

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Landfill Closure/Post Closure Additional Funding
DATE: February 5, 2013

Needs: For the City Council to consider the transfer of an additional \$150,127 from the General Fund Reserves to the Landfill Closure/Post Closure Fund in order to meet the required CalRecycle Closure/Post Closure fund balance level.

Facts:

1. The City was required to create a Landfill Closure/Post Closure fund, per State requirements in order to cover all costs at the time of closure and continued costs after it has been closed (Post Closure).
2. The funding, until 2011, was based on calculating the net present value of the fund over the remaining life of the landfill. Current landfill life is estimated at over 60 years, but is dependent upon the annual amount of tonnage delivered to the landfill.
3. Starting in 2011, the State (CalRecycle) changed how the closure funds must be calculated. The new method of calculation is based on the the number of annual tons deposited at the landfill. The annual contribution will change each year depending on how many tons of trash the landfill recieves.
4. The Closure fund is short \$150,127 per the new method of calculation. This "catch-up" payment or shortage in funding includes the last reporting quarter of 2011 and the shortfall of funding for 2012.
5. Going forward, per the new method of calculations, the City will need to contribute approximately \$95,000 more per year to meet the estimated funding requirements. The previous contributions had been \$73,200 per year. Total estimated annual payment will now be \$168,000 per year.
6. This new required funding expense is not part of the Winter 2012 Financial Forecast and will reduce the projected annual surplus by approximately \$95,000 per year.

Analysis & Conclusion:

The State, via the CalRecycle department changed the calculation for funding the closure/post closure of the State's landfills. Previously, the NPV value was calculated on the closure/post closure costs and an amount was transferred each year to the fund. Starting in 2011, the State changed its requirements to a "Fund as You Go" method. This new method requires the City fund the closure fund by calculating the the number of tons placed into the landfill and the remaining life of the landfill.

This new method of calculation will require the City increase its funding contribution by approximately \$95,000 per year. This amount will fluctuate depending on the tonnage that is deposited each year into the landfill. The additional \$95,000 is the current estimate based on current landfill usage.

Fiscal Impact: \$150,127 from General Fund Reserves. Immediate funding is required in order for the State to allow the landfill to continue operating.

For the next budget cycle (Spring 2013), the increase will be added to the General Fund Budget.

The General Fund currently has reserves of approximately \$11.1 million.

Options:

- a. That the Council adopt Resolution No. 13-xx authorizing the transfer of \$150,127 from the General Fund Reserves to the Landfill Closure/Post Closure Fund, per the new State fund balance requirements; or
- b. Amend, modify, or reject the above option.

SPREADSHEET FOR DETERMINING THE REQUIRED FUND DEPOSIT FOR 2012

Paso Robles Landfill
40-AA-0001

CalRecycle:
5/89 Initial Closure and CalRecycle PCM estimates, plus 1999 inflation factor.
<http://www.calrecycle.ca.gov>
pages/default.aspx

SCS Engineers:
Per SWFP, total permitted capacity is 6,495,000 cubic yards. The Original Total Permitted Capacity converted from cubic yards to tons using a conservative average landfill industry density of 1,250 pounds per cubic yard.

CalRecycle:
9/1993 Closure and PCM cost estimates, plus 1993 inflation factor.

Facility Name	Anniversary Date of Fund											
SWIS #	1-Jun											
Year of Deposit Calculation	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999		
Total Permitted Capacity (Ct)	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400		
Capacity Filled This Year (Ct)	53,388	33,184	28,928	26,744	41,699	31,361	27,274	28,158	33,759	36,942		
Remaining Perm. Capacity (Cr)	3,726,012	3,692,828	3,663,900	3,637,156	3,595,457	3,564,096	3,536,822	3,508,664	3,474,905	3,437,363		
Closure Cost Estimate	\$1,127,425	\$1,188,306	\$1,231,085	\$1,271,711	\$2,696,314	\$2,709,440	\$2,774,467	\$2,829,966	\$2,886,555	\$2,915,421		
Postclosure Cost Estimate	\$328,436	\$346,171	\$358,633	\$370,468	\$1,508,220	\$1,538,384	\$1,575,306	\$1,606,812	\$3,277,896	\$3,310,675		
Reasonably Foreseeable CA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Total Cost Estimate (E)	\$1,455,861	\$1,534,477	\$1,589,718	\$1,642,179	\$4,164,534	\$4,247,825	\$4,349,772	\$4,436,768	\$6,164,451	\$6,226,096		
Min Fund Bal (Prior to Dep)	\$0	\$20,940	\$33,484	\$44,813	\$55,632	\$103,285	\$139,754	\$206,443	\$264,326	\$328,387		
Min. Calc. Rem. Cost Est. (Er)	\$1,455,861	\$1,513,537	\$1,556,234	\$1,597,366	\$4,108,902	\$4,144,539	\$4,210,019	\$4,264,549	\$5,958,008	\$5,961,770		
Min. Fund Bal. (After Deposit)	\$20,940	\$33,484	\$44,813	\$55,632	\$103,285	\$139,754	\$172,219	\$206,443	\$264,326	\$328,387		

CalRecycle:
30 Yr. PCM Multiplier effective 7/1997. PCM estimate multiplied by 2 for 30 year estimate.

CalRecycle:
Capacity Filled from 1990-2010 accounts for Jan.-Dec. Capacity Filled in 2011 accounts for Jan. 2011- March 2011

Proportion of Capacity Filled		Proportion of Remaining Capacity Filled	
Capacity Filled this Year (Ct)	Total Permitted Capacity (Ct)	Capacity Filled this Year (Ct)	Remaining Permitted Capacity (Cr)
0.014383	0.007126	0.008175	0.006588
\$20,940	\$11,329	\$12,544	\$10,819
\$20,940	\$11,329	\$12,544	\$10,819
0.014383	0.007126	0.008175	0.006588
\$20,940	\$11,329	\$12,544	\$10,819

Minimum Fund Deposit

Proportion of Capacity Filled * Cost Estimate (E) =

Proportion of Remaining Capacity Filled * Remaining Cost Estimate (Er) =

\$20,940

\$12,544

\$10,819

\$115,384

\$96,039

\$150,127

\$193,856

\$150,127

As of August 9, 2011

Year of Deposit Calculation	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Permitted Capacity (Ct)	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400	4,059,400
Capacity Filled This Year (Ct)	41,124	48,235	49,391	49,231	49,316	45,226	49,069	45,459	39,994	34,228	36,271	33,637	34,106
Remaining Perm. Capacity (Cr)	3,396,839	3,348,604	3,299,213	3,249,982	3,200,666	3,155,440	3,106,371	3,044,300	3,004,306	2,970,078	2,933,807	2,900,170	2,866,064
Closure Cost Estimate	\$6,777,281	\$6,919,604	\$7,071,835	\$7,149,625	\$7,514,874	\$7,672,687	\$7,887,522	\$8,116,260	\$10,198,264	\$10,422,626	\$10,547,697	\$10,653,174	\$10,876,891
Postclosure Cost Estimate	\$1,483,930	\$1,515,093	\$1,548,425	\$1,565,457	\$1,674,250	\$1,709,410	\$1,757,273	\$1,808,234	\$4,921,898	\$5,030,179	\$5,090,541	\$5,141,447	\$6,477,000
Reasonably Foreseeable CA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost Estimate (E)	\$8,261,211	\$8,434,696	\$8,620,260	\$8,715,082	\$9,189,125	\$9,382,096	\$9,644,795	\$9,924,494	\$15,120,162	\$15,684,805	\$15,873,023	\$16,031,753	\$17,596,003
Min Fund Bal (Prior to Dep)	\$328,387	\$424,426	\$539,810	\$660,779	\$782,786	\$912,311	\$1,033,707	\$1,169,728	\$1,288,732	\$1,456,142	\$1,605,073	\$1,765,106	\$1,915,062
Min. Calc. Rem. Cost Est. (Er)	\$7,932,824	\$8,010,270	\$8,080,450	\$8,054,304	\$8,406,339	\$8,469,785	\$8,611,088	\$8,754,766	\$13,831,430	\$14,228,663	\$14,267,949	\$14,266,647	\$15,680,940
Min. Fund Bal. (After Deposit)	\$424,426	\$539,810	\$660,779	\$782,786	\$912,311	\$1,033,707	\$1,169,728	\$1,288,732	\$1,456,142	\$1,605,073	\$1,765,106	\$1,915,062	\$2,083,983

Proportion of Capacity Filled

Capacity Filled this Year (Ct)

Remaining Permitted Capacity (Cr)

0.012107

0.014405

0.014971

0.015148

0.015408

0.015796

0.013593

0.012104

0.011216

0.010511

0.010772

\$96,039

\$149,957

\$160,032

\$148,932

\$168,921

Current Fund Balance

DEFICIENCY

(\$150,127)

PERCENT DEFICIENT

-7.76%

CalRecycle:

7/1999 Closure & Postclosure Maintenance Plan plus inflation (1999 inflation factor).

CalRecycle:
12/2003 Closure & Postclosure Maintenance Plan plus inflation (2003 inflation factor).

SCS Engineers:
Value for Remaining Permitted Capacity calculated in SCS 2007 Closure and PCM Plan via AutoCAD quantity takeoff. Remaining capacity for year 2007 correlates reasonably well with estimates prior to 2007.

CalRecycle:
9/2007 Closure & Postclosure Maintenance Plan plus inflation (2007 inflation factor).

RESOLUTION NO. 13-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING TRANSFER OF FUNDS FROM THE GENERAL FUND TO THE
LANDFILL CLOSURE/POST CLOSURE FUND PER NEW STATE REQUIREMENTS

WHEREAS, the City is required to annually fund a Landfill Closure/Post Closure fund; and

WHEREAS, the State, in 2011, changed the fund balance calculations and now require a "Pay as You Use" requirement for the Landfill Closure/Post Closure fund; and

WHEREAS, using the new method of calculating the required fund balance, the Landfill Closure/Post Closure fund requires an additional \$150,127 transferred to it from the General Fund Reserves to meet the last reporting quarter of 2011 and the shortfall in 2012 funding requirements; and

WHEREAS, this new required funding is not part of the Winter 2012 Financial Forecast and will reduce the projected annual surplus by approximately \$95,000 per year.

THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the State required additional fund balance be approved at the current calculated amount of \$150,127 to cover the shortfall for the last reporting quarter of 2011 and the FY2012 shortfall, by using General Fund Reserves transferred to the Landfill Closure/Post Closure Fund.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 5th day of February 2013 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk