



**AGENCY:** City Council  
**MEETING DATE:** September 27, 2021  
**DEPARTMENT:** City Manager  
**PRESENTED BY:** Tabatha Miller  
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## AGENDA ITEM SUMMARY

**TITLE:**

**Receive Report and Consider Adoption of City Council Resolution Approving a One-time Contribution to Mendocino Solid Waste Management Authority (MSWMA)**

**ISSUE:**

The primary funding for Mendocino Solid Waste Management Authority (MSWMA) comes from a \$6.50 per ton surcharge on all solid waste in the County as collected at the transfer stations. The surcharge is passed on to solid waste customers, as part of the solid waste collection fees by haulers such as Waste Management. The MSWMA tipping fee surcharge plus grant revenues provide the revenues to cover the costs of services provided by MSWMA. Revenues have been short of expenditures for many years. In late 2019, the MSWMA jurisdictions approved an increase in the tipping fee of \$1.50, effective 1-20-2020, from \$5.00 to \$6.50 to close the operating deficit.

The pandemic's arrival in March 2020 further stretched the resources of MSWMA. Like many jurisdictions, the quantity of household hazardous waste (HHW) increased dramatically as folks stuck at home focused on cleaning and renovation the spaces where they were spending most, if not all of their time. Disposal costs increased from \$109k in FY 18-19 to \$154k in FY 19-20 to \$220k in FY 20-21. After making cuts to the FY 21-22 budget and using reserves to fill gaps, the Board agreed in April that it needed to ask the four member jurisdictions for one-time contributions.

The funding requested from each jurisdiction is as follows, based on proportion of 2020 population:

City of Ukiah (pop. 16,061)	\$29,440
<b>City of Ft. Bragg (pop. 7,427)</b>	<b>\$13,600</b>
City of Willits (pop. 5,072)	\$9,280
County of Mendocino (pop. 58,915)	<u>\$107,680</u>
Total	<u>\$160,000</u>

**ANALYSIS:**

MSWMA was originally created through a Joint Powers Agreement between the Cities of Fort Bragg, Ukiah, Willits and Mendocino County to provide administrative oversight and program implementation for solid waste and recycling in the County. Each city member is represented by one elected Councilmember and the County is represented by one coastal district Supervisor and one inland district Supervisor.

MSWMA ensures that local solid waste haulers, including trash, recycling and composting, are providing services according to State and Federal law, including preparation and implementation of a Reduction and Recycling Plan. MSWMA is also tasked with making

efforts, including education, to increase recycling and diversion of materials from landfills. MSWMA through MendoRecycle operates the household hazardous waste facility in Ukiah and the HazMobile throughout the County. The HazMobile typically visits Fort Bragg on a monthly basis and a [schedule](#) of times and locations is available on [MendoRecycle's website](#).

Although limited since the pandemic started, MSWMA also provides assistance with local cleanup of illegal dumping and removal of graffiti on public and private property. Historically, MSWMA has provided assistance with the City's encampment clean ups. Additionally, MSWMA operates the Tire Amnesty programs which allows periodic free collection of tires. The Tire Amnesty programs are supported by grant revenues.

After receiving the one-time funding requests in April 2021, staff from the City of Ukiah, City of Fort Bragg and Mendocino County voiced concern that the one-time supplemental funding from its respective general funds may not adequately fix the financial challenges of MSWMA and could lead to continued general fund subsidies. Staff, working with the then-General Manager Jennifer Lomardi, agreed to form a Technical Advisory Committee (TAC) to review the financials and provide recommendations for dealing with what was perceived to be a structural deficit and not necessarily a one-time operating deficit.

Initially, the TAC determined that an increase of \$3.00 a ton to the surcharge was necessary to stabilize the operating budget and build up a sufficient reserve. The TAC was concerned that a 46% increase in the tipping fee from \$6.50 to \$9.50 was significant and may not be supported by the member entities (who are all required to approve it), the haulers and even the public. This raised the question whether the TAC should consider a more efficient operating model. In 2019, the MSWMA Board evaluated whether privatizing the operations would resolve the financial shortfalls which had accumulated over a number of years. At that time, MSWMA Board determined that public ownership was a priority and recommended the \$1.50 increase in tipping fee to stabilize operations.

In response to the current financial shortfall, the TAC recommend the Board consider four options (see Attachment 4).

- **Option 1** – Continue the status quo operating structure which would require the \$3.00 surcharge to financially support continued operations.
- **Option 2** – Continue with Option 1 but increase the salary for the MSWMA General Manager, who could pursue and manage grants to increase revenues to support operations.
- **Option 3** – Contract out MSWMA General Manager duties, the HHW and illegal dump cleanups.
- **Option 4** – Hire a Solid Waste Analyst embedded into another agency who would manage outsourced MSWMA services.

Several versions of each option were also considered. The assumption was that Option 3 & 4 could be accommodated within the current \$6.50 surcharge and would be modeled after the Lake County HHW program. However, there is a question whether or not this would

provide the pre-pandemic level of service provided by MSWMA. There was friction between the MSWMA General Manager, the TAC staff members and some of the MSWMA Board on preferred options and the TAC did not make a specific recommendation but did acknowledge that operating funds, either as a one-time payment or loan, were needed in the short-term to continue current MSWMA operations.

**RECOMMENDED ACTION:**

The MSWMA Board recommends that the City Council adopt the Resolution approving the one-time payment of \$13,600. Staff recommends that the City Council approve the one-time payment so that operations may continue but consider conditioning the payment as a loan to be repaid. The condition may be extended to all MSWMA entities and the MSWMA Board could build repayment to all member entities into its operational recommendations. Or in the alternative, the City Council could approve the payment contingent on all the member entities contributing their allocated share, to ensure that every member agrees to subsidize MSWMA.

**ALTERNATIVE ACTION(S):**

Do not adopt the Resolution and/or provide proposed language changes to present to the MSWMA Board.

**FISCAL IMPACT:**

The one-time payment request is not budgeted and will require a general fund budget amendment. If the City Council does not want to require the funds be treated as a loan, an alternative would be to use funds budgeted in the City Council's goal account 110-4110-0319 that have not been allocated for a specific purpose.

**GREENHOUSE GAS EMISSIONS IMPACT:**

There is no direct impact to greenhouse gas emissions from payment of one-time money to support ongoing existing MSWMA operations.

**CONSISTENCY:**

N/A

**IMPLEMENTATION/TIMEFRAMES:**

If approved the payment will be processed within approximately 4 weeks.

**ATTACHMENTS:**

1. Resolution
2. Letter from MSWMA Board
3. MSWMA Profit & Loss 2015-2021
4. TAC Proposed Options

**NOTIFICATION:**

1. Mendocino Solid Waste Management Authority **Notify Me subscriber list.**