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STAFF REPORT 10/5/2020

TO: Honorable Chair and Commissioners

FROM: Maritza Martinez, Public Works Director

SUBJECT: Authorize staff to prepare amendments to the appropriate agreements to:

1. Direct the Coachella Valley Transfer Station's waste to the Salton Landfill; and
2. Align all agreements to match the Master Lease Agreement term end date.

STAFF RECOMMENDATION:

Authorize staff to prepare amendments to the appropriate agreements to: 1) direct the Coachella Valley Transfer Station's waste to the Salton Landfill and 2) align all agreements to match the Master Lease Agreement term end date.

EXECUTIVE SUMMARY:

The Coachella Valley Transfer Station (CVTS) is currently operating within a Waste Disposal Agreement (WDA) it executed with the County of Riverside (County). This agreement directs the flow of the waste stream received at the CVTS. Through this agreement the County directs that the first 130,000 tons received by CVTS can be redirected outside the County of Riverside and tonnage received above 130,000 must be disposed of within the County of Riverside's landfill system. The Joint Powers Authority (JPA) receives a sublease payment for tonnages received outside of the County of Riverside system. The WDA agreement will expire on June 19, 2021. After that date the JPA no longer has to operate within the constraints of a WDA, which directs where its waste must go. However, the JPA's Master Lease Agreement between the JPA and County for the property the CVTS operates on dictates that if the waste stream is directed outside of the County, then the JPA must pay the County an "extended rental rate" of \$0.75 per ton; this fee based on current tonnage would be in excess of \$120,000 per year.

On June 2, 2020, the Commission directed staff to formalize the following requests: 1) confirm if County would entertain extending the WDA Agreement through the term of the Master Lease, August 9, 2026 and 2) inquire if Burrtec would accept all the CVTS's waste stream at its Salton Landfill and if so, what corresponding sublease fee this waste would be received at. Attached

are both of the letters that were sent to each entity making the above inquiries. Attached are also their responses.

The County advised they would not be able to entertain a five-year extension of the WDA Agreement. Burrtec advised the Salton Landfill could accept all of CVTS's waste stream through August 9, 2026 and compensate the JPA at the existing sublease fee; additionally, Burrtec advised if this option was selected Burrtec would directly pay the County the "extended rental rate." The option identified by Burrtec will increase the JPA's annual revenue stream, if tonnage does not increase/decrease from current monthly trends, by **over \$200,000**; the options are identified in more detail below depicting total income based on: sublease fee, tonnage and "extended rental rate."

$$2019 = 148,794 \times \$6.95 \text{ (sublease fee)} = \$1,034,118$$

$$2020 \text{ Est} = 160,000 \times \$7.11 \text{ (sublease fee)} = \$1,137,600; \text{ Burrtec Landfill Option}$$

$$2020 \text{ Est.} = 160,000 \times \text{\$5.75 (sublease fee)} = \text{\$920,000 County Landfill Option}$$

Staff is recommending proceeding with the Burrtec option due to the financial benefit it will provide the JPA. Staff is requesting direction to draft amendments to all the JPA's Agreements as needed to allow the JPA to proceed with the Burrtec option and align all agreements with the Master Lease Agreement expiration date.

Attachments:

Correspondence to and response from County

Correspondence to and response from Burrtec