

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
January 23, 2018  
Timed: 10:15 A.M.

To: Board of Supervisors

From: Office of Planning and Environmental Review

Subject: Cents Per Ton Funding Allocation Program - Adopt Resolution To Approve A Cents Per Ton Allocation Program For The Collection, Administration And Use Of Funds From Mining Operators For The Purpose Of Enhancing Open Space And Connectivity Projects And Programs Throughout Sacramento County And For Community Related Improvements In The Cosumnes Area.

Supervisory District(s): Frost, Kennedy, Nottoli, and Serna

Contact: Mark Michelini, Senior Planner, 874-5648

**Overview**

Development Agreements (DAs) approved by the Board of Supervisors (Board) for the Teichert Quarry, Stoneridge Quarry, and Teichert Aspen VIII and IX mining project include a provision that requires mining operators to pay a Cents Per Ton (CPT) fee pursuant to the payment table contained in each DA. Granite Construction Company has submitted a new use permit application to mine the Vineyard South area (PLNP2016-00130) and this project will include a DA which will specify the payment of a CPT fee. Staff is currently processing the Vineyard South application and anticipate the project will become before the Board for final approval in early 2018. The DAs further require the County of Sacramento (County) and mining operators to identify an appropriate non-profit foundation to administer the funds, and develop a process for the distribution of such funds for open space and connectivity enhancement projects and programs. Future mining projects seeking entitlement approvals are also required to contribute to the CPT funding program. In working closely with the County Department of Regional Parks (Regional Parks), mining operators and the Cosumnes Community Planning Advisory Council (CPAC), staff has developed a CPT Allocation Plan which identifies a process for the collection, administration and use of such funds.

**Recommendation**

Adopt the attached Resolution and approve the CPT Allocation Program for the collection, administration, and use of funds from mining operators, to enhance open space and connectivity projects and programs throughout Sacramento County, and for community improvements in the Cosumnes area, which includes the following key funding components.

- For Teichert Quarry funds, the Cosumnes Community Area funds (10% of CPT) shall be deposited in a special fund depository located in the Department of Regional Parks. Ninety (90) percent of CPT funds shall be deposited into a special and separate account held by the

American River Parkway Foundation.

- For Stoneridge Quarry funds, the Cosumnes Community Area funds (25% of CPT) shall be deposited in a special fund depository located in the Department of Regional Parks. Seventy-five (75) percent of CPT funds shall be deposited into a special and separate account held by the Department of Regional Parks for related county-wide programs.
- Teichert Aspen VIII and IX funds (100% of CPT) shall be deposited into a special and separate account held by the American River Parkway Foundation.

### **Measures/Evaluation**

Funds from the CPT program will be used to enhance open space and connectivity projects and programs throughout Sacramento County, and for community related improvements in the Cosumnes area, including recreation, community centers, law enforcement, fire safety, and other community enhancements.

### **Fiscal Impact**

The cost for the administration and implementation of the CPT Allocation Program will be funded by fees collected from mining operators.

## **BACKGROUND**

Development Agreements (DAs) approved by the Board for the Teichert Quarry, Stoneridge Quarry, and Teichert Aspen VIII and IX mining project include a provision that requires mining operators to pay a CPT fee pursuant to the payment table contained in each DA. Approval dates for the DAs were: Teichert Quarry – November 30, 2010; Stoneridge Quarry - January 10, 2012; Teichert Aspen VIII and IX – September 27, 2016. Granite’s Vineyard South use permit application, including the DA, is pending and is scheduled to be heard by the Board in early 2018.

Funds from the CPT program will be used to enhance open space and connectivity projects and programs throughout Sacramento County, and for community related improvements in the Cosumnes area. The DAs also require the County and mining operators to identify an appropriate non-profit foundation and/or County affiliated organization for the administration of the CPT funds, and to develop a process for the distribution of such funds. The following table is included in each approved DA and it describes the CPT payment rate for each operator. The pending Vineyard South mining project will be subject to the same CPT rate.

Annual Sales (in Tons)	Progressive \$/Ton Rate Years 1-5	Progressive \$/Ton Rate Years 6-10	Progressive \$/Ton Rate Years 11-15	Progressive \$/Ton Rate Years 16-20	Progressive \$/Ton Rate Years 21-25
Up to 2 Million	0.035	0.040	0.055	0.080	0.115
2 to 3 Million	0.045	0.050	0.070	0.105	0.150
3 to 4 Million	0.065	0.080	0.100	0.170	0.250
4 to 5 Million	0.100	0.120	0.150	0.260	0.350
5 to 6 Million	0.160	0.200	0.230	0.355	0.420
6 to 7 Million	0.270	0.330	0.360	0.400	0.450

- Example: For 6,500,000 tons sold in Year 9 the fee would consist of the following -

+ 2,000,000 tons at \$0.040 per ton	\$80,000
+ 1,000,000 tons at \$0.050 per ton	\$50,000
+ 1,000,000 tons at \$0.080 per ton	\$80,000
+ 1,000,000 tons at \$0.120 per ton	\$120,000
+ 1,000,000 tons at \$0.200 per ton	\$200,000
+ 500,000 tons at \$0.330 per ton	\$165,000
	<u>= \$695,000</u>

The approved DAs provide assurances that the County will receive certain public benefits in exchange for specific County commitments to the property owners. Mine operators have voluntarily agreed to provide payments to the County of a fee for every ton of aggregate material extracted and sold, and worked with the County to identify an appropriate foundation or County affiliated organization to develop a process to administer the funds for open space enhancement projects and programs. Regional Parks staff and mining representatives have worked collaboratively to identify those organizations. Preference was provided to local non-profit foundations so that the CPT funds can be administered and used locally.

The following Foundations and County affiliated organizations are referenced in the Development Agreements and CPT program:

Recreation and Park Commission - The Recreation and Park Commission is appointed by the Board of Supervisors and is responsible for providing recommendations to the Board which enhance the quality of life and promote the benefits of parks and recreation in Sacramento County.

Cosumnes Community Planning Advisory Council (CPAC) - The Cosumnes CPAC has identified a broad scope of projects including recreation, community centers, law enforcement, fire safety, and community enhancement. The Department of Regional Parks will work directly with the CPAC to identify and fund projects, programs, or other qualified expenditures, as outlined in the Development Agreements, at the CPAC's direction.

Community Service Area 4B (CSA) – CSA 4-B is managed by the Department of Regional Parks and includes an advisory council appointed by the Board of Supervisors. The Department of Regional Parks maintains a separate budget on behalf of CSA 4B.

American River Parkway Foundation (Parkway Foundation) - The Parkway Foundation administers a number of volunteer programs along the American River Parkway including maintenance of the equestrian trail, invasive species management, mile stewardship and many other programs.

Although the DAs were approved several years ago, mining activity has not commenced on any of those approved mining sites; as a result, no CPT funds have been collected by the County. The CPT funds will be generated from the sale of aggregate materials extracted from each individual mine. Use Permits approved for those projects allow for a 15 to 100 year timeframe for aggregate extraction.

Based on the CPT funding rates included in approved DA, Teichert's Quarry representatives have indicated that they plan to mine approximately 3 million tons of materials per year and the mine is permitted to operate for 25 years. Based upon this estimate and the CPT rate the Teichert Quarry will pay approximately \$115,000 in CPT fees within the first five years. The operators of Stoneridge Quarry plan to mine approximately 6 million tons of materials per year. Based upon this estimate and the CPT rate of the approved DA, Stoneridge's Quarry will generate \$440,000 in CPT fees within the first five years. Teichert's Aspen VIII and IX are expected to generate 6 million tons of materials per year. Based upon this estimate and the CPT rate, Aspen VIII and IX will generate \$440,000 in CPT fees within the first five years.

Specific requirements regarding the use of CPT funds, as outlined in each approved DA, are summarized in the table on the next page. The location of the mining projects are shown on Attachment 1 – Vicinity Map.

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Mining Project	Approval Date	Timeline (years)	Use of the Cents Per Ton Funds
Teichert Quarry	11/30/2010	25	<ul style="list-style-type: none"> <li>• Ten percent (10%) of the funds are provided to the County for use on projects and programs within the Cosumnes Community Area. Such funds shall be held in a separate Regional Parks account solely for these projects and programs.</li> <li>• Ninety percent (90%) of the funds shall be forwarded by the property owner to a non-profit foundation (Parkway Foundation) for the purpose of furthering open space and connectivity projects and programs throughout the County.</li> </ul>
Stoneridge Quarry	1/10/2012	100	<ul style="list-style-type: none"> <li>• Twenty-five percent (25%) of the funds are provided to the County for use on projects and programs within the Cosumnes Community Area. Such funds shall be held in a separate Regional Parks account solely for these projects and programs.</li> <li>• Seventy-five percent (75%) of the funds shall be forwarded by Property Owners to Regional Parks for the purpose of furthering open space and connectivity projects and programs throughout the County, and shall be held in separate Regional Parks account.</li> </ul>
Teichert Aspen VIII & IX	9/27/2016	15	<ul style="list-style-type: none"> <li>• All of the funds shall be forwarded by property owner to a non-profit foundation (Parkway Foundation) for the purpose of furthering open space and connectivity projects and programs throughout the County.</li> </ul>
Granite's Vineyard South	Not Approved	15	<ul style="list-style-type: none"> <li>• A non-profit entity has been not been selected. The allocation rate will be the same as the other mines.</li> </ul>

## **DISCUSSION**

Working closely with Regional Parks, mining operators and the Cosumnes Community Planning Advisory Council (CPAC), staff has developed a draft CPT Allocation Program which is included (Exhibit A to the Resolution). The CPT program was reviewed and discussed by the Cosumnes CPAC on several occasions. On April 26, 2017, the Cosumnes CPAC endorsed the concept and directed staff to proceed with the processing of the CPT program. Since this action, the CPT program has been subject to minor editing revisions; however, the general approach for the collection, administration and use of such funds has remained unchanged. Key components of the CPT Allocation Program are summarized below:

### **Teichert Quarry Payment Schedule, Fund Collection and Allocation Process**

1. Quarterly payments shall be provided to the County by the property owner within 30 days of each of the following quarterly dates of each year: March 31, June 30, September 30 and December 30.
2. Ten (10) percent of the funds provided to the County shall be used for projects and programs within the Cosumnes Community Area (Cosumnes CPAC). Funds shall be deposited into a special Cosumnes CPAC fund depository located in the Department of Regional Parks.

#### *Cosumnes Community Fund Allocation Process:*

- After January 30 of the current fiscal year, Regional Parks shall provide the Cosumnes CPAC a fund balance statement, which includes projected expenses for approved projects for the remainder of the fiscal year. The report shall also include all deposits made by the quarry operators during the past calendar year which shall be available for appropriation by the Board for the following fiscal year.
  - By March 31 of the then current fiscal year, the Cosumnes CPAC shall make recommendations for expenditures for the following fiscal year solely based on actual revenue collected and any carry over from the prior calendar year as specified per fund balance statement.
  - Recommendations shall include projects, programs or other qualified expenditures as outlined in the approved DA.
  - Recommendations made by the Cosumnes CPAC shall be included in the Department's (Regional Parks) preliminary budget proposal for consideration by the County Executive.
  - The Cosumnes CPAC can recommend midyear changes to the project list so long as total expenditures do not exceed the amount authorized by the Board, and the project must qualify under the terms of the DA. Any disputes relative to midyear changes to the project list may be appealed to the Board.
3. Ninety (90) percent of the funds shall be paid by the property owner to the American River Parkway Foundation. Sixty percent of these funds shall be used for to implement programs within the American River Parkway area, including equestrian trail maintenance, invasive

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species management, and mile stewardship while the remaining 30 percent will be used on general county-wide open space projects.

*American River Parkway Foundation and County Open Space Fund Allocation Process:*

- A stakeholder group shall be formed consisting of a representative from Teichert Quarry, the American River Parkway Foundation, and Regional Parks.
- In January of each year, the Stakeholders shall meet and develop a list of open space and connectivity projects and programs to be funded in the following fiscal year in accordance with the Development Agreement.
- The list of projects shall be based on actual revenue collected and any carry over from the prior year.
- The project list shall be provided to the Recreation and Park Commission, and forwarded to the Board annually to review and provide input to the project list

Example:

Payments to the County within 30 days of:				Expense Authorization
March 31, 20XX	June 30, 20XX	September 30, 20XX	December 31, 20XX	Prior Calendar Year Revenue Collected; Following Fiscal Year Allocation Amount
\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

Breakdown:

Cosumnes Community Area: 10%	American River Parkway: 60%	County Open Space: 30%
Fiscal Year: \$2,000	Fiscal Year: \$12,000	Fiscal Year: \$6,000
Depository: Special fund depository – Regional Parks	Depository: Restricted Fund - American River Parkway Foundation	Depository: Restricted Fund - American River Parkway Foundation

Fund Location: Ten (10) percent of the CPT funds (Cosumnes Community Area funds) shall be deposited in a special fund located in the Department of Regional Parks. Ninety (90%) of the CPT funds shall be deposited into a special and separate account held by the American River Parkway Foundation.

A separate account shall be established by Regional Parks for the purposes of accommodating deposits made by A. Teichert and Son for Cosumnes Community Area funds. The funds shall be used only for the purposes identified in the approved DA. A report of funds collected and used from the Cosumnes Special Fund Depository – Regional Parks account shall be provided annually on June 30th of each year to the chair of the Cosumnes Community Planning Advisory Council (CPAC). If the Cosumnes CPAC is no longer interested in monitoring these funds or

making expenditure recommendations, the County Board of Supervisors shall establish a special committee and appoint a diverse group of residents representing the Rancho Murieta, Sloughhouse and Wilton areas, as a successor entity. The successor entity shall then continue to monitor these funds and identify programs that would benefit the Cosumnes community.

### **Stoneridge Quarry Payment Schedule, Fund Collection and Allocation Process**

1. Quarterly payments shall be provided to the County by the property owner within 30 days of each of the following quarterly dates of each year: March 31, June 30, September 30 and December 30<sup>th</sup>.
2. Twenty-five (25) percent of the funds provided to the County for use on projects and programs within the Cosumnes Community Area (Cosumnes CPAC). Such funds shall be held in a separate account solely for these projects and programs located in the Department of Regional Parks.

#### *Cosumnes Community Fund Allocation Process:*

- After January 30 of the current fiscal year, Regional Parks shall provide the Cosumnes Community Advisory Council a fund balance statement, which includes projected expenses for approved projects for the remainder of the fiscal year. The report shall also include all deposits made by the quarry operators during the past calendar year which shall be available for appropriation by the Board of Supervisors for the following fiscal year.
  - By March 31 of the then current fiscal year, the Cosumnes Community Planning Advisory Council shall make recommendations for expenditures for the following fiscal year solely based on actual revenue collected and any carry over from the prior calendar year as specified per fund balance statement.
  - Recommendations shall include projects, programs or other qualified expenditures outlined in the DA.
  - Recommendations made by the Cosumnes Community Planning Advisory Council shall be included in the Regional Parks preliminary budget proposal for consideration by the County Executive.
  - The Cosumnes Community Planning Advisory Council can recommend midyear changes to the project list so long as total expenditures do not exceed the amount authorized by the Board of Supervisors, and the project must qualify under the terms of the Development Agreement. Any disputes relative to midyear changes to the project list may be appealed to the Board.
3. Seventy-five (75) percent of the funds shall be forwarded to Regional Parks. These funds are for furthering open space and connectivity projects and programs throughout the County. Such funds shall be deposited in a special fund located in the Department of Regional Parks.



*County Open Space Fund Allocation Process:*

- A stakeholder group shall be formed consisting of a representative from Stoneridge Quarry and Regional Parks.
- In January of each year, the Stakeholders shall meet and develop a list of open space and connectivity projects and programs to be funded in the following fiscal year in accordance with the Development Agreement.
- The list of projects shall be based on actual revenue collected and any carry over from the prior year.

The project list shall be provided to the Recreation and Park Commission, and forwarded to the Board as part of the annual budget process for the Department of Regional Parks for the following fiscal year. As a result, the Board will have an opportunity to review and provide input to the project list.

Example:

Payments to the County within 30 days of:				Expense Authorization
March 31, 20XX	June 30, 20XX	September 30, 20XX	December 31, 20XX	Prior Calendar Year Revenue Collected Following Fiscal Year Allocation Amount
\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

Breakdown:

Cosumnes Community Area: 25%	County Open Space: 75%
Fiscal year: \$5,000	Fiscal year: \$15,000
Depository: Special fund depository – Regional Parks	Depository: Special fund depository - Regional Parks

Fund Location: Twenty-five (25) percent of the CPT funds (Cosumnes Community Area funds) shall be deposited in a special fund located in the Department of Regional Parks. Seventy- five (75) percent of the CPT funds shall be deposited into a special and separate account held by the Department of Regional Parks.

A separate account shall be established by Regional Parks for the purposes of accommodating all deposits made by Stoneridge Quarry LLC, as described in the section above. The funds shall be used only for the purposes identified in the approved DA. A report of funds collected and used from the Cosumnes Special Fund Depository – Regional Parks account shall be provided annually on June 30th of each year to the chair of the Cosumnes Community Planning Advisory Council (CPAC). If the Cosumnes CPAC is no longer interested in monitoring these funds or making expenditure recommendations, the County Board of Supervisors shall establish a special committee and appoint a diverse group of residents representing the Rancho Murieta,

Sloughhouse and Wilton areas, as a successor entity. The successor entity shall then continue to monitor these funds and identify programs that would benefit the Cosumnes community.

### **Teichert Aspen VIII and IX Payment Schedule, Fund Collection and Allocation Process**

The DA approved for the Aspen VIII and IX mining project requires the payment of CPT fee as the project site is located in the Construction Material Market Equalization Area; however, it does not name a foundation nor does it describe an allocation process for the collection and use of such funds. In coordination with the mining operator, county staff has identified a CPT Allocation Program for the Aspen VIII and IX mining project, which includes the following payment schedule, administration entity and fund allocation process.

1. Within 30 days of the close of the calendar year, Teichert shall provide the County with a statement indicating the tons of aggregate material sold and a calculation of the CPT contribution to be made as a result of said production. Annual payments shall be based upon the tonnage produced and sold from the Project area and the rates provided for in the Development Agreement. Upon receipt of this accounting and calculation of payment due, American River Parkway Foundation shall invoice Teichert for payment. Within 30 days of receipt of said invoice, Teichert shall make the required cents per ton payment to the American River Parkway Foundation.
2. All of the CPT funds shall be forwarded by the property owner to the American River Parkway Foundation for the purpose of furthering open space and connectivity projects and programs throughout the County.

#### *American River Parkway Foundation Fund Allocation Process:*

- A stakeholder group shall be formed consisting of a representative from Teichert's Aspen VIII and IX, the American River Parkway Foundation, and Regional Parks.
- In January of each year, the Stakeholders shall meet and develop a list of open space and connectivity projects and programs to be funded in the following fiscal year in accordance with the Development Agreement.
- The list of projects shall be based on actual revenue collected and any carry over from the prior year.
- The project list shall be provided to the Recreation and Park Commission; the project list will then be forwarded to the Board to provide input to the project list.

Fund Location: One hundred (100) percent of the CPT funds shall be deposited into a special and separate account held by the American River Parkway Foundation.

### **Vineyard South Mining Project (PLNP2016-00130)**

Granite Construction Company has submitted an application for a surface mining operation in the southeastern portion of the County. Since the project site is located with the Construction Material Market Equalization Area, the mining operator will be required to participate in the

CPT fee program. This DA has not been drafted at this time. Once prepared, and approved by the Board, the DA for this project will outline specific requirements regarding the use of the cent per ton funds, identify an appropriate mechanism for the administration of such funds, and describe a process for the distribution of such funds for open space enhancement projects and programs.

### **MEASURES/EVALUATION**

The CPT Allocation Program sets forth the process for the collection, administration and use of funds from mining operators to enhance open space and connectivity projects and programs throughout Sacramento County. The CPT Allocation Program establishes a payment schedule, identifies appropriate non-profit foundations for the administration of the CTP funds, and describes an allocation process for the distribution and use of such funds for open space enhancement projects and programs.

### **FINANCIAL ANALYSIS**

The cost for the administration and implementation of the CPT program will be funded by fees collected from mining operators.

Respectfully submitted,

APPROVAL RECOMMENDED:

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LEIGHANN MOFFITT, Planning Director  
Office of Planning and Environmental Review

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NAVDEEP S. GILL  
County Executive

Attachments:

- RES - Cents Per Ton Funding Allocation Process
- EXH A to RES – Cents Per Ton Allocation Process
- ATT 1 – Vicinity Maps and Construction Material Market Equalizer Area Map
- ATT 2 - Teichert Quarry Development Agreement
- ATT 3 - Stoneridge Quarry Development Agreement
- ATT 4 - Aspen VIII and IX Development Agreement