



TO: Mayor and Councilmembers
FROM: Steve Wagner, Community Services Department
CONTACT: Everett King, Environmental Services Coordinator
SUBJECT: Resource Recovery Project at Tajiguas Landfill

RECOMMENDATION:

Receive staff's report and presentation on the current status of the proposed Resource Recovery Project at Tajiguas Landfill.

BACKGROUND:

In 2002, the Santa Barbara County Multi-Jurisdictional Solid Waste Task Group ("MJSWTG") was formed to provide a forum to discuss and plan regional long-term solid waste management strategies and facilities. The MJSWTG identified various areas of interest and appointed representatives to serve on Subgroups, including the Conversion Technology (CT) Subgroup, to specifically research the feasibility of anaerobic digestion facilities and thermal gasification facilities for the communities served by the Tajiguas Landfill.

In February 2004, the MJSWTG developed a long-term waste management plan for the County. The plan was adopted by the jurisdictions served by the Tajiguas Landfill and included the development of a conversion technology (CT) facility which is essentially a facility that further recovers materials from the wastestream and converts those materials into energy, fuels, and other potentially marketable products.

In March 2007, the CT Subgroup of the MJSWTG was re-initiated and established a technical working subgroup comprised of staff from each of the participating jurisdictions (the cities of Buellton, Goleta, Santa Barbara, Solvang, and the County). This technical subgroup has met regularly over the last five years and was instrumental in hiring a consultant to evaluate the feasibility of conversion technologies, preparing the request for proposals for the project, reviewing the proposals submitted, conducting presentations to the general community regarding the project, and selecting the recommended project.

In August 2007, County staff provided a solid waste management update to the Santa Barbara County Board of Supervisors which included the request for direction for staff to work with its regional partners to evaluate the feasibility of constructing a facility that would reduce our community's reliance on landfilling. Technologies are available that would further process waste to remove recyclables and convert the majority of the remaining material into synthetic fuels, electricity, compost, soil amendments or other usable products. The benefits of this type of facility include providing a long-term waste management plan, minimizing the environmental effects of waste disposal, providing financial stability, maximizing recycling rates for participating jurisdictions, and potentially generating green energy for our community.

In October 2007, the City Council of Santa Barbara and the County Board of Supervisors approved the recommendation made by the Subgroup to hire Alternative Resources, Inc. (ARI) to proceed with the evaluation of a CT facility to be established on the South Coast, most likely at the Tajiguas Landfill. ARI was recommended to the Santa Barbara County Board of Supervisors based on a RFP process and selection committee that contained staff members from the County of Santa Barbara, the City of Santa Barbara, the City of Goleta, and the Montecito Sanitary District.

During the Fall and Winter of 2007/2008, 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 waste 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. Based on community feedback, the CT Subgroup and ARI drafted goals that were used as guiding principles in the evaluation process as well as evaluation criteria that were used to screen potential technologies for suitability at the Tajiguas Landfill.

In January 2008, both the City of Santa Barbara City Council and the Santa Barbara County Board of Supervisors approved the project goals and criteria to be used when preparing the feasibility report.

In April 2008, a feasibility report was completed and identified eight potential CT contractors, representing three different processes (anaerobic digestion, thermal processing, and refuse derived fuel). Each of the contractors met all of the criteria and expressed their ability to achieve 60-100% 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, it was determined by the consultant and Subgroup that there were feasible alternatives that could result from a competitive procurement process.

In May 2008, County staff presented the Feasibility Report and its findings to the Santa Barbara County Board of Supervisors and requested direction to begin drafting a Request for Proposals (RFP) to solicit project proposals from the short-listed conversion technology vendors identified in the feasibility report, directions for staff to continue to make presentations to the community on the results of the report, and to hold a public forum for elected officials from the potential partner cities to discuss the legal arrangement for the facility.

In August 2008, the CT Subgroup held a two-day public forum 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. Feedback from this forum was formally presented and approved by the Santa Barbara County Board of Supervisors in October 2008.

During the summer of 2009, the city councils of Buellton, Goleta, Santa Barbara, and Solvang, approved letters of interest and intention to commit material to the project if the facility was able to meet each of the project goals.

In October 2009, an RFP to establish a facility that would reduce our community's reliance on landfilling was released by the Santa Barbara County Board of Supervisors. The Santa Barbara City Council also received an update on the release of the RFP. In June 2010, the County received five proposals submitted by four vendors (one vendor, Mustang Renewable Power Ventures, submitted a Base and an Alternative proposal). In October 2010, each of the vendors made oral presentations of their proposals to the Subgroup. During 2010 to 2011, ARI and the Subgroup reviewed the proposals submitted and held four public official forums to discuss the proposals including their opportunities, weaknesses and their strengths.

In June 2011, CT Subgroup indicated that they preferred Mustang's base proposal and thus would recommend Mustang as the preferred Project Contractor and the Base Proposal as the Preferred Project.

In January 2012, the Santa Barbara County Board of Supervisors agreed with CT Subgroup and directed County Staff to proceed with the environmental review of Mustang's proposal.

DISCUSSION:

The CT Subgroup continues to evaluate Mustang's proposal, further defining the waste streams that will be processed by the proposed facility, refining tonnage requirements, and reviewing pro-forma financial information provided by Mustang.

In March 2012, staff from the County and City of Santa Barbara, and the City of Goleta conducted a two-day field tour of several solid waste processing facilities located in the San Jose/South Bay area, including several Material Recovery Facilities and a composting facility, in order to better understand the operational capabilities of some of these processes.

Legal counsel of the participating jurisdictions continue to explore possible governance structures and on April 5, 2012, a draft Joint Powers Agreement was circulated for review. The draft Agreement covers membership, voting rights, rules of procedure, joint operations fund, services and contributions, and other governance issues. A final governance agreement will be finalized simultaneous to the environmental review process.

On April 19, 2012, the County of Santa Barbara issued a Notice of Preparation and Scoping Document for the proposed Resource Recovery Project at the Tajiguas Landfill. A scoping hearing has been scheduled for May 14 at the County Planning Commission Hearing Room. The environmental review process will consider alternatives to managing solid waste generated within the Tajiguas watershed, as well as alternative locations for the proposed facility.

Mustang has agreed to pay the cost of conducting the environmental review and preparation of associated technical reports. However, in return, Mustang has asked that each of the participating public partners sign a non-binding term sheet and resolution, both of which are currently being drafted, that will provide assurance to Mustang that participating jurisdictions are still conceptually interested in the project.

A draft Request for Proposals for a CEQA consultant to conduct the environmental review is currently under development and review by the CT Subgroup, with a planned distribution to prospective consultants on May 2, 2012, and a proposed submittal deadline of May 18, 2012.

Staff anticipates returning to your Council, possibly as early as June, with the final Term Sheet and Resolution for your consideration and approval.

FISCAL IMPACTS:

There are no anticipated fiscal impacts to the City resulting from signing the proposed non-binding Term Sheet, or associated with the environmental review process, which will be paid for by the project proponent.

Construction and operation of the proposed facility would be privately financed. The facility would charge a per ton tipping fee which will be competitive with landfill tip fees. That tipping fee would be reflected in the solid waste collection rates currently paid by residents and commercial businesses.

As specified in the RFP, the participating jurisdictions would share any costs incurred as a result of future regulatory or legislative mandates that might impact the operations of the proposed facility.

ALTERNATIVES:

At current fill rates, the Tajiguas Landfill is scheduled to reach permitted capacity in 2026. The proposed project would extend existing permitted capacity for an additional 20 years, with the further benefits of producing clean, renewable energy, and achieving substantial reductions in green-house gas emissions associated with landfilling waste. If the proposed project is not constructed, jurisdictions currently disposing of their MSW in Tajiguas, will need to identify an alternative landfill that can accept their waste.

The closest currently operating landfills that could potentially accept Goleta's waste are located in San Luis Obispo and Ventura Counties. The City of Santa Maria is proposing the construction of a new landfill at Las Flores Ranch, located in north Santa Barbara County, which could potentially receive Goleta's waste for disposal. The City would be subject to paying a yet unknown tipping fee, set by the City of Santa Maria, and the City's waste would have to be transported over greater distances, adding transportation costs to customer rates. Hauling Goleta's waste to another facility would require a transfer station and long-haul trucking capability. The City would either have to construct and operate such a facility and trucking fleet, or contract with the County or a private entity to provide those services.

Continued landfilling of the City's waste would lose the benefits of power generation, and reduced green-house gas generation, and would increase the City's carbon footprint.

Reviewed By:

Approved By:

Michelle Greene
Administrative Services
Director

Dan Singer
City Manager