



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: October 7, 2008
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott McGolpin, Public Works Director, 568-3010
Director(s)
Contact Info: Mark Schleich, Public Works Deputy Director, 882-3603

SUBJECT: Update on Conversion Technology Study Project

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: N/A

Recommended Actions:

1. Receive and file Summary (EXHIBIT A) of the August 18th and 20th public forums on Conversion Technology hosted by the City of Santa Barbara Solid Waste Committee. Attendees at these meetings included elected officials and staff from the County of Santa Barbara, the City of Goleta, the City of Buellton and the City of Santa Barbara.
2. Approve and authorize the Public Works Department Resource Recovery & Waste Management Division to perform technical studies needed for the completion of the RFP:
 - a. A characterization study of the solid waste currently disposed at the Tajiguas Landfill.
 - b. A geo-technical study of the potential location for a CT facility at the Tajiguas Landfill.

Summary Text:

In July 2007, staff provided a solid waste management update to your Board including the more recent interest in updating the County's information on the potential siting of a conversion technology (CT) facility at the Tajiguas Landfill. Conversion technology facilities are available that would further process waste to remove recyclables and convert the majority of the remaining material into synthetic fuels, electricity or other usable products. The benefits of this type of facility include providing a long-term waste management plan, minimizing the environmental impact of waste disposal, providing financial

stability, maximizing recycling rates for participating jurisdictions, and potentially generating green energy for our community.

In October 2007, your Board approved a contract with Alternative Resources, Incorporated (ARI) to prepare a feasibility study for siting a CT facility at the Tajiguas Landfill. This project was a joint effort with the City of Santa Barbara who agreed to pay for half of the consultant's work. Staff returned in January 2008 for Board approval of proposed goals and criteria that would be used as the guiding principles to evaluate and screen potential technology vendors.

In May 2008, staff presented to your Board the Feasibility Study which identified eight (8) potential CT contractors that could establish a CT facility at the Tajiguas Landfill and your Board provided the direction to move forward.

Since that time, ARI and staff have begun work on the Request for Proposals as directed by the Board of Supervisors. An important part of this process has been working with the staff and elected officials of all jurisdictions currently using Tajiguas Landfill. Staff has presented updates to all affected jurisdictions (the cities of Santa Barbara, Goleta, Buellton and Solvang) and requested:

1. A pledge of waste supply
2. Participation in public forums on the development of this project

On August 18th and 20th, the City of Santa Barbara hosted public meetings to discuss ownership, operation, financing and contract administration of this potential facility. These meetings were attended by elected officials of the cities of Santa Barbara, Goleta and Buellton as well as the County of Santa Barbara.

As directed by your Board, staff is returning with the results of these meetings. The general consensus for the ownership, operation, financing and contract administration of this potential facility were as follows:

1. Ownership of the proposed CT facility will be a public-private hybrid. The facility will be privately designed, built, owned and operated during the contract, but will allow the participating public jurisdictions to purchase the facility for a nominal fee at the end of the contract. Additionally, there will be the option of buying out the contract and purchasing the facility before the contract ends. Due to initial private ownership, this project will also be privately financed which will reduce the financial risk of this project to the County of Santa Barbara and increase scrutiny from private lenders to ensure viability.
2. Waste supply and contract administration will be based on a public partnership model. There will be individual contracts with the conversion technology contractor and each of the participating jurisdictions. The contracts will be developed by a Joint Powers Agreement to provide a uniform position in contract management and appropriate protection and remedies to all parties.

Other considerations and greater detail of consensus items are provided in the attached document EXHIBIT A.

Background:

The Tajiguas Landfill currently provides disposal services for the cities of Buellton, Solvang, Goleta, and Santa Barbara as well as the unincorporated South Coast, Santa Ynez, and New Cuyama Valleys. Despite the region's aggressive and successful recycling efforts, space at the landfill is diminishing and there is the need for a regional long-term solid waste management plan. In February 2004, a long-term plan was developed and adopted by area jurisdictions that included the development of a waste conversion facility. Concern over reduced disposal capacity, interest in better utilizing resources, and the potential for creating a local energy source led to your Board requesting that Public Works staff work with the City of Santa Barbara to evaluate the feasibility of siting a conversion technology (CT) facility at the Tajiguas Landfill.

In October 2007, the City Council of Santa Barbara and the County Board of Supervisors approved the hiring of Alternative Resources Inc. (ARI) to proceed with the evaluation of CT to be established on the South Coast, most likely at the Tajiguas Landfill. ARI, working with select County and City of Santa Barbara elected officials and staff, drafted goals that were used as guiding principles in the evaluation process. ARI also drafted evaluation criteria that were used to screen potential technologies for suitability at the Tajiguas Landfill while considering the goals of our community. In developing the proposed goals and criteria, ARI based its work on the October 2003 MJSWTG CT Subgroup Report. ARI refined and updated this work with input from staff and experience gained from similar efforts undertaken in other jurisdictions.

During this same time period, staff from the County and City of Santa Barbara conducted a comprehensive outreach effort speaking directly to over 40 community organizations, agencies, and jurisdictions including the City Councils of Goleta, Buellton and Solvang. The purpose of the effort was to make the community more aware of the current rates of waste generation and the need for a long-term management plan and how CT may fit in the plan. In addition, the potential benefits of further processing recyclables and converting waste to an energy source were explained. Feedback from the community has been overwhelmingly positive.

In January 2008, staff returned to your Board for a project update and the endorsement of the goals and criteria to be used in our Feasibility Report. Also during this time, ARI developed a list of 24 potential vendors based on known technologies as well as vendors that have participated in recent procurement efforts in other jurisdictions such as Los Angeles and New York City. A Request for Information was prepared and sent to these vendors requesting information to ensure their ability to meet the City and County's screening criteria. Eleven of the 24 vendors responded and eight of the eleven respondents met the established criteria.

In April 2008, the feasibility report was released identifying eight (8) potential CT contractors. There are contractors representing anaerobic digestion, thermal processing, and other conversion technologies. Each of the contractors met all of the criteria and expressed their ability to achieve 70-100% diversion at a rate of less than \$100 per ton (an assumed cost to dispose at an alternative facility in the future). Due to the breadth of contractor types and capabilities, staff believes there are feasible alternatives that could result from a competitive procurement process.

In May 2008, staff formally presented the Feasibility Report to your Board.

Staff has since presented the results of the feasibility report to interested members of the community and other jurisdictions that could potentially participate in the development of the facility. In addition, staff, with the assistance of ARI, has conducted public forums with elected officials and staff from affected jurisdictions to discuss options for the ownership and financing of the facility. Simultaneously, ARI has begun drafting segments of the Request for Proposals (RFP) to identify a potential contractor for the establishment of the CT facility. Staff proposes to return to your Board in January to present a final draft of the RFP for approval before its release.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative: Costs for the studies have been included in the FY 08/09 budget for the Resource Recovery & waste Management Division.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

None

Attachments:

EXHIBIT A – Summary of August 18 & 20 Public Forums on CT

Authored by: Carlyle A. Johnston, Project Leader, extension 3617

cc:

EXHIBIT A – Summary of August 18 & 20 Public Forums on CT

OWNERSHIP & OPERATION / FINANCING

Basic Options Considered

- A) Public Model – Public Ownership/Financing with Public or Private Operation
 - Traditional Project Delivery
 - Design-Bid-Build (DBB) – Public or Private Operation
 - Alternative Project Delivery
 - Design-Build (DB) – Public or Private Operation
 - Design-Build-Operate (DBO) – Private Operation
- B) Private Model – Private Ownership/Financing with Private Operation
 - Variation
 - Design-Build-Own-Operate-Transfer (DBOOT)
- C) Financing – Typically Dictated by Ownership Approach

Direction for RFP by Elected Officials

Public-Private Partnership using DBOOT model

- Private ownership/financing
- Private operation
- Public right (not obligation) to assume ownership at end of term
- Potential for earlier transfer of ownership (e.g., after 10 or 15 years) with buy-out terms and conditions
- Strong contractual mechanisms for elements of public control such as:
 - Project labor agreements, prevailing wages and/or collective bargaining
 - Working conditions (health & safety)
 - Financial security mechanisms
 - Project performance standards
 - Design review, construction monitoring and operational oversight
 - Step-in rights
 - Other typical contract provisions (termination, liquidated damages, etc.)

Issues to Address

1. Develop project performance standards, financial security mechanisms and key contract principles (terms and conditions) and specify additional local concerns/priorities for elements of public control (RFP development)
2. Incorporate public controls into the contract

EXHIBIT A – Summary of August 18 & 20 Public Forums on CT

CONTRACT ADMINISTRATION & WASTE SUPPLY

Basic Options Considered

- A) By Individual Waste Generator
- B) Under City and/or County Management
- C) Under Management of a New Regional Entity (e.g., Joint Powers Authority)

Direction for RFP by Elected Officials

Hybrid Option - Public Partnership Model

- Individual contracts between public participants and contractor using a master agreement (individual fiscal authority on common contractual basis)
- Joint Powers Agreement between the public participants to provide a uniform position in contract management and appropriate protection and remedies to all parties
 - Affirm roles and responsibilities
 - ♦ Contract administration and day-to-day operational oversight provided by the County
 - Pre-established decision-making mechanisms
 - ♦ Voting rights
 - ♦ Administrative (non-voting) authority

Issues to Address

1. Identify participants and waste supply
2. Finalize RFP
3. Develop Joint Powers Agreement