

**Indian River County, Florida
Solid Waste Disposal District
Board Memorandum**

Date: June 3, 2021

To: Jason E. Brown, County Administrator

From: Vincent Burke, PE, Director of Utility Services

Prepared By: Himanshu H. Mehta, PE, Managing Director, Solid Waste Disposal District

Subject: American Rescue Plan Funding for Leachate Treatment Project at the IRC Landfill

Descriptions and Conditions:

On May 18, 2021, the Indian River County (IRC) Solid Waste Disposal District (SWDD) Board approved staff recommendation and directed staff to negotiate and finalize a contract for a leachate treatment project between SWDD and the developers, consisting of Heartland Water Technology, Inc., Proximo Energy, and Indian River Eco District, LLC (the Developers). It was anticipated that a final agreement is to be approved by the SWDD Board at a future meeting. The recommendation also included a caveat that if staff is not successful in negotiating a final agreement with the Developers within 60 days (by July 17, 2021) that staff proceed in issuing a Request for Proposal (RFP) for a leachate treatment project.

Both staff and the Developers have been proceeding in good faith negotiations with an immediate meeting held on May 20th and then again on May 25th. However, due to the potential for funding from the American Rescue Plan (ARP) Act, which could reduce the impact to the increase in assessment fees to IRC residents, staff is requesting input and direction from the SWDD Board on the path forward.

Analysis:

On May 10, 2021, the U.S. Department of Treasury (Treasury) released an Interim Final Rule, Frequently Asked Questions (FAQs), and a fact sheet for a significant portion of the \$362 billion Coronavirus State and Local Fiscal Recovery Fund, established under the ARP Act signed into law on March 11, 2021, by President Biden. This specific Interim Rule and related guidance covers the \$61.5 billion in direct federal aid to America's counties. Later this year, Treasury will release separate guidance for the \$1.5 billion in additional federal aid for public lands in counties under Sec. 605 of ARP.

Based on initial review by staff, the Leachate Treatment Project would fall under the "water, stormwater and sewer investments" criteria for eligible projects with the listing of activities allowed under the Environment Protection Agency's (EPA) Clean Water State Revolving Fund and Drinking Water State Revolving Fund.

Staff has made inquiry into the State Drinking Water Revolving Fund and learned that the Florida Department of Environmental Protection (FDEP) is currently seeking grant proposals for Fiscal Year 2021-22, which are due by July 15, 2021. In an email on June 3, 2021, from Joe Kahn, Program

Management Director, he stated, “While your project may not strictly qualify for the wastewater grant program, I would still suggest you submit your proposal for consideration.” In a follow-up phone call, Mr. Kahn clarified that a 50% match is required, and that the FDEP requires that the procurement be consistent with Florida Law and meet local procurement processes. However, federal requirements may be more restrictive.

Financial Analysis:

As presented to the SWDD Board on May 18, 2021, the proposed project by the Developers has an overall cost of \$26 million with an average of \$0.14 cents per gallon over the 20-year period. Based on making certain assumptions on the generation of leachate over the next 20 years, including achieving the minimum of 18,000 gallons per day (gpd) leachate volume and based on estimated costs for natural gas, electricity, water, residual disposal, permitting, emissions monitoring, etc., has a cost range of \$991,000 per year to start and a high of \$2.38 million per year with a present day 20-year project cost of \$40.8 million. This option has built in financing and other carrying costs that directly affects future SWDD assessment rates to pay this expense.

Any funding from the ARP would potentially allow SWDD to front the purchase costs of the leachate evaporator system, thereby eliminating the financing and other carrying costs associated with the May 18, 2021 presentation. This option would reduce the annual SWDD assessment fees needed but would still require funding to contract out the operation and maintenance of the system.

In order to qualify for ARP funding, the evaporator system would have to be acquired in accordance with federal procurement procedures, and be owned by SWDD. The current model will not qualify for the ARP funding, as we will not own the equipment, and the project was not competitively sourced.

The procurement process will require preparation of RFP documents, formal advertisement for 30 days, and evaluation and ranking of the responses by an evaluation committee, which is anticipated to require three months. Staff estimates that a final recommendation for award would be presented to the SWDD Board in September 2021.

Funding:

Funding for the SWDD Leachate Treatment will need to come from the SWDD Landfill Fund, which is funded from SWDD assessments and user fees. The account has a total budget of \$500,000 for the 2020/2021 fiscal year. Since this project is not expected to start until Fiscal Year 2021/22, staff recommends that the SWDD Board authorize the Budget Director to include a budget of \$1.1 million for leachate treatment in the next fiscal year budget request.

Description	Account Number	Amount
Other Contractual Services	41121734-033490	\$1,100,000

Although the RNG project by IRED is still in the design phase, it is expected to generate approximately \$21.5 million in revenue over in the same time-period as the leachate treatment project. If this is actualized, then potentially 53% of the leachate treatment costs could be covered by the RNG project.

Recommendation:

Staff offers the following two option for the Solid Waste Disposal District Board's (SWDD) consideration:

- a) Direct staff to continue to finalize a contract for a leachate treatment project between Indian River County SWDD and the developers, consisting of Heartland Water Technology, Inc., Proximo Energy, and Indian River Eco District, LLC, including the original 60 days for negotiations to be approved by the SWDD Board at a future meeting.
- b) Pursue the eligibility and funding through the American Rescue Plan Act, which will require a competitive procurement process of the Leachate Treatment Project.

Staff recommends Option B.