

# Board of County Commissioners

## Agenda Request

**Date of Meeting:** August 4, 2009

**Date Submitted:** July 27, 2009

**To:** Wakulla County Board of County Commissioners

**From:** Benjamin H. Pingree, County Administrator  
Timothy P. Barden, Assistant County Administrator  
Cleve Fleming, Public Works Director

**Subject:** Request Board Approval for the Chairman to Execute Letter of Intent Regarding the Transfer Station

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### **Statement of Issue:**

This agenda item seeks Board approval for the Chairman to execute a Letter of Intent regarding the Transfer Station.

### **Background:**

Wakulla County operates a Class I transfer station at the Lower Bridge Landfill to collect residential and commercial solid waste from the County and transfer it to the Springhill Landfill in Jackson County, Florida. The operation at this site is working beyond capacity and is operationally inefficient. The County's current solid waste disposal facilities have reached capacity and have significant operational constraints. Additionally, it has become very difficult to maintain compliance at the Lower Bridge disposal facility. The County needs a new disposal option to address additional disposal capacity, meet regulatory criteria and increase operational efficiencies and safety.

During the Spring of 2007, the County requested a review of solid waste management alternatives to address future growth, meet regulatory criteria and increase operational efficiencies and safety. A feasibility study was completed and presented to the Board in September 2007 (Attachment #1). There were four alternatives evaluated and presented in the feasibility study for Board consideration. They were as follows.

1. Alternative 1 – No Change to Existing Operations
2. Alternative 2 – Modifications to Existing Transfer Station
3. Alternative 3 – Use Leon County Transfer Station
4. Alternative 4 – Build a New Transfer Station

In November 2007, the Board selected Alternative 4 – Build a New Transfer Station. At this Board meeting, the Board was also presented the option of pursuing funding for this project through the United States Department of Agriculture Rural Development (USDA-RD) as there is a possibility of some grant funding that may be available to the County. Jones Edmunds & Associates, Inc. was selected to support the County with this effort.

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Per the Board's direction, Jones Edmunds & Associates, Inc. prepared and submitted a Preliminary Engineering Report (PER) and Environmental Assessment to the USDA Rural Development (RD). These reports have been approved by USDA (Attachment #2).

Operationally, all collection will continue to be performed at the Lower Bridge Landfill. Commercial and residential customers will be directed by staff to the appropriate disposal area. Waste will be collected on the tipping floor where it will receive basic compaction against the push walls before being machine loaded into the waiting transport trailer.

The transfer station will be designed to use three trailers with one trailer in transit, one trailer in collection position, and one trailer available as a stand-by. The proposed transfer station design would be a traditional one incorporating the same design elements used in Clay and Suwannee Counties. The design includes the following elements:

- 70-foot-by-80-foot roof-covered tipping floor sized to meet the minimum regulatory storage requirements specified in FDEP 62-701.710, the operating requirements of the Caterpillar 966 Loader, and the recommended aisle size for commercial and residential customers, with a 10-foot-wide covered trailer bay transfer station structure with modified grades. See Design Notes in Appendix C.
- Facility ramp and push walls. The side push-walls would be 12 feet tall and the transfer loading wall would be 6 feet tall.
- Microsilica tipping floor to provide a hardened surface for operations and to reduce the potential damage and moisture getting into the floor by vehicles and contaminants.
- Leachate tank with lift station to store and transfer the leachate in an environmentally sound manner.
- Site utilities.
- Heavy-duty access road.

The waste will be delivered to the transfer station by commercial and residential customers. The transfer station operators will use push walls to compact the raw waste with loading equipment. The tipping floor configuration will allow for easy loading of over-sized items commonly found in Class III waste as well as typical Class I waste collected. The leachate production will be reduced by covering the tipping floor with a roof and walls on three sides, resulting in reduced leachate management costs and improved environmental protection. The total project cost is anticipated to be approximately \$2.5 million for the 200 ton/per day facility. This facility has a projected useful life of 20 years.

Additionally, County staff, supported by Jones Edmunds, prepared and submitted the RD Application in January 2009. Since submitting the application, the County has been notified that our application has been proposed for funding. A Letter of Conditions

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(Attachment#3) is attached to this agenda item and will be presented by Mary Gavin, with the USDA-RD Program, during this Board meeting. Steve Laux, Vice President of Jones Edmunds and Associates (JEA), the County's project consultants will also be present at this meeting to answer any questions regarding this project.

**Analysis:**

The current transfer station equipment was installed by Waste Management approximately 15 years ago then purchased by Wakulla County five years later; the compactor has reached the end of its useful life and is now requiring routine repair and parts replacement. Due to the age of the equipment this is a significant challenge since some of the parts required are no longer manufactured and are having to be salvaged from other equipment. With this in mind it is critical to move to a solution as quickly as possible. It is only after that determination and the County's acceptance of the USDA-RD offer that the County can begin to incur costs and have them reimbursed by RD. Therefore it is critical to be prepared to move forward with the design of the facility.

The engineering, permitting and construction management service allocations under a USDA-RD contract are determined by the cost of construction not the engineering requirements of the project. Allocations are adjusted at the end of construction so the numbers outlined as part of this contract are only projections based on the preliminary construction cost estimate. In addition to the USDA Standard Form Agreement, a separate task authorization is included to cover technical services necessary to complete the project. This authorization will be in a time and materials not to exceed format with authorization by the County as required.

**Funding:**

The funding request to USRD was for \$2.3 million. With the passage of the FARM Bill by the Federal government in May 2008, Federal funding was made available for this project. The County, through the USDA-RD Program, was looking to maximize the amount of grant to loan that will be provided through this program. The draft Letter of Conditions attached to this agenda item indicates that the grant portion of the USDA funding will be \$1,495,000 and the loan portion will be \$713,500 for a project total of \$2,208,500. The grant portion of this project will be 32%, which is significant cost savings to the County for this project. Based on the proposed loan of \$1,495,000, an interest rate of 3.50% and a 38-year amortization period, the annual debt service will be \$71,745. Since there is no pre-payment penalty for this loan, the County has the option to pay down this loan sooner than the 38-year schedule. Currently, staff and the consultants are working to draft an amortization schedule that will fall within the anticipated 20 year useful life of this project.

In light of the fact that the USDA program offered no guarantees, the original proposed funding source, as outlined in the feasibility study, for this capital improvement is a non-ad valorem assessment. This non-ad valorem assessment would be implemented to fund the portion of the USDA loan not covered with by the grant. The County has an ordinance in place that allows for this assessment to be implemented. Currently, the

assessment for Solid Waste is \$0. If the Board chooses, this ordinance can be amended by resolution and a public hearing to whatever funding level necessary to fund the transfer station. An estimate of the required assessment and tipping fee has been calculated as part of the Preliminary Engineering Report (PER) and is a \$112 assessment and a \$97/ton tipping fee. These costs are based on receiving all loan dollars and will be re-adjusted based on the grant/loan no being offered received from USDA. This initial assessment estimate will need to be adjusted in light of the significant grant component included in the Letter of Conditions. This funding structure will provide the necessary capital:

- To develop the facilities to accommodate future growth – the transfer station will be designed in a manner that will allow up to 40 tons per day of Municipal Solid Waste (MSW) disposed of at the Lower Bridge location. This is anticipated to meet the needs of the County for 20 years. The transfer station will provide the County with significant flexibility in future negotiations of disposal options.
- To meet regulatory requirements – the transfer station will be designed and constructed to meet DEP requirements. The current site is at operational capacity and places the County at risk of non-compliance.
- To modify solid waste operations that enhance citizen services by reducing the scalehouse and collection center wait time and increasing disposal options.
- To enhance employee safety by eliminating the need to handle cash at the collection centers in the County.
- Debt Service on the loan portion of the USDA-RD funding which currently is estimated to be \$71,745 annually based on the current proposed amortization schedule. (Staff and the consultants will be proposing a 20-year amortization schedule to coincide with the useful life of this project).

**The assessment will not be immediate. The implementation of the assessment will be based on the amortization schedule of loan and/or grant and the timeline for construction of the facility. It is anticipated, at the earliest, the implementation of the assessment will be for FY2010/2011. With Board direction, staff will re-evaluate the estimate for the assessment and the tipping fee to determine the level the assessment would need to be in order to operate the facility and service the debt on the loan portion of the USDA funding for a 20-year uselife as opposed to the 38-year amortization schedule. The new estimate for assessment and tipping fees as well as an updated 20-year amortization schedule will be presented to the Board at a future meeting for approval and a subsequent public hearing.**

Additionally, County staff has previously investigated private funding options through multiple lending institutions to see if the USDA-RD's loan rates are competitive with the public sector. Given the current financial situation, staff was not able to secure numerous banking quotes for loans of this size. They received one estimate on interest rates for this loan and amortized annual payments from Hancock Bank. The rates are as follows:

1) Hancock Bank	10yr.	3.95%
	12yr.	4.25%

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Based on the above, it appears that the interest rate of 3.50% proposed by USDA-RD is very competitive.

**Timeline:**

Staff, along with the consultants, Jones, Edmunds and Associates, prepared a brief timeline of the next phases of the project once the application process is complete. Once funding approval has been received from the USDA-RD, it is estimated that the total project, including all three phases, will take approximately 16 months to complete.

- a. Phase I-Design Services - 9 months
- b. Phase II-Bidding Services– 2 to 3 months
- c. Phase III-Construction Phase – 4 to 5 months

Steve Laux, Vice President of Jones Edmunds and Associations (JEA) who has been the lead engineer and project manager on this project will be present at this meeting to answer any questions about the timeline of this project.

**Summary**

The USDA-RD process is a long and complicated process. Now that the application has been submitted and approved and the Letter of Conditions presented to the Board for consideration, there are numerous steps to be taken to complete this process. The first step in this process is the execution of all the required forms by the Chairman to secure funding for this project. At this point, execution of these forms **does not in any way obligate the County to complete this project or accept this funding.** The execution of these forms only sets aside the funding within the USDA-RD program for this project. The actual grant/loan agreement will be presented to the Board at future meeting should the direction of the Board be to proceed with completion of this project through the USDA-RD program. The forms requiring the Chairman's signature are attached and are as follows:

1. Letter of Intent to Meet Conditions-Form RD 1942-46
2. Certificate of Public Meeting, Florida RUS Bulletin 1780-35.
3. RUS Bulletin 1780-27, Loan Resolution.
4. Form RD 400-1, Equal Opportunity Agreement.
5. Form RD 400-4, Assurance Agreement.
6. Form AD 1049, Certification Regarding Drug Free Workplace Requirements.
7. Form AD 1047, Certification Regarding Debarment, Suspension, and other Responsibility Matters-Primary Covered Transaction.
8. Florida RUS Bulletin 1780-26, Certification for Contracts, Grants and Loans.
9. Form RD 1910-11, Applicant Certification, Federal Debt Collection Policies for Consumer or Commercial Debt.
10. Certification Approval
11. Request for Obligation of Funds RD Form 1940-1
12. Interview with Applicant Concerning Relatives Employed by USDA
13. Certification of Compliance with Federal, State, and Local Compliance

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Regardless of the offer presented to the County by USDA-RD, it is imperative that the County move forward with the design and construction of a new transfer station in order to be able to meet the long term solid waste disposal needs of the citizens of Wakulla County. The re-occurring maintenance and repairs cost that occur on an daily basis due to the current deteriorating transfer station limits the ability of the Solid Waste Fund to remain viable and balance revenue over expenditures. A new Transfer Station will provide service to the County for at least a 20 year time frame. Staff recommends moving forward with application process to secure USDA-RD funding for this much needed project.

**Options:**

1. Authorize the Chairman to Execute the Letter of Intent and any and all other grant application documents as required by the USDA-RD to secure funding for the Transfer Station.
2. Direct Staff to begin the process of re-evaluating the proposed assessment and tipping fees based on the proposed loan amount of \$1,495,000 and a 20-year amortization schedule.
3. Do not authorize the Chairman to Execute the Letter of Intent or any and all other grant application documents as required by the USDA-RD to secure funding for the Transfer Station.
4. Do not direct staff to begin the process of re-evaluating the proposed assessment and tipping fees based on the proposed loan amount of \$1,495,000 and a 20-year amortization schedule.
5. Board Direction.

**Recommendation:**

Option #1 & #2

**Attachment(s):**

(Attachment #1 & #2 have been previously provided to the Board and are over 100 pages. Additional copies are available if requested).

3. Letter of Conditions
4. Letter of Intent to Meet Conditions-Form RD 1942-46.
5. Certificate of Public Meeting, Florida RUS Bulletin 1780-35.
6. RUS Bulletin 1780-27, Loan Resolution.
7. Form RD 400-1, Equal Opportunity Agreement.
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