



BOARD OF DIRECTORS

MEETING HIGHLIGHTS

July 16, 2015

REMINDER: The next Strategic Planning Workshop is on July 30, 2015

QUESTION: Are SVR's Mission and Vision Statements still appropriate?

MISSION STATEMENT

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 service and education.

VISION STATEMENT

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.

The Future of Waste in Monterey County – The Future of Waste in Salinas Valley...

This was discussed at length after receiving a presentation by R3 Consulting on the "Evaluation and Analysis of Monterey County's Solid Waste Management System" lead by the Monterey Bay Area Managers Group. The report's purpose was to evaluate how to deliver the most Sustainable, Economical and Effective solid waste and recycling services to the community. The Consultant's recommendation is to change the current waste flow in the County, which includes direct-hauling waste and services for self-haul customers and garbage collection companies from Salinas and North County to Monterey Regional Waste Management District's facilities in Marina for landfilling only. It further recommends no increased waste reduction activities in Salinas Valley, specifically to discontinue the current fact finding due diligence and investigation on the Clean Fiber and Organics Recovery System (aka Autoclave) proposed by Global Organics Energy, that if successful, could potentially reduce residential and commercial waste going to the landfill by 70-80%. The Consultant's recommended changes would generate an estimated savings of 47¢ per month to a typical household customer vs. an estimated increase of \$1.03 for the proposed waste recovery project in SVRs Strategic Plan.

Staff also provided a presentation, followed by a briefing from Duke Bascom, President of Global Organics Energy. SVR staff raised several important questions on the study and its new recommendation. The recommended option is in direct conflict with this agency's long standing Mission and Vision to reduce dependence on landfilling in a sustainable, and environmentally and cost effective manner. Under the recommend action, for 47¢ per month savings, the community would lose the opportunity to fully understand what benefits a project like the Clean Fiber and Organics Recovery System could bring, including jobs, economic development, and increased waste diversion opportunities, as well as eliminating 35 years of having a public service facility in Salinas.

The consultant will be presenting its findings and recommendations at two more public meetings: County Board of Supervisors on July 21, 2015 at 1:30 p.m. and City of Seaside City Hall on July 29, 2015 at 6:00 p.m.

REDUCE

REUSE

RECYCLE

"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 service, and education."



Report to the Board of Directors

ITEM NO. 1

N/A

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

Legal Counsel

Date: July 16, 2015

From: Patrick Mathews, General Manager/CAO

Title: Presentation of Regional Solid Waste Management System Study

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



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Attachment C

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

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

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.



RE: Item No. 1

**THE FOLLOWING WERE PROVIDED
AT THE SPECIAL MEETING OF
BOARD OF DIRECTORS**

**ON
July 16, 2015**

1. Slide Presentation: Evaluation and Analysis of Monterey
County's Solid Waste Management System
From: R3 Consulting
2. Slide Presentation: Regional Solid Waste Study Policy Discussion
From: Patrick Mathews, General Manager
3. Letter 7/16/15: Comments on Final Draft Report
From: Kristin Yee, CalRecycle Central Section Manager
4. Handout: Steinbeck Innovation
5. Handout: SVSWA Revenue Base

Evaluation and Analysis of Monterey County's Solid Waste Management System



Prepared by
R3 & HDR

July 16, 2015 – Presentation to SVSWA Board of Directors

July 21, 2015 – Presentation to Monterey County Board of Supervisors

July 29, 2015 – Presentation to MRWMD Board of Directors

R3

Presentation Outline

- ☐ Study Methodology
- ☐ Timeline
- ☐ Data Sources
- ☐ Findings
- ☐ Conclusions
- ☐ Recommendations
- ☐ Q&A
- ☐ Open Discussion

R3

Study Methodology

- ❑ Developed a cost model and tonnage flow scenarios to analyze the cost of material transport, transfer, processing and disposal
- ❑ Reviewed current tipping fees and factors affecting tipping fees in each region
- ❑ Reviewed diversion policies and State legislation
- ❑ Reviewed current existing MRWMD and SVSWA facilities, recycling programs, and plans for new diversion
- ❑ Reviewed unincorporated County commercial customer rates

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Timeline

- ❑ **Jul-Nov 2014** – Project Start, Various Information Requests, and Initial Data Analysis/Modeling
- ❑ **Dec 2014** – Presentation of Initial Findings to City Managers Group
- ❑ **Jan-Feb 2014** – Additional Direction Given by City Managers Group, Additional Data Received from MRWMD and SVSWA
- ❑ **Apr 2014** – Draft Report provided to City Managers Group
- ❑ **May 2014** – Meeting with City Managers Group to Discuss Next Steps
- ❑ **May-Jun 2014** – New Information Received from MRWMD and Incorporated Into Report
- ❑ **July 2014** – Final Draft Report Submitted

R3

Data Sources

- ❑ All analysis and findings based on data received from SVSWA, MRWMD and County
 - Financial and tonnage data from SVSWA and MRWMD annual reports, approved budgets and financial statements
 - Franchise agreements from MRWMD, SVSWA and County
 - MRF enhancement engineering cost estimates from MRWMD
 - Autoclave facility term sheet and background information from SVSWA
 - County rate study information from SVSWA

Findings

State Diversion Mandates

- ❑ All jurisdictions are in compliance with current State diversion requirements
 - AB 939 requirement is minimum 50% diversion as recognized CalRecycle
- ❑ State mandate AB 1826 will require jurisdictions to arrange for “organics” (i.e., yard trimmings and food scraps) recycling programs for multi-family dwelling (MFD) and commercial sectors

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Findings

State Diversion Mandates

- ❑ The State's mandatory commercial recycling law (AB 341) set forward a 75% diversion goal at the State level
- ❑ Most jurisdictions in the County are already close to achieving this goal, and three cities have already met the goal

See table on next slide →

Findings

2013 CalRecycle Diversion

Jurisdiction / Reporting Agency	2013 CalRecycle Diversion Rate	Reduction in 2013 Disposal Tons Needed to Reach 75% Diversion
SVSWA		
All SVSWA Members (not incl. Unincorporated County)	72%	15,655
MRWMD		
Carmel-by-the-Sea	76%	-
Del Rey Oaks	66%	292
Marina	75%	-
Monterey	74%	1,330
Pacific Grove	73%	685
Sand City	80%	-
Seaside	63%	7,479
Pebble Beach CSD	(included in Unincorporated County below)	
Unincorporated County of Monterey		
All Unincorporated County Area	56%	51,612

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Findings

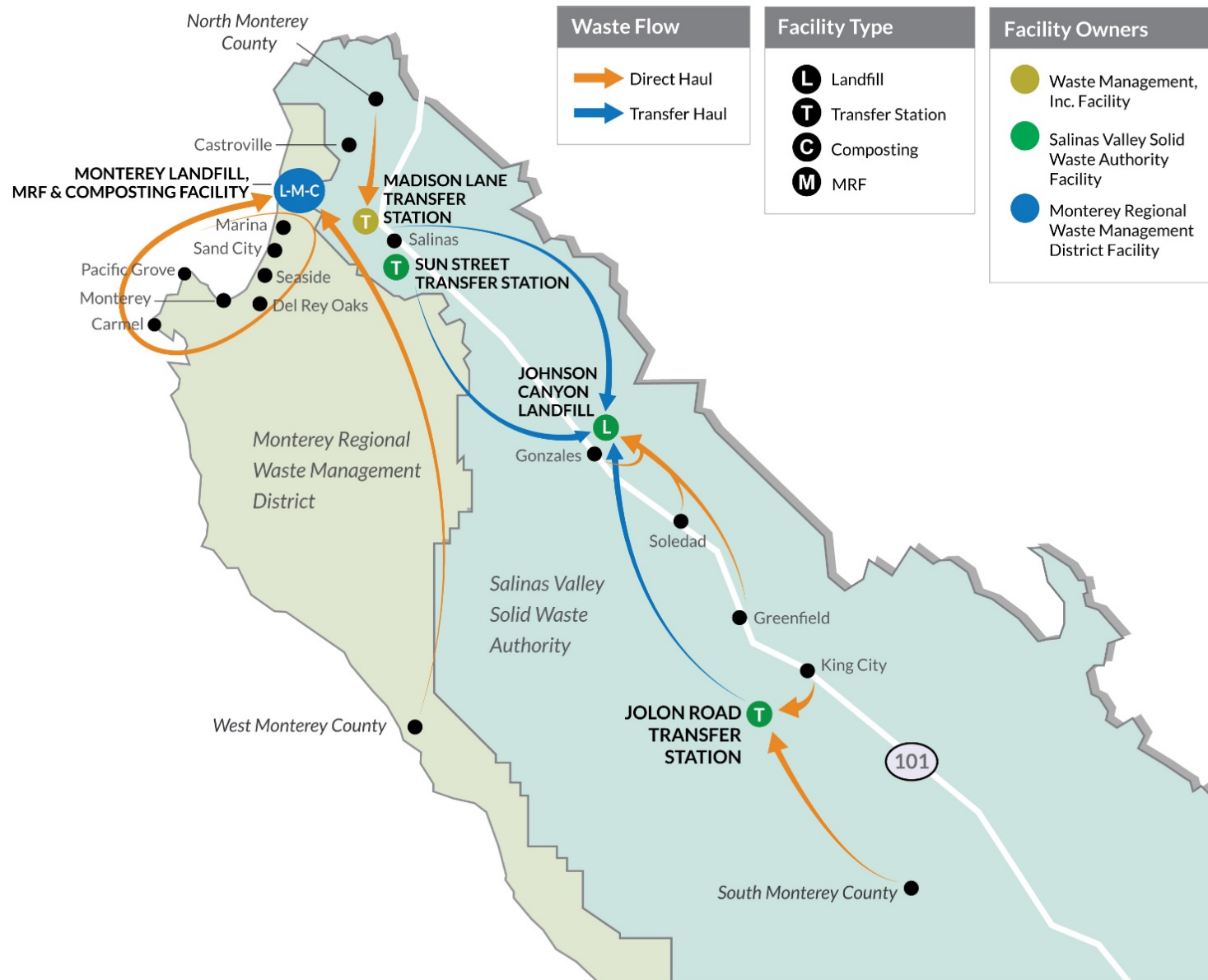
Landfills & Tipping Fees

- ❑ Both agencies' landfills are operated cost efficiently, consistent with privately owned/operated landfills
 - MRWMD receives 69% of its total disposal tonnage from out-of-county sources, which allows MRWMD to lower costs for providing services to Member Agency users
 - Slightly higher costs in SVSWA region due to legacy costs for maintenance of closed landfills
- ❑ Both agencies looking to shift the cost of tipping fees onto “AB 939 fees” to cover the cost of recycling programs / public education (rather than funding these activities through landfill tipping fees)
 - SVSWA currently charges an annual “AB 939 Surcharge” to its Member Agencies based on the total tons disposed by each Member Agency

R3

Current Solid Waste System

“Status Quo”



Findings

Proposed SVSWA Autoclave Facility

- ❑ Projected 70% diversion of mixed waste received at Autoclave facility
- ❑ Green waste and C&D materials would not be processed at the facility
- ❑ Autoclave units are modular and could be expanded to accept additional capacity as needed
- ❑ Additional diversion is not necessary to comply with current State requirements
- ❑ Autoclave operation of the size and scale proposed by SVSWA has to our knowledge never been attempted

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Findings

New MRWMD MRF Expansion

- ❑ Enhanced MRF is projected to divert 68% of mixed waste and 75% of C&D (currently ~57% of C&D is diverted)
- ❑ Would also add a processing line for clean recyclables, which would be in direct competition with existing private processing facilities (e.g., Waste Management's Castroville MRF)
- ❑ Additional diversion is not necessary to comply with current State requirements
- ❑ New franchise agreements in the MRWMD service area support the MRWMD's planned expansion of materials recovery facility (MRF) processing activities

R3

Conclusions

Risks of New Proposed Diversion

- ❑ The proposed large-scale diversion enhancements in both regions have different levels of associated risk to the jurisdictions' rate-payers:
 - MRWMD's new MRF enhancements represent a relatively low level of increased cost and low technology risk
 - SVSWA's proposed Autoclave facility is costly, and represents a significantly higher level of technology risk than the MRWMD's proposed MRF enhancements

Conclusions

SVSWA Region

- ❑ Early closure of Johnson Canyon Landfill would require:
 - Estimated \$7,000,000 - \$9,000,000 in unfunded closure and post-closure costs
 - Increased costs to the rate-payers
- ❑ Post-closure legacy costs for the SVSWA's closed landfills will continue to be borne by SVSWA region rate-payers, regardless of any potential changes to the solid waste system
 - Legacy costs do not prevent the SVSWA region from changing/modifying their solid waste system

Conclusions

SVSWA Region (continued)

- ❑ Autoclave facility's implementation requires SVSWA's purchase and rehabilitation of Madison Lane Transfer Station, and City of Salinas's improvements to Rossi Road (est. ~\$14M total)
 - Would cost less to direct haul Salinas and north County SVSWA's waste to the MRWMD's landfill in Marina / MRWMD's proposed MRF

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Conclusions

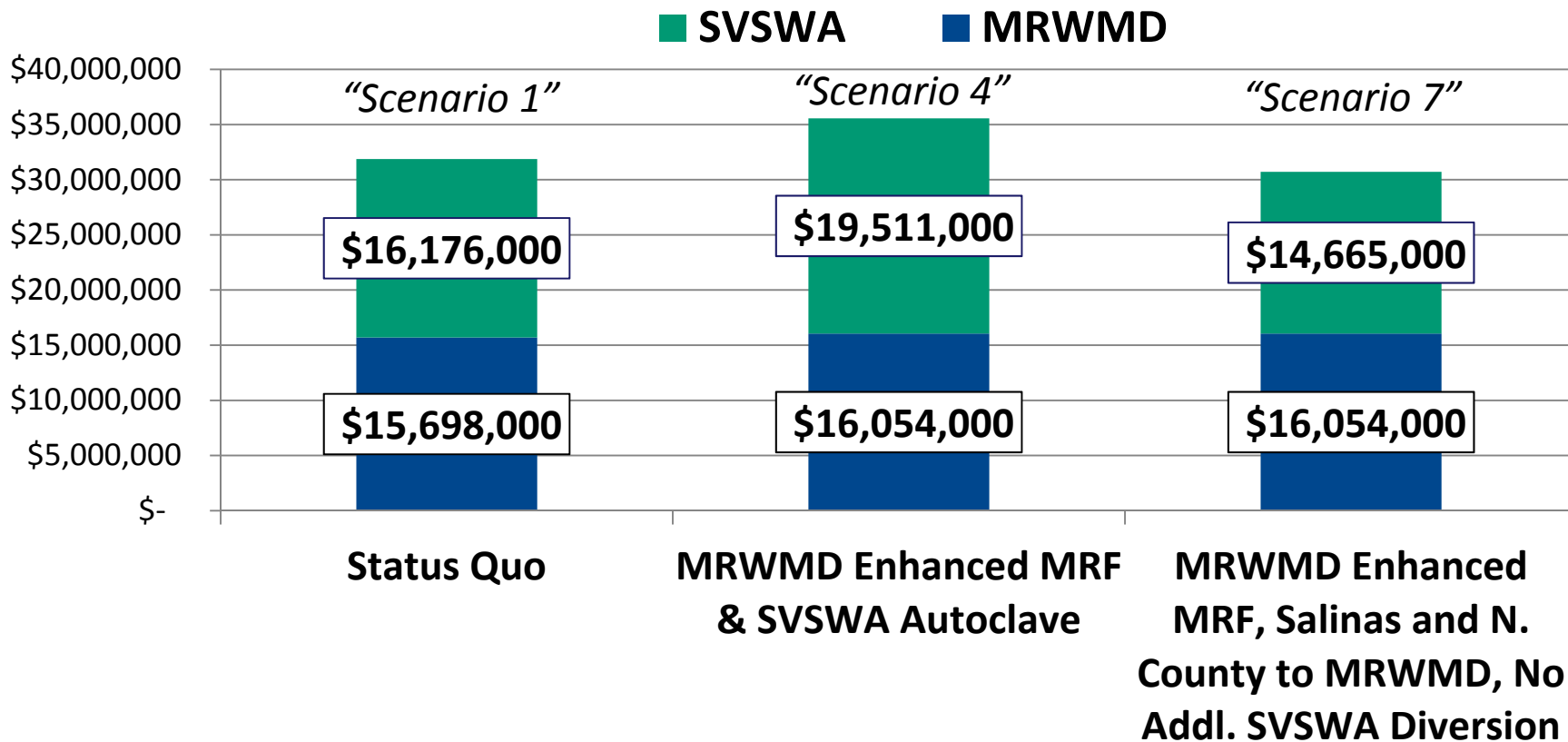
Other – Unincorporated County Rates

- ❑ The unincorporated County's commercial bin and compactor rates are 53% higher on average in the SVSWA region than in the MRWMD region
 - This difference does not appear to reflect the actual differences in cost of service.

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Conclusions

Annual System Cost Comparisons – Notable Scenarios



SVSWA: Change vs. Status Quo

+21%

−9%

Approx. Household Rate Impact

+\$1.03 / +5.2%

−\$0.47 / −2.3%

MRWMD: Change vs. Status Quo

+2%

+2%

Approx. Household Rate Impact

+\$0.11 / +0.6%

+\$0.11 / +0.6%

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Conclusions

Annual Greenhouse Gas (GHG) Emissions Comparison

➤ *GHG emissions from collection and transfer vehicles*

Scenario	Direct Haul		Transfer Haul		Total MTCO ₂ Emissions	Change in MTCO ₂ Emissions vs. Status Quo	Rank
	Miles	MTCO ₂ Emissions	Miles	MTCO ₂ Emissions			
1	1,148,584	3,309	296,026	856	4,165	–	1 / 2
2	1,148,654	3,309	296,026	856	4,165	+0%	1 / 2
3	1,215,712	3,502	272,444	788	4,290	+3%	3
4	1,215,712	3,502	304,378	881	4,383	+5%	4
5	1,454,878	4,191	270,536	783	4,974	+19%	7
6	1,454,878	4,191	68,772	199	4,390	+5%	5 / 6
7	1,454,848	4,191	68,706	199	4,390	+5%	5 / 6

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Policy Issue Matrix

SYSTEM SCENARIO	POLICY ISSUES				
	Cost <i>Low cost is preferred</i>	Diversion <i>High diversion is preferred</i>	GHG Emissions <i>Low emissions are preferred</i>	Risk <i>Low risk is preferred</i>	Avoided Costs <i>High avoided costs are preferred</i>
Scenario 1 Status Quo	Medium \$31.9M annual system-wide costs (~\$15.7M MRWMD region and ~\$16.2M SVSWA region).	Medium All Member Agencies exceed the 50% diversion mandate (AB939).	Low Lowest GHG emissions from material transportation of all scenarios.	Low Existing diversion technologies are proven to work. Minor risks incurred through public ownership of facilities.	Medium-Low No additional efforts to decrease future landfill needs, above existing diversion activities.
Scenario 2 Increased Diversion at MRWMD; No Additional Diversion at SVSWA	Medium \$32.2M annual system-wide costs (~\$16.1M MRWMD region and ~\$16.2M SVSWA region).	Medium-High Greater additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	Low Lowest GHG emissions from material transportation of all scenarios (same transportation routing as Status Quo).	Medium-Low Existing and new MRWMD diversion technologies are proven to work. Some additional risk incurred through public investment in MRWMD facility enhancements.	Medium Somewhat decreases future landfill needs by increasing diversion of materials.
Scenario 3 Increased Diversion at MRWMD and SVSWA; Consolidated Disposal at MRWMD	High \$35.5M annual system-wide costs (~\$16.1M MRWMD region and ~\$19.5M SVSWA region).	High Very significant additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	Medium-Low 3rd lowest GHG emissions from material transportation of all scenarios (3% higher than Status Quo).	Medium-High SVSWA autoclave technology is unproven. Additional risk incurred through public investment in facilities.	Medium-High Decreases future landfill needs by increasing diversion of materials.
Scenario 4 Increased Diversion at MRWMD and SVSWA; Reduced Flow to Johnson Canyon Landfill	High \$35.6M annual system-wide costs (~\$16.1M MRWMD region and ~\$19.5M SVSWA region).	High Very significant additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	Medium-Low 4th lowest GHG emissions from material transportation of all scenarios (5% higher than Status Quo).	Medium-High SVSWA autoclave technology is unproven. Additional risk incurred through public investment in facilities.	Medium-High Decreases future landfill needs by increasing diversion of materials.
Scenario 5 Consolidated Increased Diversion at MRWMD; Consolidated Disposal at MRWMD	Medium-High \$32.6M annual system-wide costs (~\$16.1M MRWMD region and ~\$16.5M SVSWA region).	Medium-High Greater additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	High Highest GHG emissions from material transportation of all scenarios (19% higher than Status Quo).	Medium-Low Existing and new MRWMD diversion technologies are proven to work. Some additional risk incurred through public investment in MRWMD facility enhancements.	Medium Somewhat decreases future landfill needs by increasing diversion of materials.
Scenario 6 Consolidated Increased Diversion at MRWMD; Reduced Flow to Johnson Canyon Landfill	Medium-Low \$31.2M annual system-wide costs (~\$16.1M MRWMD region and ~\$15.1M SVSWA region).	Medium-High Greater additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	Medium 5th/6th lowest GHG emissions from material transportation of all scenarios (5% higher than Status Quo).	Medium-Low Existing and new MRWMD diversion technologies are proven to work. Some additional risk incurred through public investment in MRWMD facility enhancements.	Medium Somewhat decreases future landfill needs by increasing diversion of materials.
Scenario 7 Increased Diversion at MRWMD, Salinas and North County Disposal at MRWMD, Remainder of SVSWA to JCLF, No Additional SVSWA Diversion	Low \$30.7M annual system-wide costs (~\$16.1M MRWMD region and ~\$14.7M SVSWA region).	Medium-High Greater additional diversion above Status Quo. Puts Member Agencies on route to surpassing the 75% State goal in the near future.	Medium 5th/6th lowest GHG emissions from material transportation of all scenarios (5% higher than Status Quo).	Medium-Low Existing and new MRWMD diversion technologies are proven to work. Some additional risk incurred through public investment in MRWMD facility enhancements.	Medium Somewhat decreases future landfill needs by increasing diversion of materials.

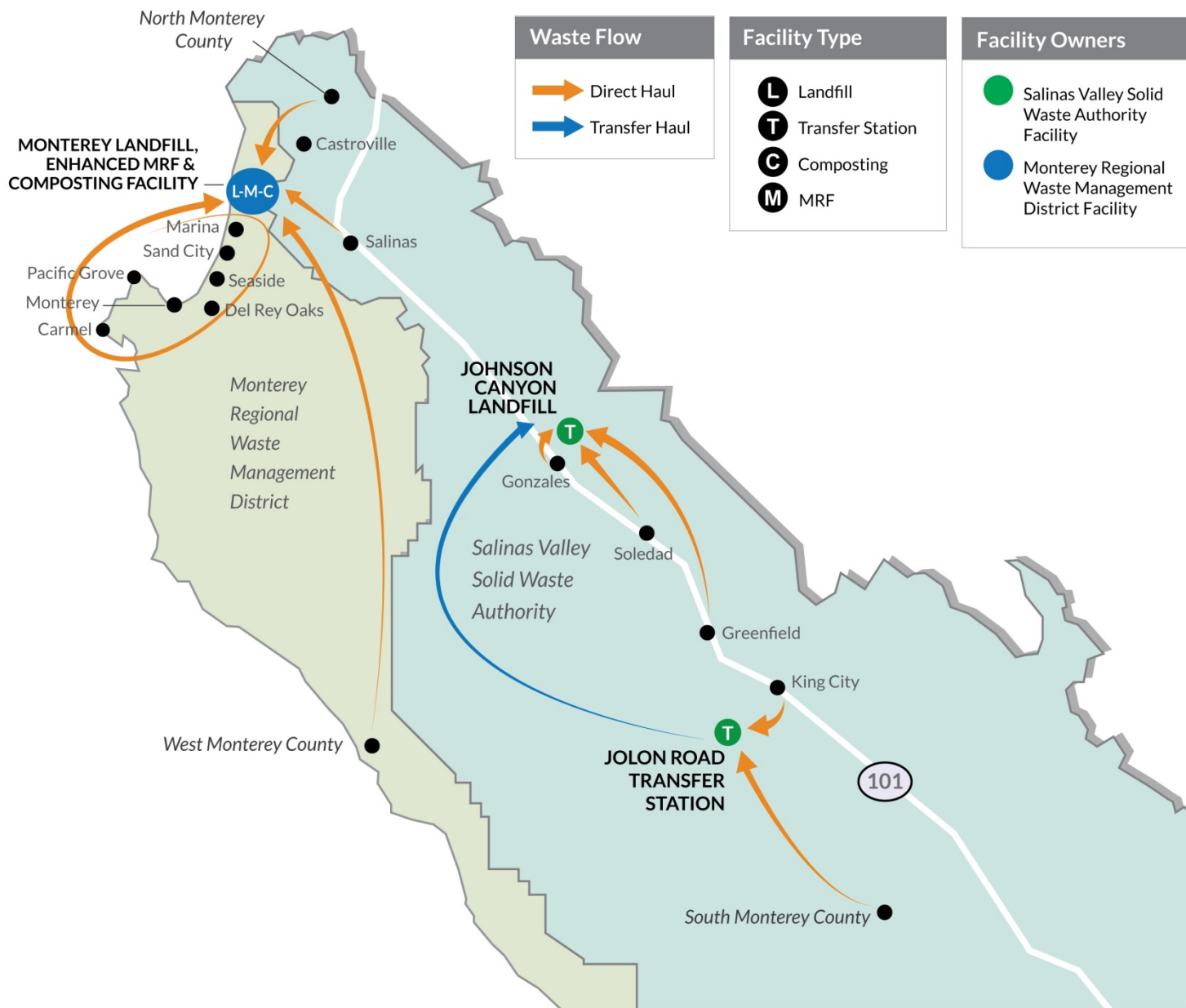
Recommendations

Scenarios / Policy Issue Matrix

- ❑ Scenario 7 appears to result in a favorable combination of system-wide cost, diversion, greenhouse gas (GHG) emissions, risk, and avoided costs. Scenario 7 includes:
 - MRWMD Region
 - Direct regional material to the Marina, with the MRF enhancements that are currently being implemented.
 - SVSWA Region
 - Direct-haul Salinas and north County SVSWA waste to MRWMD's landfill in Marina for disposal.
 - No purchase of Madison Lane Transfer Station, and no implementation of SVSWA Autoclave facility.
 - Continue to utilize the Jolon Road Transfer Station to transfer south County waste to Johnson Canyon Landfill (and direct haul for cities in close proximity to the landfill).

Lowest Cost Scenario (“Scenario 7”)

Salinas and N. County to MRWMD, No Addl. SVSWA Diversion



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Recommendations

Scenarios / Policy Issue Matrix

- ❑ Scenario 7 represents annual cost savings of:
 - \$1.5 million as compared to the current status quo
(estimated difference of \$0.47 in monthly household customer rates)
 - \$4.8 million as compared to purchasing Madison Lane Transfer Station and implementing an Autoclave facility
(estimated difference of \$1.50 in monthly household customer rates)
- ❑ Southern County SVSWA region tipping fees should not be adversely affected by this change, because Salinas and the northern SVSWA region would still be required to bear their share of SVSWA legacy closed landfill debt, and AB 939 programs such as public education.

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Recommendations

MRWMD and SVSWA Member Agencies

- ❑ MRWMD Member Agencies should support the expansion of the MRWMD MRF, as it appears to be a cost-effective option for achieving increased diversion
 - Additional organics diversion for commercial waste generators may need to be added in the future to comply with AB 1826.
- ❑ If SVSWA Members Agencies require or elect to increase diversion above State requirements, then they should put increased diversion requirements on the franchised haulers and not pursue publically owned or flow-controlled additional diversion facilities.
 - The SVSWA could increase diversion by directing its franchise haulers to deliver materials to MRWMD's expanded MRF as a lower cost/lower risk option than building the Autoclave facility.

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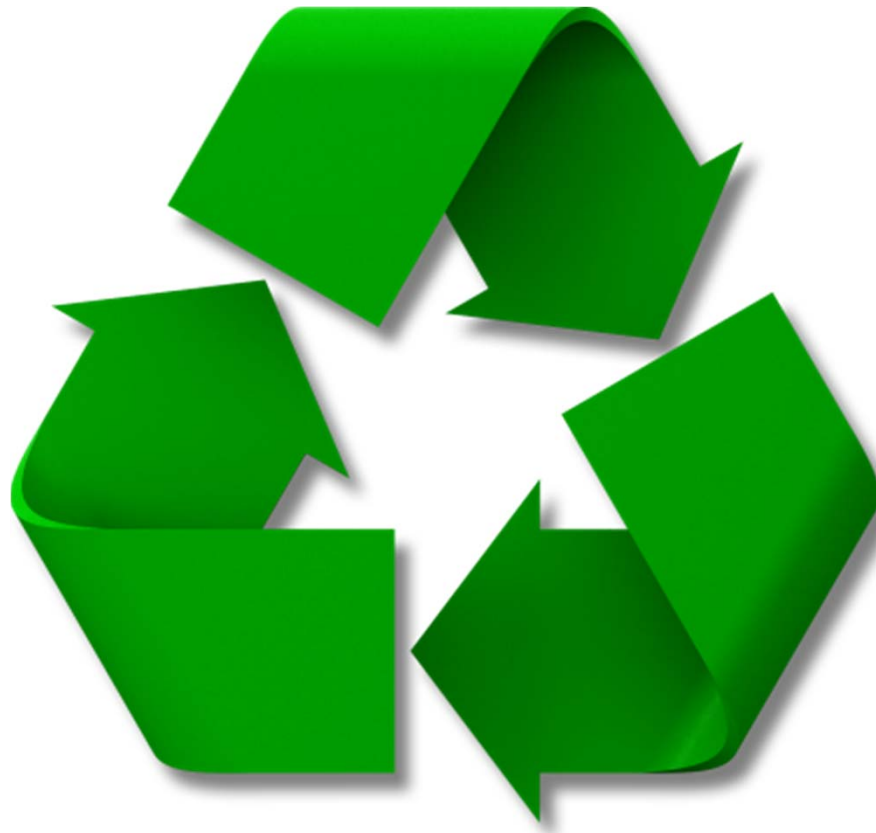
Recommendations

All Jurisdictions / County

- ❑ Going forward, all jurisdictions should require their franchised haulers to be responsible for arranging for diversion of materials in accordance with current and future State laws.
 - Most notably, this includes the recent AB 1826 (mandatory multi-family and commercial organics recycling law)
- ❑ The County should reenter discussions with USA Waste to rebalance the unincorporated County's MRWMD-region and SVSWA-region customer rates

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Q&A



R3



REGIONAL SOLID WASTE STUDY POLICY DISCUSSION

Policies

1. Do we still agree with our Mission/Vision?
2. Do we still agree with our Strategic Plan Goals?
3. Are we on the right fact finding path to enable our long term decisions?
4. Do we want to align with a system that:
 - Is landfill dependent and is importing 69% of its landfill waste to fund local programs and control rates?



Questions-Observations

1. How can we protect the South Valley cities from being left with unnecessary burdens?
2. Can redirection of Salinas and North County waste be less expensive if they still have to pay legacy landfill costs and long term liabilities?
3. Landfill waste import policies significantly increase GHGs (not included in study)
4. Cost for delivery of Services based on est. System costs (Scenarios 3 & 4):
 - SVR - \$75 per capita (incl. legacy costs)
 - MRWMD - \$107 per capita



Scenario 1 – Status Quo without MRWMD MRF Expansion

- This scenario is no longer valid as the Status quo scenario
- MRWMD has moved forward with their planned MRF expansion
- No additional discussion is necessary



Scenario 2 – Status Quo with MRWMD MRF Expansion

- This is now the Status Quo scenario
- Does not meet Mission & Vision objectives
- SVR will make no changes to its current operations
- MRWMD has committed to system improvements for their jurisdiction's benefit



Scenario 7 – Status Quo without MRWMD MRF Expansion

- Does not meet Mission & Vision objectives
- Landfill dependent
- Eliminates Salinas Area public service facility
- 60-80 garbage trucks & 250-350 self haul vehicles per day re-directed to Marina Landfill
- Much greater GHG production
- Possible future rate risks w/landfill import dependence?
- A serious step backwards in order to save \$0.47 for the average customer
- Serious doubts community would ever support this option



Policy issues for Scenarios 2 & 7

- No additional diversion efforts
- Abandons SVR 10 year old Mission/Vision
- Compliance challenge with AB 341 & AB 1826
- Are added impacts to communities around Marina Landfill acceptable (Scenario 7 only)?
- Do we end 35 years of public services in Salinas area (Scenario 7 only)?



Scenario 3 – SVR Fiber & Organics Project w/residue to Marina LF

- Meets Mission/Vision objectives
- Provides local economic development benefits
- Sustainable system w/o waste import
- Est. \$1.03 per average customer cost increase
- Significant GHG Reductions
- Are added impacts of transferring process residues to Marina Landfill acceptable?



Scenario 4 – SVR Fiber & Organics Project w/residue to SVR LF

- Meets Mission/Vision objectives
- Provides local economic development benefits
- Sustainable system w/o waste import to landfill
- Est. \$1.03 per average customer
- Significant GHG Reductions
- Reduced operations at SVR Landfill & 70% reduction in transfer operations for residue



Scenario 5 – All SVR waste processing, public services & landfilling at Marina LF

- Meets Mission/Vision objectives
- Ends Salinas Area public service facility
- Increased transportation GHGs, but GHG reductions w/processing
- 80-100 garbage trucks, 8-12 South County transfers & 250-350 self-haul vehicles per day re-directed to Marina Landfill
- Possible future rate risks w/landfill import dependence?



Scenario 6 – Salinas & North County only processing, public services & landfilling at Marina LF

- Partially meets Mission/Vision objectives
- Ends Salinas Area public service facility
- Increased transportation GHGs, but GHG reductions w/processing
- 80-100 garbage trucks & 250-350 self-haul vehicles per day re-directed to Marina Landfill
- Possible future rate risks w/landfill import dependence?
- No diversion benefits for South county cities



• **POLICY DISCUSSION**

- **Rate swing of \$1.50**
[\$0.47 decrease to \$1.03 increase]



**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

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P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812

July 16, 2015

To: R3 Consulting Group, Inc.
Rene Mendez, City of Gonzales, MBAMG Solid Waste Subcommittee Chair
Salinas Valley Solid Waste Authority (SVSWA) Board of Directors

Cc: Monterey Regional Waste Management District (MRWMD) Board of Directors
Monterey County Board of Supervisors

Re: CalRecycle Comments Re: Final Draft Report of the Evaluation and Analysis of
Monterey County's Solid Waste Management System

The purpose of this letter is to provide comments on several statements and items found in the July 7, 2015, draft of the above mentioned report.

1. Regarding the report finding that large scale diversion projects do not appear to be necessary in the County (Page 4), and the conclusion that the potential implementation of additional large scale diversion is not required to comply with State law because the jurisdictions have met their diversion mandates (Page V):

As noted in the report, recent state mandates (AB 341, AB 1826) target additional recovery from the commercial sector. This additional diversion, including organics diversion, is necessary for the state to reach the statewide goal of 75% (AB 341). AB 1826 requires cities and counties across the state to implement programs that enable businesses to recycle organic wastes, and AB 341 requires cities and counties throughout the state to implement commercial recycling programs. The MRWMD and SVSWA have been strategically planning for additional recovery, and have been moving towards recovery-based funding models, and away from landfill-based revenue reliance, in order to ensure optimal recovery of materials at the best price for their member cities. The planned MRWMD MRF expansion is under way and will handle materials from a portion of the County; however, the assumption that no additional investments in materials recovery infrastructure in the rest of the County simply because the AB 939 per capita disposal target has been met is not correct. AB 341 and AB 1826 are required to be implemented regardless of whether a jurisdiction has met its 50% requirement. Per AB 1826, the County should be assessing infrastructure availability, barriers to expanded/new facilities to serve the whole County, and developing plans to address those barriers under their control. Additionally, commencing August 1, 2017, cities and counties are required to report to CalRecycle on existing, planned and potential infrastructure for organics recycling, as well as any barriers and plans to address those barriers.



Also important to note is that all jurisdictions will be reviewed for compliance with AB 341 and AB 1826 mandates. i.e., it is possible for jurisdictions to be found out of compliance on their commercial recycling or commercial organics recycling efforts under these new mandates, regardless of jurisdictional compliance under AB 939.

2. Regarding the Finding That All Monterey County Jurisdictions are Meeting their AB 939 Mandates:

The Integrated Waste Management Act (also known as AB 939) requires jurisdictions to meet a 50% per-capita disposal goal, and to implement effective waste diversion programs, as codified in SB 1016 in 2008. It is important to note that the annual per capita disposal rates for each jurisdiction are only an indicator of compliance; most notably, jurisdictions are required to implement and manage effective waste recovery programs in all sectors to be in compliance with AB 939. The report does not address that at least one, perhaps two, Monterey County cities have been notified by CalRecycle that their commercial programs may be ineffective, and that these programs have been noted as gaps of concern. CalRecycle staff is currently working with the City of Salinas and King City to address the gaps prior to the end of the Four Year Review cycle (years 2012-2015), when a formal determination of compliance with AB 939 will be made. While Salinas and King City are part of the newly formed Regional Agency, their franchised services are managed by the Cities, and franchised services have a direct impact on the effectiveness of diversion programs.

3. Regarding Diversion Rates Quoted as “CalRecycle Approved Diversion Rates” in the Report:

The jurisdictional diversion rates quoted in the report for the Monterey jurisdictions are not CalRecycle numbers, nor have they been approved by CalRecycle. This is significant in that it appears that policy decisions are to be made on these numbers. As noted above, the measurement system was changed in 2008 (SB 1016) from diversion rates to measuring per capita disposal rates, and CalRecycle no longer calculates official jurisdiction diversion rates. Thus, the numbers quoted in the report as 2013 diversion rates are not accurate because they do not take into account annual economic changes that have a direct impact on the amount of waste generated, or estimated to be generated, in a jurisdiction, and in many instances they are based on unverified assumptions made years ago about generation rates.

We hope the study will enhance the County’s existing long term planning goals for materials diversion and ensure that the needed infrastructure and programs are in place to address the additional recovery under AB 341 and AB 1826. If you have any questions, please feel free to contact Jill Larner, Local Assistance Representative to the Monterey County jurisdictions, at (916) 341-6525, or jill.larner@calrecycle.ca.gov.

Sincerely,

Kristin Yee

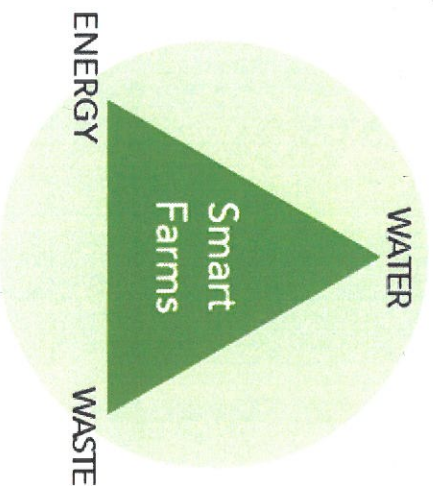
Kristin Yee, Central Section Manager
Local Assistance and Market Development Branch

STEINBECK INNOVATION



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Professional Services
Networking
Mentorship

Innovation Fund

Venture Capital
Financing
Angel Investing

Strategic Corporate Engagement

Innovation
Investment
Partnership

Steinbeck Cluster

Structure

ORGANIZATIONAL
INFRASTRUCTURE

INNOVATION VILLAGE

PARTNERSHIPS

Salinas Valley Solid Waste Authority
Revenue Base

10-year view

Fiscal Year Ending June 30th	Solid Waste Tipping Fee	Service Area Tons	Tipping Fee Revenue	Waste Importation	AB939	Total Tipping Fee Revenue	April CPI
2006 \$	50	235,852	11,792,600	2,250,631		14,043,231	204.900
2007 \$	55	222,906	12,148,377	2,200,599		14,348,976	211.189
2008 \$	58	205,534	11,920,972	2,322,442		14,243,414	217.913
2009 \$	63	187,486	11,811,618	2,333,494		14,145,112	218.587
2010 \$	63	173,907	10,956,141	2,215,711		13,171,852	223.821
2011 \$	64	171,082	10,949,248	2,211,254		13,160,502	231.600
2012 \$	64	167,033	10,690,112	2,243,315		12,933,427	236.626
2013 \$	67	166,501	11,155,567	2,340,962		13,496,529	241.764
2014 \$	67	166,306	11,142,502	2,318,800	1,731,980	15,193,282	247.932
2015 \$	67	171,982	11,522,794	55,749	2,166,100	13,744,643	252.875

FY 2015 over 2006

-27.1%

-2.3%

-2.1%

23.4%

