

**Official Minutes of
MARION COUNTY
BOARD OF COUNTY COMMISSIONERS**

January 22, 2025

CALL TO ORDER:

The Marion County Board of County Commissioners (BCC) met in a workshop session in Commission Chambers at 9:32 a.m. on Wednesday, January 22, 2025 at the Marion County Governmental Complex located in Ocala, Florida.

INTRODUCTION OF WORKSHOP BY CHAIRMAN KATHY BRYANT

Chairman Zalak advised that the workshop was scheduled this afternoon to discuss topics related to the future Solid Waste Disposal Options.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance to the Flag of our Country.

ROLL CALL

Upon roll call the following members were present: Vice-Chairman Commissioner Carl Zalak, III, District 4; Commissioner Craig Curry, District 1; Commissioner Matthew McClain, District 3; and Commissioner Michelle Stone, District 5. Also present were County Administrator Mounir Bouyounes, Assistant County Administrator (ACA) Angel Roussel and ACA Tracy Straub. Chairman Kathy Bryant, District 2 and County Attorney Matthew G. Minter arrived after the meeting commenced.

It was noted for the record that the Deputy Clerk was in receipt of a 15 page Agenda packet to follow along with the PowerPoint presentation.

WORKSHOP PRESENTATION

1. Workshop to Discuss Topics Future Solid Waste Disposal Options

Solid Waste Director Mark Johnson presented the following recommendation:

Description/Background: Marion County's prepaid airspace at the Heart of Florida Landfill is estimated to be exhausted by 2031. This workshop will explore future solid waste disposal options and the financial scenarios for each.

Recommended Action: For discussion.

Solid Waste Director Mark Johanson expressed appreciation to the Finance Department, Budget Department and Solid Waste staff for their contributions. He advised that also present today are representatives from Stantec who assisted in putting together the financial models, as well as Jones Edmonds who assisted in putting together the Master Plan. Mr. Johnson stated today's objectives are to discuss future disposal options, share financial impacts and determine a path forward relating to long term disposal. He stated the County is exhausting the prepaid airspace at Heart of Florida (HOF) Landfill.

Commissioner Bryant arrived at 9:34 a.m.

Chairman Zalak passed the gavel to Commissioner Bryant, who assumed the Chair.

Mr. Johnson advised that the Board will also discuss revenue sufficiency, population growth, inflation and disposal options. He stated in 2011 Marion County pre-paid 2,500,000 tons at the HOF landfill, noting additional airspace was purchased in 2020 for a grand total of 2,640,000 tons of airspace. As of today the County has consumed approximately 36 percent (%) of the space. Mr. Johnson advised that roughly 207,000

tons of the airspace will be utilized this year, noting there is a 7% year over year increase in volume. At the current projected rates of 3.5% growth the County will run out of airspace in fiscal year (FY) 2031. If the County maintains the 7% growth rate that has been seen over the last few years, the air space will run out in FY 2030.

Mr. Johnson advised that back in September 2024 a workshop was held discussing waste management options, such as providing future airspace options including transfer station with 3rd party airspace and landfilling at the Baseline facility; outlining the cost to transfer waste to a 3rd party landfill verses landfilling at the Baseline facility; and highlighting a timeline to complete either option selected. He stated the at the workshop the Board requested staff look into recycling glass, noting upon speaking with a local partner it was determined if the County collects the material and hauled it to that partner's facility, they would accept the glass. Mr. Johnson advised that there is not a sound way to determine the amount of glass that can be pulled out of the waste stream, but staff estimates it could be between 700 and 1,000 tons per year.

Mr. Johnson stated the Board also questioned how much volume could be reduced by removing Class III material from the County facility. He stated roughly 25% to 30% of the waste stream is considered Class III, which would be approximately 50,000 to 60,000 tons; however, the County only has control over 4,000 of those tons. For the County to extract the Class III waste it would have to come up with a new strategy to pull that material out of the waste stream and it would create additional costs.

Mr. Johnson advised that a Request for Proposal (RFP) was issued to determine the cost to utilize a local Class I transfer station, dispose of Class III material (transfer station or landfill), and Class I landfill airspace. He provided a brief overview of the RFP results as shown on the overhead screen.

Mr. Johnson stated the current business model is a transfer station with 3rd party airspace. Commissioner Zalak questioned how many years would the prepaid 2,000,000 or 4,000,000 tons last the County. He stated staff could bring that number back if it was not available now.

Mr. Johnson commented on the pros and cons of a transfer station. The pros are that it moves waste to an alternate jurisdiction; reduces environmental risk; is a flexible disposal option; convenient for customers; and is the current and familiar operation. The cons are it is more expensive; there is additional truck traffic and wear and tear on the roads; it causes additional vehicle emissions; and there is limited operational control.

In response to Chairman Bryant, Mr. Johnson advised that staff mitigates issues on a daily basis, but there has never been a crisis.

Mr. Johnson advised that the current Baseline transfer station handles 700 tons per day, noting the facility has a capacity of approximately 900 tons per day. Based on the County's projected 3.5% growth there is capacity until roughly 2031. He stated additional transfer station capacity will be needed. To meet this need in the long term the County can build another transfer station or contract for services with a private transfer station. For the short term the County can make enhancements to the current transfer station or perform more direct hauls utilizing County resources to the HOF.

Chairman Bryant questioned how much additional capacity will be needed by 2031. Mr. Johnson advised that approximately 50,000 tons worth of additional capacity would be needed.

ACA Angel Roussel advised that when building a facility, the Board would need to consider the need for 15 to 20 years into the future and build based on that need.

Chairman Bryant requested staff bring back more information relating to what a buildout would look like to add the additional capacity needed in 20 years.

Mr. Johnson advised that 2,000,000 tons of prepaid airspace will give the County 5 to 6 years of disposal space and 4,000,000 tons will provide 10 to 12 years.

Chairman Bryant opined that if the Board was to move forward with purchasing air space it would be the 4,000,000 tons.

Commissioner Curry commented on the growth rate, which has exceeded the 3.5% projected in the last 2 years.

Mr. Johnson advised that the University of Florida (UF) publishes a growth anticipation report annually, noting Marion County's median growth rate long term is listed at 0.94% and the high growth rate at 1.56%. He stated the 7% growth is in the short term, immediate growth. The County has been budgeting at 3.5% with a 5 to 10 year window. Mr. Johnson stated everything in the model is based off of 1.56% growth, which is the high end of what UF would be projecting for Marion County because this is a long term plan.

Chairman Bryant clarified that the presentation today is based on the highest end of growth as determined by UF. Mr. Johnson concurred.

Mr. Johnson addressed the pros and cons of a landfill. The pros are as follows: efficient waste disposal option; opportunity for energy production; the County has control over the waste stream; and it is a long term solution. He stated the County is grandfathered in for land use and the purchase of the sand mine affords some flexibility on where infrastructure will be placed. Mr. Johnson advised that the cons are broken down by existing and future cons. The existing cons are the social pushback; localized environmental concerns; it takes up a lot of space; does not look pretty; and there is a potential for pollution. Future cons are permitting and karst for Phase 2 and beyond; it is capital intensive; and land use approvals are needed for Phase 3 and beyond.

Mr. Johnson commented on the utilization of the current footprint at Baseline landfill and the growth rates. He stated Phase 1 and 2 will add 2,700,000 tons of capacity, provide approximately 12 years worth of capacity, generate \$162,000,000.00, and the total expansion cost is roughly \$128,200,00.00.

In response to Chairman Bryant, Mr. Johnson advised that based on 3.5% growth the lifespan would be 10.2 years.

Mr. Johnson stated the current elevation is 248 feet, noting the landfill is permitted to 298 feet. He advised that permitting is feasible, but it is not guaranteed. The County would have to submit an application to the Department of Environmental Protection (DEP) for approval. Mr. Johnson commented on the benefits of completing Phase 1 and 2 at the same time.

Mr. Johnson advised that at the current assessment value of \$87.00 the County is only recovering 2/3 of the FY 2025 allocated costs, noting the operation and maintenance expenses are outpacing the revenues. He provided a brief overview of the 2 charts shown on the overhead screens containing unrestricted cash reserves and revenues versus expenses.

Commissioner Curry questioned how long the County has been at the \$87.00 rate. Mr. Johnson stated since 2008.

Mr. Johnson commented on the significant inflationary costs since 2020 and the difference in assessment fees compared to other Counties. He advised that the average solid waste assessment across the State is \$285.00, noting Marion County charges \$87.00.

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Commissioner Zalak questioned if collection was included in the numbers provided. Mr. Johnson stated staff did not take out for collections, noting every system is different and this is just an average of the cost.

Commissioner Zalak opined that staff will not be able to get a good comparison because the services vary too much. He stated Marion County is only charging for the disposal, noting citizens have other collection costs associated with their waste.

Mr. Johnson advised that the disposal options for other Counties also vary.

General discussion ensued.

Commissioner Curry advised that 6% to 7% of the Solid Waste disposal fee goes towards litter clean up.

In response to Commissioner Curry, Commissioner Zalak stated citizens pay approximately \$300.00 annually for universal collection. He advised that if the Board increases the Solid Waste Assessment citizens would still be responsible for collection costs on top of the assessment.

Mr. Bouyounes advised that Marion County's assessment does include collection from the recycling centers throughout the County to the Baseline landfill. He stated the City of Ocala charges approximately \$314.00 annually, but they pick up the garbage from in front of the house and dispose of the waste. Mr. Bouyounes advised that commercial haulers are required to pay at the gate.

Mr. Johnson advised that in 1990 there were 61,458 residential units and the assessment was \$51.00 annually. In 2025 there are 163,502 residential units and the assessment is \$87.00 annually. He stated in 34 years the assessment has only increased \$36.00, which breaks down to an increase of \$1.05 annually.

Mr. Johnson stated had the Board utilized the CPI rate and increased the assessment annually for inflation to the amount would now be \$173.54. He advised that for the last 17 years the Board has been able to maintain the \$87.00 rate, which saved taxpayers approximately \$110,000,000.00 over the 17 years.

Mr. Johnson referred to the chart shown on the overhead screen relating to revenue sufficiency, noting the items that are bold represent a rate change and the items that are in green are the lowest cost. He advised that what is factored into the proposed rates are the \$40,000,000.00 storm reserve goal over time and the assumption that the County will be borrowing \$27,000,000.00 to relocate some of its long-term assets.

Mr. Johnson advised that during previous discussions the question was raised on whether or not to accelerate the expansion and what would be the cost benefits. He stated if the project was accelerated the County would have to borrow an additional \$28,000,000.00 for short-term capital and equipment. Mr. Johnson advised that at the end of the day landfilling has the lowest cost, but all pros and cons must be considered.

Mr. Johnson requested direction from the Board on how they would like to move forward. He stated regardless of which option is chosen the Ordinance will have to be modified; therefore, public hearings will have to take place. Mr. Johnson advised that budget information has to be provided to the Budget Department in May and the Tax Collector's Office by June.

Commissioner Curry expressed support for having control of the costs and keeping the operation in-house, as well as for a one-time rate adjustment instead of increasing year after year.

Chairman Bryant advised that traditional public comment is not taken at workshops, but there are professionals in this field in the audience that may be able to provide some input.

Jerry Lourenco, Friends Recycling LLC, NW 27th Avenue, stated everything in this industry is logistics and control, noting if the County can control its own disposal it is a tremendous advantage. He expressed support for a one-time increase.

In response to Mr. Lourenco, Chairman Bryant advised that if the Board decides to expand the Baseline Landfill additional transfer stations will not be created within the County.

Mr. Lourenco opined that the County could do both, expand the landfill and utilize transfer stations.

John Paglia, Florida Express Waste & Recycling, PO Box 5058, expressed support for what was stated by Mr. Lourenco. He commented on the growth in Florida, the changes that can take place over the next 12 years, and urged the Board to keep their options open.

Commissioner McClain questioned Mr. Paglia's thoughts relating to a phased approach or one-time increase. Mr. Paglia stated that is a decision for the Board.

Darren Park, Public Works Director, City of Ocala, NE 30th Avenue, advised that the City of Ocala will be going out to bid for their disposal contract, which is due September 30, 2025. He stated the recycling contract will be up for bid in 2028. Mr. Park expressed support for expansion of the Baseline landfill and taking advantage of all facilities available. He advised that his preference would be a phased in cost increase.

Chairman Bryant advised that public comment is now closed.

In response to Commissioner Stone, Mr. Johnson advised that the County already has approval to grow the height of the existing landfill.

Commissioner Zalak advised that the County could have increased the height prior to transferring to HOF.

Chairman Bryant questioned if anyone knew why the height was not increased in the past. Commissioner Zalak stated most likely it was because the County decided to start transferring the waste instead.

Commissioner Zalak commented on the importance of controlling the County's own destiny, noting it is unclear how that can be done. He opined that from a citizens perspective he would prefer the phased in approach to cost increase. Commissioner Zalak advised that when the Ordinance is considered the timeline of increase should be included, noting this will allow the Board to vote one-time and not have to bring it back year after year.

Mr. Bouyounes advised that the rate would have to be adopted each year by Resolution at a public hearing.

Chairman Bryant recommended setting the cap at \$225.00, noting a future Board could increase if needed.

Mr. Bouyounes advised that he will discuss it with the County Attorney and determine how to move forward with the Ordinance and Resolutions.

Commissioner McClain expressed support for a one-time increase.

Chairman Bryant advised that she will not support increasing the assessment from \$87.00 to \$215.00.

General discussion ensued.

In response to Chairman Bryant, Mr. Johnson advised that the proposed Baseline expansion is a conventional build out with no acceleration. He stated the only upside to the accelerated model would have been divestiture of airspace.

Chairman Bryant advised that the selling of airspace cannot be guaranteed. She stated a \$150.00 assessment would meet the County's needs for 2026.

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Mr. Johnson stated the one-time rate increase would help satisfy the bond covenant better than the phased approach.

Chairman Bryant advised that the County will be guaranteeing the bond regardless of how the rate is increased.

Commissioner Stone advised that the City of Ocala will be looking for airspace in the future based on the testimony received today.

Chairman Bryant stated the County will probably blow through the remaining airspace prior to the time the City is looking to purchase airspace.

Commissioner Zalak advised at the end of the day there are other options for commercial haulers, but there is not an alternative for residents. He opined that one of the County's goals should be to maximize landfill space as long as it can for the residents of Marion County.

General discussion resumed.

Finance Director Jennifer Cole advised that the Solid Waste Fund has been operating in a deficit for the past 3 years, noting there is a certain amount that will get the deficit to where it is needed. She stated the County has to show a rate sufficiency of 1.5 times the revenue in order to cover a bond. Ms. Cole advised that if the plan is to accelerate and build or perform any capital improvements then the rate has to be a little higher than the break even cost.

In response to Chairman Bryant, Ms. Cole stated the break even amount is \$150.00, noting her preference would be to go to the \$215.00 rate. She opined that the County needs to build its working capital and to be in a favorable bond position.

Commissioner Zalak expressed concern with the requirement for reserves.

In response to Chairman Bryant, Ms. Cole advised that the County is required to fund 1 year of landfill closure annually, noting every 5th year that amount increases substantially because of the recalculation. She stated even if the landfill remains open there will be closure requirements. The calculation may be different, based on how many years of capacity is left at that landfill.

Commissioner McClain questioned if both the one-time increase and the phased approach would keep the County on track for their storm goal. Mr. Johnson advised that moving forward with \$215.00 rate will help the County achieve the storm goal quicker.

Eric Grau, Stantec, advised that going with the one-time increase of \$215.00 allows for a quicker build up in the Reserve Fund Balance. He stated under both scenarios there is sufficient funds above the minimum working Capital Reserves, but it will be short of the target \$40,000,000.00 Storm Reserve. Mr. Grau advised that the one-time increase to \$215.00 will allow the reserve to build quicker to bring the County closer to roughly \$30,000,000.00 in Storm Reserve. He stated the phased approach would keep the fund balance closer to the 6 month minimum working capital reserve target, which would have the fund balances closer to \$20,000,000.00.

In response to Chairman Bryant, Mr. Grau stated having the higher Fund Balance sooner with the \$215.00 is a positive argument to the rating agencies should the Board decide to borrow. He advised that based on the scenarios provided the County will be looking for a bond in 2027/2028. Mr. Grau stated the phased approach would satisfy bond requirements, but the issue would be how the rating agency will rate the bonds. He stated relying on future rate adjustments that may or may not take place is not as strong as making the adjustment upfront.

Chairman Bryant advised that the project cannot be done unless the rates are raised. She stated all 5 current Commissioners will be on the Board until at least 2026, noting 3 Commissioners will be on the Board through 2028.

Commissioner Stone expressed support with the one-time increase to \$215.00, which will assist with future bonding and ensure storm reserves.

Chairman Bryant advised that the County would not be considering a Bond until 2028.

Commissioner Stone advised that banks look at the County's history when determining bonds.

Ms. Cole stated the banks look at the overall operating performance.

General discussion ensued.

In response to Chairman Bryant, Mr. Grau advised that if the rate increases to \$150.00 it will cover the deficit and increase the Fund Balance. The scenarios presented would fund the operating requirements, satisfy the minimum 6 month operating reserve requirement, and the capital projects. He stated County would also be above the required 1.5 times the revenue.

Chairman Bryant stated the phased in approach would put the County where it needs to be in order to meet what is needed in order to receive the best bonding possible.

Commissioner Stone clarified that it would give the County the minimum bond, but not the favorable bonding.

Mr. Grau advised that he does not know what the bond market's decision will be, but it is about painting a picture and crafting that story.

General discussion resumed.

Chairman Bryant directed staff to bring back more detailed numbers at the Strategic Planning workshop.

Ms. Cole stated staff can run the projections for the phased approach and bring that information back to the Board. She stated the Board will also need to consider that there is no other funding available to cover the storm reserve.

Chairman Bryant advised that the \$150.00 rate would provide \$20,000,000.00 in storm reserves in the first year.

Mr. Grau stated it would provide \$20,000,000.00 in total reserves, which includes the 6 month minimum and everything above.

Budget Director Audrey Fowler clarified that \$20,000,000.00 is the operating reserve. She stated the last huge hurricane cost \$25,000,000.00 in debris removal, noting this should be exclusive of the operating reserve. Ms. Fowler commented on other factors impacting County revenues. She stated without the reserve funds if there is another large storm event the County would have to borrow funds.

Commissioner Zalak opined that the Solid Waste Fund should not have to come up with an extra \$40,000,000.00 in order to afford the County the luxury of borrowing funds for a storm. He stated those funds should come from the County as a whole and not from this particular utility fund.

Commissioner McClain questioned how else the County would cover those costs. Commissioner Zalak advised that other County's borrow the funds.

Commissioner Stone stated those Counties pay interest on the borrowed funds.

Mr. Bouyounes advised that debris collection is related to solid waste.

Commissioner Zalak opined that debris collection is a general fund obligation and is not a Solid Waste obligation.

Mr. Minter recommended having bond counsel speak to the Board.

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Chairman Bryant requested more information be brought back to the Board for discussion and to include bond counsel. She stated today the Board can decide which path they would like to pursue and the Board can determine the funding path after more information is provided.

Commissioner McClain stated he is unsure that more information relating to the bonding will change his mind from the one-time \$215.00 increase.

Commissioner Stone advised that she also feels comfortable with her initial thoughts and supports a one-time \$215.00 increase, noting she would like to hear from bond counsel. Mr. Bouyounes advised that based on what he is hearing the Board's direction is to move forward with expanding the Baseline Landfill. He stated staff will review that option and bring back more financial information at the Strategic Planning workshop, as well as invite bond counsel to the workshop.

Mr. Bouyounes questioned if there is Board direction to market the capacity at HOF. Commissioner McClain opined that the Board should at least try and consider this option. Chairman Bryant advised that if the capacity is sold the expansion project will have to be accelerated.

Mr. Johnson recommended the Board expand the landfill and do what they can that makes strategic sense both operationally and fiscally to complete it as quick as possible. He stated if the time frame is shortened by a year or two through conventional means and airspace is still available then the Board has the option to sell the airspace. Mr. Johnson advised that the Board can accelerate the timeline, but he would not propose doing so in an operational deficit.

Chairman Bryant advised that the decision being made today is to move forward with the expansion, staff will bring back more information relating to the rate schedules and bond counsel will be consulted.

General discussion ensued.

BOARD DISCUSSION AND CLOSING COMMENTS

There being no further business to come before the Board, the meeting thereupon adjourned at 11:06 a.m.

Kathy Bryant, Chairman

Attest:

Gregory C. Harrell, Clerk