHW collection events (\$112,750), the WPWMA

could reduce its annual operating expenses by approximately \$626,590. This action could reduce the total annual expenditures by approximately 1.1%; doing so may result in other additional costs that cannot be reasonably quantified at this point (e.g., fines from regulators, impacts of new regulations, damage from on-site grass fires, etc.)

**Estimated FY 22/23 cost:** \$784,355

**Estimated % of FY 22/23 Budget:** 1.4%

WRSL Closure/Postclosure expenses: In accordance with 40 Code of Federal Regulations (CFR) Part 258 Subpart G, the WPWMA is legally obligated to demonstrate sufficient funds are available at any time to: 1) pay a third party to close any areas of the WRSL that have not yet received final cover, 2) fund postclosure activities for a minimum of 30 years, and 3) fund corrective action costs. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 18, the WPWMA demonstrates compliance with the closure/postclosure funding requirement by annually expensing the incremental additional costs each year according to the measured volume of airspace actually consumed as of the end of the fiscal year. As a result, the WPWMA only funds the minimum amount needed in any given year based the percentage of airspace consumed. For example, if at the end of FY 22/23, the cumulative landfill airspace consumed to date is 34% of the total permitted airspace, the WPWMA would need to ensure that 34% of the current closure/postclosure cost estimate has been expensed. Although the WPWMA does not have the ability to directly reduce the amount it must expense each year for closure/postclosure, the WPWMA can reduce the overall liability by: 1) reducing the amount landfilled each year (i.e., increase diversion rates) and 2) reduce the overall closure cost by installing partial final cover in areas of the landfill that have reached final grade.

The estimated required closure/postclosure adjustment for FY 22/23 is shown below. Once FCC has fully constructed the planned MRF improvements and the facility-wide diversion rate increases, staff anticipate the annual cost will drop by as much as \$200,000.

**Estimated FY 22/23 cost:** \$637,436

**Estimated % of FY 22/23 Budget:** 1.1%

Permitting costs and disposal taxes: Most of the WPWMA's facility operating permits require payment of an annual fee. Additionally, the WPWMA is required to remit to the California Board of Equalization \$1.40 for every ton of waste landfilled at the WRSL. These annual permitting fees and unit disposal taxes are non-negotiable. As with the annual closure/postclosure costs, the WPWMA can reduce its overall disposal tax liability by increasing diversion rates at the site.

**Estimated FY 22/23 cost:** \$618,278

**Estimated % of FY 22/23 Budget:** 1.1%

## REVENUES

The WPWMA's annual revenues can be broadly summarized in the following categories:

1. Tipping fees
2. Rent and royalties
3. Investment income
4. Miscellaneous revenues

Following is a brief summary of each of these revenue sources, an estimate of the FY 2022/23 values of each, and the relative percentage of the overall annual budget each revenue source represents.

Tipping Fees: By far the largest source of revenue for the WPWMA, tipping fees are the revenues received directly from customers in return for dumping their wastes at the WPWMA's facility.

**Estimated FY 22/23 revenue:** \$46,251,686

**Estimated % of FY 22/23 Budget:** 98.5%

Rent and Royalties: The WPWMA generates additional revenue from leasing portions of its properties to: 1) Energy 2001 for operation of a landfill gas to energy facility, 2) City of Lincoln for land application of effluent from its nearby wastewater treatment facility, 3) Recology for storage of empty roll-off bins, 4) Associated Modelers of Sacramento for operation of a model airplane field, and 5) Dobbas Ranch for cattle grazing. Additionally, the WPWMA earns royalty payments from Energy 2001 associated with its sale of electricity generated from its landfill gas to electricity and solar energy operations.

**Estimated FY 22/23 revenue:** \$552,146

**Estimated % of FY 22/23 Budget:** 1.2%

Investment income: The WPWMA earns interest on its cash holdings based on investments made by the Placer County Treasurer. Based on the County's investment strategy/portfolio and the state of (primarily) the bond market over the past several years, the WPWMA is currently earning interest at a lower rate than its historic average of approximately 3%.

**Estimated FY 22/23 revenue:** \$143,429

**Estimated % of FY 22/23 Budget:** 0.3%

Miscellaneous Revenues: The WPWMA receives additional, miscellaneous revenues primarily as a result of reimbursement payments from contractors and consultants and as a result of financing fees on overdue customer credit accounts. As these sources of revenue are speculative, the WPWMA typically budgets for only a modest amount of revenue from this category.

**Estimated FY 22/23 revenue:** \$15,000

**Estimated % of FY 22/23 Budget:** >0.05%

## **TIPPING FEES**

For the purposes of this analysis, staff have assumed that any change in tipping fees to account for issuing bonds will be limited to adjustment of the mixed waste (MSW and C&D), compostable organics (green and food waste), and non-processed (materials sent directly to the landfill without processing at WPWMA's facility) rates. The tipping fees for wood waste, inerts, tires, and appliances are adjusted only by annual inflationary adjustments (if any).

In collaboration with the WPWMA's financial team, staff have developed a 25-year bond pro forma that summarizes data from the WPWMA's 25-year Financial Forecasting model. The model is intended to provide bond-related information on the estimated coverage value, liquidity (represented as days of cash on hand) and the earliest point in the future the WPWMA may be able to fully pay off the bonds. Additionally, the model includes four primary variables that can be altered by the user to understand the financial impact each has individually or collectively. These variables include: 1) bond financing parameters, 2) the relative amount of "non-contractually bound" waste stream tonnages the WPWMA may be able to assume as "guaranteed" for the purposes of demonstrating security to bond holders, 3) the estimated number of years the City of Roseville commits the entirety of their waste stream to the WPWMA and 4) an estimate of future waste stream growth. Maximum waste stream growth estimates were estimated based on SACOG population growth estimates and historic population to tonnage ratios.

As these parameters are adjusted, a general tip fee adjustment (in terms of a percentage) can be input to the model to analyze if sufficient revenues will be generated to meet the bond requirements and balance the WPWMA's anticipated budget. To provide context of the impact of the tip fee adjustment, the resulting MSW tip fee value is also presented.

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## WESTERN PLACER WASTE MANAGEMENT AUTHORITY

Minutes of May 12, 2022

The meeting of the Western Placer Waste Management Authority Board of Directors was called to order at 5:00 PM by Chairman Karleskint in the WPWMA Administration Building at the Materials Recovery Facility.

### **Directors Present:**

Dan Karleskint  
Robert Weygandt  
Pauline Roccucci  
Bill Halldin

### **Staff Present:**

Ken Grehm  
Kevin Bell  
Eric Oddo  
Rob Sandman  
Heather Wilden

Will Scheffler  
Keith Schmidt  
Jennifer Snyder

1. Call Meeting to Order: Chairman Karleskint called the meeting to order at 5:00 PM.
2. Pledge of Allegiance: Director Roccucci led the Pledge of Allegiance.
3. Roll Call: Director Gore was absent.
4. Statement of Meeting Procedures: Heather Wilden read the procedures for in-person and virtual meeting participation.
5. Public Comment: No one from the public addressed the Board in-person or virtually.
6. Announcements & Information:
  - a. Reports from Directors: None.
  - b. Report from the Executive Director: Ken Grehm indicated staff conducted an initial meeting of the Technical Advisory Group and intends to present a group charter for the Board's consideration at the next meeting.  
  
Kevin Bell provided a brief overview of the current MRF repairs and answered questions from the Board.
  - c. Financial Reports: Eric Oddo summarized the report. There were no questions from the Board.
  - d. Monthly Tonnage Reports: Eric Oddo summarized the report. There were no questions from the Board. A copy of the charts presented to the Board are included as an attachment to these minutes.
  - e. Facility Improvements Financing Update: Ken Grehm introduced Ken Dieker, the WPWMA's financial advisor for the MRF improvement bonds. Mr. Dieker provided an overview of the financing process including a discussion of the metrics generally considered by rating agencies when evaluating an entity's bond rating. Mr. Dieker answered questions from the Board.
  - f. Quarterly MRF Operator's Report: Byron Hildenbrand of Nortech Waste summarized the report. There were no questions from the Board.

- g. Quarterly Landfill Operator's Report: Byron Hildenbrand of Nortech summarized the report. There were no questions from the Board.

7. Consent Items:

- a. Minutes of the Board Meeting held April 14, 2022:  
Staff recommended approving as submitted.
- b. Minutes of the Board Meeting held April 22, 2022:  
Staff recommended approving as submitted.
- c. Agreement with SCS Engineers for Water Quality Monitoring Services:  
Staff recommended authorizing the Chair to sign an Agreement with SCS Engineers for water quality monitoring services at the Western Regional Sanitary Landfill for an amount not to exceed \$198,500.
- d. Sole Source Agreement with 3D Datacom for CCTV Server Replacement:  
Staff recommended authorizing the Chair to sign a sole source Agreement with 3D Datacom to replace the CCTV camera server for an amount not to exceed \$56,997.
- e. Module 6 Excavation and Soil Stockpiling:  
Staff recommended approving project plans and specifications and authorize staff to solicit bids for excavation of Module 6 and the construction of soil stockpiles on Modules 1, 2, 10, and 11.

**MOTION TO APPROVE THE CONSENT AGENDA:**  
**Halldin/Weygandt**

**ROLL CALL VOTE**

Halldin:	YES	Karleskint:	YES
Roccucci:	YES	Gore:	ABSENT
Weygandt	YES		

**Vote: 4 in Favor, 1 Absent, 0 Opposed - Motion Passed**

8. Action Items:

- a. Staff recommended approving the Fiscal Year 2022/23 Preliminary Budgets for the Operating Fund, Closure/Postclosure Fund, Self-Insurance Fund and Odor Management Fund as presented in Exhibits A, B, and C.  
  
Eric Oddo provided an overview of the Preliminary Budget and answered questions from the Board.

**MOTION TO APPROVE ITEM 8a:**  
**Weygandt/Roccucci**

**ROLL CALL VOTE**


Halldin:	YES	Karleskint:	YES
Roccucci:	YES	Gore:	ABSENT
Weygandt	YES		



**Vote: 4 in Favor, 1 Absent, 0 Opposed - Motion Passed**

9. Upcoming Agenda Items: None.
10. Adjournment: Meeting was adjourned at 6:10 PM.

Respectfully Submitted,

A handwritten signature in black ink that reads "Heather Wilden". The signature is written in a cursive, flowing style.

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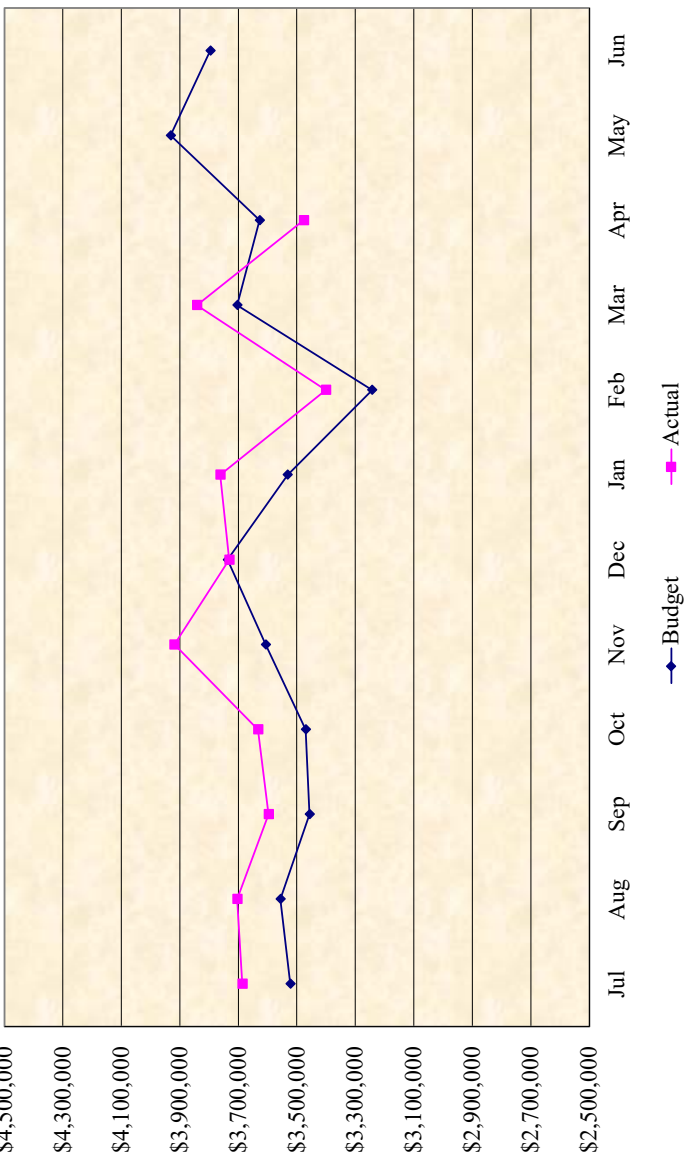
Heather Wilden, Clerk of the Board  
Western Placer Waste Management Authority

**Fiscal Year 2021-2022**

**Combined Revenue**

Month	Budget	Actual	Variance
Jul	\$3,522,051	\$3,686,520	164,469
Aug	\$3,555,872	\$3,704,195	148,323
Sep	\$3,456,407	\$3,596,551	140,144
Oct	\$3,469,382	\$3,632,740	163,358
Nov	\$3,606,097	\$3,918,948	312,851
Dec	\$3,736,847	\$3,731,655	(5,192)
Jan	\$3,531,565	\$3,761,766	230,201
Feb	\$3,242,834	\$3,400,771	157,937
Mar	\$3,703,856	\$3,841,721	137,865
Apr	\$3,627,002	\$3,476,308	(150,694)
May	\$3,931,673		
Jun	\$3,795,477		
Totals:	\$43,179,063	\$36,751,176	1,299,263

**Revenue**



**Year to Date**

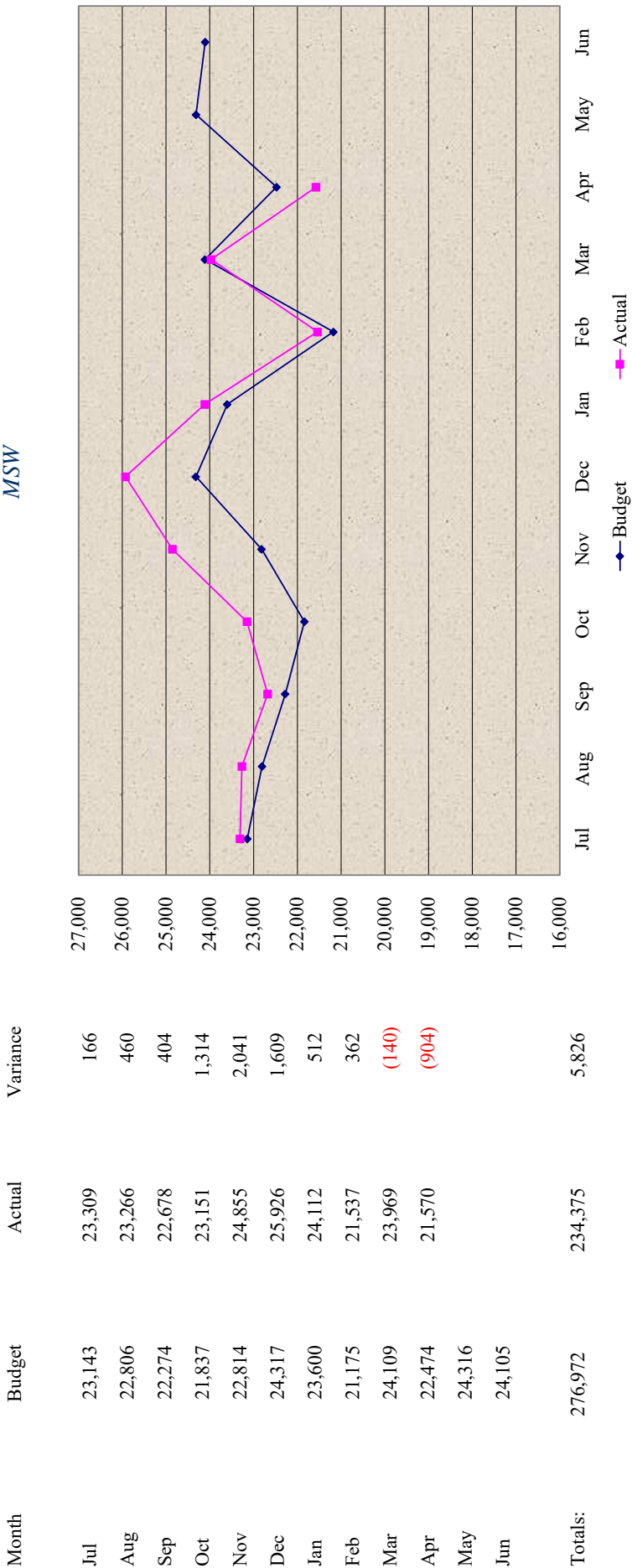
Budget	\$35,451,913
Actual:	\$36,751,176
Variance	\$1,299,263

**Revenue Sources:**

MSW = \$88.00 per ton, Sludge = \$50.00 per ton, Inert Materials = \$25.00 per ton, Mixed Inert = \$50.00 per ton, MSW & C&D Yardage = \$20.00 per yard.  
 Green Waste = \$66.00 per ton, Wood Waste = \$40.00 per ton, Green Yardage = \$14.00 per yard, Wood Yardage = \$12.50 per yard, C&D = \$88.00 per ton.  
 Food Compost = \$46.50 per ton.

Fiscal Year 2021-2022

MSW Tons



Year to Date

Budget:	228,549
Actual:	234,375
Variance	5,826

**Fiscal Year 2021-2022**

**C&D Tons\***

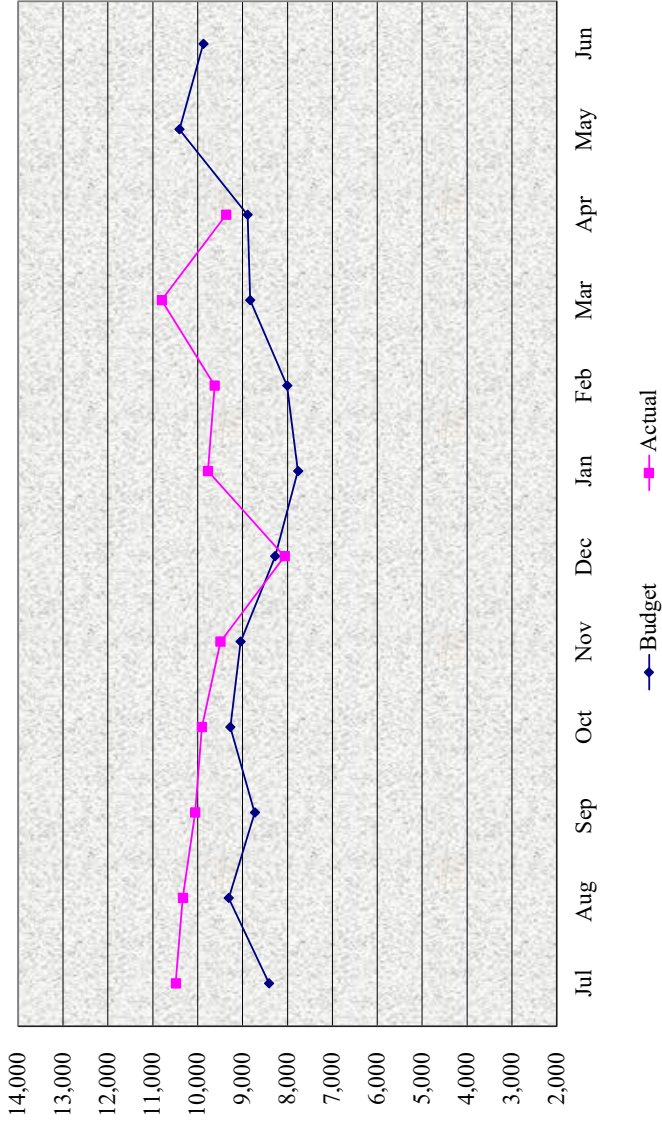
Month	Budget	Actual	Variance
Jul	8,410	10,489	2,079
Aug	9,310	10,332	1,022
Sep	8,728	10,058	1,330
Oct	9,275	9,907	632
Nov	9,044	9,497	453
Dec	8,275	8,062	(213)
Jan	7,766	9,775	2,009
Feb	8,008	9,621	1,613
Mar	8,829	10,801	1,972
Apr	8,890	9,366	476
May	10,406		
Jun	9,876		
Totals:	106,820	97,908	11,373

**Year to Date**

Budget:	86,535
Actual:	97,908
Variance	11,373

\* Includes Treated Wood Waste

**C & D**



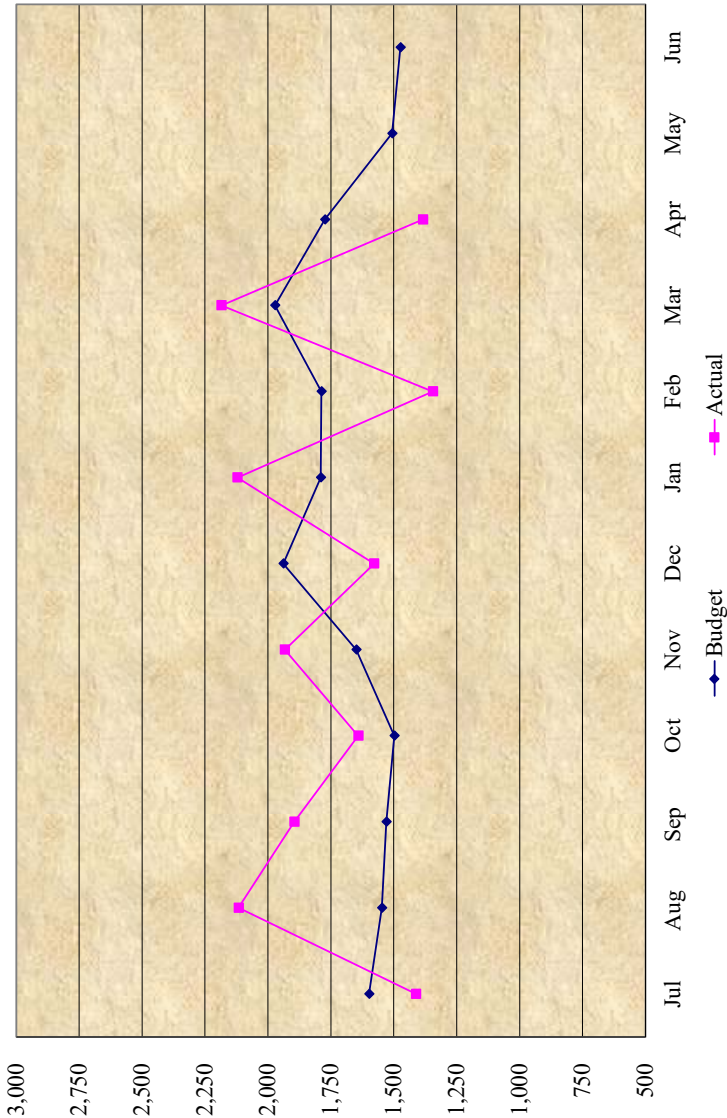
Sludge & Mixed Inert Tons

Sludge & Mixed Inerts

Month	Budget	Actual	Variance
Jul	1,598	1,412	(186)
Aug	1,547	2,117	570
Sep	1,530	1,896	366
Oct	1,498	1,641	143
Nov	1,649	1,933	284
Dec	1,939	1,578	(361)
Jan	1,790	2,122	332
Feb	1,788	1,345	(443)
Mar	1,972	2,185	213
Apr	1,774	1,384	(390)
May	1,507		
Jun	1,474		
Totals:	20,065	17,613	528

Year to Date

Budget:	17,085
Actual:	17,613
Variance	528



Includes: Sludge, Dried Sludge & Mixed Inert

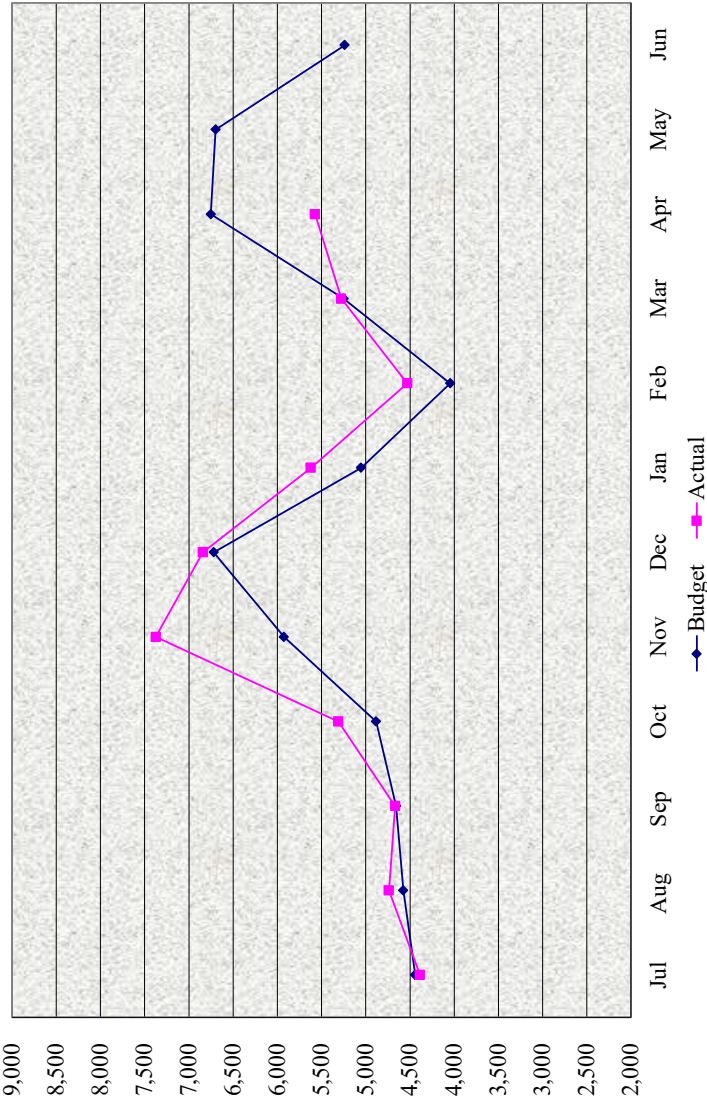
Green Waste Tons

Month	Budget	Actual	Variance
Jul	4,441	4,387	(54)
Aug	4,575	4,738	163
Sep	4,657	4,667	10
Oct	4,883	5,310	427
Nov	5,925	7,375	1,450
Dec	6,720	6,843	123
Jan	5,052	5,622	570
Feb	4,044	4,531	487
Mar	5,250	5,277	27
Apr	6,752	5,574	(1,178)
May	6,698		
Jun	5,237		
Totals:	64,234	54,325	2,026

Year to Date

Budget:	52,299
Actual:	54,325
Variance	2,026

Green Waste



Fiscal Year 2021-2022

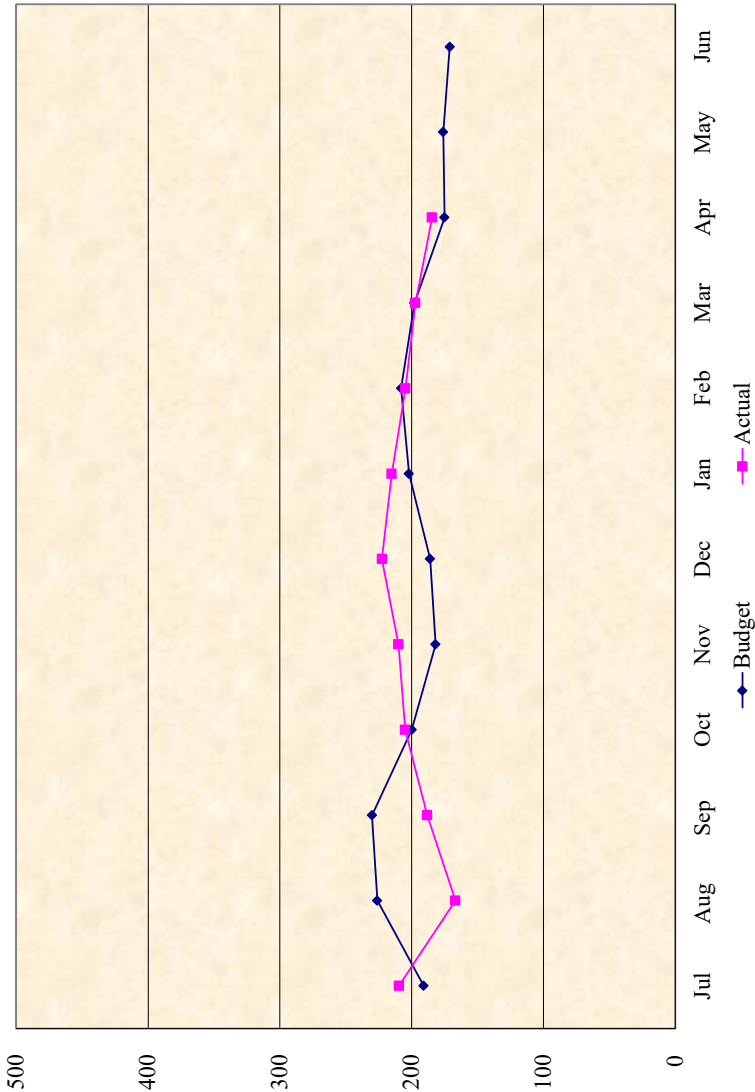
Food Waste Tons

Food Compost

Month	Budget	Actual	Variance
Jul	191	210	19
Aug	226	167	(59)
Sep	230	188	(42)
Oct	200	205	5
Nov	182	210	28
Dec	186	223	37
Jan	202	215	13
Feb	208	205	(3)
Mar	198	197	(1)
Apr	175	184	9
May	176		
Jun	171		
Totals:	2,345	2,004	6

*Year to Date*

Budget:	1,998
Actual:	2,004
Variance	6

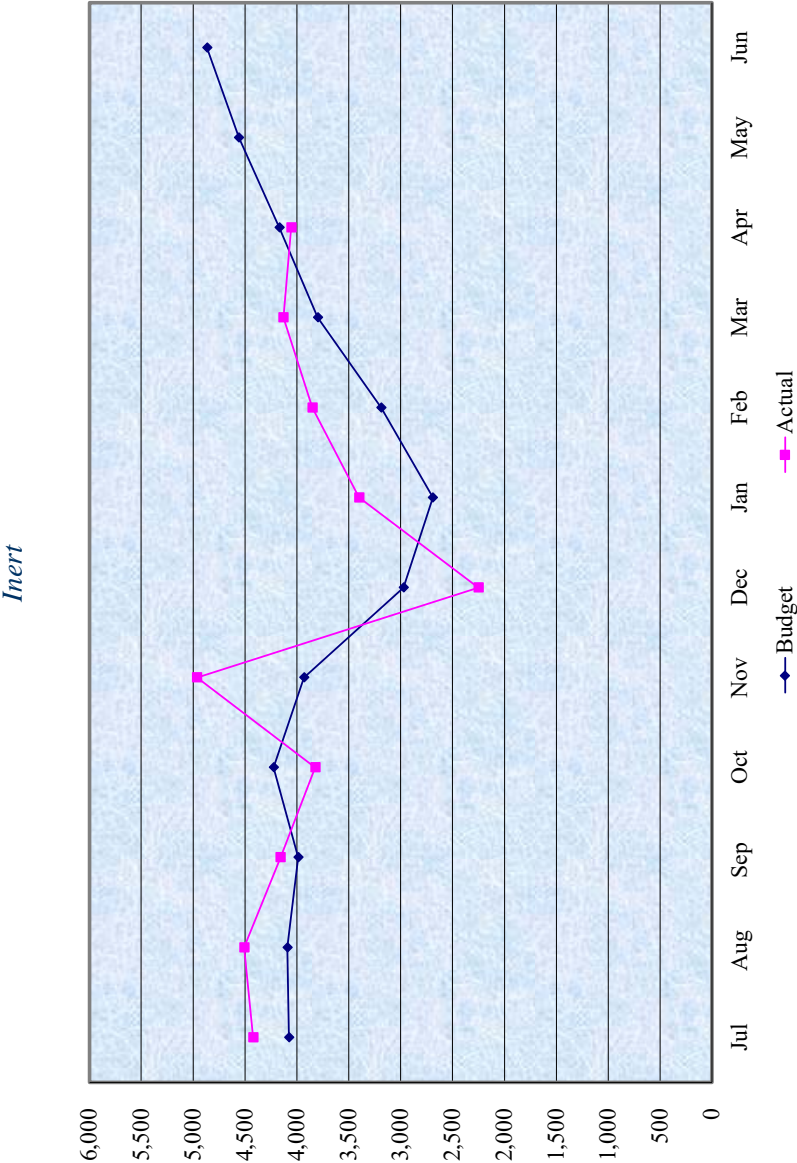


Inert Tons

Month	Budget	Actual	Variance
Jul	4,077	4,422	345
Aug	4,091	4,508	417
Sep	3,988	4,158	170
Oct	4,225	3,824	(401)
Nov	3,931	4,963	1,032
Dec	2,972	2,251	(721)
Jan	2,691	3,401	710
Feb	3,189	3,852	663
Mar	3,800	4,130	330
Apr	4,170	4,054	(116)
May	4,559		
Jun	4,866		
Totals:	46,559	39,563	2,429

Year to Date

Budget:	37,134
Actual:	39,563
Variance	2,429





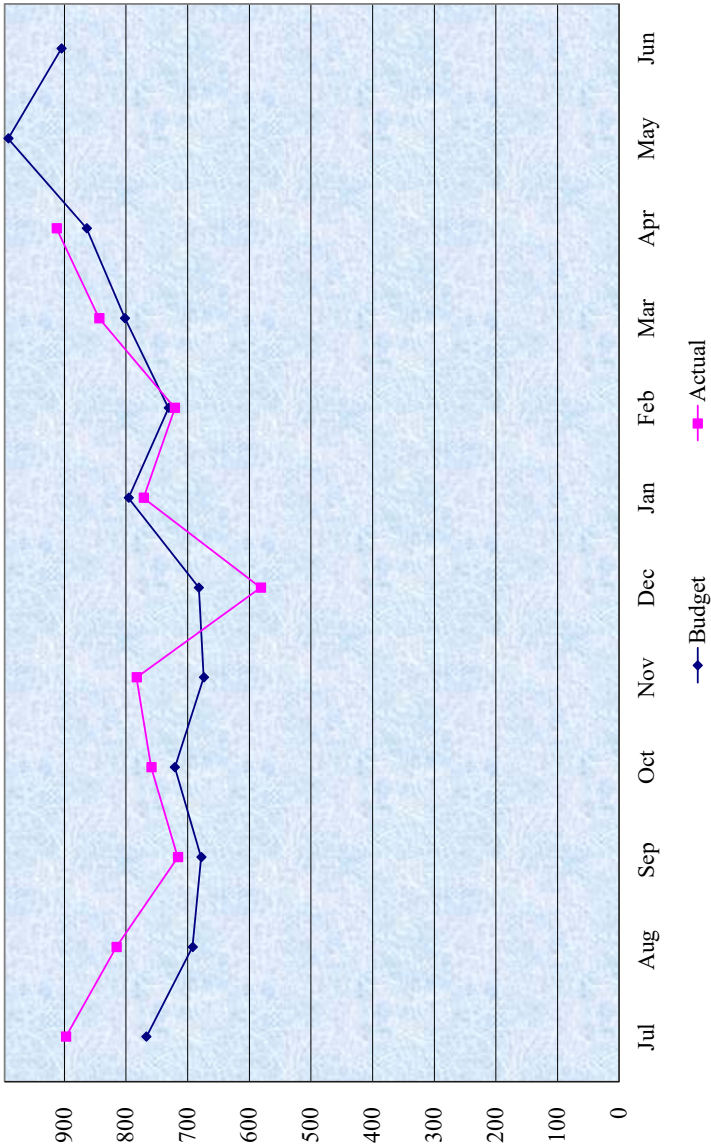
Wood

Month	Budget	Actual	Variance
Jul	767	898	131
Aug	692	816	124
Sep	678	716	38
Oct	721	759	38
Nov	674	783	109
Dec	682	581	(101)
Jan	796	771	(25)
Feb	731	721	(10)
Mar	802	844	42
Apr	864	913	49
May	991		
Jun	905		
Totals:	9,303	7,802	395

Year to Date

Budget:	7,407
Actual:	7,802
Variance	395

Wood



**Fiscal Year 2021-2022**

**Miscellaneous Tipping Fee Revenue**

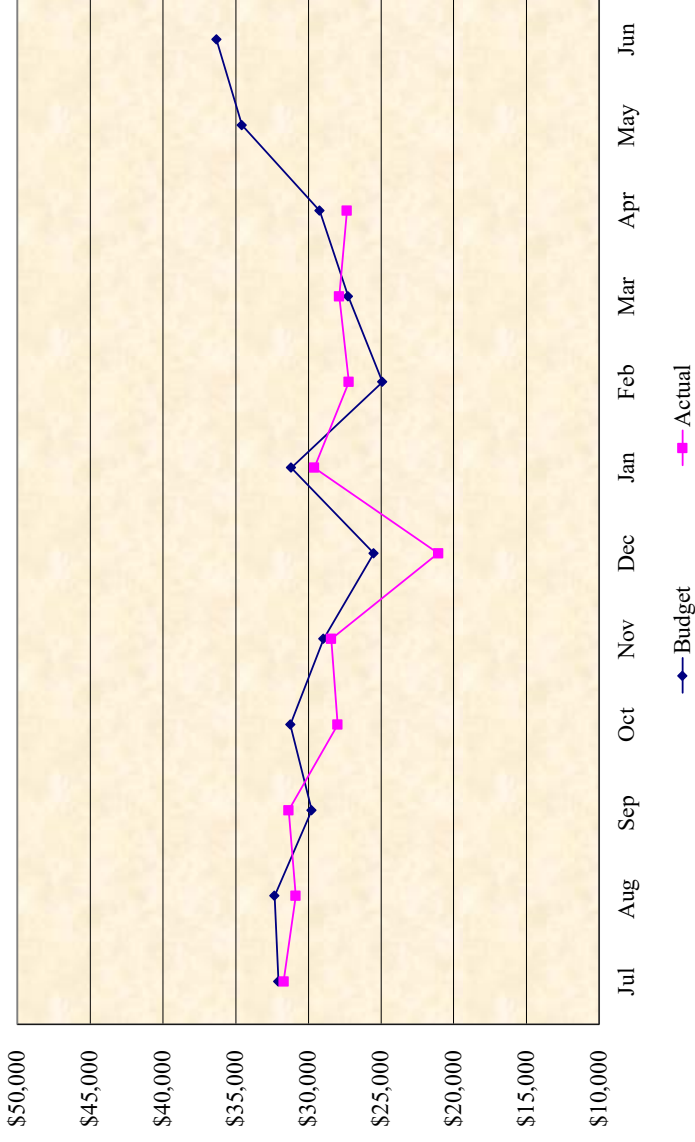
Month	Budget	Actual	Variance
Jul	\$32,056	\$31,691	(\$365)
Aug	\$32,323	\$30,871	(\$1,452)
Sep	\$29,781	\$31,370	\$1,589
Oct	\$31,239	\$27,984	(\$3,255)
Nov	\$28,956	\$28,433	(\$523)
Dec	\$25,512	\$21,065	(\$4,447)
Jan	\$31,189	\$29,605	(\$1,584)
Feb	\$24,905	\$27,214	\$2,309
Mar	\$27,260	\$27,891	\$631
Apr	\$29,229	\$27,365	(\$1,864)
May	\$34,570		
Jun	\$36,318		

Totals: \$363,338 \$283,490 (\$8,960)

**Year to Date**

Budget:	\$292,450
Actual:	\$283,490
Variance	-\$8,960

**Miscellaneous Tipping Fee Revenue**



**MEMORANDUM  
WESTERN PLACER WASTE MANAGEMENT AUTHORITY**

TO: **WPWMA BOARD OF DIRECTORS**  
FROM: **KEN GREHM / JENNIFER SNYDER** JS  
SUBJECT: **TEMPORARY HHW COLLECTION EVENTS**

DATE: **JUNE 9, 2022**

**RECOMMENDED ACTION:**

Authorize the Executive Director, or designee, to: 1) cease conducting WPWMA managed and funded temporary household hazardous waste (HHW) collection events, and 2) reimburse the Participating Agencies a portion of the actual disposal cost incurred at temporary events should any Participating Agency elect to conduct such periodic HHW collection events.

**BACKGROUND:**

When the MRF began operations in 1995, it included limited operation of a permanent HHW collection facility initially open for receipt of select materials (paint, oil and small batteries) every Saturday and for receipt of a broad range of HHW four Saturdays (i.e., quarterly) per year. In April 1996, operations were expanded to accept all HHW materials every Saturday. By August 2004 operations were further expanded to three days per week and by the end of 2006 to daily receipt consistent with overall facility operating hours.

In 2003, the WPWMA began conducting temporary collection events in Auburn to provide a more convenient disposal option for residents living between Colfax and Loomis. Based on data collected from 2010 to 2021, approximately 69% of the Auburn collection event attendees reside in greater Auburn area, 17% in surrounding areas (Colfax, Foresthill, Loomis, Meadow Vista and Newcastle), 3% from Roseville and 2% from Rocklin. The WPWMA typically pays approximately \$90,000 per year for a third-party contractor to conduct these events and typically incurs an additional \$11,500 per year in staff labor costs to manage the contract. Beginning with the 2020 event, Placer County has agreed to pay the mobilization/demobilization and contractor labor costs for the event. These costs average approximately \$30,000 per event.

In addition to the HHW collection opportunities provided by the WPWMA, the Participating Agencies or their designated haulers provide residential collection of some HHW materials, and, in the case of Placer County, conduct annual collection events in Foresthill and Meadow Vista. Furthermore, over the past several years, there have been numerous HHW take back programs established and funded by State grants and organizations such as PaintCare that allow residents to dispose of certain items (e.g., used motor oil and filters, paint, and medications) for free at locations throughout the State.

Given the increased and readily accessible options for residents to properly dispose of HHW and considering the costs and staff resources required to conduct the annual Auburn collection events, staff believe it is an appropriate time for the WPWMA to cease directly managing and funding the events. However, given the historical event

attendance figures (attached), both staff and the TAG believe it may be advantageous for the County of Placer or City of Auburn to continue the Auburn collection events.

Staff propose reimbursing a Participating Agency managing and conducting an event for a portion of the documented disposal costs incurred given that if a collection event did not occur, the material would likely be received at the WPWMA's HHW facility. This approach also provides a level of equity amongst the Participating Agencies; in 2019, your Board adopted Policy 19-04 allowing for free disposal of HHW materials collected by any of the Participating Agencies or their designated haulers through residential HHW collection programs which serves to reduce the quantity of HHW and associated customer traffic at the WPWMA's facility.

Based on historic HHW disposal cost metrics for the WPWMA's permanent facility and the Auburn collection event, staff estimate that it would be reasonable to reimburse a Participating Agency conducting a temporary collection for 80% of their documented HHW disposal costs.

**ENVIRONMENTAL CLEARANCE:**

The recommended action is not considered a "project" under the California Environmental Quality Act.

**FISCAL IMPACT:**

As noted above, and after taking into account the contribution by Placer County, the WPWMA typically incurs approximately \$71,500 per year to conduct the temporary HHW collection event in Auburn, approximately \$60,000 of which is associated with HHW disposal costs. If the WPWMA agreed to reimburse a Participating Agency conducting an event for 80% of the actual disposal costs (i.e., approximately \$56,000), the WPWMA could save approximately \$15,500 per year.

ATTACHMENT: AUBURN COLLECTION EVENT ATTENDANCE HISTORY

## HHW COLLECTION EVENT HISTORY

Event Year	No. of Participants
2006	1,425
2007	880
2008	763
2009	1,116
2010	1,231
2011	1,127
2012	758
2013	578
2014	1,076
2015	430
2016	750
2017	312
2018	925
2019	780
2020	854
2021	968

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**MEMORANDUM  
WESTERN PLACER WASTE MANAGEMENT AUTHORITY**

TO: **WPWMA BOARD OF DIRECTORS**

DATE: **JUNE 9, 2022**

FROM: **KEN GREHM / ERIC ODDO** 

SUBJECT: **EIGHTH AMENDMENT TO THE MRF OPERATING AGREEMENT AND  
SIXTH AMENDMENT TO THE WRSL OPERATING AGREEMENT**

**RECOMMENDED ACTION:**

Authorize the Executive Director or designee, upon review and approval by WPWMA Counsel, to sign the Eighth Amendment to the Second Restated and Amended Operating Agreement with Nortech Waste, LLC. (Nortech) for operation of the Materials Recovery Facility (MRF Agreement) and the Sixth Amendment to the Restated and Amended Agreement with Nortech Landfill, Inc (NLI) operation of the Western Regional Sanitary Landfill (WRSL Agreement) that addresses operational issues associated with the November 2021 facility fire.

**BACKGROUND:**

The primary performance metric in the MRF Agreement is referred to as the Guaranteed Minimum Recycling Level (GMRL). To ensure the Member Agencies remain in compliance with state mandated material diversion rates, the WPWMA established a GMRL of 22% by weight of municipal solid waste (MSW) and 50% by weight of construction and demolition debris (C&D). Nortech's compliance with these GMRL standards is evaluated annually coinciding with the WPWMA's fiscal year. To incentivize Nortech to exceed these minimum recovery standards, the WPWMA pays Nortech \$18 per ton for each ton of material recovered in excess of the required minimums. Conversely, if Nortech fails to achieve either GMRL, the WPWMA assesses a disincentive adjustment equal to a portion of the total MSW or C&D processing fees, as applicable, paid to Nortech over the year. Historically, the WPWMA has paid an average of approximately \$160,000 per year in incentive payments; the WPWMA has never had to assess disincentive adjustments for failure to achieve either GMRL.

As previously reported to your Board, on the evening of November 10, 2021, the MRF experienced a major fire event which destroyed processing equipment, fire suppression and alarm systems, and elements of the building structure. Cal Fire's investigation did not yield any conclusive evidence related to the cause of, or contributing factors to, the fire. Nortech was able to subsequently modify the MRF to allow for continued processing of MSW at a lower diversion rate than required in the Agreement. After working with the WPWMA's Risk Manager and insurance carrier, repairs to the facility were initiated. However, the current estimate for completion of the repairs is mid-August 2022. As the Agreement with Nortech ends on June 30, 2022, these repairs will not be completed in time to have a positive impact on Nortech's MSW recovery rate.

Given the severity of the fire and the time necessary to conduct the repairs, staff acknowledge that it is not reasonable to expect Nortech to meet the MSW GMRL. As such, WPWMA and Nortech staff have negotiated the attached deal points that include

a lower post-fire MSW GMRL requirement and provide additional value to the WPWMA in the form of acquisition of tangible assets and a reduction in payments otherwise due to Nortech or NLI.

**ENVIRONMENTAL CLEARANCE:**

Approving the Eighth Amendment to the MRF Agreement and Sixth Amendment to the WRSL Agreement is exempt under Section 15061(b)(3) of the CEQA Guidelines. Staff has determined the action would not have a significant effect on the environment

**FISCAL IMPACT:**

The direct cost (if any) to the Member Agencies for reporting lower diversion rates to the State pursuant to AB 939 is difficult to quantify.

In discussions with the WPWMA's Risk Manager, staff understand that the WPWMA's general liability insurance coverage premium may increase from the pre-fire value of approximately \$162,000 to as much as \$500,000. Staff understand that there is an opportunity for this annual premium to be reduced in the future if the WPWMA is able to avoid situations that warrant filing an insurance claim. For the purposes of this analysis, staff estimate the higher premiums will be assessed for a period of three years.

Based on the actual tonnage of MSW directed to the MRF between November 24, 2021 and May 30, 2022, the estimated MSW tonnage that will be directed to the MRF in June 2022, and the proposed reduction in the GMRL from 22% to 8%, staff estimate the WPWMA will pay an additional \$26,300 in disposal taxes and \$33,700 in closure/postclosure costs.

Based on the cost estimates above, staff estimate the direct additional cost to the WPWMA associated with the fire (that is not recoverable through an insurance claim) is approximately \$1,074,000. Based on the values Nortech and NLI have assigned to the assets to turn over to the WPWMA (which appear reasonable based on review by staff), the total value of the concessions is approximately \$977,300. Additionally, several of the tangible assets (i.e., C&D processing equipment, and an excavator) offered by Nortech will provide operational continuity as FCC assumes facility operations and will lower periodic equipment rental costs incurred by the WPWMA.

ATTACHMENT: PROPOSED DEAL POINTS



### **Proposed Deal Points**

1. MSW GMRL:
  - a. Remains 22% between July 1, 2021 and November 10, 2021
  - b. "Black out period" between November 11, 2021 and November 23, 2021 when MRF was out of operation
  - c. Reduce to 8% from November 24, 2021 to June 30, 2022
2. Nortech and NLI remit the following assets to the WPWMA:
  - a. Landfill electrical power drop near Module 16 and all related equipment
  - b. Two Kubota utility vehicles
  - c. Landfill stormwater pump and associated automation equipment
  - d. C&D processing equipment
  - e. Caterpillar 320 excavator
  - f. CCTV camera system
  - g. Extra parts for 15 vehicles transferred to WPWMA consistent with the Sixth Amendment to the MRF Agreement
3. Nortech and NLI waive the payments otherwise made to it by the WPWMA for:
  - a. Operation of a second working face at the landfill between April and June 2022
  - b. Reimbursement for labor and electrical repairs and other assistance related to the MRF fire repairs
  - c. Material and labor costs incurred by Nortech associated with C&D equipment repair

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**MEMORANDUM  
WESTERN PLACER WASTE MANAGEMENT AUTHORITY**

TO: **WPWMA BOARD OF DIRECTORS**

DATE: **JUNE 9, 2022**

FROM: **KEN GREHM / ERIC ODDO**

SUBJECT: **ENGAGEMENT AGREEMENT WITH DEL RIO ADVISORS, LLC**

**RECOMMENDED ACTION:**

Authorize the Executive Director or designee, upon review and approval by WPWMA Counsel, to execute an engagement agreement and disclosure letter with Del Rio Advisors, LLC for municipal advisory services related to securing public financing for facility improvements.

**BACKGROUND:**

At the April 22, 2022 meeting, your Board authorized the Chair to execute the Design/Build Agreement with FCC Environmental Services, LLC (FCC) for the modification and upgrade of the Materials Recovery Facility, Construction and Demolition Debris Processing Area, Organics Management, and related facility infrastructure, consistent with FCC's September 24, 2021 proposal, for a maximum cost of \$119,967,185. As this level of capital investment exceeds the WPWMA's current capital reserves, financing of these improvements is necessary.

Consistent with authorization by your Board on September 9, 2021 to initiate preliminary discussions with the Placer County Treasurer and enter into an agreement with a firm specializing in public debt planning and issuance, WPWMA staff convened a financing team comprised of: 1) WPWMA staff, 2) Treasurer and Auditor staff, 3) Del Rio Advisors, LLC, 4) Jones Hall (bond and disclosure counsel) and 5) Ramirez & Co., Inc. (underwriter) to assist with bond issuance and sale.

At this time, it is appropriate to formally engage Del Rio Advisors as WPWMA's municipal advisor. The attached draft engagement agreement identifies the services Del Rio Advisors will provide and the fee that will be paid, contingent on issuance and sale of the bonds. Agreements for bond counsel and appointment of the underwriter will be presented to your Board at a subsequent meeting.

The Placer County Treasurer (who also serves as the WPWMA's Treasurer has reviewed the attached draft engagement agreement with Del Rio Advisors and recommends approval by your Board. Staff anticipates the final engagement agreement will be substantially similar to the attached version.

**ENVIRONMENTAL CLEARANCE:**

The recommended action is not considered a "project" under the California Environmental Quality Act.

**FISCAL IMPACT:**

The fee paid to Del Rio Advisors is a function of the size of the bond issuance amount. Based on the attached engagement letter, staff estimate that the cost to the WPWMA will not exceed \$85,000. Del Rio Advisors' fee is contingent upon the issuance of bonds and will be included in the amount financed and paid out of bond proceeds.

ATTACHMENT: **ENGAGEMENT AGREEMENT**



# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

**April 8, 2022**

**Mr. Ken Grehm**  
**Executive Director**  
**West Placer Waste Management Authority**  
**3013 Fiddymment Road**  
**Roseville, CA 95747**

**RE: Engagement Agreement / Disclosure Letter**

**Dear Mr. Grehm:**

This letter specifies a proposed engagement agreement between Del Rio Advisors, LLC "MA" and the West Placer Waste Management Authority the "Authority". This letter also provides certain written policies and disclosures to be provided by the MA to the Authority effective July 1, 2014 as now required by both the Securities and Exchange Commission "SEC" and the Municipal Securities Rulemaking Board "MSRB".

## **Scope of Municipal Advisory Activities to be Performed**

Under the new regulations, Municipal Advisors are required to provide a specific list of services to be performed while serving as Municipal Advisor. During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes to the terms or information within this agreement.

- Develop a detailed financing schedule and interested parties list
- If requested, assist in negotiating and obtaining bids from bond/disclosure counsel, trustee / fiscal agent, underwriters / placement agents, and any other specialized consultants
- Coordinate the efforts of bond / disclosure counsel, trustee / fiscal agent underwriter(s) / placement agent(s), and any other specialized consultants on the preparation and approval of the financing documents
- Assist in the preparation and coordination of comprehensive presentations to the rating agencies and bond insurers

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### ***Del Rio Advisors, LLC***

*1325 Country Club Drive  
Modesto, CA 95356  
Phone: (209) 543-8704  
Mobile: (209) 480-1862  
Email: [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com)*



# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

- Assist in assembling the Official Statement for the financing in a manner consistent with existing laws, regulations, and standards of the securities industry (1)
- Assemble a detailed costs of issuance budget and review with the Authority
- If direct placement, assist in the preparation and review of any term sheet to be sent to potential investors
- If direct placement, review the term sheet results and make recommendations
- If public sale, request a detailed gross spread proposal from the underwriter(s)
- If public sale, undertake pre-pricing analysis before the sale; develop target pricing range for all maturities
- If public sale, advise the Authority on pricing on the day of sale and assist in the negotiation of pricing
- If public sale, provide a post-pricing analysis with relevant comparable data to assist the Authority in memorializing the transaction
- Coordinate the delivery, printing and final approval of legal documents, the preparation of closing certificates and the final Official Statement
- Attend all meetings and present materials as needed

**Note:**

(1) Del Rio Advisors will review and comment on all documents and assist in preparing any documents necessary for the sale of a new issue or reoffering of municipal securities, including the official statement, offering memorandum or similar disclosure documents. However, besides tables or charts specifically prepared by Del Rio Advisors, LLC and footnoted as such, Del Rio Advisors, LLC takes no responsibility for the accuracy or completeness of any of the data contained therein as provided by others including the Authority. Del Rio Advisors, LLC may rely upon data provided by others in the preparation of tables and charts and takes no responsibility for the accuracy or completeness of the data provided.

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## **Term of Engagement Agreement**

The commencement date of the engagement is the execution date as indicated on the signature page of this engagement and the end date is the earlier of closing of the transaction, termination by either party or December 31, 2024.

## **Termination of Engagement Agreement**

This engagement may be terminated by either party with 30-days written notice delivered by registered mail to the other party. If terminated, Authority will make every effort to pay from the initial developer deposit any standard reimbursable expenses accrued to date.

*[Remainder of Page Intentionally Left Blank]*

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## Compensation and Out-of-Pocket Expenses

### Option One – Public Offering or Private Placement to Institutional Investors

#### Public Offering / Private Placement

Low	High	Fee <sup>(1, 2)</sup>
\$0	\$5,000,000	\$27,500
\$5,000,001	\$10,000,000	\$37,500
\$10,000,001	\$20,000,000	\$47,500
\$20,000,001	\$50,000,000	\$57,500
\$50,000,001	\$75,000,000	\$67,500
>\$75,000,000		\$77,500

(1) Add to this figure a “not-to-exceed” \$750 for normal reimbursable expenses

(2) All fees assume negotiated bond sale; add \$5,000.00 for competitive

Reimbursable expenses include normal items such as mileage, travel, meals, document reproduction or any other expenses incurred by the MA on behalf of the Authority.

### Option Two – Direct Placement to Banks and Other Financial Institutions

#### Direct Placement

Low	High	Fee <sup>(1)</sup>
\$0	\$5,000,000	\$12,500
\$5,000,001	\$10,000,000	\$17,500
\$10,000,001	\$20,000,000	\$22,500
\$20,000,001	\$50,000,000	\$27,500
\$50,000,001	\$75,000,000	\$32,500
>\$75,000,000		\$37,500

(1) Add to this figure a “not-to-exceed” \$750 for normal reimbursable expenses.

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Reimbursable expenses include normal items such as mileage, travel, meals, document reproduction or any other expenses incurred by the MA on behalf of the Authority.

## **Fiduciary Duty**

MA is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board (MSRB). As such, MA has a Fiduciary duty to the Authority and must provide both a Duty of Care and Loyalty that entail the following:

### **Duty of Care**

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Authority with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Authority; and
- d) undertake a reasonable investigation to determine that MA is not forming any recommendation on materially inaccurate or incomplete information; MA must have a reasonable basis for:
  - i. any advice provided to or on behalf of the Authority;
  - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Authority, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Authority securities; and
  - iii. any information provided to the Authority or other parties involved in the municipal securities transaction when participating in the preparation of an official statement.

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## **Duty of Loyalty**

MA must deal honestly and with the utmost good faith with Authority and act in Authority's best interests without regard to the financial or other interests of MA. MA will eliminate or provide full and fair disclosure (included herein) to Authority about each material conflict of interest (as applicable). MA will not engage in municipal advisory activities with Authority as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in Authority's best interests.

## **Conflicts of Interest and Other Matters Requiring Disclosures:**

- As of the date of the Agreement, there are no actual or potential conflicts of interest that MA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If MA becomes aware of any potential conflict of interest that arises after this disclosure, MA will disclose the detailed information in writing to Authority in a timely manner.
- **MA works with the County of Placer ("County") as the County's Independent Registered Municipal Advisor. MA has discussed a potential conflict with the County Treasurer–Tax Collector as the County staff works as the Authority staff and members of the Board of Supervisors are on the Authority Board. MA nor the County Treasurer–Tax Collector believe this creates a conflict of interest with the ongoing role the MA plays with the County.**
- The fee paid to MA increases the cost of investment to Authority. The increased cost occurs from compensating MA for municipal advisory services provided.
- MA does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to Authority.
- MA does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by MA;
- MA has not made any payments directly or indirectly to obtain or retain the Authority's municipal advisory business;

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## *"Independent Registered Municipal Advisor"*

- MA has not received any payments from third parties to enlist MA's recommendation to Authority of its services, any municipal securities transaction, or any municipal finance product;
- MA has not engaged in any fee-splitting arrangements involving MA and any provider of investments or services to Authority;
- MA has a conflict of interest from compensation for municipal advisory activities to be performed, that is contingent on the size or closing of any transactions as to which MA is providing advice;
- MA does not have any other engagements or relationships that might impair MA's ability either to render unbiased and competent advice to or on behalf of Authority or to fulfill its fiduciary duty to the Authority, as applicable; and
- MA does not have any legal or disciplinary events that are material to Authority's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

## **Legal Events and Disciplinary History**

MA does not have any legal events and disciplinary history on their Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Authority may electronically access MA's most recent Forms MA and each most recent Forms MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

## **Registration and Customer Complaints**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

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- Del Rio Advisors, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- Within the Municipal Securities Rulemaking Board ("MSRB") website at [www.msrb.org](http://www.msrb.org), Authority may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

## **Recommendations**

If MA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by Authority and is within the scope of the engagement, MA will determine, based on the information obtained through reasonable diligence of MA whether a municipal securities transaction or municipal financial product is suitable for Authority. In addition, MA will inform Authority of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which MA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for Authority; and
- whether MA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Authority's objectives.

If Authority elects a course of action that is independent of or contrary to the advice provided by MA, MA is not required on that basis to disengage from Authority.

## **Record Retention**

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, MA is required to maintain in writing, all communication and created documents between MA and Authority for five (5) years.

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## Various Matters

Based upon the date of execution below, MA may begin work immediately on the understanding that the Authority may use this Engagement Agreement - Disclosure Letter as an exhibit to any standard form of Authority contract. If there are any questions regarding the above, please do not hesitate to contact Kenneth L. Dieker of Del Rio Advisors, LLC. If the foregoing terms meet with your approval, please **acknowledge receipt** by executing this letter, scan and email a copy to [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com).

Sincerely,

Del Rio Advisors, LLC

By: 

Kenneth L. Dieker, Principal

## Authority

By: \_\_\_\_\_

Mr. Ken Grehm, Executive Director

Dated as of \_\_\_\_\_, 2022

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**MEMORANDUM  
WESTERN PLACER WASTE MANAGEMENT AUTHORITY**

TO: **WPWMA BOARD OF DIRECTORS**

DATE: **JUNE 9, 2022**

FROM: **KEN GREHM / ERIC ODDO**

SUBJECT: **RESOLUTION COMMENDING NORTECH WASTE FOR THEIR 29 YEARS OF SERVICE**

**RECOMMENDED ACTION:**

Adopt Resolution 22-03 commending Nortech Waste for their nearly 29 years of service to the Western Placer Waste Management Authority.

**BACKGROUND:**

In response to the State of California's mandate that every city and county in the state ultimately divert at least 50% of their wastes from landfilling, the WPWMA began the process of hiring a firm to design and operate a materials recovery facility.

Following a public procurement process, in September 1993, your Board entered into an agreement with Nortech to perform the required services. The entity of Nortech was formed specifically to respond to the WPWMA's solicitation and was created as an equal partnership between Recology, Sexton Sand and Gravel, and Wastech. While the Nortech partnership was, and has remained to this day, equally divided amongst the three parties, from the onset Wayne Trehitt – the president of Wastech – was the driving force behind Nortech.

Despite allegations that the mixed waste MRF concept that Nortech designed would never work, through Mr. Trehitt's vision, Nortech's operation, and your Board's leadership, the WPWMA's MRF not only helped the Participating Agencies meet and exceed the AB 939 mandates but also became highly regarded in the solid waste industry as an extremely successful facility and viable alternative to "clean" MRF systems that have been viewed as the industry standard for material recovery.

Although the original MRF operating agreement was intended to last for 7 years, through its hard work, dedication and willingness to reinvest its own money into the facility, Nortech successfully operated the facility for nearly 29 years. In its time operating the facility, Nortech has helped to divert over 3 million tons of material from landfilling thereby extending the life of the landfill and adding to the local economy. Nortech has also consistently provided an average of 180 full-time jobs throughout their tenure, with several original employees still working at the facility.

Over the past 14 months since learning that the WPWMA would be selecting a new facility operator to help meet the organics diversion requirements of SB 1383, Nortech has been accommodating and gracious during the operator transition phase.

WPWMA staff wish to commend Nortech, as a company and individually, and thank them for their nearly 29 years of service of helping foster and sustain the success of the WPWMA and its Member Agencies.

ATTACHMENT: RESOLUTION NO. 22-03

# Before the Board of Directors

## Western Placer Waste Management Authority

In the matter of:

Resolution No. 22-03

### COMMENDATION OF NORTECH WASTE OR THEIR 29 YEARS OF SERVICE TO THE WPWMA

The following **RESOLUTION** was duly passed by the Board of Directors of the Western Placer Waste Management Authority at a regular meeting held June 9, 2022, by the following vote on roll call:

Ayes:

Noes:

Abstain:

Absent:

Signed and approved by me after its passage.

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Chair, Western Placer  
Waste Management Authority

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Clerk of said Board

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**WHEREAS**, Nortech served the Western Placer Waste Management Authority (WPWMA) for nearly 29 years; and

**WHEREAS**, Nortech's vision was instrumental to many of the WPWMA's successes, assisting the Participating Agencies to meet the State waste diversion goals by designing, constructing and operating a mixed waste solid waste sorting facility, one of the most successful of its kind; and

**WHEREAS**, Nortech's sorting and hazardous waste exclusion program protected the landfill and environment from hundreds of thousands of pounds of household hazardous waste and extended the life of the landfill, all while providing approximately 180 full-time equivalent jobs; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Western Placer Waste Management Authority, that this Board commends Nortech Waste as a company and individually, and expresses its sincere appreciation for their valuable and loyal service.