



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Public Works
Department No.: 054
For Agenda Of: September 22, 2009
Placement: Set hearing on 10/6/09
Estimated Tme: 30 Minutes on 10/6/09
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

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

SUBJECT: Update on Conversion Technology Project & Release of RFP

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

1. Set hearing for 30 minutes on October 6, 2009 to consider recommendations including:
 - a. Direct Staff to publically release the Request for Proposals (RFP) to establish a conversion technology facility proposed at the Tajiguas Landfill (EXHIBIT A)
 - b. Approve & endorse the attached Letter of Interest (EXHIBIT B) to be included in the proposed RFP which indicates the County's interest in participating in the project as long as specified goals are met
 - c. Approve a new contract for Alternative Resources, Inc. (EXHIBIT C) for consulting services over the next 12 months to assist in the distribution of the RFP, evaluation of responses, and selection of proposed vendor for an amount not to exceed \$155,100

Summary Text:

As directed by the Board, staff is returning with a completed request for proposals (RFP) to establish a conversion technology (CT) facility at the Tajiguas Landfill (EXHIBIT A) and a letter of interest from the County for this project (EXHIBIT B) which illustrates the County's interest in the project as long as specified goals are met. In addition is attached a new contract for Alternative Resources, Incorporated (ARI) to assist in the next step of the project which is to evaluate the responses to the RFP and assist with the selection of a preferred candidate over the next year (EXHIBIT C). This project represents what could be a significant capital improvement project, privately financed, from \$50 to \$200 million. The

applicants responding to the RFP are expected to spend well over \$100,000 per response which will include technical information associated with each technology. We expect a total of five responses from qualified vendors. Information from the responses will enable the County to determine which technology will best suit the needs of our community. ARI is qualified for this job having gone through similar processes with the County of Los Angeles, the City of New York, and the City of Taunton, Massachusetts.

As described in previous Board hearings, this project has been a regional effort with the staff and elected officials of all jurisdictions currently using the Tajiguas Landfill participating in the development of the RFP. As of writing this Board Letter, the City Councils of both the City of Goleta and the City of Santa Barbara have approved letters of interest, which illustrates a commitment to this project on behalf of the participating jurisdictions and strengthens the RFP.

Background:

The Tajiguas Landfill currently provides disposal services for the cities of Buellton, Solvang, Goleta, and Santa Barbara as well as the unincorporated South Coast, Santa Ynez, and New Cuyama Valleys. Despite the region's aggressive and successful recycling efforts, space at the landfill is diminishing and there is the need for a regional long-term solid waste management plan. In February 2004, a long-term plan was developed and adopted by area jurisdictions that included the development of a waste conversion facility to service the South Coast. In 2007, the Board requested that Public Works staff work with the City of Santa Barbara to evaluate the feasibility of siting a CT facility at the Tajiguas Landfill.

In August 2007, staff provided a solid waste management update to the Board including the interest in updating the County's information on the potential siting of a CT facility at the Tajiguas Landfill. Conversion technology facilities are available that would further process waste to remove recyclables and convert the majority of the remaining material into synthetic fuels, electricity or other usable products. The benefits of this type of facility include providing a long-term waste management plan, minimizing the environmental effects of waste disposal, providing financial stability, maximizing recycling rates for participating jurisdictions, and potentially generating green energy for our community. Board letter information for this meeting can be found here:

<http://santabarbara.legistar.com/LegislationDetail.aspx?ID=462260&GUID=B9D2F390-A38E-4478-AF31-7ACE156B2A6E>

In October 2007, the City Council of Santa Barbara and the County Board of Supervisors approved the hiring of Alternative Resources Inc. (ARI) to proceed with the evaluation of a CT facility to be established on the South Coast, most likely at the Tajiguas Landfill. ARI was recommended to the Board based on a RFP process and selection committee that contained staff members from the County of Santa Barbara, the City of Santa Barbara, the City of Goleta, and the Montecito Sanitary District. Board letter information for this meeting can be found here:

<http://santabarbara.legistar.com/LegislationDetail.aspx?ID=462525&GUID=5EFD75F1-850D-4B13-8B27-44B258B4DA25>

ARI, working with select County and City of Santa Barbara elected officials and staff, drafted goals that were used as guiding principles in the evaluation process. ARI also drafted evaluation criteria that were used to screen potential technologies for suitability at the Tajiguas Landfill while considering the goals

of our community. In developing the proposed goals and criteria, ARI based its work on the October 2003 Multi-Jurisdictional Solid Waste Task Group - Conversion Technology Subgroup Report. ARI refined and updated this work with input from staff and experience gained from similar efforts undertaken in other jurisdictions.

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

In January 2008, staff returned to the Board for a project update and the endorsement of the goals and criteria to be used in our Feasibility Report. Also during this time, ARI developed a list of 24 potential vendors based on known technologies as well as vendors that have participated in recent procurement efforts in other jurisdictions such as Los Angeles County and New York City. A Request for Information was prepared and sent to these vendors requesting information to ensure their ability to meet the City and County’s screening criteria. Eleven of the 24 vendors responded and eight of the eleven respondents met the established criteria. Board letter information can be found here: <http://santabarbara.legistar.com/LegislationDetail.aspx?ID=462775&GUID=5D9A8FA9-8CC3-4751-874A-008B8FF33E6A>

In April 2008, the feasibility report was completed identifying eight (8) potential CT contractors, representing three different processes:

Name of Company	Type of Technology
CA Renewable Technologies	Anaerobic Digestion
Ecocorp	Anaerobic Digestion
AdaptiveNRG	Thermal – Plasma Gasification
International Environmental Solutions	Thermal – Pyrolysis
Interstate Waste Technologies	Thermal – Gasification
Plasco Energy Group	Thermal – Plasma Gasification
Tajiguas Partners	Thermal – Gasification
Herhoff California	Biological Drying/Mechanical Separation/Combustion Off-Site

These contractors can be divided into three different categories of technologies: anaerobic digestion, thermal processing, and refuse derived fuel. Anaerobic digestion uses bacteria to break down organic material and to generate methane which can then be sold to the public as natural gas or used to generate electricity. Thermal technologies use high levels of heat in a low or zero oxygen environment to create synthetic gases that can be used later as a source of fuel or burned to generate electricity. Herhoff uses a series of mechanical processes and low levels of heat to create a fuel called stabilat that would be consumed at an out of County power plant.

Each of the contractors met all of the criteria and expressed their ability to achieve 70-100% diversion at a rate of less than \$100 per ton (an assumed cost to dispose at an alternative facility in the future). Due to the breadth of contractor types and capabilities, staff believes there are feasible alternatives that could result from a competitive procurement process.

Additional considerations for the CT project include the significant potential for local economic stimulus. The capital costs for a project of this type can range from \$50 to \$200 million (paid for by private investors, without the use of public funds). Most of the capital costs would be spent in construction contracts. The ongoing operation of this facility could also create “green” jobs in the local economy.

In May 2008, staff formally presented the Feasibility Report and its findings to the Board. The Feasibility Report was originally released on www.conversiontechnologystudy.com and can be still accessed and downloaded here: <http://conversiontechnologystudy.com/media/documents/4-4-08FinalEvaluationReport.pdf> The Board of Supervisors hearing information on the Feasibility Report can be found here: <http://santabarbara.legistar.com/LegislationDetail.aspx?ID=462775&GUID=5D9A8FA9-8CC3-4751-874A-008B8FF33E6A>

During the summer of 2008, staff also presented the results of this report to interested members of the community and other jurisdictions that could potentially participate in the development of the facility. During this time the staff group managing this project expanded to include representatives from Goleta, Solvang and Buellton.

In August 2008, the City of Santa Barbara hosted a two-day public forum to discuss ownership, operation, financing and contract administration of this potential facility. These meetings were attended by elected officials of the cities of Santa Barbara, Goleta and Buellton as well as the County of Santa Barbara. Feedback from this forum was formally presented and approved by the Board in October 2008 including:

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

Board letter information for the October 2008 meeting can be found here: <http://santabarbara.legistar.com/LegislationDetail.aspx?ID=463573&GUID=D33AD383-C264-45FC-92FD-2F0321509136>

Since October 2008, the CT Subgroup, which includes staff from all jurisdictions, has been developing an RFP based on the feasibility report, feedback from elected officials attending public forums, and the

evaluation criteria based on community goals. In May 2009, the CT Subgroup held a second public forum and presented the outline of the draft Request for Proposals and discussed key issues and evaluation criteria to elected officials of every jurisdiction served by Tajiguas. In August 2009, staff sought feedback from stakeholders during a public hearing at the Santa Barbara Public Library regarding the draft RFP.

Also during the summer of 2009 a letter of interest (similar to EXHIBIT B) was presented to every jurisdiction served by the Tajiguas Landfill which indicated a jurisdiction's interest in participating in the project as long as specified goals were met. These letters will be attached to the final RFP which is scheduled to be formally released on October 12th, 2009 with the Board's permission. To date, the City Councils of Santa Barbara and Goleta have approved letters of interest for this project.

Next Steps

If the Board decides to move forward into the next phase of this project, staff and ARI will spend the next year receiving and evaluating responses to the RFP. In addition, staff will be concurrently working on a joint powers agreement that will define and manage the contract arrangement between a prospective vendor and all participating jurisdictions.

For any proposal to be considered, it must meet both the minimum criteria and community goals set forth in the feasibility report. These criteria include fiscal viability, demonstrated ability, existence of a market for products produced by the facility (e.g. energy, recyclables, compost, etc.), meeting our high health, safety and environmental standards, and significant reduction in the amount of material we are currently burying. The community goals include minimizing the environmental impact of our community's waste, financial sustainability, green energy production, humane working conditions, a long-term waste disposal plan (20 year minimum), and continuing our existing recycling efforts. If a proposal is selected to move forward it will be subject to all local, State and Federal regulations including the environmental review process related to the California Environmental Quality Act. This process would require an examination of alternatives to this project including an alternative location from the Tajiguas Landfill.

Once the vendor options have been narrowed, an additional outreach campaign will be conducted, providing presentations to all interested stakeholders regarding the outcome of the RFP process. Feedback from these stakeholders will be considered when choosing the preferred vendor. The evaluation process will end with the selection of the preferred proposer to be finalized by this Board by July 31st, 2010.

Updates and all reports related to this project can be found at: www.conversiontechnologystudy.com.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative: Costs for the new ARI contract have been included in the FY 09/10 budget for the Resource Recovery & Waste Management Division. Half of the past costs for ARI's previous contract were paid to the County of Santa Barbara by the City of Santa Barbara. In an effort to be more equitable and efficient, future costs will be incorporated into the tipping fee charged to all participating jurisdictions. The participating jurisdictions have agreed to this funding mechanism.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

Please send a copy of the signed Letter of Interest (Exhibit B) and approved contract with ARI (Exhibit C) to the Resource Recovery & Waste Management Division attn: Carlyle A. Johnston.

Attachments:

EXHIBIT A – Request for Proposals to establish a conversion technology facility at the Tajiguas Landfill

EXHIBIT B – Letter of Interest from the County for the Conversion Technology Project

EXHIBIT C – Contract with Alternative Resources Inc

Authored by: Carlyle Johnston, ext. 3617; Leslie Wells, ext. 3611.