



SOLID WASTE UTILITY LANDFILL PROJECT & FUNDING

April 19, 2022

Christie Donnelly, Management Services Director

BIG PICTURE

- Substantial Project at Landfill Required ASAP
- \$5M Estimated Cost
- Need to Issue Debt = BOND
- STOP-gap = Internal Loan
- Long-term Plan to Pay



LANDFILL PROJECT

Keith Quinlan - Solid Waste Superintendent





LANDFILL PROJECT



LANDFILL PROJECT



➤ LANDFILL PROJECT



LANDFILL PROJECT

Landfill Stormwater Improvements Project

- CCRWQCB-LF to be in compliance=WDR's
- 100 year 24 hour storm event
- NOV Issued-Drainage not adequately sized
- Project-mitigate stormwater runoff within LF
- Divert runoff from watershed above LF

LANDFILL PROJECT

Landfill Stormwater Improvements Project

- Treatment before discharge
- Updated WDR's and site specific MRP
- Increased testing requirements of stormwater
- Preparing to go out to bid with Project

BOND

- Long Term Debt Issue
- Request up to 3 Years to Issue
- KEY NEEDS:
 - ❖ Specify that costs incurred from now plus 60 days ago are reimbursable by bond
 - ❖ Approve CM to sign agreement with KNN
 - ❖ Approve stop-gap Internal Loan for Short-term / interim

INTERNAL LOAN

- SHORT-Term Stop-gap
- Specifics:
 - ❖ Up to \$5M from Electric Fund
 - ❖ 0.599% per annum
 - ❖ Paid upon receipt of bond proceeds
 - ❖ City intends and reasonably expects to finance the costs of Project with long-term debt issuance

HOW DO WE PAY FOR THIS?

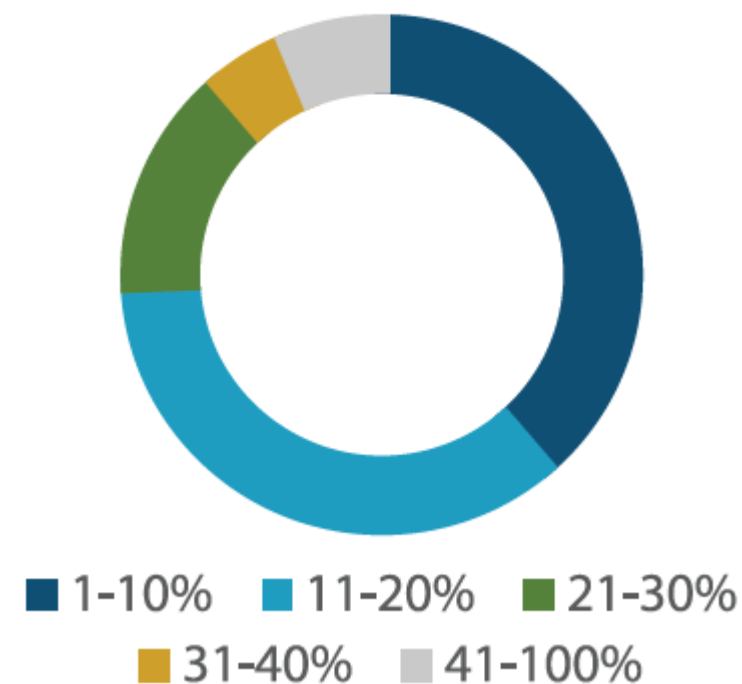
- **EVEN WITHOUT \$5M LANDFILL PROJECT:**
 - ❖ **SW Utility Rates Increasing Everywhere**

California cities of every size anticipate solid waste and recycling rate increases in the next three years.

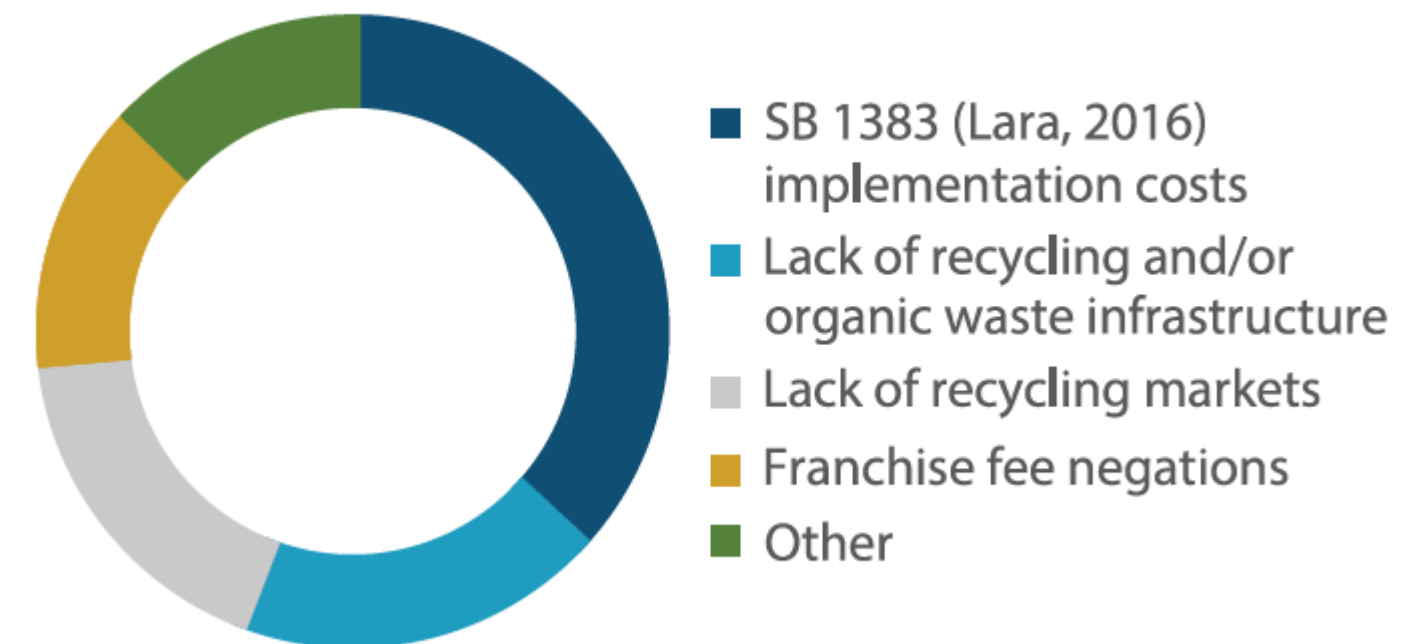
Nearly all cities anticipate a rate increase



Anticipated rate increase by cities



Factors for rate increases



For more information email ddolfie@cacities.org.

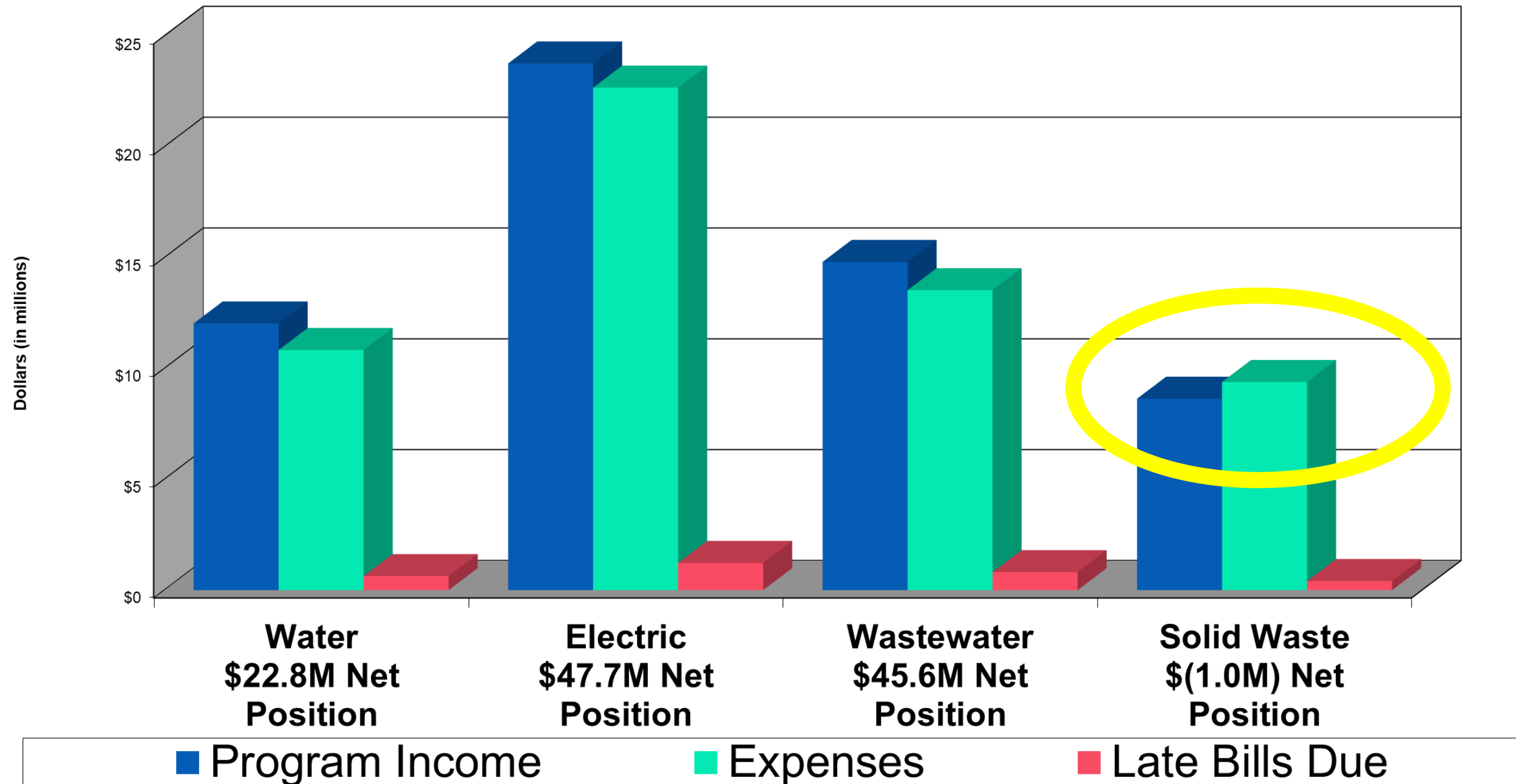
***Data and Assumptions:** 194 cities, encompassing all of California's diverse geographies and city sizes, participated in a Cal Cities' solid waste and recycling rate survey [Dec. 2020]. Respondents provided primary source data on anticipated percentage increases to waste rates in the next three years. Real percentage changes to rates are expected to differ, either higher or lower as reported, as cities go through their formal rate making process. Real dollar amounts of anticipated waste rate increases were not collected.



HOW DO WE PAY FOR THIS?

- **EVEN WITHOUT \$5M LANDFILL PROJECT:**
 - ❖ **Lompoc SW Utility Running a Deficit**

REVENUES, EXPENSES & LATE BILLS DUE FROM CUSTOMERS



MULTI-STEP SOLUTION

- LONG-TERM:
 - ❖ Comprehensive Cost of Services and Prop 218 Rate Study – underway now
 - ❖ Expect report this summer

MULTI-STEP SOLUTION

- **IN MEANTIME:**
 - ❖ In 2014: 3.6% multi-year rate increase over 5 years (2014-2018) was approved
 - ❖ Prop 218 Hearing already completed
 - ❖ 2018 Implementation was Deferred
 - ❖ \$250k/year for 4 years... Deferral = approx. \$1.0 M foregone revenue
 - ❖ ASK: Reinstate now – effective July 1st

➤ RESCINDING THE DEFERRAL – Temporary Patch

- ADDRESSES:
 - ❖ Needs as of 2014
 - ❖ Current deficit trend
- DOES NOT ADDRESS:
 - ❖ \$5M Landfill Project
 - ❖ SB 1383 increased costs
 - ❖ Increasing UAL costs
 - ❖ New needs identified since 2014

RECAP

FOUR ASKS:

- 1) Resolution: Specify that costs incurred now plus 60 days ago are reimbursable by bond proceeds
- 2) Approve CM to sign agreement with KNN
- 3) Resolution: Approve short-term Internal Loan from Electric Fund – up to \$5M
- 4) Resolution: Affirm 3.6% rate increase previously deferred

