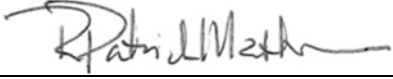
 <p>Report to the Board of Directors</p>	ITEM NO. 1
	<hr/> N/A <hr/> Finance Manager/Controller-Treasurer
	 <hr/> General Manager/CAO
Date: July 16, 2015 From: Patrick Mathews, General Manager/CAO Title: Presentation of Regional Solid Waste Management System Study	<hr/> N/A <hr/> Legal Counsel

RECOMMENDATION

Staff recommends that the Board accept this report and presentation, and provide comments and questions for staff and consultant consideration or further action.

STRATEGIC PLAN RELATIONSHIP

Some of the proposed scenarios (3, 4, 5 & 6), but not all contained within this report may support the Authority Goals to:

- A. Fund and Implement 75% Diversion of Waste From Landfills
- B. Complete Development of the Salina Area Transfer Station and Materials Recovery Center
- C. Reduce Costs and Improve Services at the Johnson Canyon Landfill

FISCAL IMPACT

There are seven scenarios presented, each of which has its own cost evaluation that attempts to define savings or cost increases as compared to current "Status Quo" operations. Staff has requested the background data and worksheets (not included in draft report) used to arrive at these figures to validate the assumptions used to develop the "Annual System Cost Comparisons", but have not had the opportunity yet to review this information. Further staff and/or outside consultant evaluation and rate impact analysis of the data and assumptions used to arrive at these recommendations may be valuable and necessary to assist with the Board's decision process.

As a starting reference point for Board discussion, the report indicates a potential impact to the typical SVR customer rate of \$1.02 - \$1.03 (5.2%) per month to implement the Boards Strategic Plan goal to consider the Salinas Area Materials Recovery Center (SAMRC) and private partnership with the Global Organics Energy's (GOE) Clean Fiber Recovery Project (formerly known as the Autoclave Project) (scenarios 3 & 4). This action would be contingent upon completion of SVR's project due diligence (in progress) including completion of Environmental Review and GOE's completion of their commercial scale demonstration project to fully validate operations and production capabilities of their technology system.

Are the projected benefits of the SVR Strategic Plan goal above sufficient to support the Consultant's projected cost impact or \$1.03 per month for the typical customer?

DISCUSSION & ANALYSIS

Staff still has a number of questions regarding this report and how some of the findings were developed. However, the consultants have done a good job to outline some options for consideration within their budget limit and direction provided.

The simplest and most efficient way to consider this report today is from the policy perspective, as recommended by Gonzales City Manager Rene Mendez in his transmittal letter. As background, you will find staff's specific questions and comments (Attachment 3) to the first draft of the report that was provided to the City Managers group in May. Included with this report is an outline of the Clean Fiber and Organics Recovery Project to assist the Board in understanding what this project means in terms of risk, our strategic plan and local economic benefits as portrayed in the report. Within this response are a number of very key policies that we feel are critical to this discussion and the Board's decision process. Staff recommends that we focus our discussion around these important policy questions to help guide the process.

- 1. Does the Board want to move forward with the agency's long-standing (since 2005) Strategic Plan goal to promote and develop advanced waste recovery to avoid or significantly reduce landfilling?** If yes, then study scenario 1, 2 & 7 should not be considered further as these are simply do-nothing scenarios that focus on lowest cost landfilling only at the Johnson Canyon Landfill and/or the Marina Landfill. There would be no additional diversion of Salinas Valley wastes and one or both of the regional landfills would bear the burden of increasing future landfill disposal demand as growth in the Salinas Valley continues as projected. Study scenario 6 is also potentially problematic as it does not provide for any increased diversion for our south county cities. Under Scenario 6, only Salinas and North County waste would be directed to the Marina Landfill for processing. Staff firmly believes that only scenarios 3, 4 & 5 should be considered further due to their consistency with our long range Strategic Planning goals to reduce and eventually eliminate the future need for unsustainable landfilling practices.
- 2. Should Greenhouse Gas (GHG) reduction be a priority for all our member agencies to assist them in their mandated GHG reduction goals?** If yes, then the limited GHG study analysis, which only looks at transportation, must be expanded to evaluate the full GHG reduction benefits of the respective waste recovery projects. From a transportation perspective, the study identifies Scenario 5, moving all SVR waste to the Marina Landfill for processing and landfilling as the highest GHG producer for transportation, but again does not include the added GHG reduction benefits for MRWMD's waste processing system. It is also important to note that the GHG reduction component of the study does not include the added GHG generation associated with policies and practices that promote importing waste from outside Monterey County, a practice that SVR recently ended in 2014.
- 3. Should SVR and MRWMD re-consider its' policies regarding importation of waste from outside Monterey County?** From an environmental, sustainability and community impact perspective, ending waste importation made good sense in SVRs long standing Strategic Vision to end dependence on landfilling. Maintaining landfill capacity for the longest period of time is a public service to the communities it serves. Granted, without waste importation, we must pay for all services current and proposed using only local revenues, fees and grants. However, that must be weighed against maintaining landfill capacity for the customers we serve. The MRWMD, from a business perspective, relies on imported wastes to help maintain lower rates and to that effect continues to seek new outside waste streams to

support funding for their waste recovery projects. This raises the public policy question, "Should we be importing outside waste into our landfills (and permanently assuming all the resulting long term liabilities) for the sole purpose of raising revenues to reduce rates and help fund programs designed to keep our own waste out of the same landfills?"

4. **Community impacts and engagement.** Scenarios 4, 5, 6 & 7 all include landfilling/processing some or all of SVR waste at the Marina Landfill. Under these scenarios the transport, processing and landfilling of all Monterey County wastes would be concentrated at the Marina Landfill along with the estimated 250,000 tons of waste and waste by-products the MRWMD currently imports from outside Monterey County for landfilling. Based on public reactions (current and past) in other California communities with landfills that receive or plan to receive imported waste, public engagement is critical in this decision process. As an example, in 2002 SVR undertook regional facilities Environmental Impact Study that included scenarios that would send SVR waste to the Marina Landfill. At that time, some concerns were raised about impacts to the surrounding communities such as Marina and Castroville.

Under Scenarios 5, 6 & 7 there would be no Salinas Area Transfer Station, resulting in an additional 250-350 self-haul vehicles per day traveling to the Marina Landfill for services. This would have the potential to increase litter and illegal dumping in Salinas and along the various travel routes for the self-haul customers. It is important that we balance the discussion around costs to include the unintended consequences of reducing or eliminating essential public facilities that have historically been available in the Salinas Area for well over 30 years.

While there are many detail questions still to be answered as a result of this report, it does provide a forum for better discourse around policies and practices, which was the intent of the City Managers in proposing this study. To this end, there is one additional scenario that staff has been proposing that was not included in this study, inter-agency sharing of processing technology. The Clean Fiber and Organics Recovery project is focused primarily on mixed residential and commercial waste and agricultural wastes already heading to the landfill. The MRWMD process includes improvements to their existing Construction and Demolition process line and addition of a single stream curbside recycling line that is also intended to process mixed commercial wastes. There are mutually beneficial options that could potentially take both agencies to a much higher and more sustainable diversion level and avoid prolonged debates and potential loss of momentum. Both agencies could help and complement each other's program instead of competing for waste streams or carving up one agencies wasteshed to the benefit of another.

BACKGROUND

This report was developed out of concerns raised regarding the costs of providing solid waste services within Monterey County. There has also been some limited opposition to SVRs efforts and potential costs associated with the Boards long standing policies and Strategic Plan to consider new and advanced technologies that can reduce or eventually eliminate the need for landfills. Staff has periodically raised concerns over some of the misrepresentations of SVRs goals and Strategic Plan. SVR Strategic Plan is fully consistent with the core of California environment law and regulation around waste management.

If one looks at the simplest metric of "Cost-Per-Capita" for delivery of services you can clearly see that SVR is delivering services at a very low cost compared to other regional

agencies, even when considering the consultant's projected costs for proposed GOE Clean Fiber Recovery and Organics Project and our underfunded close landfill liabilities.

SVR must carry an unavoidable burden that results in higher costs: the closed landfills that were transferred to SVR at formation now require approximately \$3.1 million in annual costs (~20% of our budget). This legacy cost, which is part of the landfill disposal fee, is an added cost that is required to maintain those sites and pay for associated debt due to the many unfunded or inadequate environmental control systems that came with these old landfills.

It is staffs hope that the outcome of this report will address not just the issue of cost, but provide a more inclusive and balanced review of the most significant policy issues and long term view of waste management in our region.

ATTACHMENT(S)

- [A. Evaluation and Analysis of Monterey County's Solid Waste System](#)**
- [B. Clean Fiber and Organics Recovery Project summary](#)**
- [C. Questions and Comments on April 2015 draft report](#)**



Mission

To manage Salinas Valley solid waste as a resource, promoting sustainable, environmentally sound and cost effective practices through an integrated system of waste reduction, reuse, recycling, innovative technology, customer services and education.

Attachment B

Vision

To reduce the amount of waste by promoting individual and corporate responsibility.
To recover waste for its highest and best use while balancing rates and services.
To transform our business from burying waste to utilizing waste as a resource.
To eliminate the need for landfills.

Innovation • Integrity • Public Education • Efficiency • Fiscal Prudence • Resourcefulness • Customer Service • Community Partnerships

CLEAN FIBER AND ORGANICS RECOVERY TECHNOLOGY PROJECT 2015

TECHNOLOGY FACTS:

- **Autoclave technology extensively tested over 7 years with USDA**
 - **Local pilot testing and research started in 2007**
 - **Numerous “proof of technology” research papers from USDA**
 - **Extensive product testing at Universities specializing in forestry and paper manufacturing**
- **Autoclave technology is only used for separation of paper fiber & organics (65-70% of waste)**
 - **Ability to separate paper fiber & organics well tested and proven commercially**
- **Project also includes paper fiber washing & wastewater treatment using anaerobic digestion**
 - **Wastewater is cleaned and reused in washing process**
 - **Processes are commonly used commercially in paper manufacturing**
- **Methane from anaerobic digestion will be used to produce electricity for project & excess to sell**
 - **Renewable energy & electricity self-generation**
- **All technologies used in project have proven track records at commercial scale**
 - **Proposed project uniquely combines several proven technologies**
- **Technology projected to achieve in excess of 70% recovery from waste currently landfilled**

MARKET FACTS:

- **Majority of paper recycled in CA is sent to Asian markets, via Port of Oakland**
 - **Only a portion of U.S. recycled paper returns to U.S. markets**
 - **End use or sustainable re-use of paper in Asian markets is not clear or well regulated**
 - **Reliance on foreign recycling markets & pricing is subject to political conditions & fluctuation**

- CA & Central Coast regions are looking to revive manufacturing and create local jobs
 - Seeking Innovation
 - Building Job Opportunities
 - Requiring Sustainability
- All recovered paper fiber goes to CA paper manufacturers located in San Francisco Bay area
 - Paper fiber pulp from project is manufacturing ready when it arrives at paper plant
 - Long range market views fully support a robust and increasing demand for renewable and recycled paper fiber pulp to manufacture cardboard for packaging
- Bay area paper manufactures supply paper to packaging companies in Salinas Valley
 - Local packaging companies provide containers to Salinas Valley agriculture
- ***Closed-loop sustainable recyclingsystem***
 - *Collect paper/cardboard in Salinas Valley & region*
 - *Recover and produce manufacturing ready paper pulp*
 - *Provide pulp to San Francisco Bay area paper manufacturers*
 - *Paper manufacturers in-turn supply paper to local packaging companies*
 - *Local packaging companies make products for our local Agricultural industry*
 - *This is sustainable and stable closed loop recycling!*

RISKS/RISK MANAGEMENT:

- **Public-Private Partnership**
 - Multiple, well established commercial partners participating w/Global Organics Energy
 - Private financing of project without Public Funds
 - Privately owned and operated
 - Most advanced materials recovery facilities cost \$100+ per ton to finance & operate
 - Initial Clean Fiber Recovery cost proposal is \$39 per ton, +15% net revenue share
 - Eliminates middle-man & oversees shipping in traditional recycling market sales
- **Commercial Scale Demonstration First**
 - Private investors will build commercial scale demonstration autoclave at no cost to the public
 - Demonstration to verify commercial application, enhance design, and validate finish packaging quality and marketability
 - No waste delivery agreements until successful demonstration and completion of full environmental, technological and economic review

- **Minimal risk of public funds**
 - *SVR commitment is to supply waste only (low risk)*
 - *Private party builds or agrees to pay financing for needed buildings/infrastructure (low risk)*
 - *If project fails, private party takes loss & SVR reverts to existing system (low risk)*
- **Private Investor Market Risks**
 - Relies on more stable (demand and pricing) US markets
 - US markets not subject to foreign relations/politics, or uncertain environmental impacts
 - SVR only shares market upside with 15% share of net revenues, and none of the loss

BENEFITS:

- **Improves “Green and Sustainable” image of region**
 - Attracts like-minded businesses
 - Shows commitment to sustainable planning and principles (Silicon Valley model)
 - Addresses Commercial and Agricultural business requirements under AB 341 (mandatory recycling) and AB 1826 (Mandatory Commercial Organics recovery)
- **An Economic Impact Study (IMPLAN) for the project estimates local economic benefits**
 - Provide both one-time & on-going economic benefits
 - \$33.1 million in one-time infrastructure and start-up benefits
 - \$8.6 million in ongoing local benefit (jobs, services, capital)
 - Up to 67 full time positions (project and related support services)
- **Greenhouse Gas Reductions expected to be significant**
 - Potential to be major contributor to all participating agencies’ Climate Action Goals
 - Eliminates long haul of recycled fiber to and from Asian markets
 - Dramatic reduction in landfill dependence
 - Almost eliminates organics in waste which reduces methane release from landfills
 - Reduces transportation costs and related greenhouse gas impacts
- **Sustainable & closed loop recycling system**
 - Keeps the jobs and recycled materials here
 - Supports re-birth and growth of U.S. manufacturing
 - Positioned to best managed expected growth in fiber based packaging



Mission

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Attachment C

Vision

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To: Monterey Bay Area Managers Group
R3 Consulting Group, Inc.

Attn: Rene Mendez, City of Gonzales

Subject: Salinas Valley Recycles - Questions/Comments Regarding:
Draft “Evaluation and Analysis of Monterey County’s Solid Waste System” of April 23, 2015

GLOBAL AND PUBLIC POLICY QUESTIONS/COMMENTS

1. On page 12 of the study, the consultant states that the District’s importation of waste (69% of total waste disposed) is included in the “system cost” estimates. This is a significant public policy and long-term financial sustainability question that conflicts with SVR’s mission and vision to eliminate dependence on landfills. *We request that the consultant also provide a separate set of the proposed scenario outputs showing what the various system costs/cost per capita outputs would be if the District were to consider a future policy ending importing of waste from outside Monterey County.* This was a follow-up asked as part of the December 2014 initial draft review questions that we did not see answered in the report.
2. The District is poised to issue \$34 million in public bonds and implement their MRF enhancements. The consultant’s recommendation that the District not proceed with these enhancements appears to no longer be feasible this late in the Districts’ financing process. As a result, some of the study scenario assumptions may change. *We request that the consultant confirm if the District’s intends to move forward with MRF enhancement financing in May 2015. If confirmed, all scenarios and recommendations need to be re-evaluated based on the District’s intent to move forward with their MRF enhancements.*
3. It is important to note that from a Climate Action Planning perspective the scenarios for increased diversion activities at both agencies provide the most significant reductions in GHGs, excluding the status quo scenarios. As the GHG analysis only considers GHG related to franchise and transfer transportation, it is fair to assume that SVR’s Clean Fiber Recovery Project and the District’s MRF Enhancements would improve GHG reductions well below, status quo and other scenarios. See attached outline of Clean Fiber Recovery Technology Markets, Risks/Risk Management and Benefits. *Further analysis of these two project’s GHG reduction potential should be considered to aid in regional policy decisions and setting of climate action planning priorities.*

Draft Regional Solid Waste Study Questions and Comments

4. GHG impacts associated with waste importation related transportation have not been included in the GHG analysis, please confirm. GHG analysis should also include all the GHG impacts associated with importation of waste, to fully evaluate GHG reduction priorities/benefits for the community and statewide goals.
5. As part of the decision process related to action associated with this report, the public should be fully engaged around the establishment of policy priorities related to:
 - a. GHG reduction/Climate Action Planning: Costs, impacts and benefits related to waste management and resource recovery. With the Governor's recent mandate to increase GHG reductions to 40% by 2030, this policy's importance has just been significantly increased and high community GHG reduction projects such as the Districts' and SVR's should be weighted and compared more appropriately.
 - b. Economic Development: Costs, impacts, benefits, and job creation surrounding technology innovation, recycling markets, public vs. private risk, and changing culture to attract new/innovative businesses should be evaluated in consideration of all agencies' Economic Development priorities.
 - c. Waste Import: Regional policies, impacts, benefits, and long-term community environmental and fiscal liabilities
 - d. Regional Impacts: Impacts and benefits to communities near new/expanded facilities, landfills and transportation routes, public acceptance of increased Salinas Valley self-haul traffic through and around the City of Marina and town of Castroville under scenarios 2, 5, 6, & 7
 - e. Cost/Benefit: The executive summary statement that a 4-5% (\$0.78-\$1.03/month) increase in the average residential customer cost to implement additional diversion (and increased GHG reductions) for both agencies is "costly" appears to be an overstatement when the long term benefits of reduce landfilling, reduced GHG and reduced long term landfill liabilities are factored into a public benefits analysis. This statement can only be supported by a public engagement process and CEQA evaluation to determine if the public considers such a relatively small increase to be "costly" in light of the long term fiscal and environmental benefits of such programs, including reduction in dependence on landfills.
6. Note: There is no scenario considering the costs, impacts and benefits to the District of using SVRs proposed Clean Fiber Recovery system in whole or in conjunction with some of their proposed MRF enhancements.
7. Note: Scenarios 2, 5, 6 & 7 exclude any enhanced processing benefits for the south Salinas Valley cities and southern unincorporated county. These member agencies may have concern with these four scenarios that require them to only landfill their remaining wastes.
8. The executive summary recommendation that all self-haul waste be direct hauled to the District Landfill under Scenarios 2, 5, 6, & 7 may be of significant concern to the City of Marina or town of Castroville as neither jurisdiction has the ability to control self-haul traffic routes. With the elimination of a Salinas area transfer station that has existed for 35 years, these scenarios would increase GHG production, increase wear on county roads, potentially increase illegal dumping and litter in and around Salinas and along transportation routes.

Unintended impacts related these four scenarios should be acknowledged in the study. The consultant should include the GHG impacts associated with 200-300 daily Salinas Valley self-haul customers re-directed to the Marina Landfill under these four scenarios.

9. A Countywide Environmental Impact Study or other appropriate CEQA document will likely be required for some or all of the scenarios except Status Quo, scenario 1? Please have the consultant identify CEQA needs by each scenario, if possible.

REPORT SPECIFIC QUESTIONS/COMMENTS

10. For clarification here and throughout the document, SVR is currently studying the Clean Fiber Recovery System as a more sustainable process to recover usable materials from waste already going to the landfill and feed those materials into local CA manufacturing markets. See attached technology info. No decisions have been made, pending completion of CEQA and further due diligence which is intended to answer most of the technology questions and comments posed in this report. SVRs interest in this technology is based on 8 years of progressive hands-on research and development and market analysis with a variety of stakeholders including the USDA.
11. Please refer to the proposed SVR enhanced system as the “Clean Fiber Recovery” system for clarity. The autoclave itself is only a simple separation technology component of the overall project (see attached technology, marketing, risks and benefits outline). The proposed project includes other components such as conventional cellulose fiber washing, water reclamation/anaerobic digestion and renewable energy production.
12. What is the study’s assumed rate (\$/ton) that SVR would pay MRWMD for disposal of its Salinas and North County refuse at the Marina Landfill? Is it the Santa Clara County Regional Waste rate (~\$22/ton), Santa Cruz County Regional Waste rate (~\$30/ton), current published public gate rate (\$51.75/ton), or future estimated gate rate (incl. bond financing cost) of ~\$61.75/ton (per County JPA membership report)?
13. Greenwaste system costs. Consistent with its sustainable budgeting directive, please note that SVR is proposing to equalize all greenwaste processing fees in 2015-16 to create a fully load rate that reflects the full cost of organics processing services without subsidy from other revenue sources (i.e. tipping fees). The new rate will be \$29.50 per ton. Please revise the study assumptions and system cost and tipping fee components to reflect this anticipated lowering of SVRs processing rate.
14. Does the organics and composting system cost analysis include an evaluation of the GHG and transportation impacts of moving SVR greenwaste feedstock to the District processor and then returning the finished product to south county markets or existing composting businesses that rely on the feedstock?
15. Note: It would seem that retaining the strategically located greenwaste processing in both North and South County makes more sense from a product distribution perspective. Retaining two large, competing processors with guaranteed municipal greenwaste feedstock assures market competition and product pricing control for agriculture and landscape industries across the entire county.

Draft Regional Solid Waste Study Questions and Comments

16. For the effected scenario's, is the cost of constructing and maintaining a transfer station at the Johnson Canyon Landfill part of the analysis?
17. For the effected scenario's, is the cost of maintaining a transfer station at the Jolon Road Transfer part of the analysis?
18. Do scenarios 2, 3 & 5 include the SVR cost impacts to fund the \$7-\$9 million funding balance needed for early closure of the Johnson Canyon landfill?
19. Scenarios 3 & 4. Road improvement costs related to the Madison Lane Transfer Station purchase should not be fully loaded into the project cost assumptions and customer rate impacts. The City of Salinas, the County of Monterey and some Boronda area businesses have already acknowledged the broader value of installing this access road to allow for planned expansion of commercial and industrial business growth in south Boronda. Installation of this roadway is also a future planned action in accordance with the 2010 Boronda Community Development Plan adopted by the County of Monterey. Salinas has proposed a four way split to the initial costs between Salinas, Monterey County, SVR and the Boronda businesses. Customer rates are only impacted by SVRs 25% direct share of the projects capital costs. Please revise the cost assumptions as appropriate.
20. Page iv, 1st and last sub-bullets. Consultant references both the SVSWA and County needing the exact same increase in diversion to achieve 75% (15,655). Is this a typo?
21. Page iv, last bullet on page. The cross referencing of AB 939 fees and SVR's AB 939 surcharge is confusing. They are one-in-the-same and SVR has implemented this funding structure in-lieu of using declining landfill tipping fees, not just considering it.
22. Page iv. Regarding the MRWMD proposed MRF and the existing Castroville MRF, was there an evaluation of public benefit for constructing the MRWMD MRF vs continued use of existing private MRFs? Will the public have to pay for any Waste Management (WM) costs should WM decide to modify or demolish its MRF?
23. Page v and Page 3. How does the consultant recommend SVR's legacy costs be recovered by the District if it were to receive landfill tonnage from the SVR service area? The current SVR landfilled tonnage rate pays for the legacy costs.
24. Page v. To help the average reader, it would clearer to show the franchise service cost vs. MRWMD and SVR disposal and processing costs.
25. Pages v and 39. We strongly disagree with comments regarding the "significantly higher level of risk" for the Clean Fiber Recovery System. All project components have been extensively tested commercially and evaluated over 8 years of study lead by the USDA. We acknowledge this is a new application of the technology train, but attracting new and innovative businesses to Monterey County, particularly when risk is well mitigated, is very consistent with all member agencies economic development policies and goals. We believe it is a much lower risk due to the shifting of technology, market and performance liabilities/risks to the private sector, in lieu of public investment. Committing "flow" of waste to the project is a very low risk as SVR will only pay for waste processed and will not be obligated to direct waste to the plant if is down, underperforming or if it were to fail. It is not a risk if SVR's only recourse is to revert back to the status quo system if the private project experienced short term or long term problems. Shifting responsibility to private

Draft Regional Solid Waste Study Questions and Comments

- industry is fully consistent with the consultant's recommendations to put responsibility on our private haulers, which do not currently have local enhanced recycling capabilities or capacity at this time. SVR's proposed project shifts the responsibility and liability to the private sector. SVR and its rate payers will not be liable for market up and downs, technology investment, operation and maintenance or performance.
26. Page v, second line. The reference that the District "would only require labor costs for one additional shift" to support processing of SVR waste needs additional evaluation. Our understanding is that the current MRF line lasted approximately 30 years. Is it appropriate to assume processing SVR waste materials would more than double (growth plus current SVR volumes) the wear and tear of the enhanced MRF system and double O&M costs? Won't the processing system wear out twice as fast requiring replacement in 15 years or less? Is it possible that the enhanced MRF would require replacement prior to retiring of the new 2015 bonds? Has the consultant included the full cost impacts related to accelerated amortization and significant reduction in the asset's useful life, and O&M associated with adding a full second shift to process SVR materials.
 27. Page vi, First bullet. The consultant should be aware that landfills have significant fixed costs to open and maintain permits and environmental compliance that are not dependent upon tonnage handled. The assumption that landfill operations can be "proportionally scaled down" is not realistic or supported by industry/regulatory requirements or economics. Please correct this assumption and any supporting data analysis used to create the economic analysis outputs.
 28. Page vi, last recommendation bullet. The District's MRF enhancements are the "cost-effective option". At a proposed cost of \$39/ton for processing plus 15% offsetting revenue sharing, please explain in more detail how SVR's public/private partnership structure and shifting of public risk to the private sector is less cost effective. As both proposed projects will achieve similar reductions in agency waste going to landfills, please provide the full cost of financing and operations of both agency's planned advanced recovery systems, expressed in \$/ton.
 29. Page vi, last recommendation bullet. Can the consultant better define their concerns and differences over "flow" control risk for the SVR project vs. the "flow" control risks that may be present within a publically funded and operated MRF? Specifically risks associated market fluctuations, technology investment, operations and maintenance and performance as it relates to public vs. private investment and operations.
 30. Page vii, first bullet. Has a cost analysis and study been developed to support the performance and cost to have private franchise haulers achieve some desired 'large scale diversion enhancement'?
 31. Page vii, map. Indicates no landfill or composting at Johnson Canyon. Narrative calls for south valley cities to continue landfilling and [assumed] composting at Johnson Canyon.
 32. Page 1, first bullet. SVR currently operates only two transfer stations.
 33. Page 1, Facility Routing. In addition to the North County review, have other areas been evaluated for transportation benefits, like portions of the Highway 68 corridor to Laguna Seca?

Draft Regional Solid Waste Study Questions and Comments

34. Page 2, Facility Routing, last sentence. SVR does not believe the consultant can support this last sentence regarding the “significance” of GHG reductions without including all the other GHG generation sources not currently included in the analysis such as increased GHGs associated with waste importation and self-haul re-direction to the District, as well as GHG reductions associated with SVR’s and the District’s enhanced processing proposals.
35. Page 4, Recommendations, 3rd bullet. Needs supporting analysis for cost of private collection contractors providing enhanced diversion services, if the state mandate is increased to 75%, as expected? Both SVR and District have considered these costs in their current and future budgets.
36. Page 12, GHG Emissions. Does the GHG analysis consider that WM and Republic collection vehicles are ~100% CNG and that SVR transfers are all using biodiesel?
37. Page 13. “.the autoclave services were not available for review as the terms of the agreement are currently under confidentiality...”. All agreements with the technology partner are public information. Some of the detailed system design remains proprietary due to market competition concerns. SVR has provided supporting studies from USDA and supporting industry data to increase understanding of the project technology. It was our understanding that the consultant was not going to provide an independent technology evaluation, but the report findings lead the reader to make that inference.
38. Page 14, Table 3-1, System Cost Comparisons. For public understanding, SVR requests the consultant include, under each agency’s system cost, the cost per capita for delivery of service for each scenario. SVR review of 2010 Census data indicates that SVR serves ~260,000 and the District serves ~151,000.
39. Page 16, last paragraph. SVR’s green waste is not transferred out of county for composting. Composting is done at private composting facilities adjacent to the Johnson Canyon Landfill or processed feedstock is sold to other in-county composters.
40. Page 24. Does scenario 4 fully consider the cost savings, transportation/GHG reductions and efficiencies in reduced transfer of waste processing residues (from Clean Fiber Recovery system) to the Johnson Canyon Landfill and the subsequent back hauling (returning transfer truck) of south county waste from Johnson Canyon for enhanced processing?
41. Page 25, last paragraph. The sentence, “As shown, the total projected annual system cost projected to be approximately 15% higher than Scenario 1 – Status Quo.”, is different than the percent listed in Table 3-9 (which is 18%).
42. Page 35, Direct Haul vs a Public Convenience Station. How will SVR recover the \$1.0+ million in lost revenues from self-haul redirection to the District landfill? Will the District’s HHW facility be able to accommodate increased traffic and the current 1.2 million lbs of SVR recovered HHW?
43. Page 38, Salinas Transportation Surcharge. The current surcharge is \$14/ton and is scheduled to increase to \$17/ton in 2015/16. This may be the final adjustment to cover transportation costs to assist Salinas’s franchise hauler. Please note that transportation costs, GHGs and impacts would be significantly reduced under scenarios 3 & 4. Any remaining costs to transfer processing residue to a landfill (SVR or District) would likely be spread

Draft Regional Solid Waste Study Questions and Comments

across the entire cost system, eliminating this surcharge. Please confirm if this was considered in the cost analysis.

44. Page 38. The \$850,000 estimate post-closure costs for SVR is incorrect. Ongoing debt service associated with these closed sites for past improvements should be included. At formation SVR needed to immediately address missing or sub-standard environmental control systems and underfunded closure and liability costs that were deficient at time of asset transfer to SVR. Including debt allocation and administration related to these sites, the actual annual “legacy” liabilities for SVR are \$3.17 million.
45. Page 41. We agree with the recommendation to shift burden to the private sector and not invest in new technologies with public funds consistent with SVR’s proposed public /private project. SVR still has the option to consider the proposed private development and investment in the Clean Fiber Recovery System at the Johnson Canyon Landfill or other sites, if the cost concerns with SVR relocation to Madison Lane remain problematic for the City of Salinas.
46. Page 43, Diversion Policies. Please note that the SVR goal to achieve 75% diversion has been in place for 10 years and has driven SVRs strategic planning to pursue more sustainable and innovative recovery systems and related markets.
47. Page 44. It is important to acknowledge that while both agencies, excluding the unincorporated county, are at the same “regional diversion rate”, SVR is achieving this rate without importation of waste and at a much lower per capita expense.
48. Page 48. Last sentence in paragraph 6. All operating cost data and customer service level data used for analysis were provided by County EHB and Waste Management.