



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: March 15, 2016
Placement: Administrative, set
hearing on 3/15/16 for
4/5/16
Estimated Time: 45 minutes on 4/5/16
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, P.E. Director, 568-3010
Director(s)
Contact Info: Mark Schleich, P.E. Deputy Director, 882-3605

SUBJECT: Set Hearing to Consider Issues Related to the Tajiguas Resource Recovery Project
Third Supervisorial District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Yes

As to form: Treasurer

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

On March 15, 2016, set a hearing for April 5, 2016 to consider the Tajiguas Resource Recovery Project.

On April 5, 2016, staff recommends that your Board take the following actions.

That the Board of Supervisors:

- a) Receive an update report on the Tajiguas Resource Recovery Project;
- b) Conceptually approve the Deal Points which are non-binding but provide the potential framework and cost for a Waste Service Agreement with MSB Investors, LLC (formerly referred to as Mustang Renewable Power Ventures) to design, build and operate the Tajiguas Resource Recovery Project at the Tajiguas Landfill;
- c) Approve and authorize the Chair to execute an Agreement with HF&H Consulting for their continued assistance in the preparation of the Waste Service Agreement with the proposed vendor and Material Delivery Agreements with the participating jurisdictions for an amount not to exceed of \$278,000. This Agreement is independent from the former Purchase Contract Order No. 17892 for \$99,000 with the same vendor where all work has been performed and all authorized funds expended;

- d) Authorize the Director of Public Works to prepare and submit permit applications to CalRecycle, Regional Water Quality Control Board, and Air Pollution Control District ; and
- e) Direct staff to return to the Board for the Board's simultaneous consideration of:
 - i) Certifying the Final Subsequent Environmental Impact Report;
 - ii) Receiving the Debt Advisory Committee's recommendation concerning the potential use of revenue bond financing for this project;
 - iii) Approving a Waste Service Agreement with the vendor to design, build and operate the Tajiguas Resource Recovery Project, subject to compliance with the California Environmental Quality Act, based on the attached Deal Points.
- f) Determine that actions taken on April 5, 2016 are not an approval of the project, nor do they commit the County of Santa Barbara to a definite course of action in regard to a project intended to be carried out, and direct staff to file a California Environmental Quality Act Notice of Exemption on the basis of California Environmental Quality Act Guidelines Section 15352.

Summary Text:

Staff is requesting that the Board of Supervisors set a hearing for April 5, 2016 to consider issues related to the Tajiguas Resource Recovery Project (TRRP). On July 7, 2015, the Board directed staff to complete a variety of tasks and report back to the Board on the results of these tasks. Staff has begun an analysis of publicly financing the construction of the facility and has conducted preliminary negotiations with the selected vendor (MSB Investors, LLC) on deal points that would provide the legal framework and price for a Waste Service Agreement to design, build and operate the facility. The analysis related to this agenda item will be docketed with a separate Board Agenda Letter for the April 5, 2016 meeting.

The Department's recommended actions for April 5, 2016 do not include certification of the proposed Final Subsequent Environmental Impact Report which the Board would consider when the item returns to the Board at a later date. The proposed Final Subsequent Environmental Impact Report can be viewed at <http://resourcerecoveryproject.com/pages/downloads/environmental-documents.php> .

The Department's recommended actions for April 5, 2016 also do not include taking action on potential revenue bond financing, which the Board would consider when the items returns to the Board at a later date and along with a recommendation from the Debt Advisory Committee.

Background:

If approved, the Tajiguas Resource Recovery Project would modify current waste management operations at the Tajiguas Landfill by the addition of a Materials Recovery Facility (MRF) and Dry Fermentation Anaerobic Digestion (AD) Facility that would process municipal solid waste that is currently being buried into recyclables to be sold, organics to be further processed through the AD facility, and the residual to be buried. In addition, the project would have the ability to process commingled source separated recyclables and organics from the communities currently served by the Tajiguas Landfill. Implementation of the project would enhance the community's ability to be in compliance with state waste management regulations, greenhouse gas reduction requirements, provide 20 years of disposal capacity, and generate green energy.

On July 7, 2015, staff provided a project update to the Board who directed staff to evaluate alternative funding mechanisms for the project and present these findings to the Debt Advisory Committee. Since that time, staff has:

1. Performed an initial evaluation of alternative funding mechanisms, including publicly financing the construction of the facility through revenue bonds guaranteed by an annual financial commitment from other jurisdictions (20-year commitments to deliver waste material to the project at a required tip fee) as well as a private equity contribution;
2. Presented the preliminary financial findings to the Debt Advisory Committee on December 18, 2015, and received their recommendation to hire a Financial Advisor to assist with a publicly financed project;
3. Conducted due diligence of the proposed project performance and associated costs; and
4. Conducted preliminary negotiations with the selected vendor (MSB Investors, LLC, formerly referred to as Mustang Renewable Power Ventures) on specific deal points that provide a framework for a future Waste Service Agreement to design, build, and operate that defines the associated costs for service.

The requested hearing for April 5, 2016 would be to consider the above mentioned recommendations. The analysis related to this agenda item will be docketed with a separate Board Agenda Letter for the April 5, 2016 meeting.

Authored by:

Leslie Wells, Resource Recovery & Waste Management Division of County Department of Public Works.