



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:** December 17, 2019  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Scott D. McGolpin, P.E., Director, (805) 568-3010  
Director(s)  
Contact Info: Leslie Wells, Deputy Director, (805) 882-3605

**SUBJECT:** Southern California Edison Agreements and Fourth Amendment to the Amended Contract with MSB Investors, LLC for the Tajiguas ReSource Center, County Project No. 828382, Third Supervisorial District

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Authorize the County of Santa Barbara Department of Public Works Director, or his designee, to execute an amended Net Energy Metering and Generating Facility Interconnection Agreement and Facilities Financing and Ownership Agreement with Southern California Edison for the electrical interconnection between the Tajiguas ReSource Center Materials Recovery Facility and the Southern California Edison electricity grid upon return of the executed agreements from Southern California Edison and the approval of County Counsel, Auditor Controller and Risk Manager or their authorized representatives;
- b) Authorize the County of Santa Barbara Department of Public Works Director, or his designee, to execute a Bioenergy Market Adjusting Tariff Power Purchase Agreement for the sale of renewable electricity at the Tajiguas ReSource Center Anaerobic Digestion Facility to Southern California Edison for a term of twenty (20) years at a price of \$0.127/kwh and requiring a collateral deposit of \$45,480 upon return of the executed agreement from Southern California Edison and the approval of County Counsel, Auditor Controller and Risk Manager or their authorized representatives;
- c) Approve and Authorize the Chair to execute the Fourth Amendment to the Amended Contract between the County of Santa Barbara and MSB Investors, LLC for the Development and Operation of the Tajiguas Resource Recovery Project; and

- d) Determine that the previous Final Subsequent EIR 12EIR-00000-00002 (SCH #2012041068) and Subsequent EIR Revision Letter and Errata dated May 27, 2016 certified by the Board of Supervisors on July 12, 2016 and Final Subsequent EIR Addendum dated August 11, 2017 (revised October 26, 2017) considered by the Board of Supervisors on November 14, 2017 are adequate review pursuant to California Environmental Quality Act Guidelines Section 15162, no substantial changes are proposed, and no new information of substantial importance has come to light regarding environmental effects of the project or of the sufficiency or feasibility of mitigation measures, and therefore the fourth amendment to the contract with MSB Investors, LLC, Bioenergy Market Adjusting Tariff Power Purchase Agreement, the Net Energy Metering and Generating Facility Interconnection Agreement, and the Facilities Financing and Ownership Agreement with Southern California Edison are within the scope of the project covered by the prior environmental review and no subsequent Environmental Impact Report or Negative Declaration shall be prepared for this action.

### **Summary Text:**

SCE typically requires that agreements are approved within 10-30 days of delivery to its customer. The Department of Public Works, Resource Recovery and Waste Management Division (RRWMD) expects to receive agreements necessary to interconnect the Resource Center at the Tajiguas Landfill, formerly referred to as the Tajiguas Resource Recovery Project (TRRP) that will require County approval within the next few months. In order to meet SCE's approval timeframe, RRWMD is requesting that authority to approve and execute the SCE documents be delegated to the Department of Public Works Director following execution by SCE and the approval of County Counsel, Auditor Controller and Risk Manager or their authorized representatives.

The two SCE agreements supporting the Materials Recovery Facility (MRF) Net Energy Metering (NEM) tariff are the 1) Net Energy Metering and Generating Facility Interconnection Agreement and 2) Facilities Financing and Ownership Agreement. Under the agreements, SCE is responsible for the engineering, design, construction and installation of all transmission, distribution facilities and equipment required to interconnect the ReSource Center electrical generation facilities with SCE's distribution system. These agreements previously were approved by the Board on January 29, 2019 but need to be amended or replaced following completion of a revised System Impact Study (SIS). The amendments will be minor and to reflect the current site conditions and project timeline. Previously executed MRF interconnection agreements are provided in Attachment A.

A Bioenergy Market Adjusting Tariff Power Purchase Agreement (BioMAT PPA) for SCE's purchase of up to 2.274 MW of renewable electricity for a term of twenty (20) years at a price of \$0.127/kwh also is anticipated to require the County's expedited review and execution within 10 to 30 days of receipt from SCE. A draft of the BioMAT PPA, which is approved by the Public Utility Commission, is provided in Attachment B. The final County PPA would not be substantively different from the attached draft.

The costs for the SCE interconnection agreements were previously included in the fixed price contract between the County and MSB Investors, LLC (MSB), approved by the Board on September 18, 2018. The BioMAT PPA with SCE will require an additional collateral requirement in the amount of \$45,480,

which is not included in the fixed price contract with MSB but budgeted in the RRWMD Enterprise Fund. Amendments to the SCE Agreements and issuance of the BioMAT PPA has led to changes to MSB's responsibilities and are reflected in the Fourth Amendment to the Amended Contract between the County of Santa Barbara and MSB Investors, LLC for Development and Operation of the Tajiguas Resource Recovery Project, provided in Attachment C.

**Background:**

The Department of Public Works, RRWMD is responsible for the management of solid waste resources in Santa Barbara County including the operation of the Tajiguas Landfill and construction of the ReSource Center. The ReSource Center includes modifying operation of the existing Tajiguas Landfill to include the construction and operation of a MRF, an ADF, and a Composting Management Unit. These facilities will allow the County to further recover recyclable materials, provide an alternative to burying organic waste, generate green energy, and significantly reduce greenhouse gas emissions.

The RRWMD expects to receive a BioMAT PPA, an amended NEM and Generating Facility Interconnection Agreement, and an amended Facilities Financing and Ownership Agreement requiring County approval within the next few months. SCE typically requires that agreements are approved within 10 to 30 days of delivery to its customer. In order to meet this approval timeframe, RRWMD is requesting that authority to approve and execute the SCE documents be delegated to the Department of Public Works Director following execution by SCE and the approval of County Counsel, Auditor Controller and Risk Manager or their authorized representatives.

The SCE MRF 1) NEM and Generating Facility Interconnection Agreement and 2) Facilities Financing and Ownership Agreement supporting the NEM tariff is anticipated to be amended or replaced following the completion of a revised SIS evaluating the impact of using two larger 1.4 MW MRF landfill gas engines. SCE previously performed an SIS on the total net capacity of 1.994 MW at the ReSource Center. The Board approved the payment of \$522,436 in estimated costs for the interconnection in January 2019. The revised SIS is anticipated for completion in December 2020 and will confirm the total interconnection costs for the MRF. Based on discussions with the SCE engineering division, no incremental interconnection costs are anticipated for the increased MRF LFG engine generation capacity. The two larger 1.4 MW MRF landfill gas engines are provided for in the contract with MSB and were studied in the environmental review for the project.

The SCE BioMAT PPA enables RRWMD to sell biogas derived from the ADF, which processes the organic fraction of municipal solid waste recovered from the MRF and source separated yard and food waste. RRWMD will sell to SCE up to 2.274 MW of renewable electricity for a term of twenty (20) years at a price of \$0.127/kwh. The quantity of renewable electricity sold to SCE for the term of the contract will be set in an annual schedule. However, RRWMD will have the option to decrease the quantity for any or all of the contract years upon notice to SCE within the first two contract years. Upon SCE's approval, the adjusted quantity of renewable electricity shall thereafter be the applicable delivery quantity. The BioMAT PPA requires the County as the project owner to deposit a \$45,480 collateral requirement with SCE. The current anticipated commercial operational date (COD) for the ADF is Fourth Quarter 2020. The BioMAT PPA will require that the ADF is operational and providing energy within twenty four (24) months after execution of the agreement with an additional

six (6) month extension period. Therefore, it is anticipated that the ADF will be operating within this required timeframe.

The Fourth Amendment to the Amended Contract between the County of Santa Barbara and MSB Investors, LLC for Development and Operation of the Tajiguas Resource Recovery Project requires MSB to fulfill the “Seller” or “Customer” obligations in the SCE agreements (Section 5.1).

On July 12, 2016, the Board of Supervisors certified a Final SEIR (12EIR-00000-00002, SCH #2012041068 and EIR Revision Letter and Errata dated May 27, 2016) for the TRRP. An Addendum to the certified Final SEIR (dated August 11, 2017 and revised October 26, 2017) was considered by the Board of Supervisors on November 14, 2017. Copies of these documents are available at <https://santabarbara.legistar.com/LegislationDetail.aspx?ID=3208879&GUID=8FD06D70-FE83-4AA1-982A-2CA8EA03B506&Options=ID|Text|&Search=Tajiguas+Resource+Recovery+Project>. The Subsequent EIR and Addendum identified that engines located at the MRF and ADF would generate green energy and would be connected to the existing SCE high voltage power transmission lines located immediately south of the Landfill and that existing transmission poles running along the eastern and western Landfill property boundaries would provide a suitable transmission line routing. SCE interconnection engineering has advised MSB Investors, LLC that the east side and west side poles and locations are likely satisfactory to support the anticipated conductor (line) upgrade. A field study and final determination will be made by SCE. Therefore, because the energy facilities and generation considered in the agreements is consistent with what was analyzed in the prior CEQA review and because of the expected suitability of the existing transmission line routing, the agreements are within the scope of the project covered by the prior environmental review and pursuant to CEQA Guidelines Section 15162, no subsequent Environmental Impact Report or Negative Declaration is required for the execution of the agreements.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

The costs for the SCE interconnection agreements were previously included in the fixed price contract between the County and MSB as approved by the Board on September 18, 2018. The BioMAT PPA collateral requirement costs of \$45,480 are budgeted in the RRWMD Enterprise Fund. Costs estimated for this service are to be incurred in fiscal year 19/20.

**Key Contract Risks:**

Key risk factors for these agreements that contribute to an overall medium contract risk rating include: contract size, performance period, complexity and contract subject (significance of the contracts with respect to the ReSource Center construction). In addition, the BioMAT PPA contains a provision for liquidated damages in the event the County does not meet the guaranteed electricity production.

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These risk factors have been evaluated and staff believes the contract should be authorized, because SCE has significant interconnection and distribution experience with the County and has previously implemented the interconnection between the existing landfill gases to the energy facility currently operating at the Tajiguas Landfill. The contract with MSB Investors also contains several performance guarantees related to the SCE contracted services that mitigate the risks, including as to liquidated damages. RRWMD will also have the option to decrease the guaranteed electricity production in the BioMAT PPA upon notice to SCE within the first two contract years.

**Special Instructions:**

Please forward a certified, stamped Minute Order approving this action to Jeanette Gonzales-Knight in the Public Works Department, Resource Recovery and Waste Management Division, 130 E. Victoria Street, Suite 100, Santa Barbara, CA 93101.

**Attachments:**

Attachment A: Previously Approved County of Santa Barbara Net Energy Metering and Generating Facility Interconnection Agreement and Facilities Financing and Ownership Agreement with Southern California Edison.

Attachment B: Draft Bioenergy Market Adjusting Tariff Power Purchase Agreement Between Southern California Edison Company and Santa Barbara County Public Works Department.

Attachment C: Fourth Amendment to the Amended Contract between the County of Santa Barbara and MSB Investors, LLC for Development and Operation of the Tajiguas Resource Recovery Project

**Authored by:**

Jeanette Gonzales-Knight, Compliance Manager, (805) 882-3627