



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: January 17, 2012  
Placement: Departmental  
Estimated Time: 45 minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**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:** **Initiation of CEQA Review of Recommended Resource Recovery Project to Process Waste Currently Buried at the Tajiguas Landfill**

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**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 endorse the recommended resource recovery project to process waste currently buried at the Tajiguas Landfill
2. Direct staff to initiate review of the project pursuant to the California Environmental Quality Act (CEQA) and designate the County Public Works Department, Resource Recovery & Waste Management Division (RRWMD) as the CEQA Lead Agency
3. Direct staff to develop a term sheet to be approved by the County and Mustang Renewable Power Ventures (the County's preferred project vendor) to formalize Mustang's offer to fund the environmental review
4. Authorize chair to send requests to each Mayor of the participating cities (Buellton, Goleta, Santa Barbara, and Solvang) to adopt a resolution indicating their continuing interest in the project
5. Direct staff to eliminate from consideration the other proposals submitted as part of this procurement process

**Summary Text:**

Staff has completed a four-year comprehensive procurement process to identify a project to divert municipal solid waste that is not currently recycled from being disposed at the Tajiguas Landfill by further recovering materials and converting the material not recycled into beneficial products such as energy, fuels or other potentially marketable products. Exhibit 1 of this Board Letter provides a detailed

description of the procurement process involving extensive collaboration with regional partners, comprehensive public outreach, and the rigorous evaluation process to identify the best project to meet our community's needs.

The Public Works Department RRWMD, in collaboration with its partner cities, has identified preferred technologies and a vendor for a resource recovery project. The recommendation is for the Board to endorse the recommended project from Mustang Renewable Power Ventures (Mustang) to partner with the County and construct and operate a material recovery facility and anaerobic digester. The project will enable the community to reduce the quantity of municipal solid waste to be landfilled by 50%, thus resulting in the beneficial use of marketable products such as recyclables and energy, and potentially doubling the permitted life of the Tajiguas Landfill. The project will provide a 20-year solution for our community's waste management needs. The facility will be privately financed and funded through tipping fees paid by users of the facility.

If the Board endorses the recommended project, in concept, the second recommendation is for the Board to direct staff to initiate the environmental review process and designate the County Public Works Department RR&WMD as the CEQA Lead Agency. On behalf of the County, Mustang has agreed to fund the preparation of the environmental document and staff is recommending that the Board direct staff to develop a term sheet that will formalize this funding offer between the County and Mustang. Staff is also recommending that the Board authorize the chair to send letters to each of the mayors of the participating jurisdictions requesting that they adopt a resolution indicating their continued interest in the project.

Staff will return to the Board in Spring/early Summer with more specific recommendations associated with the environmental review such as a defined project description, recommended consultant as a result of a procurement process, and final term sheet (similar to a MOU) with Mustang formalizing their offer to fund the environmental review.

**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 (our region currently diverts over 70% of the waste generated), 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 to service the South Coast. In 2007, the Board requested that Public Works staff work with its regional partners to evaluate the feasibility of constructing a facility that would reduce our community's reliance on landfilling. Over the past four years, staff has returned to the Board five times with updates and seeking approvals associated with this project (October 2007, January 2008, May 2008, October 2008, October 2009). A detailed discussion of the comprehensive procurement process, project outreach efforts, and the recommended project is contained in Exhibit 1 attached.

In October 2009, your Board authorized the release of a Request for Proposals to Establish a Solid Waste Management Conversion Technology Facility to Process Waste Currently Buried at the Tajiguas Landfill (RFP). Five responses to the RFP were received in summer 2010, which included four companies, one of which submitted two proposals (a base and an alternative). A Subgroup consisting of staff from each of the participating jurisdictions has reviewed the proposals, attended presentations made by each proposer, and assisted in identifying follow-up questions for the five proposals. Throughout the procurement

process, the Subgroup has made over 90 presentations to interested community groups, agencies, and elected officials and has incorporated feedback from these presentations into its final recommendation. Once the Subgroup completed its review, the recommended project was presented to stakeholder groups including City Managers, public officials at a Public Official Forum held specifically for this project, and interested community groups.

The recommended vendor is Mustang Renewable Power Ventures, based in San Luis Obispo. The project principal is John Dewey of the Dewey Group with a partner company, Rossi Enterprises. Participating firms include Van Dyk Baler (design, engineer, manufacture, install and service material recovery facility); Bekon Industries (provide, install, and maintain anaerobic digester); AJ Diani Building Corporation (a local builder based in Santa Maria); Worley Parsons (project engineer); and Westhoff, Cohen & Holmstedt (investment banker). Mustang included each of these firms as participants based on their significant experience in their respective areas of expertise. The project will be in partnership with the County but privately financed and funded through tipping fees paid by users of the facility through a 20-year agreement.

The proposed project consists of a state-of-the-art material recovery facility that will process all waste currently thrown into the trash can. Recyclables will be pulled to be baled and sold as commodities. Organics will be directed to an on-site anaerobic digester for digesting and extraction of biogas (primarily methane). The biogas will be converted to energy through a combustion engine. The digestate that comes out of the digestion process will be cured to produce a compost product, if possible, based on the quality of the material. The waste that can not be recycled or digested will be directed to the landfill for burial.

The implementation of the project will provide a host of benefits to the region in addition to assisting the South Coast and Santa Ynez Valley in meeting many state mandates associated with solid waste management:

- 1) 20-year waste management plan
- 2) Cost-effective solution (rates currently proposed are comparable to projected landfill costs)
- 3) Provides infrastructure to support existing and future waste management programs (material recovery facility for recyclables, anaerobic digester for organics)
- 4) Meets CalRecycle's 15-year disposal capacity requirement (if built by 2016 would have enough disposal capacity until 2036 at current disposal rates)
- 5) Would increase region's diversion rate from 73% to 80%+ without any changes to current programs (meets AB 341 goal of 75% in 2020)
- 6) Ability to eliminate greenhouse gas equivalent to 22,000 vehicles/year (AB 32: greenhouse gas reductions by 2020)
- 7) Ability to generate 1 megawatt of renewable energy and eligible for renewable energy credits

Staff is requesting the Board to direct staff to initiate the CEQA review and designate the County Public Works Department RR&WMD to act as the CEQA Lead Agency. The project proponent, Mustang, has agreed to pay for the preparation of the environmental document. Staff is also seeking direction from the Board, at this time, to develop a term sheet to be approved by both the County and Mustang to formalize Mustang's offer to fund the environmental review efforts.

Staff is proposing to return to your Board in the Spring/early Summer with:

- 1) a detailed project description,

- 2) a recommended consultant selected through a competitive procurement process to prepare the CEQA document,
- 3) a term sheet between the County and Mustang containing terms such as an agreement to fund the CEQA analysis and the County's commitment to negotiate exclusively with Mustang if the project is ultimately approved, and
- 4) identification of an interagency legal structure (such as a Joint Powers Authority, etc.) for the different participating jurisdictions and Mustang.

**Performance Measure:** N/A

**Fiscal and Facilities Impacts:** No new fiscal or facility impacts associated with this item.

**Fiscal Analysis:**

Narrative: No new costs will be incurred as a result of the approval of the items in this Board Letter besides the use of existing staff to complete the necessary work to prepare for the Spring/early Summer Board meeting with more specific action items.

**Staffing Impacts:** None

**Special Instructions:** None

**Attachments:**

EXHIBIT 1 – Resource Recovery Project Summary

**Authored by:** Leslie Wells, ext. 3611.