

#6



Katherine Douglas *Public Comment - Mustang Renewable Power Ventures*

From: John Dewey <john@deweygroup.com>
Sent: Friday, December 8, 2023 1:36 PM
To: sbcob
Subject: Comments to December 12, 2023 Item 6
Attachments: MSB Response to Notice to Terminate and Board Letter-120823.pdf

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Attached please find our comment letter related to the Public Works hearing to consider termination of the Agreement with MSB Investors, LLC.

Please post and distribute to the Supervisors at your earliest convenience.

Thank you for your assistance.

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December 8, 2023

County of Santa Barbara Board of Supervisors
Chair Das Williams
Supervisor Laura Capps
Supervisor Joan Hartmann
Supervisor Bob Nelson
Supervisor Steve Lavagnino
105 E. Anapamu Street, Fourth Floor, Suite 407
Santa Barbara, CA 93101

RE: Response to Notice of Intent to Terminate dated November 6, 2023

Honorable Chair Williams and Supervisors,

In response to the Notice of Intent to Terminate dated November 6, 2023 (“Notice of Intent”) and the Board Letter, we offer the following response for consideration at the December 12, 2023 hearing:

I. SUMMARY

The claims in the Notice of Intent and the Board Letter are highly unfair in that they leave out important context and omit critical facts. MSB’s Development and Operation Agreement (“Agreement”) with the County assumed deliveries of a level of recyclables, the value of those recyclables, and waste tonnages that, due to external changes beyond either party’s control, decreased the revenue generated by the facility. This revenue, along with tip fee income, is required to fund the facility’s operations. The Agreement has provisions and mechanisms to address any shortfalls in revenue that are needed to adequately fund operations. However, the County has not performed and has substantially delayed executing these provisions and mechanisms. As a consequence, MSB has been operating the facility at a substantial fiscal deficit for the past 2.5 years. MSB repeatedly asked County Public Works for funds necessary to conduct operations. However, the County would at best provide insufficient funds that did not address the fundamental shortfall. While the Notice of Intent and Board Letter describe certain funding efforts as confirmation of the County’s good faith, this is disingenuous and none of those efforts actually came close to providing budgeted funding to operate.

Instead, the County proposes to terminate MSB then provide sufficient funds to operate the facility to MSB’s proposed replacement. Note the County’s request for Board approval to pay Bekon Energy Technologies \$6,318,880 to run the facility for 12 months. This is exactly the amount MSB and the County had negotiated and agreed to as an adequate budget to fund the project operations, however the County has not paid the agreed amount. It should also be noted that Bekon is a stable operator based in Germany, but has almost no understanding of the environmental complexities and onerous regulatory requirements of operating a plant in Santa Barbara County and California, and very limited experience in operating compost facilities. Further, it is highly unlikely Bekon will agree to the performance guarantees or any of the regulatory responsibilities that MSB operates under. Suffice to say, Bekon will not be a comprehensive solution and is not interested in taking on all of the risks and responsibilities borne by MSB, and the County and ratepayers will take on much more risk, costs and liabilities.

Had the County been paying MSB the County and MSB agreed budgets to operate the facility, there would have been no need for the Notice of Intent to Terminate and the County, the ratepayers, the surrounding community and the facility would have benefited and operated nominally. Why did the County knowingly not meet its obligations under the Agreement to adequately fund the facility and thereby damage its own facility and its reputation? The reasons for the County starving MSB of the required resources and funding are discussed below.

Moreover, as discussed in more detail below, the specific instances of claimed breaches have ignored MSB's diligent efforts to remedy any violations.

To terminate the Agreement based on the claimed breaches in the Notice of Intent and Board Letter would be both fundamentally unfair and not in good faith. It would amount to a deprivation of MSB's fundamental rights and at least \$46,000,000 in MSB damages. Rather than go this route, MSB has a proposal that will resolve the issues raised in the Notice of Intent to Terminate.

MSB has secured an investor that wishes to buy out MSB's position and assume its responsibilities under the Agreement. MSB requests that it be given 180 days to work with the County and the potential investor to implement a transition that will work for the County, MSB, and the investor. Such a solution is in the best interests of all parties and assures uninterrupted facility operations.

II. RESPONSE TO SPECIFIC CLAIMS IN NOTICE OF INTENT

1. Failure to Cure a Curable Breach of the Agreement.

MSB is not in violation of any regulatory compliance permit condition that is not the subject of a County and regulator approved compliance plan.

1.1 MSB did not Breach the Agreement.

Contrary to the allegations included in the Notice of Intent and Board Letter, MSB worked diligently to resolve the Water Board violations. MSB did not fail in its efforts to cure the alleged breach of the Agreement due to Water Board issued violations related to compost facility drainage system repairs. County actions prevented MSB from timely completing the required repairs. The County alleged breach is due to delays in replacing the drainage system by a County imposed deadline of October 1, 2023.

MSB was on schedule to complete the repairs by that date, but for conditions and delays imposed by the County 3 days prior to the deadline, which triggered redesign and engineering and which took until October 7th to complete. These delays were due to factors outside the control of MSB (material shortages, lack of availability of qualified subcontractors, County initiated changes in design).

MSB's subcontractor had substantially completed the drainage system repairs as of September 28, 2023 and estimated it would be fully functional as of October 28, 2023. The County took over construction of the last phase of the project even though MSB's contractor was preparing to finish the replacement in the same amount of time as the County estimated its contractor would take. The County's contractor completed the drainage system repairs providing a fully functional system as of October 28, 2023. Additional expansion of the drainage system to provide two additional

inlets required due to excessive settlement of the Compost Management Unit (“CMU”) were completed as of November 14, 2023, prior to the first rainfall of the 23-24 storm season.

1.2 MSB’s repair and other violation curing efforts were diligent and based on a June 2023 Compliance Plan approved by the County and Water Board. No Violations or Damages occurred due to the Drainage System Repairs completion prior to the 23-24 Storm Season’s first rainfall.

There were no rain events forecast during the period of October 1, 2023 through October 28, 2023 and none occurred. As a result, there were no violations of the stormwater runoff permit requirements. MSB worked diligently to resolve alleged violations issued by the Central Coast Regional Water Quality Control Board (CCRWQCB or Water Board). Please see Attachment 1 which is a Communication Timeline for MSB’s communications, efforts and responses to the CCRWQCB March 17, 2023 and June 20, 2023 notices to MSB (Notices). Attachment 1 includes 56 communications to/from MSB, CCRWQCB and the County that were omitted from the County’s Communications Timeline, included as Attachment 1 to the Notice of Intent.

Attachment 1 attached hereto details MSB’s diligent efforts to develop and implement a compliance plan/response to the CCRWQCB Notices. Such compliance plan was developed by MSB, submitted to and approved by the County prior to its June 15, 2023 submittal to the Water Board as part of its May 2023 monthly Maintenance & Monitoring Report (MMR). Attachments 2 through 6 hereto provide additional evidence of MSB’s diligent efforts to resolve the alleged violations set forth in the Water Board Notices.

1.3 The Water Board violations were related to Drainage Infrastructure damages caused by the extraordinary Atmospheric River Storm Events in January through March 2023 (i.e., Uncontrollable Circumstances under the Agreement).

Attachment 2 - MSB response to County letter on Water Board Notices: MSB’s May 3, 2023 response to the County’s April 25, 2023 letter regarding the Water Board Notices. The May 3, 2023 response details MSB’s responses to the Water Board throughout March and April, including MSB’s project engineer’s (John Kular) responses, which commented that “the 2022-2023 storm season was the wettest on record in at least 40 years.” His response further clarified that “Drainage features have been overwhelmed and failed across the entire state.

In fact, the Governor’s Proclamation of a State of Emergency specifically states that damaging winds and precipitation have occurred and continue to threaten critical infrastructure. The NOV allegations should be considered within this context. The intensity and frequency of the storms have greatly hindered the operator from making permanent, durable repairs to facilities and equipment in the brief intervals between rainfall events.

The Agreement (Section 1.138) provides relief from “Uncontrollable Circumstances” meaning circumstances that are beyond the reasonable control of the Contractor such as: A. “Naturally occurring events (except weather conditions normal for the Santa Barbara area) such as landslides, underground movement, earthquakes, fires, tornadoes, tidal waves, epidemics, storms, and other acts of God, ionizing radiation, nuclear, radioactive, chemical or biological contamination.” Given the multiple disaster declarations, historic precipitation levels, road closures and evacuations at the landfill, there can be little doubt that the 2022-2023 winter storm season was outside of the norm for the Santa Barbara area.

1.4 Delays to Completion of the Repairs caused by circumstances beyond MSB's control: 1) Limited supplies and contractor availabilities due to the extraordinary storm season requiring drainage infrastructure repairs to the entire Central Coast and nationwide Covid Pandemic related supply chain issues; 2) County imposed repair schedule delays; and, 3) Inadequate funding of the Project's operations and maintenance budgets by County since Project construction completion in 2021.

Attachment 3 is MSB's July 6, 2023 response to the County's June 21, 2023 letter regarding the Water Board Notices, which details MSB's responses to the Board throughout May and June. Attachment 3 also highlights the challenges MSB has faced throughout the entire operational phase of the project due to the County's chronic underfunding of the operating budget. The Agreement requires an operating budget that covers the cost of operating the facility. More details of this are provided below in Section 4.

Attachment 4 is MSB's email correspondence to the County confirming removal of soil that the Water Board contended was contaminated by CMU leachate which leaked from the drainage system damaged by the disastrous 2022/2023 storm season and the nearly 5 vertical feet of soil settlement in the past three years at the westerly end of the CMU. As the Water Board CMU permit was issued to MSB, Attachment 4 also requests the County to refrain from direct (ex-parte) communications with the Water Board regarding MSB's permit requirements without the presence of an MSB representative.

Attachment 5 is MSB's September 20, 2023 response to the County's September 13, 2023 letter which confirmed that only three (3) Water Board Notice items remained unresolved (nine (9) other items were resolved). The Water Board Notice items that remained unresolved were: 1) the Composting Management Unit ("CMU") feedstock definitions set forth in the Compost General Order, which the Water Board stated to MSB on September 21, 2023 were problematic and that they would propose a solution; 2) the CMU drainage project repairs which were in process in accordance with the County and Water Board approved compliance plan; and, 3) the Water and Wastewater Management Plan ("WWMP") which remained subject to further revision and approval by the Water Board, County and MSB.

As of October 28, 2023, the drainage project repairs were completed, leaving only two administrative violations: (1) related to feedstock definitions; and (2) submittal and approval of the WWMP (now in its 5th draft based on more than 5 months of comments and revisions by the Water Board, County and MSB.) MSB reported this status to the Water Board in its October MMR report submitted to the Water Board on November 15, 2023. The Water Board acknowledged to the County on a call the week of November 13th, that the two open items were not a critical priority, that they would take time to resolve and that was not a concern to the Water Board.

Attachment 6 is MSB's email correspondence to the County dated October 12, 2023 confirming that John Kular had completed revised engineering plans and hydraulic analysis in response to: (1) the County's September 28, 2023 request to anchor flange fittings in the CMU drainage concrete inlets; and (2) the updated topographical survey provided to MSB on October 2, 2023, which was 7 business days following receipt of the revised topo survey from the County. The County alleged that MSB had stopped work on the drainage project for these 7 business days which is patently false and was clearly communicated to the County.

The revised engineered plans and hydraulic study were provided to the County on October 12, 2023 and MSB confirmed that it was ready to immediately complete the construction of the drainage project. The County declined to allow MSB to complete the construction of the drainage

project, electing to complete the drainage project with its own contractor, Raminha Construction.

This is despite the fact that MSB's contractor was ready to start immediately and complete the project in the same amount of time as Raminha. In fact, MSB had approached Raminha to complete the work immediately prior to the County engaging Raminha. Raminha declined the work stating they were booked up for months. It is believed the County had to engage Raminha under an expensive emergency action plan that was more than twice as costly as MSB's contractor estimate. Had the County properly and timely funded MSB, it could have completed the project by the County's imposed October 1, 2023 deadline. It is important to note that the Water Board did not impose a deadline on MSB for completion of the repairs.

As no rain events occurred prior to Raminha's completion of the drainage project by October 28, 2023, no permit violations occurred and the County was not damaged as a result. It is typical that the County and all Water Board permittees take all 6 months of the summer season to complete repairs and storm season preparations. The historic nature of the 2022/2023 storm season, including the greatest number of atmospheric river storms in recorded history, resulted in reduced availability of qualified drainage subcontractors and supply chain issues, which limited available piping supplies and which impacted MSB's schedule. The County refused to acknowledge such impacts.

1.5 Liquidated Damages are inappropriate and/or not applicable when: (1) Contractor's performance is impacted by Uncontrollable Circumstances; (2) Contractor's efforts are diligent and based on a compliance plan approved by County and regulatory agency/authority having jurisdiction; (3) County fails to follow Agreement provided Liquidated Damages procedures set out in the Agreement

Attachment 5 highlights the fact that a County and Water Board approved compliance plan had been implemented and therefore no Liquidated Damages ("LDs") should be imposed. This would be consistent with the County's two precedents of waiving LDs in similar cases when approved compliance plans were implemented with the Local Enforcement Agency ("LEA") and the Air Pollution Control District ("APCD"). As generally noted with LDs, it is the County and community's goal that the facility's limited financial resources be dedicated to properly funding its operations and not diverted to penalties. This was even more critical because the facility was already operating at a deficit.

Attachment 5 also reconfirmed MSB's belief that the County did not follow the procedures in the Agreement to impose LDs (i.e., 71 days elapsed from MSB's request for a meeting to discuss the County's April 25, 2023 letter before a meeting could be held, followed by 61 days before the County provided a determination of such meeting). Article 14.9.B. of the Agreement states that LD's cannot be imposed for more than 7 days without written notice to MSB of such imposition. As a disagreement on this issue was evident, MSB requested arbitration of the issue in accordance with Article 14.2 of the Agreement. To date, County has not responded to MSB's request for arbitration of this issue.

1.6 Inappropriate County ex parte Communications with Water Board interfered with MSB's regulatory relationship, communications and compliance efforts.

As the Water Board Notices were likely a direct result of ex parte communications from the County without MSB's presence, MSB was not aware of what was communicated, the accuracy of such communications, and not allowed the opportunity to address any issues with the Water Board before it issued the Notices. This conduct raises the question whether this was done intentionally in bad faith to undermine MSB and to intentionally create the opportunity for a breach and the alleged default.

On a call with a County Public Works staff in June 2023, a staff person admitted to MSB that the County's assignment of new stormwater compliance staff at the Landfill was for the express purpose of discovering and communicating via ex parte communications any compliance issues to the Water Board with a goal of creating permit compliance violations on MSB that could become grounds for termination of the Agreement. We believe that discovery and depositions will reveal additional intentional and willful acts by at least one and possibly additional Public Works staff.

1.7 County's Decision to Terminate is Unfair and a Disproportionate Response to the Alleged Non-Consequential Breach (i.e., the 28-day repair completion delay did not result in any violation or damages to County).

The County's effort to terminate the Agreement with MSB despite MSB's diligent, ongoing and good faith efforts to resolve the open items with the Water Board as a result of the historic nature of the 2022/2203 storm season (i.e., Uncontrollable Circumstances which MSB had requested determination of via arbitration per Agreement Article 14.2) is a disproportionate response and without merit as the County has not suffered any actual damages as a result of MSB's ongoing compliance efforts, particularly when the drainage infrastructure repairs and replacements have been completed prior to the first storm event of the 2023 season. As of November 6, 2023, the date of the Notice of Intent, 10 of the 12 Water Board Notice items had been resolved and the remaining two items were outside of the control of MSB and reported by the Water Board to be non-consequential and not requiring immediate resolution. Further, the County has contributed to the delays in completing the Water Board requested revised WWMP.

MSB patiently endured the more than 7 years that the County inefficiently took to complete the entitlement, permitting and contracting process (i.e., 4 years longer than the County represented to MSB in the Request for Proposal ("RFP") solicitation which MSB won in 2011). County mistakes such as the erroneous Coastal Zone Boundary line which the County discovered in 2017 and the resulting Gaviota Coast Conservancy litigation delayed the start of construction for nearly a year until December 2018). This increased the Project cost to the ratepayers by nearly \$25 million and to MSB by an additional \$4 million that was not reimbursed at closing. Contrast this with the County's contention that MSB missing a County imposed construction deadline by 4 weeks is grounds for terminating the Agreement which MSB has been performing in good faith for the past 13 years with an MSB investment that now exceeds \$20 million. Such a position does not appear to be in good faith.

1.8 Draconian Consequences of Decision to Terminate based on Alleged Non-Consequential Breach

MSB has had a good working relationship with the Water Board for the past 12 years since commencing the permit efforts for the ReSource Center in 2011. The Water Board permits issued

for the ReSource Center CMU are likely the most onerous issued to any composting facility within the jurisdiction of the CCRWQCB. Attachment 7 highlights the extraordinary permit conditions imposed on the ReSource Center CMU by the Water Board compared to the permit conditions imposed on other composting facilities within the Central Coast region.

These compliance burdens, combined with the intentional withholding of required operational funding, were intended to prevent MSB from operating the plant in a safe and compliant manner such that MSB would give up and abandon its operating contract for Project, or alternatively default MSB out of the Agreement allowing the County to take it back and offer it out to new operators via an RFP so that it could deprive MSB of its ability to recover its more than \$20 million of invested capital via the sale of its operating agreement to a waste management company/operator.

1.9 Unequal Treatment of MSB

It is important to note that in the November 29, 2023 announcement of Santa Barbara County's Public Works Water Resources Division settlement and stipulated judgement with the County District Attorney's office, the Public Works Water Division failed to properly maintain, permit and operate the Toro Canyon oil-water separator facility after the 2017 Thomas Fire caused damage to the facility which led to oil leaking to and contaminating a nearby creek. County Public Works failed to properly and timely report the leak to CUPA for 17 days. County Public Works failed to obtain permits for the facility initially and even after the State Water Board required them to do so. County Public Works also failed to conduct environmental impact assessments before directing contractors to begin cleanup work. After a 3-month deadline issued by CUPA to correct the violations passed, no violations had been corrected and no meaningful steps were taken to slow the leak of oil.

Although County Public Works was not able to cure its Water Board violations in three years, it holds MSB to an unequal standard where completion of the drainage project in less than 30 days after the County imposed deadline is grounds for termination. This is unfair and unreasonable treatment.

2. Failure to ensure the health and safety of all personnel and visitors.

2.1 Notice of Intent cited Health & Safety issues inconsistent with conclusions of County Public Works Safety, Disability and Risk Manager

The Santa Barbara County Public Works Safety, Disability and Risk Manager toured the Anaerobic Digestion Facility ("ADF") & CMU on November 1, 2023 to confirm that all Health & Safety items reflected in MSB's letter to the County dated October 20, 2023 (see Attachment 8) responding to the County's letter dated October 6, 2023 had been fully addressed.

On that visit the Public Works Safety Manager confirmed that all items listed in her October 6, 2023 letter and MSB's October 20, 2023 response letter had been fully and adequately addressed. She also confirmed that the ADF & CMU housekeeping and general condition were some of the cleanest she had observed. She appreciated the challenge of site housekeeping when the organic feedstock delivered from the Material Recovery Facility ("MRF") to the ADF and CMU often contained more than 30% inert contaminants such as small film plastic that easily became airborne in the daily wind conditions at the site due its location on the top deck of the landfill.

She also advised that many of the items in her October 6, 2023 letter had been written by others and were not actually health & safety violations. She also offered that she prefers to have direct communications with MSB's safety and compliance managers, but she was advised by Public Works management to avoid such direct communications.

MSB has always placed a priority on the health and safety of all of its personnel, visitors and subcontractors. For example, MSB implemented procedures in early 2023 to prevent County Public Works staff from driving onto the CMU to avoid conflict with CMU loader operations. MSB safety procedures were also implemented requiring all County Public Works staff visiting the site to have complete Personal Protective Equipment (PPE) (i.e., hard hats, safety vests and protective eyewear).

2.2 Health & Safety Issues - Causes, Status and Resolutions

Hallway Lighting. MSB did take longer than anticipated to repair inoperable lighting fixtures in the ADF mixing hall as a direct result of the County refusing to provide MSB adequate funding to cover the costs of operating and maintaining the ADF & CMU for Fiscal Year ("FY") 21/22 and FY 22/23 as required by the Agreement, despite MSB's repeated requests for such funding. Please see Section 4. Below, including the Attachments referenced in that Section, for further details.

Please also see Attachment 25 - Minutes from a biweekly meeting of the County, MSB & MarBorg to discuss ReSource Center Commissioning, Operations and Compliance where the County acknowledged in the approved Final Meeting Minutes that "Delayed and inadequate funding of the Project's Operations and Maintenance ("O&M") costs [by the County] is a primary factor in the delayed implementation of lighting repairs."

Vehicle Accidents: The two vehicular incidents involving MSB operators were one-off incidents that were also indirectly related to the County's refusal to provide adequate funding to the ADF & CMU. No personnel were injured in these incidents.

Compost Fire: The compost fire in May 2022 was directly related to changes in waste composition as a result of the COVID-19 pandemic (i.e., Uncontrollable Circumstances) requiring additional screening equipment related to the more than doubling of plastic in the waste stream and in the organic feedstock delivered to the ADF from the MRF. This, combined with the chronic inadequate funding of the ADF & CMU by the County, led to the circumstances which allowed this fire to occur. No personnel or project infrastructure were damaged as a result of this fire other than a single screen.

Transferring Stormwater. The CMU stormwater runoff water has always been transferred from the CMU stormwater runoff collection tank to the percolate tank via the ADF delivery hall sump drain. This was always intended based on the Bekon design that was approved by the County Building & Safety department. All MSB operators, visitors and subcontractors had been previously advised to avoid contact with this intermittent water transfer. Shannon Barcelona confirmed on her November 1, 2023 visit that the runoff water transfer pathway had been remedied with installation of a direct pipe from the wall outlet to the sump drain.

2.3 County Intent and Consequences

Again, it appears these alleged health and safety issues were escalated at the same time the County was withholding required operational funds as part of the County's intentional efforts to cause MSB to abandon its operating Agreement for the Project or to default MSB out of the Agreement, allowing the County to take it back and offer it out to new operators via an RFP so that it could deprive MSB of its ability to recover its more than \$20 million of invested capital via the sale of its operating agreement to a waste management company/operator.

3. Alleged Project Development failed Acceptance Tests.

3.1 MRF Acceptance Tests Passed and Confirmed by County in 2021

MSB passed all MRF specific Acceptance Test Criteria in Q3 2021 achieving Limited Operations status at that time. This was confirmed by the County in various correspondence to MSB in Q3 2021. Please see Attachment 9 (MSB request for Cash Flow Assistance ("CFA") for FY 21-22 dated June 30, 2023 including a memo dated May 30, 2023 addressing the MRF Limited Operations status). Most recently, a County Public Works staff person confirmed to the media that the Project has been in Limited Operations since the Fall of 2021.

3.2 ADF Acceptance Tests Passed Status Disputed by County

MSB, Bekon (the ADF technology provider) and Cypress Engineers (the County approved Acceptance Test consulting firm) each confirmed that the ADF passed its Reliability and Capacity Acceptance Tests in Q4 of 2022 in conformance with the County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020. Passing the Acceptance Tests was evidenced with the submittal to the County of the Cypress Engineers Acceptance Test Report dated January 2023 which also included the Bekon Acceptance Test Report dated October 2022.

The County provided a letter to MSB dated April 7, 2023 disagreeing with the Cypress and Bekon Acceptance Test Report conclusions that the ADF had passed its Reliability and Capacity Acceptance Tests based largely on a County consultant (Tetrattech) report that was focused on CMU odor mitigation strategies. MSB responded on April 14, 2023 to the County letter requesting a meeting and clarifying how the ADF had passed its Acceptance Test criteria previously approved by the County in the ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020. Please see Attachment 10 for a copy of MSB's response letter dated April 14, 2023.

Relevant to this topic, a County Public Works staff person recently acknowledged to MSB that the Agreement's performance criteria would not be applied to MarBorg or Bekon going forward as such performance criteria was not achievable.

3.3 County proposed revised, more onerous ADF Acceptance Test Criteria nearly 3 years after its previous ADF Acceptance Test Criteria approval.

The County ultimately, 74 days later on June 27, 2023, met with MSB to discuss the ADF Reliability & Capacity Acceptance Test status. In that meeting, the County proposed revised, significantly more onerous, redundant and unnecessary ADF Reliability and Capacity Acceptance Test criteria. Please see Attachment 11 for a copy of the County's proposed revised ADF Reliability and Capacity Acceptance Test criteria. The County asked MSB to review and consider the proposed revised criteria but did not impose a response deadline.

3.4 County also proposed revisions to other Project wide Acceptance Test Criteria

In that same meeting, the County also proposed revised Agreement Exhibit W diversion criteria based on the assumption that the MRF paper dryer was operational. MSB responded that the Exhibit W diversion criteria could not be determined until such time that the MRF paper dryer was operational and the marketability of such product could be determined. The County agreed with MSB.

3.5 Development and Acceptance Test Schedule Delays due to Uncontrollable Circumstances acknowledged by MSB and County

In the County's responses to MSB's June 30, 2023 letter requesting CFA for FY 21/22 dated July 14, 2023 and September 6, 2023, respectively, the County acknowledged that Full Operations of the ReSource Center had not occurred for various reasons including the COVID-19 pandemic and the fact that the SBC APCD had not yet issued a Permit to Operate (PTO), which PTO had been delayed by more than two years following the October 2021 Alisal Fire, as a result of APCD's complex and lengthy permit process related to the MRF biofilter destroyed in the Alisal Fire.

3.6 Dispute exists as to certain Agreement Milestone Dates

MSB's response, dated September 18, 2023, to the County's September 6, 2023 letter addressed various open issues including the Limited Operations status of the MRF. Please see Attachment 12 for a copy of MSB's response letter. As it was evident that MSB and the County disagreed on the Limited Operations date for the MRF, MSB requested arbitration for this issue in accordance with the provisions of Article 14.2. of the Agreement. The County has not responded to this request for arbitration. Recently however, a County Public Works staff person confirmed to the media that the Project had been in Limited Operations since Fall 2021.

3.7 MSB's Compliance Plan Efforts have been Diligent and Ongoing

As to the County's Compliance Plan request set forth in its September 6, 2023 letter to MSB, the MSB response dated September 18, 2023 (Attachment 8) addressed the request as follows:

"On April 14th, 2023, Contractor provided its response (Attachment 5) to the County's Acceptance Test Status Letter dated April 7, 2023. Our April 14th response disagreed with the County's determination of the ADF Reliability and Capacity Acceptance Tests as Contractor had previously passed the Reliability and Capacity test criteria agreed upon by the County and Contractor in the Agreement, Exhibit A-2-ADF Start-up and Acceptance Test Protocols and the approved ADF Acceptance Test Plan 2.0 dated November 2, 2020 (individually and collectively, ADF Acceptance Plan). Our April 14th response also requested a meeting to discuss and agree upon the open Acceptance Test criteria prior to submitting any compliance plan to remedy the open items required to complete the remaining Acceptance Tests.

That meeting took place on June 27th (74 days following our April 14th request for a meeting to discuss the Acceptance Test criteria required for preparation of a Compliance Plan). At and following the June 27th meeting, the County proposed revised and greatly expanded ADF Reliability and Capacity Acceptance Test Protocols (Attachment 6) including 90-day Reliability and Capacity Tests where the approved ADF Acceptance Plan included 1-day

tests. Contractor agreed to review and consider the proposed revised Acceptance Test criteria.

After careful consideration and based partly on 11 months of stabilized ADF operations following our previously completed successful October 2022 Reliability and Capacity Tests confirmed in the October 2022 Bekon Acceptance Test Report and the January 2023 Cypress Engineers Acceptance Test Report we reassert our position that the ADF has passed its Reliability and Capacity Acceptance Tests and decline to accept the County's proposed revisions to the Acceptance Test criteria. No compliance plan is required for these Acceptance Tests.

As to the Environmental Compliance Test, as you are aware, Contractor has submitted the mutually agreed upon Permit to Operate (PTO) application to the Santa Barbara County Air Pollution Control District (APCD) following the successful completion of all APCD Source Tests and following APCD's complete application determination for the revisions to the MRF biofilter and baghouse filters (i.e., ATC 14500-10) required following the Alisal Fire's destruction of the MRF Biofilter facilities (i.e., Compliance Plan).

As to the Ambient Odor Test, as you are aware, Contractor is in compliance with the terms of the LEA approved January 2023 Odor BMP Feasibility Study (i.e., Compliance Plan) and is assisting the County with the implementation of the mutually agreed upon GORE windrow aeration and cover system in procurement with Sustainable Generation.

As to the NPDES Test, as you are aware, Contractor is working with the Central Coast Regional Water Quality Control Board (Board), to resolve open items related to alleged violations resulting from damage to the CMU drainage infrastructure caused in part by the settlement of the CMU over the landfill and in part by the severe nature of the historic atmospheric river storms which occurred in the January to March 2023 storm season. The mutually agreed upon and County approved Board compliance requirements include a revised Monitoring & Reporting Plan (MRP, complete), a revised Water and Wastewater Management Plan (WWMP, 3rd draft submittal anticipated prior to September 30, 2023), full replacement of the damaged CMU drainage piping system (under construction, anticipated completion, September 30, 2023) and renegotiated permit terms on feedstock allowed in the CMU compost windrows (anticipated for October 2023) (individually and collectively, Compliance Plan).

As to the Material Recovery and Residue Tests, as we have discussed and agreed on numerous occasions over the past 6 months, a mutual agreement on the County's June 27, 2023 proposed Exhibit W-Diversion Guarantee Rate (Attachment 7) cannot be completed until the paper dryer operations are resumed and stabilized and the marketability of the material confirmed by Berg Mill. The paper dryer operations, as were demonstrated in Q2 & Q3 2022, will likely produce 15% or below moisture content mixed paper. As we have discussed on our past few bi-weekly operations calls, the paper dryer has been repaired and recommissioned following the December 2022 paper dryer fire including the installation of new fire sprinklers and other temperature sensors and alarms as required by SB County Fire. The paper dryer is operational at a reduced volume due to CHP engine G200 being offline awaiting warranty repair work to be completed by AB Energy. AB Energy is scheduled to be onsite Monday, September 18, 2023, to complete that work. Once the paper dryer is fully operational, the questions we have previously discussed remain: Is the recovered MSW mixed paper marketable and at what price? The

Exhibit W Diversion Guarantee Rate can only be determined after those questions are answered and such answers agreed upon by the parties. Additionally, the residue rate of the CMU screens must also be determined and agreed by the parties. A sampling event to determine this can be scheduled at the County's convenience at any time on 72-hours' notice to Contractor. All of the above has previously been discussed and agreed upon by the County and Contractor and collectively reflects the agreed upon Compliance Plan for these Tests."

As to the Material Recovery Test, this test is specific to the MRF and was confirmed by the County as "Passed" in Q3 of 2021.

As to the Residue Test, MSB invited the County to schedule such a test at the CMU on 72-hours' notice. The County has not responded to this invitation.

4. Non-payment to Subcontractors, Regulatory Agency and County

4.1 MSB relied upon County providing adequate funding of Project Operating Costs based on their representations to the Rating Agencies, Bondholders and Participating Jurisdictions

On October 22, 2018 the County represented to the bond Rating Agencies that it was ready, willing and able to increase the Tip Fee and its payments to MSB under the terms of the Agreement in the event that Recyclable Revenue was less than projected in order to cover the costs of operating and maintaining the Project. However, the County has inappropriately delayed this process and has not fulfilled its obligations for the past three years under the Agreement. Please see Attachment 13 – Excerpt from County Rating Agency Presentation dated October 22, 2018.

The Rating Agency presentation states:

"Pursuant to the Waste Services Agreement, the County is required to make a payment to MSB in the event Recyclable Sales Revenue is less than projected."

This was based on the County's projections set forth in the HF&H Consultant's Feasibility Study dated November 6, 2018 attached as an exhibit to the Preliminary Official Statement relied upon in connection with the sale of the bonds to finance the Project. Section 4.3 Sensitivity Analysis of the HF&H Feasibility Study estimates various Tip Fee increases required in order to pay MSB sufficient revenue to cover the Project's operating and maintenance costs in the event of reduced recyclable revenue and/or reduced tonnage delivered to the Project. Please see Attachment 14 (Excerpt from HF&H Consultant's Feasibility Study).

The HF&H Consultant Feasibility Study states:

"Additionally, in the MSB agreement under Operating Expenses (Contractual Services MRF/AD in Attachment B), the County is obligated to increase the rate paid to MSB when commodity revenue decreases."

And,

“As shown in Attachment E (Reduced Volume through the ADF) the impact of reducing the volume of the material processed at the ADF is that revenues from the sale of electricity are reduced, which results in slightly higher payments from the County of MSB pursuant to the Waste Service Agreement shown under Operating Expenses (Contractual Services MRF/AD) and that a greater volume of material will need to be disposed in the Tajiguas Landfill.”

Additionally, pages 32-33 of the Rating Agency presentation, Attachment 15 (Rating Agency Presentation), provide the details of how the County is supposed to increase the Tip Fee on an annual basis to cover the annual operating costs of the Project based on the anticipated tonnage and recyclable revenues. Unfortunately, the County failed to follow the requirements of the bond documents and the Material Delivery Agreements (“MDAs”) with the Cities of Santa Barbara, Goleta, Buellton and Solvang (“Participating Jurisdictions”) and MarBorg to provide adequate funding to the Project.

As the County has not followed the requirements of the bond documents by increasing the Tip Fee to cover the costs of operating the Project it is possible that the County has breached the bond covenants and caused a non-monetary default on the bonds which has the potential to put the County’s credit rating at risk which could be costly to ratepayers.

4.2 MSB relied upon the County providing adequate funding of Project Operating Costs based on the terms of the Agreement

Article 10.8 of the Agreement, CFA, provides for an annual Tip Fee increase to MSB for the recyclable revenue decrease which occurred in FY 21/22 and continued throughout FY 22/23 and FY 23/24. Before a Tip Fee increase is approved, the Agreement provides for CFA to cover the revenue short fall which is immediate. MSB advised the County of this in their August 15, 2022 letter to County requesting: 1) CFA for FY 21/22, 2) a Tip Fee increased for FY 22/23 and 3) an Extraordinary Review. Please see Attachment 16 (MSB’s Request for CFA for FY 21/22 and Request for Extraordinary Review dated August 15, 2022). As of the date of this Letter, County has refused to provide the requested CFA for FY 21/22 or any Tip Fee increase requested for either FY 22/23 or FY 23/24. The County did provide a budget for FY 23/24 as of June 2023; however, they have not provided any of the agreed upon Tip Fee increase which was sorely needed to cover the operating costs of the Project throughout FY 22/23 and FY 23/24. The relevant advice, CFA and Tip Fee requests from MSB’s August 15, 2022 letter to the County are set forth below:

“Request for Cash Flow Assistance

Contractor requests Cash Flow Assistance pursuant to Section 10.8 of the Agreement, as more fully set forth in Attachment C hereto (Request for Cash Flow Assistance), in connection with revenue shortfalls and operating cost increases caused by impacts of the COVID pandemic on the waste composition of the materials received by the MRF and changes in the markets for Recycled Materials.

To summarize, Contractor reiterates its request for the County’s approval to draw fully on the Contractor’s \$1 million working capital line of credit to cover revenue shortfall, as set forth in the Contractor’s April 27, 2022 Cash Flow Assistance request (included as Appendix 1 to Attachment C), in anticipation of the County’s reimbursement of such. In addition, as Contractor anticipates recurrence of the negative cash flow experienced this

past year in FY 22-23, Contractor requests that the County increase the Per Ton Processing Rate to a sufficient amount in FY 22-23 to avoid a recurrence of the FY 21-22 negative cash flow from operating the Project.

While the Full Operations Date has not yet occurred, the MRF has been substantially fully operational since September 2, 2021, the parties have been proceeding on such basis, and the rationale underlying the cash flow assistance provisions in Section 10.8 apply equally to current operations. Furthermore, the County is seeking application of the Annual Settlement Process to current operations, when, strictly speaking, such process only applies after the Full Operations Date. Therefore, it is appropriate and consistent to apply the benefit of the Cash Flow Assistance provisions to current operations in FY 21-22 and to provide similar assistance in FY 22-23.”

And,

“Relief Under Section 10.8 is Appropriate

While the County has not issued a Notice to Proceed with Full Operations, the County advised Contractor that it commenced the delivery of 100% of its available Acceptable Materials as of July 12, 2021, Contractor passed 100% of the MRF’s Start-up and Acceptance Tests on September 2, 2021, and Contractor submitted a request for the County to issue a Notice to Proceed with Full Operations of the MSF on September 16, 2021. Contractor requested Cash Flow Assistance on April 23, 2022. It is Contractor’s position that the Project is effectively functioning as though in Full Operations. But for the Uncontrollable Circumstances that have delayed the completion of commissioning & acceptance testing and related approvals of the ADF & CMU, a formal Notice to Proceed with Full Operations would have been issued. The County has represented to Contractor that it has been delivering 100% of available Acceptance Materials to the MRF as though it were in Full Operations and has been paying the Per-Ton Processing fee since February 1, 2021.

However, the delivery tonnage was only 158,441 (including 10,914 of spot market tonnage) a shortfall of 27,477 tons compared to the Minimum Delivery Agreement (MDA) tonnage from the County and all Partner Jurisdictions of 185,807 TPY. The County’s position that Contractor is not entitled to the protections and relief provided for in the Agreement due to Contractor’s failure to achieve Full Operations status does not appear to be consistent with these actions. It is appropriate for Contractor to be compensated in accordance with all of the provisions of Article 10 – Contractor Compensation, including the provisions of Section 10.8 – Cash Flow Assistance.”

And,

“September 16, 2021 Request for Notice to Proceed with Full Operations at MRF

Contractor requested the County to provide Notice to Proceed with Full Operations at the MRF as of September 16, 2021. The County’s reply on September 17, 2021 was a 12-page punch list of 327 items that were almost entirely administrative paperwork items in order for the County to issue formal Notice to Proceed with Full Operations on the entire Project. This punch list does not change the fact that the MRF was effectively operating in Full Operations.”

And,

“Tip Fee Adjustment

Section 10.8 of the Agreement provides that the County should adjust the tip fee in the subsequent contract year based on the shortfall highlighted in the Cash Flow Assistance request if it is likely that the recyclable revenue deficit will continue in the future.

10.8 Cash Flow Assistance

Approximately seventy five percent (75%) of the revenues to finance the Contractor’s operations come from the sale of Recyclable Material (emphasis added). The prices for Recyclable Materials vary from month to month and sometimes that variance is significant. Worldwide economic factors may also affect the usual time it takes from Processing and bailing the material to the point at which it is received by the buyer. These conditions can create an unusual, unexpected, and unpredictable amount of demand for cash flow by the Contractor. Contractor shall secure a working capital line of credit in the amount of one million dollars (\$1,000,000) to provide for such a cash flow requirement and the annual cost of the working capital line of credit is provided in Contractor’s compensation and, if it is drawn upon and approved by the County, the County will repay the line of credit as part of the Annual Settlement Process described in 10.9 below. **If such conditions create a negative cash flow exceeding the amount of the working capital line of credit, Contractor may request compensation for such unusual demands from County and the County shall provide a complete reimbursement of such negative cash flow not later than thirty (30) days following review and approval of such a request. Additionally, if the economic conditions which caused the negative cash flow are outstanding as of the end of the Contract Year, then the County shall increase the Per Ton Processing Rate a sufficient amount in the subsequent Contract Year to avoid a recurrence of such a negative cash flow amount in the subsequent Contract Year. To the extent that the County has available reserves established for the purpose of assisting with Operations described in this Contract, then County may make available funds from this reserve on terms to be agreed upon by the Parties. Should the County not have such available reserves or choose not to make them available, then the Contractor may make arrangements to satisfy such a cash flow demand and the actual, reasonable and necessary costs of doing so shall be incorporated in the Annual Settlement Process described in 10.9 below.**

*(Section 10.8, emphasis added.) The first sentence of Section 10.8 highlights the fact that **75% of the Contractor’s revenues come from the sale of recyclable material.** Section 10.8 provides for two examples of how recyclable revenue may be less than anticipated. These two examples were intended to illustrate how recyclable revenue shortfalls could negatively impact Contractor’s working capital and the ability to cover the costs of operating the Project. The two examples were not intended to limit the reasons for recyclable revenue shortfalls that could negatively impact the Contractor’s ability to cover its costs.*

The negotiated intent of the Agreement and Section 10.8 was to confirm that the Contractor was not required to take risk from Recyclable Revenue shortage for any reason. The Recyclable Revenue risk was always intended to be borne by the County and partner jurisdictions and passed through to the ratepayers in the form of an increased tip fee to cover the operating costs of the Project.

This is even more true in the current case where the impacts of Uncontrollable Circumstances caused a decrease in recyclable revenues and an increase in Project operating costs. The COVID pandemic causing permanent and systemic changes to the waste composition resulting in increased Project operating costs due to unforeseen increases in Project Capital Expenditures and operating expenses.

The County has 100% of its available rate stabilization reserve funds to fund a shortfall reimbursing Contractor's operating deficit for FY 21-22 caused partly by the Recyclable Revenue shortfall, the tonnage shortfall and related processing fee (i.e., tip fee) revenue shortfall and partly by the increased operating expenses as a direct result of the Uncontrollable Circumstances described above.

It is anticipated that the Recyclable Revenue Shortfall will continue in FY 22-23 and thereafter, therefore, the tip fee per ton of Minimum Delivery Agreement (MDA) Tonnage should be adjusted by \$10.79 per ton (i.e., \$1,969,548/182,563 MDA tons per year (TPY)). This Tip Fee increase should be effective in FY 22-23 as provided for in Section 10.8 of the Agreement:

*'...Additionally, if the economic conditions which caused the negative cash flow are outstanding as of the end of the Contract Year, **then the County shall increase the Per Ton Processing Rate a sufficient amount in the subsequent Contract Year to avoid a recurrence of such a negative cash flow amount in the subsequent Contract Year...**'*

MSB relied in good faith upon the provisions of the Agreement and County's representations to the rating agencies, bondholders, the Board of Supervisors, the Participating Jurisdictions, the ratepayers, the Arroyo Quemada community, MarBorg and MSB that it would increase the tip fee paid to MSB in order to cover the Project's operating cost (i.e., the contractually agreed upon Revenue Requirement/Operating Budget set forth in the Agreement's Exhibit H) in the event of recycle revenue decline. MSB's good faith reliance upon the County caused it to invest more than \$20,000,000 supporting the development, permitting and entitlements, construction, start-up, commissioning and operations of the Project.

4.3 County failed to Provide adequate funding covering the agreed upon budgeted Project Operating Costs causing significant operating deficits for the past three years

Unfortunately, to the detriment of the Project, Participating Jurisdictions, the ratepayers, the Arroyo Quemada community and MSB, the County has not increased the Tip Fee as required in the Agreement, creating significant operating deficits in FY 21/22, FY 22/23 and continuing in FY 23/24. Ironically, this has also damaged the County as owner of the Project.

MSB has been unable to satisfy its financial obligations to its subcontractors and other accounts payable, including regulatory agencies, as a direct result of the County's consistently lethargic and delayed responses to MSB's urgent requests for CFA and to increase the Tip Fee. As mentioned, these urgent requests are driven by lower Recyclable Revenue, tonnage shortfalls, and increased operational costs resulting from the Uncontrollable Circumstance impacts of the COVID-19 pandemic such as waste composition changes, including dramatic increases in the volume of film plastic delivered to the ReSource Center. (Note: film plastics are no longer recyclable due to a change in market conditions).

The County stated that MSB had not paid an invoice to the Santa Barbara County APCD (see County's Attachment D). MSB actually paid said invoice on October 13, 2023. The Board Letter Attachment E incorrectly asserted that MSB had outstanding violations with the APCD. All of the listed violations, which were nearly all administrative filing date issues, were resolved pursuant to a settlement agreement executed between MSB and the APCD on July 28, 2023. Please see Attachment 26 for a copy of the executed settlement agreement.

The financial results of FY 21/22 are set forth in the table below in a schedule excerpted from MSB's request dated August 15, 2022 for Cash Flow Assistance for FY 21/22 and Extraordinary Review. Please see Attachment 16 (MSB's Request for CFA for FY 21/22 and Request for Extraordinary Review dated August 15, 2022).

FY 21-22 Project Operations Revenue & Expense Budget vs. Actual

	FY 21-22 Budget vs. Actual			Actual \$/Ton based on TPY		
	Budget	Actual	Variance	Processed	MDA TPY	Ex. H-21-22
Project Revenue				158,331	182,563	190,717
MRF Tip Fee Revenue	6,084,226	6,293,989	209,763	\$39.75	\$34.48	\$33.00
ADF SSO Tip Fee Rev.	160,777	105,888	(54,889)	\$0.67	\$0.58	\$0.56
Recyclable Revenue	7,033,679	4,326,998	(2,706,681)	\$27.33	\$23.70	\$22.69
ADF PPA Revenue	2,069,229	57,325	(2,011,904)	\$0.36	\$0.31	\$0.30
Total Revenue	15,347,912	10,784,200	(4,563,711)	\$68.11	\$59.07	\$56.55
Project Expenses						
MRF Expenses	11,144,001	8,254,574	(2,889,427)	\$52.13	\$45.21	\$43.28
ADF/CMU Expenses	4,204,598	4,039,505	(165,093)	\$25.51	\$22.13	\$21.18
Total Expenses	15,348,599	12,294,079	(3,054,520)	\$77.65	\$67.34	\$64.46
Net Income (Loss)	(688)	(1,509,879)	(1,509,191)	(\$9.54)	(\$8.27)	(\$7.92)
CFA Provided by County		696,830				
Net Income (Loss) after CFA		(\$813,049)				

FY 21/22 resulted in a \$2,706,681 recyclable revenue shortfall vs. budgeted revenue. Fortunately, the project operating costs (\$12,294,079) were less than budgeted (\$15,348,599) resulting in a reduced operating deficit of only \$1,509,191. The County ultimately agreed to fund \$696,830 in lost revenue impacts related to the October 2021 Alisal Fire, which funding was provided on February 24, 2023.

4.4 County's Refusal to Fund the Agreement Required and Agreed Upon Budgeted Operating Costs Has Caused more than \$10 Million in Operating Deficits since the Project's 2021 Construction Completion

The County has to date refused to fund MSB's requested CFA related to FY 21/22, even though the MRF was in Limited Operations as of Q3 2021. If the County were to do so, it would be required to implement a Tip Fee increase as of FY 22/23 as requested by MSB and as required under Section 10.8 of the Agreement. It appears the County Public Works did not want to disclose to stakeholders that a tip fee increase was urgently needed. This led to a shortfall in funding the agreed upon budgeted expenses of the Project and exhausting MSB's ability to pay

subcontractors, material suppliers, and repair and maintenance service providers. The FY 22/23 and FY 23/24 tables below show the effects of this.

For the past three years, County Public Works staff has refused to disclose to the Board of Supervisors or the Participating Jurisdictions that a Tip Fee increase was urgently needed. This led to a shortfall in funding the Project's operating costs while exhausting MSB's Agreement required \$1 million bank line of credit and an additional nearly \$3 million of working capital loans provided by MSB. Additionally, the County's refusal to fund the Project's agreed upon budgeted operating costs have led to nearly \$6 million of operating and maintenance vendor trade payables.

The FY 22/23 Actual Revenue & Expense is set forth below:

	FY 22-23 Budget vs. Actual			Actual \$/Ton based on TPY		
	Budget	Actual	Variance	Processed	MDA TPY	Ex. H-21-22
Project Revenue				179,576	182,563	190,717
MRF Tip Fee Revenue	6,722,497	6,366,152	-356,346	\$35.45	\$34.87	\$33.00
ADF SSO Tip Fee Rev.	177,668	151,225	-26,443	\$0.84	\$0.83	\$0.56
Recyclable Revenue	7,033,679	3,965,319	-3,068,360	\$22.08	\$21.72	\$22.69
ADF PPA Revenue	2,069,229	794,559	-1,274,670	\$4.42	\$4.35	\$0.30
Total Revenue	16,003,073	11,277,255	-4,725,818	\$62.80	\$61.77	\$56.55
Project Expenses						
MRF Expenses	9,867,202	10,053,235	186,033	\$55.98	\$55.07	\$52.71
ADF/CMU Expenses	6,280,848	7,123,230	842,383	\$39.67	\$22.13	\$37.35
Total Expenses	16,148,050	17,176,466	1,028,416	\$95.65	\$77.20	\$90.06
Net Income (Loss)	(144,977)	(5,899,211)	(5,754,234)	(\$32.85)	(\$8.27)	(\$7.92)
CFA Provided by County		2,194,662				
Net Income (Loss) after CFA		(\$3,704,549)				

The County's refusal to timely implement a Tip Fee increase for FY 22/23 to cover the Project's contractually agreed operating cost budget led to an unfunded operating deficit of nearly \$4,000,000 (i.e., the operating cost budget is referred to in the Agreement as the Revenue Requirement set forth in Section 10.3.A.3.a. of \$16,004,673 for FY 22/23 confirmed by the County, Gloria Alvarez email dated April 21, 2022). When combined with the FY 21/22 operating deficit of ~ \$1,000,000 it is not difficult to see how unpaid balances to MSB's subcontractors exceeded \$5,000,000 as of June 30, 2023.

Because of the County's failure to timely and efficiently address the chronic underfunding of the agreed upon budgeted Project Operating Costs, the Project continues to face the same budget shortfall in FY 23/24. The Table below presents the actual results for July through October 2023 for FY 23/24.

July – October 2023 - Actual 4 mos. Revenue & Expense

	FY 23-24 Budget vs. Actual-4 mo			Actual \$/Ton based on TPY		
	Budget	Actual	Variance	Processed	MDA TPY	Ex. H-21-22
Project Revenue				179,576	182,563	190,717
MRF Tip Fee Revenue	3,237,650	2,457,296	(780,354)	\$41.98	\$40.38	\$55.25
ADF SSO Tip Fee Rev.	77,350	62,732	(14,618)	\$1.07	\$1.03	\$1.05
Recyclable Revenue	2,000,000	1,171,516	(828,484)	\$20.01	\$19.25	\$19.53
ADF PPA Revenue	503,333	376,033	(127,300)	\$6.42	\$6.18	\$6.27
Total Revenue	5,818,333	4,067,578	(1,750,756)	\$69.49	\$66.84	\$67.79
Project Expenses						
MRF Expenses	3,587,114	3,393,318	(193,796)	\$57.97	\$55.76	\$56.56
ADF/CMU Expenses	2,231,219	2,697,815	466,596	\$46.09	\$44.33	\$44.96
Total Expenses	5,818,333	6,091,133	272,800	\$104.06	\$100.09	\$101.52
Net Income (Loss)	0	(2,023,556)	(2,023,556)	(\$34.57)	(\$33.25)	(\$33.73)
CFA Provided by County		<u>0</u>				
Net Income (Loss) after CFA		(\$2,023,556)				

4.5 County has been aware of the Recyclable Revenue, Tonnage Shortfalls and Other Agreement Structural Deficiencies for the Past 3 Years and Has Failed to Act Urgently to Address the Issues to Mitigate Damages to MSB or the Project

The Agreement provides for an agreed upon operating cost budget each year: the Revenue Requirement. If actual revenues (i.e., Recyclable Revenue and Power Purchase Agreement Revenue) fail to fund the Revenue Requirement, the Agreement requires the County to provide CFA to cover the operating deficit and to increase the Tip Fee in the subsequent contract year to avoid the deficit in the subsequent year (Section 10.8, Cash Flow Assistance). The County has failed to follow these provisions over the past three years. The Revenue Requirement, Actual Revenues and CFA provided are set forth in the Table below:

Revenue Requirement (Agreed Operating Cost Budget) vs. Actual Revenue FY 21-24

	FY 21-22	F 22-23	FY 23-24 (4 Mos)	FY 23-24 (Annualized)	FYs 21-22, 22-23, & 23- 24 (4 mos.)
Revenue Requirement	15,347,912	16,003,073	5,818,333	17,455,000	37,169,318
Actual Revenue	10,784,200	11,277,255	4,067,578	12,202,733	26,129,033
Revenue Deficit	(4,563,712)	(4,725,818)	(1,750,756)	(5,252,267)	(11,040,286)
Cumulative Deficit	(4,563,712)	(9,289,530)	(11,040,286)		Actual Rev. = 70% of Costs
CFA Provided	696,830	2,194,662			
Cumulative CFA/(Shortfall)		2,891,492	(8,148,794)		CFA = 26% of Revenue Deficit

Unfortunately, as MSB has communicated to the County continuously over the past 3 years, only funding the project at 70% of the agreed operating budget is a recipe for disaster. The County's decision to not fund the agreed upon operating budget for the past three years has brought us to the current portfolio of County caused issues: permit compliance challenges, health and safety risks to operators, degradation of physical plant and equipment, financial losses and reputational damage to the County and MSB. The situation was so avoidable if common sense and a sense of urgency could have been brought to bear by County Public Works. Unfortunately, these commodities have been in short supply.

In a September 2022 meeting between an MSB representative and the County's Public Works Director, the Director acknowledged that the Agreement required a number structural revisions to correct deficiencies.

The structural deficiencies of the Agreement combined with the impacts of the COVID-19 pandemic, the Alisal Fire and other Uncontrollable Circumstances that facilitated the chronic underfunding of the Project's operating costs (i.e., the Revenue Requirement) were highlighted by MSB to the County in multiple written and verbal communications as early as February 2021 as noted in Attachment 17 (MSB's ReSource Center Update dated February 5, 2021).

MSB's communications to the County on this urgent topic have largely fallen on deaf ears as County staff have responded by hiring consultants and auditors that took 12+ months to address MSB's August 15, 2022 Request for CFA. It should be noted that the consultants and auditors requested voluminous amounts of information from MSB and MSB provided everything requested on a timely basis. The expense to the County of these consultants and audits have been substantial. When Cash Flow Assistance has been provided to MSB, it has been provided after an average of 5 months and in one case more than a year after the request even though the Agreement requires the County to disburse CFA within 30 days of the request. A schedule showing the County's response time in processing MSB's CFA requests is set forth below:

Request	Request Date	Request Amount	County Approval Date	Approval Amount	Payment Date	Process Days
FY 21-22						
Alisal Fire	4/27/22 & 8/15/22	\$1,509,191	10/18/22	\$696,830	2/24/23	303
Covid-SAC	Same	\$1,500,000	6/2/23	\$698,351	TBD	>588
CFA FY 21/22	8/15/22 & 6/30/23	\$1,129,372	Pending	\$0		>478
FY 22-23						
CFA Jul-Oct	11/16/22	\$1,013,696	2/21/23	\$480,877	2/24/23	100
CFA Jul-Dec	1/24/23	\$1,365,280	6/2/23	\$884,408	6/15/23	142
CFA Jan-Apr	6/8/23	\$1,230,648	6/13/23	\$1,129,388	6/30/23	22
CFA May-Jun	7/24/23	\$452,009	Pending			>135
FY 23-24						
CFA Jul	8/24/23	\$315,008	Pending			>104
CFA Aug	9/22/23	\$169,477	Pending			>75
CFA Sep	10/18/23	\$338,163	Pending			>49
CFA Oct	11/27/23	\$350,489	Pending			>9
Totals		\$8,359,637		\$3,889,854	Ave. if Paid	142

As the County has refused to increase the Tip Fee required under the Agreement to cover the Project's Operating Costs, the CFA has been the life blood required to keep the Project and MSB alive. The County's negligent refusal to provide the Agreement required CFA has intentionally and willfully starved the Project and MSB of the resources required to survive. The County's refusal has been based on an express intent to financially crush MSB while also having an adverse effect of driving the Project's condition into the ground. The benefit of this strategy was that it would allow County Public Works to avoid taking responsibility for structuring a financially unsustainable Project and Agreement with MSB.

The motivation for the County's intentional and willful refusal to provide the required CFA was expressed in multiple meetings beginning on October 18, 2022 when the County Public Works Resource Recovery & Waste Management Division ("RRWMD") Deputy Director advised MSB and MarBorg that she was personally insulted by MSB's including the discussion of her over-negotiating and losing the City of Santa Maria's 12,000 recyclable tons per year and the related \$5,000,000 of revenue in MSB's August 15, 2022 CFA and Extraordinary Review request.

County Public Works' strong desire to ignore the Project's financial realities in order to avoid having to present the inconvenient truths to the Board of Supervisors and the Participating Jurisdictions that the County has a contractual obligation to increase the Tip Fee to cover the costs of operating the project is a failure of common sense, and an act of bad faith communications (i.e., material misrepresentation of facts by omission). Such communications should have been made to the Board of Supervisors in 2021 or 2022 when MSB brought them to the attention of County Public Works staff so that the necessary Tip Fee increase could have been communicated to the Participating Jurisdictions in early 2022 so that it could have been implemented effective as of July 1, 2023.

County Public Works' failure to urgently address the financial unsustainability of their partial implementation of the Agreement over the past three years despite MSB's clear and consistent description of the consequences of not providing the Agreement required funding has now created a very sad state of affairs which will require significant and material County and ratepayer resources to cure the deficiencies of the chronic underfunding. Recently, Public Works staff has advised MSB that they don't have the resources to fund the recently agreed upon FY 23/24 budget. Unfortunately, the current status was easily preventable, but Public Works management chose procrastination, foot dragging and withholding of funds to MSB so they could blame the problem on the Contractor instead of addressing the deficiencies head on.

The County's Material Delivery Agreements provide for cost increases due to Uncontrollable Circumstances including pandemics. The Uncontrollable Circumstances experienced by the Project would have justified the County's request for the Tip Fee increase required to cover the Recyclable Revenue shortfalls which have occurred over the past three years as a direct result of the COVID-19 pandemic (the pandemic affected consumer purchasing habits resulting in changes to the waste composition). As mentioned, these Tip Fee increases are required by the Agreement.

4.6 County Public Works has Refused to Provide MSB the Agreement Required Budgeted Funds to Operate the ADF & CMU and is Now Preparing to Enter into a Contract with Bekon That Will Make That Funding Available

What is particularly egregious is that County Public Works was advised by their own consultant, Ernst & Young ("EY"), in May 2023 what the reasonable operating budget and Tip Fee for the Project should be. The County provided the proposed FY 23/24 budget to MSB on June 6, 2023,

MSB & MarBorg accepted the budget with revisions as of July 27, 2023, but as of this date the County has not provided any of the agreed upon CFA due to recyclable revenue shortfalls (or budgeted Tip Fee increase revenue) for the 7-month period of May-November 2023.

The agreed upon Cash Flow Assistance for the 6-month period of May-October totals \$1,625,146 and the Tip Fee increase revenue for the 4-month period July-October totals \$717,252. The total of the unpaid, agreement required revenue withheld by the County is \$2,342,398 for the period of May-October. The County additionally approved \$698,351 of start-up, acceptance and commissioning costs (“SAC”) for FY 21-22 based on EY’s review and recommendation of the extraordinary costs incurred by MSB due to COVID-19 pandemic and Alisal Fire impacts. The total of \$3,040,749 of Agreement required funds owed MSB for the 6-month period of May-October 2023 has been acknowledged by the County as due, but remains unpaid. Please see Table below:

Agreement Required Funds – Agreed by MSB and County but Unpaid

Period	CFA ¹	Tip Fee Increase ²	SAC ³	Totals
FY 21-22			698,351	698,351
May-June	452,009			452,009
July	315,008	177,880		492,888
August	169,477	190,669		360,146
September	338,163	173,954		512,117
October	350,489	174,749		525,238
Totals	\$1,625,146	\$717,252	\$698,351	\$3,040,749

Notes:

¹ Based on MSB monthly submittals acknowledged by County.

² Based on monthly confirmations from County PW Finance staff to MSB of \$12.29/ton (Increase approved by County in FY 23/24 budget) times the monthly tonnage.

³ Based on EY recommended amount for Start-up, Acceptance & Commissioning Costs for FY 21/22 due to Uncontrollable Circumstances related to the Covid Pandemic and the Alisal Fire approved by County in June 2, 2023 letter to MSB.

These funds were and are urgently needed to operate and maintain the Project safely and in compliance with all regulatory requirements. The County’s withholding of these Agreement required funds has placed all of MSB’s employees health and safety at risk, has prevented MSB from performing all of its compliance responsibilities on a timely basis and has led to a steady degradation of the physical condition of the Project over the past six months.

The County’s intentional withholding of these funds was done with the express purpose of starving MSB of the funds to operate the Project with the hope that MSB would give up and abandon the Project so the County could avoid paying MSB the Agreement required funds. MSB has not given up and abandoned the Project despite all of the County’s efforts to that effect. As a result, the County now has pursued the Notice of Intent to Terminate MSB’s Agreement.

It is now sad and ironic that, as further confirmation of its bad faith refusal to provide proper funding to MSB, the County is preparing to enter into a 12-month agreement with Bekon to operate

the ADF & CMU for an estimated \$6,318,880, or \$526,573 per month, the same operational budget that MSB had requested for the past 18 months as necessary to operate and maintain the facilities, which the County and MSB agreed to in July 2023. The County refused to pay MSB what was agreed as required to operate the Project but is now preparing to pay it to a new operator (\$3,040,749 of the Agreement required funds in the Table above for approximately 6 months of budgeted costs is less than half of the \$6,318,880 contemplated to pay Bekon for 12 months).

The County’s proposal to engage Bekon for 12 months at MSB’s negotiated operating budget and at performance guarantees less than MSB’s is a clear example of unequal treatment confirming the County’s negative bias against MSB.

4.7 GORE aerated windrow and cover system

It should be noted that the GORE system was an odor mitigation system for the composting facility (“CMU”) that was proposed by MSB as a solution to the unanticipated odors that caused a nuisance to the 12 homes located in the Arroyo Quemada community located to the Southeast of the landfill. The system was thoroughly vetted by the County and its consultant, Black & Veatch, before its approval and commitment for funding. As the system was required by the LEA acting on behalf of CalRecycle as part of the LEA mandated Odor Best Management Practices Study (“Odor BMP Study”), this is a regulatory required scope change to the Project and was not MSB’s financial responsibility.

Importantly, the County approved the GORE system and its funding when it approved MSB’s draft Odor BMP Study containing details of such prior to submittal to the LEA in November 2022.

4.8 Costs and Consequences of the County’s Inactions are Material and Significant

The consequences of not providing adequate funding on a timely basis of the ReSource Center’s operating costs are clear to the County and to MSB. They were presented by MSB to the County in a meeting on March 15, 2023, held to address the status of the significant and growing FY 22/23 operating deficit, are set forth in Attachment 18 - ReSource Center Financial Review dated March 15, 2023 and are summarized in the table below:

Consequences of Chronic Underfunding

• Landfill Expansion Risk	• Reserves for Repairs, Replacement & Maintenance will become under-funded.
• Regulatory Compliance Challenges	• Inability to hire full staffing required to safely operate, maintain, comply with regulations, and mitigate odors
• Litigation Exposure from Various Stakeholders	• Inability to purchase equipment required to address contamination
• Insufficient Funds to Address Odor Mitigation	• Not reasonable to expect MSB & its Subcontractors to fund Structural Deficits.
• Eliminates possibility of operator transfer. Any new operator will need a balanced budget.	• Reputational damage to the ReSource Center & County Public Works

The County’s refusal to provide the CFA required by the Agreement for the 6-month period of May-October 2023 following MSB’s repeated requests (11 requests over the past 3 years) once again appears to be part of the County’s intentional plan to starve MSB of the resources needed

to survive while refusing to provide budgeted operating funds needed to properly operate and maintain the Project in a safe and compliant manner in the hopes that MSB would financially die and abandon the Project.

The result of this self-inflicted, damaging strategy has caused 10 of the Project's key vendors to cease providing critical parts, service and support to the Project. MSB provided multiple notices to the County over the most recent six-month period advising the County that their refusal to provide CFA was putting the employees' health and safety at risk and causing damages to the plant. One such notice dated November 6, 2023 is included as Attachment 19 - Letter to Carlyle Johnson dated November 6, 2023. An excerpt from that letter is set forth below:

"Yesterday morning at 2:00 am, potentially in connection with the time change, the Bekon SCADA ADF operating system went into fault and our operator was locked out of the system. The CHP engine shut down and the biogas was routed to the flare. Biogas and percolate valves were locked in position.

The operator requested support assistance from Bekon to resolve the issue. Bekon refused to provide support citing a lack of payment which is a direct result of the County's delayed payment of Cash Flow Assistance (CFA) for the past 6 months, May-October. As you may recall from our recent budget negotiations, the ADF has an operating budget of more than \$500,000 per month of which the PPA revenue provides nearly \$100,000 leaving an operating deficit of more than \$400,000/month which can only be satisfied with monthly CFA payments.

Bekon has refused to provided critical parts, service and support for more than 90 days due to the County's refusal to provide CFA over the past 6 months.

The potential consequences of a Bekon system software lockout could include:

- *Direct venting of biogas to the atmosphere for a prolonged period impacting the AQ community and all operating staff at the landfill and the ADF/CMU*
- *Percolation drainage failures in the fermenters causing overpressure at fermenter door seals causing door seals to fail and/or fermenter hinge failures as we experienced with F9 earlier this year. Door failures can also lead to uncontrolled releases of biogas.*
- *Operator injury due to door failures.*
- *Prolonged partial or full plant shutdown due to multiple door failures.*

Fortunately, our local SCADA controls integration & software consultant was available to troubleshoot, diagnose and implement a fix that resolved the system lockout and allowed the operator access to the plant operations controls. The incident was resolved at 9:31 am.

Bekon is not the only critical vendor refusing to provide parts, service support and consumable supplies as a direct result of the County's delayed processing of CFA payments for the past 6 months. Various critical parts and equipment have long lead times. If the ADF operations and maintenance budget is not properly funded on a timely basis, we are prevented from maintaining parts inventories or advanced ordering for equipment replacements. The deficiencies directly caused by inadequate funding could

force the plant to shut down for weeks. And in certain circumstances, restarting operations would add even more costs and downtime.

As a result, we must reiterate our urgent request to please immediately fund the July-September CFA request of \$822,648, acknowledged by you as proper, while the May-June CFA request remains pending completion of MSB's audited financials for FY 22-23 which is pending PW finance staff's returning audit confirmations requested by MSB's audit firm as of October 12, 2023.

As you may appreciate, provision of adequate funding for the safe operation and maintenance of the MRF, ADF and CMU facilities (i.e., the Revenue Requirement) is a County Responsibility under the terms of our agreement. Per Section 10.8, CFA is supposed to be provided within 30 days of request.

Failure to provide adequate and timely funding for the safe operation and maintenance of the facilities will continue to put our operators health & safety at increasing risk while also increasing the risk of plant operational interruptions and damages."

Another notice to the County of a critical vendor refusing maintenance services to MSB is SCS Engineers ("SCS") who provides O&M support to the flares and siloxane removal system required for safe operation of the landfill gas ("LFG") and ADF biogas infrastructure (see Attachment 20 - email to Carlyle Johnston dated November 16, 2023). Failure to provide safe operation of the two flares serving the MRF and ADF combined heat and power (CHP) engines is another example of the consequences of the County's refusal to provide the Agreement required CFA. This denial of service puts the health and safety of plant operators, service providers, subcontractors, visitors and the public at severe risk. See Attachment 20 (email to Carlyle Johnston dated November 16, 2023).

The County's refusal to provide required Cash Flow Assistance is putting the health and safety of our operators at risk while also increasing the risk of interruptions to plant operations and causing damage to the equipment and systems.

It should be noted that all the correspondence directed to Carlyle Johnston is a function of his role as the County's point person for the Project. The mention of his name numerous times in this document is only to reference these documents and in no way should associate him with any deficiencies in the County's response to these issues.

4.9 County's assessment of LDs for alleged violations

The County has alleged that MSB was responsible for \$1,103,000 of LDs as of November 1, 2023 for failure to pass acceptance tests and for Water Board violations.

As discussed above, MSB, its AD technology provider, and Bekon, who the County has proposed to be the new AD operator, confirmed that the AD Facility has passed all of its Acceptance Tests. The County disagrees with this. MSB has requested arbitration to resolve this disagreement. The County has not responded to MSB's request.

Also as discussed above, MSB has a compliance plan in place that was approved by the County and the Water Board that resulted in MSB and the County resolving 10 of 12 listed Water Board

violations as of October 28, 2023, with the Water Board advising that the remaining two violations are not a priority to resolve.

From July 2022 through June 2023, the County provided MSB six (6) Notices of Intent (“NOIs”) to impose LDs for either regulatory permit issues or the acceptance tests. In each case, MSB responded in writing within ten days of receipt requesting a meeting with the County to discuss the NOIs and MSB’s response to such, including MSB’s then pre-existing compliance plans with each of its three primary regulators: Santa Barbara County Environmental Health Department acting as the LEA on behalf of CalRecycle, Santa Barbara County APCD and the Central Coast Regional Water Quality Control Board (“Water Board”).

The County did not respond to MSB’s request to meet in three of the six NOI cases related to the LEA and APCD as the County agreed that the compliance plan between MSB and either the LEA and/or APCD was sufficient and they withdrew their request for LD’s in such cases.

MSB developed and implemented a compliance plan to address the Water Board violations, which the County reviewed and approved prior to MSB’s submission to the Water Board and which they subsequently acknowledged and approved. Despite the two precedents established and agreed by the County with respect to two of the Project’s primary regulators (the LEA and APCD), the County now has prejudicially decided that the compliance plan it and the Water Board approved was not sufficient to moot the LDs they sought to impose related to the Water Board violations.

The reason for this unequal treatment was that the common-sense application of the precedents that the County and regulator approved compliance plan demonstrated that MSB was working in good faith to diligently address the issues would eliminate the grounds for County’s alleged breach of the Agreement for which they required to pursue Agreement termination.

The County’s 4th NOI to impose LDs dated April 25, 2023 alleged a total of \$2,967,000 of LDs owed by MSB to the County. This was clearly intended to intimidate MSB. When combined with the County’s withholding of agreed upon, Agreement-required operating funds, the County again intended for MSB to give up and abandon the Project.

The County asserted a total of \$3,716,500 in LDs owed by MSB in its six NOIs. As of November 1, 2023, the County’s recently asserted LDs owed by MSB total \$1,103,000. As the County has effectively acknowledged that at least \$2,613,500 in LDs were inappropriately asserted, MSB strongly believes that the County’s asserted balance of \$1,103,000 in LDs are similarly inappropriate due to the County and regulatory approved compliance plans in place and/or MSB’s actual passed acceptance test status and compliance plans.

On April 15, 2023, the County provided MSB a schedule of amounts due the County totaling \$3,379,361 for LFG, provided to MSB over the prior 21 months, and residue disposal fees. The following day, MSB and the County agreed that the entire \$3,379,361 was erroneously asserted by the County as it was not calculated correctly in the case of the LFG charges and not applicable in the case of residue disposal charges as those are only appropriate following the agreement specified Full Operations Date.

The County’s imposition of nearly \$7.1 million of LDs and other erroneous charges on MSB in April 2023 subsequently resulted in only \$1.1 million of charges allegedly due as of November 2023 (in other words, nearly \$6.0 million of charges the County agreed were erroneous and/or inappropriate). This is another clear example of the County’s intentional and willful acts of

intimidation and bad faith treatment of MSB, intended to force MSB into abandoning its role as Project operator so the County could benefit by taking the Project back without due consideration to MSB. The County Public Works charges levied upon MSB were erroneous or inappropriate 84% of the time.

4.10 Related LFG to Renewable Natural Gas Project has been additionally jeopardized by County's willful inactions.

Additionally, MSBG Partners, LLC (MSBG), an affiliate of MSB, has invested nearly \$13,000,000 in the LFG to renewable natural gas ("RNG") project to be developed immediately south of the MRF. MSBG made this investment due to its reasonable, good faith reliance that the County would fulfill its responsibilities under the Agreement and the County would honor its representations to the rating agencies, bondholders, the Board of Supervisors, the Participating Jurisdictions, the ratepayers, the Arroyo Quemada community, MarBorg and MSB. The County's failure to honor its obligations is a breach of the Agreement and has jeopardized MSBG's substantial investment and denied MSBG the opportunity to benefit from its long-term commitment to the Project.

The County's refusal to provide the Agreement required Increase in Tip Fee, due to the recyclable revenues and tonnage declines has prevented MSB from being able to pursue the sale of its operating contract to a qualified operator and the development of the RNG project. Such a sale would have provided \$31,000,000 in development financing for the LFG to RNG project and a return of MSB's \$15,000,000 investment in the Project. The County's bad faith has caused MSB at least \$46,000,000 in damages to date.

5. Interference with the County's ability to obtain permits for County projects.

5.1 County's JTD Application Withdrawal was unrelated to MSB

It is important to note that the County withdrew its March 2023 application to CalRecycle to modify its Solid Waste Facility Permit when the LEA acting on behalf of CalRecycle notified the County that the name change of the Project from the Tajiguas Resource Recovery Project to the ReSource Center would require a full Solid Waste Facility Permit (i.e., Title 27, Section 21570) which would cause a significant delay in the processing and approval of such permit. This County decision was in no way related to MSB and MSB's on-schedule performance of its obligations set forth in the County and LEA approved Odor BMP Study detailed below.

5.2 MSB has worked diligently to implement Odor Mitigation measures based on a County and LEA approved Compliance Plan

The LEA odor violation is the subject of a LEA required Odor BMP Study approved by the County and approved by the LEA on January 30, 2023. Please see Attachment 21 (LEA approved Odor BMP Study). The County and LEA approved Odor BMP Study provided for a 13-month implementation to be fully operational by February 1, 2024 of the aerated static windrow piles (i.e., the GORE cover system) (See Schedule E, BMP No. 12 in the Odor BMP Study).

MSB is on schedule for a full implementation of the GORE system by February 1, 2024. MSB researched the technology providers of these systems and provided the County with a detailed comparative analysis. Additionally, MSB was instrumental in performance testing of the 2 vendors selected. As well, MSB provided multiple recommendations to the County on how the

implementation schedule could be accelerated by as much as 6 months. The County declined to accept any of MSB's recommendations on accelerating the schedule.

Attachment 22 (MSB's response to County's request for LDs related to odor issues dated February 21, 2023) highlights MSB's compliance with all aspects of the County and LEA approved Odor BMP Study and reminded the County of the GORE system implementation schedule continuing through early 2024. Excerpts from that letter are below:

"On January 30th, 2023 the LEA approved the requested Odor Best Management Practices (BMP) Feasibility Study which provides for a structured compliance mechanism to address the nuisance odors from the site. Schedule E of the Odor BMP Feasibility Study includes a schedule for the implementation of the LEA approved 16 BMPs. At our January 24th Teams meeting with the LEA, Lars Seifert, the County's Environmental Health Services Department (EHS) Director, advised that the Odor BMP Feasibility Study requires MSB to take good faith steps to implement the Schedule E BMPs in accordance with the schedule set forth therein and to report such progress on a monthly basis. He also advised that as long as we were in compliance with the BMP implementation schedule with such schedule, the LEA would not proceed with any further enforcement action such as a notice and order. Attached please find our Monthly Compliance Status Report #1 dated February 10th, 2023 evidencing our compliance with implementation schedule set forth in Schedule E.

As the implementation schedule for the likely most effective BMPs such as a windrow aeration system (BMP No. 12) or a Gore-Tex cover system (BMP No. 16) provides for implementation that could take as much as 12 months, it does not make sense to impose LDs on MSB when it is complying with the procedures and schedule approved by the LEA.

Further, LDs are not productive when the LD \$ could be better used by MSB to implement the LEA approved BMPs. This point was emphasized by Arroyo Quemada resident Jeff Pion in our December 20th, 2022 neighborhood meeting when he stated that it made no sense to impose LDs when MSB needed the money to solve the odor problem.

This point is doubly important when MSB has pending cash flow assistance requests under review by County Public Works to address the \$500,000 per month operating deficit the project has been incurring since July 2022 due to the delivered shortfall tonnages, and the related tip fee and recyclable revenue shortfalls detailed in our January 31st, 2023 letter to you.

It is important also to acknowledge, as we have communicated to you recently and as you have confirmed such to the AQ neighbors that the odor issues in January and February 2023 were exacerbated due to the historic rains that left nearly 24" of rain on the composting area resulting in an anaerobic condition that we have worked diligently to remedy over the past 4 weeks.

The Uncontrollable Circumstances nature of the recent historic rains was confirmed by the January 10th, 2023 CA Governor Newsom's request for a Declaration of Emergency and the January 16th, 2023 Federal Disaster Declaration approval for the State."

The County subsequently acknowledged that no LDs should be imposed related to odor issues as MSB was operating diligently under the County and LEA approved Odor BMP Study. MSB has continued to provide monthly reports to the County and LEA with updates on the progress and on-schedule implementation of the GORE system.

The County was well aware of the GORE implementation schedule continuing through early 2024 as it had previously approved the Odor BMP Study. The County was also aware that the LEA odor violation could not be cleared until such implementation was completed, but the County declined to accept MSB's recommendations for accelerating the schedule. MSB did not delay the County's pursuit of the Solid Waste Facility Permit modification required for the landfill expansion.

6. 7th Amendment Negotiations.

6.1 MSB's August 2022 Request for a Tip Fee Increase to Cover the Project's Recyclable Revenue and Tonnage Declines Resulted in a 14-month County Review Process

MSB submitted its request for a budget review and Tip Fee increase for FY 22/23 to the County on August 15, 2022. The County reviewed and responded to the budget request in October 2022 with a request for MSB to complete a waste composition study, which MSB completed in December 2022. MSB responded to 5 voluminous requests for information ("RFI") from the County during September and October. In November 2022, the County advised MSB that it would be engaging EY in the immediate future to conduct additional reviews of MSB's financials and proposed budget proforma.

The County engaged two consultants, SCS and EY, to assist with the budget review. SCS started its review in January 2023 and concluded its review in March 2023. SCS' reportedly advised that a Tip Fee of ~\$75 per ton was likely required to cover the Project's operating costs consistent with comparable facilities operating in California. The County's budget, as proposed to MSB, included a \$55 per ton Tip Fee.

EY commenced its review in late February 2023, 4 months after the Public Works finance team review, and concluded its review in June 2023. MSB and MarBorg responded to nearly 40 RFIs from SCS and EY over the course of their review. See Attachment 23 (Communication Timeline for 7th Amendment).

6.2 MSB and MarBorg's responses to the County have been efficient and timely, generally within 7-10 days of a request. The County and its Consultants have taken 2-6 months for many responses and cumulatively more than 14-months

As a result of the SCS and EY reviews, the County provided a proposed proforma for FY 23/24 to MSB and MarBorg on June 6, 2023. MSB and MarBorg proposed revisions, which the County partially accepted, resulting in a revised budget proposal from the County on June 16, 2023. MSB and MarBorg had two additional requested adjustments which they proposed on June 19, 2023. To date, despite MSB's repeated requests, the County has not provided MSB copies of such reports, demonstrating a consistent lack of transparency with MSB.

The County requested additional information from MarBorg on July 14, 2023 which MarBorg provided on July 18, 2023. More than 30 days elapsed before the County responded to MSB and MarBorg's June 19, 2023 revision request as County Public Works staff was waiting for their consultant, the former RRWMD Deputy Director, to return from a 4-week vacation and approve the response to MSB and MarBorg. The County responded on July 27, 2023 that their June 15, 2023 proposal was their best and final offer and no other revisions would be made.

MSB and MarBorg accepted the County's proposed budget despite it requiring MarBorg to cut the MRF payroll by more than \$500,000 per year from previously agreed and budgeted amounts. MSB requested that the County provide a draft 7th Amendment for review on July 31, 2023, nearly 12 months after MSB's August 15, 2022 request for the Tip Fee increase and budget review. The draft 7th Amendment was provided to MSB on October 11, 2023, 74 days after it was requested by MSB and nearly 14 months after MSB's August 2022 Tip Fee increase request.

Importantly, the 7th Amendment provided by the County included numerous inconsistencies with the recently concluded budget agreement negotiations: there was zero incentive for diversion; there was zero profit or incentive for the operator; and there were only penalties for non-performance of strict criteria.

Relevant to this topic, a County Public Works staff person recently acknowledged to MSB that the existing Agreement's performance criteria would not be applied to MarBorg or Bekon going forward as such performance criteria was not achievable.

6.3 The County's Assertion that it has Negotiated the 7th Amendment in Good Faith and that MSB has not Negotiated in Good Faith is Contrary to the Facts and the Communication Timeline Which Demonstrates the County's Foot Dragging

Separately, MSB and MarBorg agreed to the recyclable revenue component of the budget with the County over the course of three meetings with the County during March and April 2023.

MSB requested and had a meeting with the County to discuss 7 energy related provisions of the 7th Amendment on October 26, 2023 and general consensus was reached on those items.

There have not been any other substantive negotiations over the 7th Amendment as it was only recently provided to MSB. The County has effectively refused to negotiate with MSB on the 7th Amendment.

7. The County's Support of MSB's Construction, Commissioning and Operations of the ReSource Center.

MSB and its prime subcontractor, Diani Building Corp. (Diani), incurred more than \$25,000,000 of cost overruns in the construction and commissioning of the ReSource Center that were not reimbursed by the County's \$7,627,819 of approved change orders. MSB and Diani incurred those cost overruns based on the good faith expectation that the County would support MSB's operations so that MSB could sell its interest in its operating agreement and recover its capital.

Unfortunately, the County's lack of support of MSB's operations of the ReSource Center has resulted in nearly \$10,000,000 of operational losses funded by MSB and its subcontractors that should have been funded by a Tip Fee increase as of July 1, 2022 as a result of the COVID-19 pandemic-driven waste composition changes, causing recyclable revenue and tonnage declines that persist to this day.

The County's foot dragging on the review and implementation of the FY 22/23 budget providing a budget covering the Project's operating costs was in bad faith and with the express intention of financially starving MSB of the CFA needed for survival while also having the adverse effect of driving the Project into the ground. Again, with the County's express goal of MSB giving up and abandoning the Project so that the County could take it back and put it out to bid via an RFP process, effectively preventing MSB from recovering its capital via the sale and assignment of its operating agreement interest and the development of the LFG to RNG project.

At a February 8, 2023 meeting attended by two MSB representatives with four County Public Works personnel, for the purpose of reviewing odor mitigation strategies and budget/contract negotiations the RRWMD Deputy Director at the time advised the MSB representatives that she would do everything in her power to prevent MSB from succeeding in the operation of the ReSource Center so that MSB would be removed as the operator. Her personal vindictiveness and animus toward John Dewey were clear to all attending.

At a February 29, 2023 meeting between an MSB representative and a County Public Works staff person, the staff person advised the MSB representative that the then-RRWMD Deputy Director, Leslie Wells had advised all senior staff at the Public Works RRWMD division that she would do

everything in her power to see MSB and John Dewey fail by withholding and delaying CFA funds to increase MSB's losses so that MSB would give up and abandon the project so that the County could take back the project from MSB and issue an RFP so she could negotiate directly with MSB's then interested buyer (i.e., investor/operator Greenwaste).

At a recent meeting between a County Public Works staff person and an MSB representative to discuss the prospective transition to Bekon, the new operator, and which MSB payables were critical to pay to keep the plant operating during transition, the critical and non-critical vendors. When questioned about the County plan for the non-critical vendors, the County staff person replied that they may have to deal with an MSB bankruptcy. Importantly, the County has no plans to address MSB's 86 vendors with outstanding balances due to the County's refusal to provide the Agreement required funding, a majority of which are small businesses located in Santa Barbara County and the Central Coast.

Although MSB has no plan to file for bankruptcy, it appears the County assumed MSB would have to as a result of the County's withholding of funds. It is clear that the County's intentional and willful actions over the past 14 months of withholding Agreement required funds for operation included an explicit plan to force MSB into bankruptcy by withholding the Agreement required funds to operate the project.

8. Extended Development Schedule.

The County extended the Development Schedule throughout 2022 as the County and its consultants acknowledged the impacts of the COVID-19 pandemic, the Alisal Fire and the Project's complexities. As previously acknowledged by the County, the COVID-19 pandemic Public Health Emergency status was only lifted by the Federal Government as of May 11, 2023. The County has been fully informed of all of the schedule impacts as a direct result of the Uncontrollable Circumstances related to the COVID-19 pandemic, the Alisal Fire and the 2023 storm season.

9. Excessive Disposal of Organics.

MSB has received and processed more than 123,000 tons of organics from the MRF, including 16,000 tons of green waste from the County's yard waste/mulch facilities, from the commencement of the ADF-CMU operations in August 2021 through September 30, 2023. The 107,000 tons of MRF organics and source separated organics were sampled, identifying 28.2% inert contaminants (i.e., glass, metal, plastic) following 4 quarters of SB 1383 sampling events (i.e., approximately 30,000 tons of the MRF organics). The CMU facility disposed of 44,000 tons of residue from August 2021 through September 2023, of which 30,000 tons were likely inert contaminants resulting in organics disposal of 14,000 tons. CalRecycle (i.e., SB 1383) permits 20% of the CMU residue to be organic material (i.e., approximately 7,500 tons). Therefore, there were approximately 6,500 tons of organics disposed of that were in excess of the CalRecycle allowed amounts. These tons were mostly disposed of in November 2022 following a 5-month protracted permitting process of a diesel screen MSB purchased following the May 2022 compost fire. The permit was actually issued in two days following County Public Works management's request to APCD to expedite the permit. It would have been beneficial if County Public Works had timely supported MSB's permit process preventing the landfilling of excess residue.

10. Cash Flow Assistance

As discussed in Section 4 above, the County's bad faith implementation of the CFA and Revenue Requirement provisions of the Agreement caused MSB to incur nearly \$10,000,000 of operational losses as of October 31, 2023. The unreimbursed operational losses were intentionally inflicted on MSB by the County as a direct result of the County's coordinated delays and refusal to follow the contractually required CFA provisions of the Agreement.

MSB's audited financials have been delayed by more than a month due to the County's delay in providing confirmations requested by MSB's auditors. MSB's audited financials are not a requirement for the County to provide CFA in FY 23/24; however, the County has refused to provide CFA as part of its intentional efforts to starve MSB of critical resources, necessary for the safe operation of the plant, in pursuit of the County's desire that MSB give up and abandon the Project, depriving MSB of its contractual rights to recover its investment in the project through the sale of its operating Agreement interest.

11. Odor Minimization.

The GORE cover system to mitigate odors at the CMU, including the County's financing thereof, was part of the Odor BMP Study approved by the County in November 2022 and approved by the LEA in January 2023. The other expenses incurred by the County were at the discretion of the County and partly in conflict with MSB's and Agromin's recommendations at the time. Agromin assisted MSB with the operations of the CMU from June 2022 through June 2023. Agromin terminated its consulting agreement with MSB in June 2023 citing the County's refusal to provide adequate financial support for the composting facility to succeed operationally. Agromin is the largest and most experienced compost facility operator in California currently operating 25 facilities across the state.

12. Sale of MSB's interest in its Operating Agreement.

MSB advised the County of its intention to sell its interest to San Jose, CA-based GreenWaste Recovery on February 28, 2023. Please see Attachment 24 (MSB Notice to County dated February 28, 2023). GreenWaste asked MSB and the County to provide a breakeven budget that would cover the costs of operating the Project. As discussed in Sections 4 and 7 above, the County took 12 months to provide a budget that unfortunately did not cover the breakeven costs of operating the Project. The County provided budget of ~\$17,500,000 fell short of covering the MarBorg and MSB requested budget of ~\$18,000,000 requiring MarBorg to reduce its staffing of the MRF by ~\$500,000 per year.

When MSB presented the County finalized budget to GreenWaste in August 2023. GreenWaste took two weeks to review the budget and advised MSB that it was clear to it that Santa Barbara County was both unrealistic in its expectations of what is an appropriate operating budget for the Project and unsupportive of MSB and its proposed transition to a successor operator. The County's sluggish 12-month budget review process sent a clear message to GreenWaste that the County was not interested in facilitating MSB's sale of its interest. It also demonstrated what GreenWaste might experience if it did enter into an agreement with the County. As such, GreenWaste decided to pursue other opportunities.

The County's position was also confirmed in a phone call to MSB following the June 16, 2023 budget meeting when an RRWMD Interim Deputy Director advised MSB that the County would prefer MSB to assign its interest to MarBorg as the County felt more comfortable with MarBorg assuming the operations of the Project than any other operator. As MSB was bound by an exclusivity agreement with GreenWaste at the time, it was prevented from engaging in any discussions with MarBorg about such a proposal.

October 2023 conversations between MSB and MarBorg confirmed that the County had been soliciting MarBorg's interest in taking over MSB's operations on a regular monthly basis as early as January 2023. The County's bad faith interference in MSB's ability to sell its operating Agreement interest has been intentional and continuous throughout 2023.

On November 2, 2023 MSB advised the County that it had received a term sheet from another investor to purchase MSB's interest in its operating Agreement. This new proposal would make MSB whole on its \$15 million debt and equity investment in the Project plus an additional \$31

million investment to fund the development of the LFG to RNG project. The new investor group was a private equity investor that would support expanding MarBorg's operational responsibilities to include the ADF and CMU.

The County's response to the new investor proposal was to deliver its Notice of Intent to Terminate MSB's Agreement on November 6, 2023.

The County's bad faith and refusal to provide the Agreement required Tip Fee increase due to recyclable revenue and tonnage declines has prevented MSB from being able to pursue the sale of its operating contract and the development of the RNG project. Such a sale would have provided \$31,000,000 in development financing for the LFG to RNG project and would have provided more than \$15,000,000 return of its investment in the Project. The County's bad faith has caused MSB at least \$46,000,000 in damages to date. The County's bad faith implementation of the 12-month budget review also caused MSB to lose the opportunity to sell its interest in the Project.

13. County Public Works has a Track Record of Ineffective Management and Erroneous Decision Making Resulting in Significant Costs to the County, the Participating Jurisdictions, and the Ratepayers

Since 2011, following MSB's selection as preferred developer to design, build and operate the Project, MSB has observed County Public Works making the following mistakes and judgement errors costing the Project, the County, the Participating Jurisdictions and the ratepayers nearly \$100 million:

- Project Entitlements and Contracts took 7 years to complete (2011-2018) vs. the 3 years estimated in the RFP that MSB responded to in May 2010. The additional 4 years resulted in a loss of landfill space that has recently been valued at \$12,000,000 per year (i.e., \$48,000,000 total value loss). MSB was selected in July 2011 following a 14-month vetting process and thereafter observed one of the most inefficient entitlement processes that MSB has experienced in more than 45 years of real estate development in California and the Central Coast, ultimately resulting in the commencement of construction in November 2018. MSB's investment prior to construction start: \$14 million, of which only \$10 million was reimbursed at closing.
- Erroneous Coast Zone Boundary Line. In February 2017, 1 week prior to the proposed closing of the bond financing, the County advised MSB of a permitting "hiccup". The hiccup was that the County Public Works was relying upon an erroneous, outdated Coastal Zone boundary line that had been updated more than ten years earlier by the State and the County's Geographic Information System department and such updated information had been provided to County Public Works, but it had fallen through the cracks. As MSB had relied upon the erroneous boundary line provided by County Public Works in designing and engineering the Project, it required a complete redesign of the project resulting in the relocation of the ADF to the easterly edge of the landfill, adjacent to the top deck and the composting area in direct wind direction of the adjacent Arroyo Quemada community. The impact of such was an increase in the project cost to the County, the Participating Jurisdictions and the ratepayers of more than \$21,000,000. This did not include the cost of nearly \$1,000,000 incurred by the County and MSB to settle the litigation filed by the Gaviota Coast Conservancy alleging the CEQA review of the redesigned project was inadequate.

- County Public Works Finance Department 2017 discovery of an employee's \$1,700,000 embezzlement of public funds diverted to eight (8) co-conspirators over an 8-year period.
- County Public Works failed to provide timely notice to Fortistar in 2018 of its decision to not renew a LFG to energy contract even though such LFG had been previously committed to MSB as part of the consideration for MSB agreeing to proceed with the development of the revised project following the Coastal Zone boundary line discovery. The failure to timely notice the Fortistar contract non-renewal resulted in the County paying a ~\$1,500,000 settlement payment to Fortistar to prematurely terminate a 5-year automatic renewal extension of the contract.
- In 2022, County Public Works management over-negotiated and lost a 5-year contract with the City of Santa Maria that would have provided 12,000 tons per year of recyclables and ~\$1,000,000 of sorely needed revenue to the Project. MarBorg had successfully won the contract with the City of Santa Maria for FY 21/22 for the 12,000 tons that were processed at the MRF. Shortly after procuring the FY 21/22 contract, which included renewable provisions up to five years, County Public Works staff advised MarBorg to terminate the agreement with the City of Santa Maria, which then put the opportunity back out to bid. County Public Works staff insisted that MarBorg increase the Tip Fee charged to the City of Santa Maria by \$15 per ton with the entire \$15 paid to the County in addition to the County's previously agreed upon \$25 per ton administrative fee (i.e., a 60% increase in fee even though there were no cost increases associated with the administration of the contract). MarBorg repeatedly advised the County that the additional \$15/ton would make the proposal uncompetitive. Unfortunately, the County held firm in its erroneous belief that the City of Santa Maria would accept the increased Tip Fee. Unfortunately, the City of Santa Maria accepted a proposal from San Luis Obispo-based Waste Connections and the ReSource Center was deprived of a 5-year contract worth ~\$5,000,000 of badly needed revenue.
- County Public Works foot dragging of the Agreement required Tip Fee increase budgeted for implementation in FY 23/24 requires the County to fund 100% of the ~\$5,000,000 which could have been shared with the Participating Jurisdictions had it been implemented urgently as requested by MSB in early 2022 or early 2023 prior to the rate setting calendar deadlines.

The 6 examples above have likely cost the County, the Participating Jurisdictions and ratepayers nearly \$100 million.

A decision to terminate the MSB Agreement is similarly a bad decision by County Public Works based on its naïve belief that it could operate the ReSource Center more cost effectively than MarBorg, MSB and/or Bekon.

14. Potential Consequences of a Decision to Terminate

- Nonpayment of key MSB subcontractor payables such as Diani Building Corp. (>\$5,000,000) and MarBorg (>\$1,000,000)
- Costly and time-consuming litigation related to MSB's damages
- Annual Operating Costs of the Project far exceeding the private sector costs

Litigation will not benefit anyone. The discovery process will be extensive and it will surface damaging facts of which the County and County Counsel are currently unaware. The spill out into the public record of the County's bad faith treatment of MSB will certainly damage the County's reputation and affect future parties' interest in public-private partnerships. An exit strategy that avoids the necessity of litigation will serve everyone's interests.

MSB proposes that the Decision to Terminate should be continued for a period 6 months, while the project operations are funded by the County as required by the Agreement on a monthly basis, consistent with the agreed upon 7th Amendment budget allowing MSB to execute a sale of its operating interest to a firm that would support MarBorg's or Bekon's assumption of operations of the AD and CMU with the supervision and coordination by Bekon. In any such interim transition, the County should also immediately assume 100% responsibility for all of the Project's compliance obligations.

The sale of MSB's interest will allow the County to avoid costly and time-consuming litigation likely to result if MSB is deprived of the opportunity to exit its position in the Agreement and of the opportunity to develop the LFG to RNG project.

Sincerely,
MSB Investors, LLC



John Dewey
CEO & Managing Member

Cc: Carlyle Johnston, Santa Barbara County Public Works Department
Jeanette Gonzales-Knight, Santa Barbara County Public Works Department
Martin Wilder, Santa Barbara County Public Works Department
Scott McGolpin, Santa Barbara County Public Works Department

Attachments:

- Attachment 1 – MSB-Water Board Communications Timeline
- Attachment 2 – MSB May 3, 2023 Response to County’s April 25, 2023 Letter
- Attachment 3 – MSB July 6, 2023 Response to County’s June 21, 2023 Letter
- Attachment 4 – MSB July 17, 2023 email to County re: impacted soil removal
- Attachment 5 – MSB Sept. 20, 2023 Response to County’s September 13, 2023 Letter
- Attachment 6 – MSB Oct 12, 2023 email to County re: pipe repair status
- Attachment 7 – Region 3 Compost Sites-Regulatory Conditions & Comparison
- Attachment 8 – MSB Oct 20, 2023 Response to County’s October 6, 2023 Letter
- Attachment 9 – MSB June 30, 2023 FY 21-22 CFA Request
- Attachment 10 – MSB April 14, 2023 Response to County’s April 7, 2023 Letter
- Attachment 11 – County’s June 27, 2023 Revised Acceptance Test Criteria
- Attachment 12 – MSB’s Sept. 18, 2023 Response to County’s September 6, 2023 Letter
- Attachment 13 – County’s October 22, 2018 Rating Agency Presentation – excerpt #1
- Attachment 14 – HF&H November 6, 2018 Bond Financing Feasibility Study
- Attachment 15 – County’s October 22, 2018 Rating Agency Presentation – excerpt #2
- Attachment 16 – MSB August 15, 2022 FY 22-23 CFA Request
- Attachment 17 – MSB February 5, 2021 FY 21-22 Extraordinary Review/CFA Request
- Attachment 18 – MSB March 15, 2023 FY 21-22 & FY 22-23 YTD RC Financial Review
- Attachment 19 – MSB November 6, 2023 email to County re: ADF Incident Report
- Attachment 20 – MSB November 16, 2023 email to County re: SCS Engineers Stop Work Notice
- Attachment 21 – LEA January 30, 2023 Odor BMP Study Approval
- Attachment 22 – MSB February 21, 2023 Response to County’s February 15, 2023 Odor LD NOI
- Attachment 23 – 7th Amendment Communications Timeline including FY 22-23 & FY 23/24 CFA
- Attachment 24 – MSB February 28, 2023 notice to County re: Prospective Sale to Greenwaste
- Attachment 25 – County-MarBorg- MSB September 20, 2023 Ops. Meeting Agenda & Minutes
- Attachment 26 – APCD-MSB July 28, 2023 Settlement Agreement

ATTACHMENT 1

Attachment 1 - MSB-Water Board Communications Timeline

Attachment 1

Communication Timeline for CCRWQCB (omissions from County Attachment A Timeline)

1. January 30, 2023 – MSB (John Kular) email to Water Board advising of drainage piping leaks due to settlement and January storms (which led to Governor declaring disaster for southern California including Santa Barbara County).
2. February 14, 2023 – MSB email to County highlighting drainage piping damage due to 54 mph winds.
3. February 23, 2023 – County intervenes in MSB stormwater operations and management.
4. March 7, 2023 – County initiates call (ex-parte communications) to Water Board to discuss MSB's compliance responsibilities.
5. March 8, 2023 – MSB requests County to include MSB in all communications with Water Board regarding MSB's CMU permit.
6. March 10, 2023 – MSB (John Kular) NSWDR report submitted to water Board for March 9-10, 2023 storm event.
7. March 21, 2023 – MSB (John Kular) response to Water Board March 17, 2023 NOV letter.
8. March 27, 2023 – Water Board requests clarifications to MSB March 21, 2023 response.
9. March 30, 2023 – MSB (John Kular) Response to Water Board March 27, 2023 email requesting additional clarifications of March 17, 2023 response.
10. April 5, 2023 – Board provides draft revised Monitoring & Maintenance Reporting Plan (MRP).
11. April 18, 2023 – MSB (John Kular) response/comments on revised MRP.
12. April 24, 2023 – Water Board provides response to revised draft MRP.
13. April 24, 2023 – MSB (John Kular) provides response to revised draft MRP.
14. April 24, 2023 – County requests MSB to revise SWPPP to accommodate application of polyethylene glycol (PEG) in connection with application of Petrik BX.
15. May 2, 2023 – County requests MSB to retain additional resources/consultants to assist with CMU reporting/compliance requirements.
16. May 3, 2023 – MSB objects to County's imposition of Liquidated Damages on grounds that County failed to follow Agreement required procedures and failed to provide adequate Agreement required funding to cover the costs of operating & maintaining the ReSource Center and complying with all permit requirements (Please see Attachment 2, MSB Response to County letter dated April 26, 2023 letter).

Attachment 1 - MSB-Water Board Communications Timeline

17. May 5, 2023 – MSB revises SWPPP per County request.
18. May 6, 2023 – MSB retains Rincon Consultants to assist with CMU reporting & compliance.
19. May 9, 2023 – Water Board issues revised MRP and requests a revised draft Water & Wastewater Management Plan.
20. May 10, 2023 – County requests additional revisions to SWPPP.
21. May 12, 2023 – MSB revises SWPPP per County's request.
22. May 15, 2023 – MSB provides Water Board CMU Annual Report.
23. June 13, 2023 – MSB (John Kular) submits draft WWMP to Water Board.
24. June 15, 2023 – MSB (Caitlyn Teague, Rincon) submits May Monthly MRP.
25. Jun 29, 2023 – Water Board provides comments/response to draft WWMP.
26. July 6, 2023 – MSB requests County's feedback/comments on June NOV response (i.e., compliance plan).
27. July 6, 2023 – MSB response to County's June 21, 2023 Letter details MSB compliance efforts and progress in light of the Uncontrollable Circumstances and drainage infrastructure damages related to the 2023 storm season atmospheric river events which provide nearly 3X normal rainfall on the CMU (Please see Attachment 3, MSB response to County letter dated June 21, 2023).
28. July 7, 2023 – County provides comments to MSB's NOV response/Compliance Plan Plan.
29. July 17, 2023- MSB advises County that alleged contaminated soil removal related to drainage pipe leaks has been removed. MSB also requests that County staff refrain from ex-parte communications to Water Board without an MSB representative included in such communications. Please see Attachment 4, MSB email to County dated July 17, 2023.
30. July 18, 2023. County advises MSB that Water Board soil removal standards have been met and that County staff soil removal requirements can be discussed separately.
31. August 10, 2023 – MSB (Caitlyn Teague) requests County comments on revised draft WWMP and updated NOV response/compliance plan.
32. August 11, 2023 – County provides comments/edits to WWMP and NOV response/compliance plan.

Attachment 1 - MSB-Water Board Communications Timeline

33. August 16, 2023 – MSB (Caitlyn Teague) submits revised draft WWMP to Water Board and July Monthly MRP.
34. August 28, 2023 – Water Board response/comments to revised draft WWMP.
35. September 6, 2023 – Rain for Rent commences construction of compliance plan required CMU drainage repair & replacement project.
36. September 20, 2023 – MSB response to County's letter dated September 13, 2023 highlights again progress on County & Water Board approved NOV response/ compliance plan and disputes imposition of LDs as County did not follow Agreement required LD procedures and are not required if good faith efforts are continuing to follow approved compliance plan (Please see Attachment 5, MSB Response to County letter dated September 13, 2023).
37. September 28, 2029 – County advises MSB of CMU drainage project construction requirements of flanges on inlet piping.
38. September 30, 2023 – MSB's project engineer (John Kular) suggests engineering and design plan updates to address County flange requirement.
39. October 2, 2023 – MSB (John Kular) requests and receives updated topo survey from County to confirm drainage project elevations. Topo survey confirms that the west end of the CMU has settled more than 5 feet in the past 3 years, partly as result of the extraordinarily wet weather during the 2023 storm season. Commences revisions to engineering and design plans to reflect revised topo and inlet flange requirements.
40. October 3, 2023 – MSB notifies County that revised engineering plans are being prepared to reflect the topo and inlet flange requirements.
41. October 4, 2023 – MSB notifies Water Board of drainage project status and pending completion schedule upon receipt of revised engineering plans.
42. October 11, 2023 – MSB notifies County that revised engineering plans and hydraulic analysis are complete and construction will resume the following day.
43. October 12, 2023 – MSB provides County revised engineering plans and hydraulic analysis and offers assistance to County subcontractor (Raminha), also denies lack of progress for previous 7 days while revised engineered plans were completed. (Please see Attachment 6, MSB email to County dated October 12, 2023).
44. October 12, 2023 – County (Raminha) confirms that MSB's construction of CMU drainage project is >90% complete requiring completion of inlets 1 & 2 which should be completed by October 31, 2023.
45. October 16, 2023 – MSB (Caitlyn Teague) submits September Monthly MRP to Water Board, confirms County/Raminha will complete CMU drainage project and have it fully functional by October 31, 2023.

Attachment 1 - MSB-Water Board Communications Timeline

46. October 16, 2023 – MSB provides County revised draft WWMP and requests comments.
47. October 18, 2023 – County provides MSB comments on draft WWMP.
48. October 19, 2023 – MSB incorporates County comments in draft WWMP and submits to Water Board with copies to County including details of comments.
49. October 25, 2023 – County notifies Water Board that it objects to certain provisions of recently submitted draft WWMP.
50. November 1, 2023 – County confirms completed, fully functional CMU drainage system (Phase 1: inlets 1 & 2), Phase 2, inlets 3 & 4 tentative completion prior to November 15, 2023.
51. November 2, 2023 – MSB (Caitlyn Teague) proposes agenda to reconcile County comments into draft WWMP for November 2, 2023 meeting.
52. November 2, 2023 – County cancels November 2, 2023 reconciliation meeting.
53. November 3, 2023 – County agrees with MSB to let Caitlyn Teague (Rincon) and Chistina Wilder reconcile the County comments on the draft WWMP. Caitlyn Teague requests meeting with Christina Wilder
54. November 8, 2023 – Caitlyn Teague reiterates request for meeting with Christina Wilder.
55. November 9, 2023 – County suggests meeting November 15, 2023 or November 17, 2023 to reconcile draft WWMP comments
56. November 17, 2023 – Meeting scheduled to reconcile comments on draft WWMP.

ATTACHMENT 2



May 3, 2023

Jeanette Gonzales-Knight
Interim Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Response to your Notice of Intent to Assess Liquidated Damages for Failure to Comply with CCRWQCB (“Board”) Compost General Order and Summary of Liquidated Damages

Jeanette,

We have reviewed your April 25, 2023 letter and do not believe it is appropriate for the County to assess liquidated damages. Please see the discussion below:

1. Compost General Order.

Attached please find the letter dated May 2, 2023 from John Kular as Mustang’s representative, which summarizes the status of our response to the March 17, 2023 NOV letter from Jordan Haserot with the Central Coast Regional Water Quality Control Board (Board). The May 2nd letter reflects that we have reached consensus with Jordan on a Monitoring and Reporting Plan (MRP) that Jordan will soon issue in final form. John will provide an updated Water & Wastewater Management Plan including contingency plan by May 31st. He will also provide an updated CMU Technical Report by June 30th. Following our phone call last week, we have agreed to engage a third-party stormwater compliance consultant, from Rincon Associates, that will assist with ongoing compliance and reporting responsibilities including the agreed upon IGP-SWPPP.

All of the above actions effectively comprise a rigorous updating of our Board approved stormwater and CMU operational compliance plans (IGP-SWPPP & Compost General Order-CMU Technical Report) that are being developed and implemented with the Board’s oversight and approval.

Additionally, as noted in John Kular’s written responses submitted to the Board on March 21st, 2023 and March 30th, 2023, the 2022/2023 winter storm season was the wettest on record in at least 40 years. His response further clarified that “Drainage features have been overwhelmed and failed across the entire state. In fact, the Governor’s Proclamation of a State of Emergency specifically states that the damaging winds and precipitation have occurred and continue to threaten critical infrastructure. The NOV allegations should be considered within this context. The intensity and frequency of the storms have greatly hindered the operator from making permanent, durable repairs to facilities and equipment in the brief intervals between rainfall events.”

As you know, our Agreement with the County (Section 1.138) provides relief from “Uncontrollable Circumstances” meaning circumstances that are beyond the reasonable control of the Contractor such as:

- A. “Naturally occurring events (except weather conditions normal for the Santa Barbara area) such as landslides, underground movement, earthquakes, fires, tornadoes, tidal waves,

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

Response to NOI to Assess LD's

May 3, 2023

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epidemics, storms, and other acts of God, ionizing radiation, nuclear, radioactive, chemical or biological contamination.”

Given the multiple disaster declarations, historic precipitation levels, road closures and evacuations at the landfill, there can be little doubt that the 2022-2023 winter storm season was outside of the norm for the Santa Barbara area.

As we are already using good faith efforts to expeditiously develop and implement Board approved revised compliance plans and the cited violations as a direct result of weather conditions clearly constitute Uncontrollable Circumstances, it is not clear what useful purpose would be served by imposing Liquidated Damages on Contractor.

In our view, the Contractor's limited resources would best be used implementing the recognized remedial actions immediately and prior to next year's storm season.

We respectfully request a meeting with you at your earliest convenience to discuss the ongoing status of this matter.

2. Summary of Liquidated Damages.

a. Contractor takes exception to the following liquidated damages (LDs) listed in your April 25th letter:

- i. *Failure to meet project milestones for ADF/CMU Acceptance Test by December 21, 2021 – effective August 1, 2022 resolved on October 27, 2022. LDs in the amount of \$5,000 per day until resolved October 27, 2022 totaling \$435,000.*
- ii. *Failure to meet project milestones for Startup Test and Acceptance Test by December 21, 2021 – effective August 1, 2022 resolved on March 1, 2023. LDs in the amount of \$5,000 per day until resolved on March 1, 2023 totaling \$1,060,000.*

In each of the above cases, the imposition of LD's was stayed by Leslie Wells initially to September 30, 2022 in her letter dated August 4th, 2022¹ based on our July 14th, 2022 response² to L. Wells letter dated July 5, 2022³ and subsequently indefinitely in L. Wells October 18th, 2022 response⁴ to MSB' August 15th, 2022 Request⁵ for Schedule adjustments, Cash Flow Assistance, and Extraordinary Review. The stay granted to MSB in the October 18th letter was subject to MSB's provision of an acceptance test milestone schedule update by October 25th, which MSB provided on October 25th⁶ and which was acknowledged by L. Wells by email on October 27th⁷.

Further evidence of the County's stay of imposition and waiver of such LDs was provided by L. Wells in the public outreach meeting with the Arroyo Quemada (AQ) community hosted by Supervisor Joan Hartmann at the ReSource Center on December 20, 2023⁸ when Ms. Wells stated to all in attendance that the County had the ability to impose LDs on MSB. AQ resident

¹ [Leslie Wells letter dated August 4, 2022](#)

² [MSB Response dated July 14, 2022](#) to L. Wells Letter dated July 5, 2022

³ [L. Wells letter dated July 5, 2022](#)

⁴ [L. Wells response dated October 18, 2022](#) to MSB' request letter dated August 15, 2022

⁵ [MSB Cash Flow Assistance Request letter dated August 15, 2022.](#)

⁶ [MSB Acceptance Test Milestone Schedule Update email dated October 25, 2022](#)

⁷ [L. Wells Milestone Schedule acknowledgement email dated October 27, 2022](#)

⁸ [Arroyo Quemada Community December 20, 2022 Outreach Meeting Presentation](#)

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

Response to NOI to Assess LD's

May 3, 2023

Page 3

Jeff Pion replied to Ms. Wells that LDs would not be productive as the AQ community would rather see appropriate funding provided to MSB to allow them to address odor issues.

Ms. Wells and Scott McGolpin confirmed to all in attendance that the County would make available whatever resources are necessary to solve the odor issues.

As to completion of the project milestones related to the ADF/CMU Acceptance Tests and any other Acceptance Test, all components of the Acceptance Tests (i.e., Source Tests) were completed in September and October in accordance with the Acceptance Test Milestone Schedule provide by MSB on October 25th and acknowledged by L. Wells on October 27th.

The MRF engine Source Test reports were submitted to the District on December 20, 2022 and were approved by the District on February 1, 2023.

The ADF/CMU Source Tests were provided to the SB County Air Pollution Control District (District) on December 21, 2022 within two days of MSB' receipt of the Source Test reports from our Source Test subcontractor, Alliance. The District provided comments on the CMU Windrow Source Test report on February 1st, 2023 and provided comments on the ADF Biofilter Source Test report on April 26th, 2023.

It is also important to note that the delays in the submittal of any of the ADF/CMU acceptance test reports did not cause any actual damages to be incurred by the County as the ADF/CMU has been in limited operations since August 2021 and in full operations since July 2022, receiving and processing 100% of the organics generated by the MRF.

- b. Contractor also takes exception to the following LD's listed in your April 25th letter:

Failure to meet project milestones for Permit to Operate applications required under the District Authority to Construct (ATC) Permit Modification No. 14500-05. LDs in the amount of \$5,000 per day totaling \$1,330,000 as of April 24, 2023 and continuing to accrue.

As we have discussed previously, the District took more than 6 months to approve our source test plans for various reasons including the loss of staff (Chase Ogden, Kevin Brown), and the fact that source test plans that were submitted through their source test email were not delivered to staff even though Aimee Long had confirmed receipt of the submittals. Thereafter, Alliance, our source test subcontractor, experienced more than 6 months of delays in 2022 in completing our source tests, due to staffing issues directly related to COVID.

The expansion of the ATC 14500-10 permit mod to include the MRF island-mode back-up generator (i.e., a County requested scope change) also added to the complexity and timeline of AECOM's modelling efforts. As you know, we have received 6 incompleteness letters from the District related to 14500-10. Unfortunately, this has exacerbated an already lengthy process that we have no control over.

Additionally, as you know, the focus of the 14500-10 permit mod is to address the MRF biofilter non-rebuild in response to the Alisal Fire, which is an Uncontrollable Circumstance under our Agreement.

MSB's air permit team, including Ian Miller and Mary Kaplan of AECOM, Alliance's source test team, Dylan and Ryan, have worked and continue to work tirelessly and diligently to wrap up the open items to complete all required source tests, to complete the 14500-10 mod and to move

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

Response to NOI to Assess LD's

May 3, 2023

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immediately to the PTO application, even with all of the schedule delay challenges described above.

It is also important to note that the delay in the District's issuance of the PTO due to the delay in the completion of the Source Tests mentioned above has not and does not cause any actual damages to the County as the ReSource Center is fully operational under the District issued ATC 14500-05 permit. The Project is not subject to any violations or compliance plans with the District other than the variance associated with the Alisal Fire impacts and pending repairs related to the loss of the MRF biofilter.

Given that the PTO issuance for the RSC is now likely to be based on the 14500-10 mod, it seems inappropriate to impose LD's on MSB for the delays cited above, all of which are due to Uncontrollable Circumstances (i.e., Covid, County requested scope change, District caused delays and the Alisal Fire.) We would appreciate the opportunity to discuss any and all of these issues with you and your team in a meeting.

c. Contractor also takes exception to the following LD's listed in your April 25th letter:

- i. *14 CCR 17863.4 – Odor Impact Minimization Plan (OIMP). 9/19/22 and 10/19/22 Compostable Materials Handling Operation and Facility Inspections – effective November 18, 2022 and resolved on November 30, 2022. LDs in the amount of \$500 per day totaling \$6,000.*
- ii. *14 CCR 17863.31 – Failure to comply with OIMP. Effective February 6, 2023 and not resolved. LDs in the amount of \$500 per day totaling \$38,500 as of April 24, 2023 and continuing to accrue.*
- iii. *14 CCR 17863.32 – ADF – Odor and Nuisance Control. Effective February 6, 2023 and not resolved. LDs in the amount of \$500 per day totaling \$38,500 as of April 24, 2023 and continuing to accrue.*
- iv. *14 CCR 17867(a)(2) – CMU – Odor and Nuisance Control. Effective February 6, 2023 and not resolved. LDs in the amount of \$500 per day totaling \$38,500 as of April 24, 2023 and continuing to accrue.*

Both 2.c.i. and 2.c.ii. above relate to the ADF roll-up access door being left open for more than 5 minutes when a MarBorg organics delivery truck exits the ADF delivery hall without closing the door. You may recall that this issue was clarified by Norma (as LEA) to us on our January 24th Teams Meeting including Jason Johnston and Lars Seifert. From and after September 19th, Norma had made it clear to Dylan Ellis that the roll-up access door must remain closed between deliveries. As we have discussed, despite the instructions provided to MarBorg, occasionally the MarBorg driver forgot to close the door on his exit. In addition, the February 6th violation was remedied the same day and did not appear as a violation in Norma's inspection report dated February 7th.

Most importantly, in our email response dated November 18th, 2022⁹ to L. Wells letter dated November 14, 2022¹⁰ we confirmed that we had submitted to the LEA on November 4th, 2022 their requested Draft Odor Best Management Practices Feasibility Study (Odor BMPFS). The Odor BMPFS represented our participation in a Compliance Plan directed and approved by the LEA.

⁹ [MSB email Response dated November 18, 2022](#) to L. Wells Letter dated November 14, 2022

¹⁰ [L. Wells Letter dated November 14, 2022](#)

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

May 3, 2023

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Response to NOI to Assess LD's

In our February 21st, 2023 letter response¹¹ to L. Wells letter dated February 15th, 2023¹² we confirmed that as of January 30th, 2023 the LEA approved the requested Odor Best Management Practices (BMP) Feasibility Study which provides for a structured compliance mechanism to address the nuisance odors from the site. Schedule E of the Odor BMP Feasibility Study includes a schedule for the implementation of the LEA approved 16 BMPs. At our January 24th Teams meeting with the LEA, Lars Seifert, the County's Environmental Health Services Department (EHS) Director, advised that the Odor BMP Feasibility Study required MSB to take good faith steps to implement the Schedule E BMPs in accordance with the schedule set forth therein and to report such progress on a monthly basis. He also advised that as long as we were in compliance with the BMP implementation schedule with such schedule, the LEA would not proceed with any further enforcement action such as a notice and order. We have submitted our Monthly Compliance Status Reports¹³ dated February 10th, 2023, March 10th, 2023 and April 10th, 2023 evidencing our compliance with the implementation schedule set forth in Schedule E of the Odor BMPFS.

As the implementation schedule for the likely most effective BMPs such as a windrow aeration system (BMP No. 12) or a Gore-Tex cover system (BMP No. 16) provides for implementation that could take as much as 6-12 months, it does not make sense to impose LDs on MSB when it is complying with the procedures and schedule approved by the LEA.

Further, LDs are not productive when scarce funds could be better used to implement the LEA approved BMPs. As mentioned previously, this point was emphasized by Arroyo Quemada resident Jeff Pion in our December 20th, 2022 neighborhood meeting when he stated that it made no sense to impose LDs when MSB needed the money to solve the odor problem.

This point is doubly important when MSB has pending cash flow assistance requests under review by County Public Works to address the \$500,000 per month operating deficit the project has been incurring since July 2022 due to the delivered shortfall tonnages, and the related tip fee and recyclable revenue shortfalls detailed in our January 31st, 2023 letter¹⁴ to the County.

Related to 2.c.i. above, we did not receive a reply to our November 18th, 2022 letter responding to the L. Wells letter dated November 14th, 2022 requesting a meeting to discuss the issues raised in the November 14th 2022 letter.

Related to 2.c.ii. through 2.c.iv. above, similarly, we did not receive a reply to our February 21st, 2023 letter responding to the L. Wells letter dated February 15th, 2023 requesting a meeting to discuss the issues raised in the February 15th 2023 letter.

Inasmuch as the County failed to engage in discussions with us regarding these issues, we believe it is inappropriate for the County to now retroactively impose LDs based on these issues, particularly since we have been in compliance with the terms and conditions of the LEA approved Odor BMPFS.

¹¹ [MSB Response dated February 21, 2023](#) to L. Wells Letter dated February 14, 2023

¹² [L. Wells Letter dated February 14, 2023](#)

¹³ [Odor Best Management Practices Feasibility Study Monthly Compliance Reports, February-April 2023](#)

¹⁴ [January 31, 2023 MSB Letter to L. Wells](#) summarizing the open Cash Flow Assistance and Extraordinary Review Request

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

Response to NOI to Assess LD's

May 3, 2023

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- d. Contractor takes exception to the following liquidated damages (LDs) listed in your April 25th letter:

Failed Acceptance Test – effective April 14, 2023 and not resolved. LDs in the amount of \$2,000 per day until resolved totaling \$20,000 as of April 24, 2023 and continuing to accrue.

As you are aware, we met on April 28th to discuss our April 14th 2023 response¹⁵ to your April 7th, 2023 letter¹⁶ discussing the status of the various acceptance tests and to agree on compliance plans to resolve any open acceptance test issues. At that meeting we agreed to various in-place, pending and to be developed compliance plans.

So long as the parties are working in good faith to develop compliance plans for any open acceptance test issues it would be inappropriate to impose LDs on Contractor.

It is also important to note, Article 14.9.B. Liquidated Damages provides in part:

*“Prior to assessing liquidated damages, County shall give Contractor Notice of its intention to do so. **County agrees that if it becomes aware of an ongoing condition which would trigger the accrual of liquidated damages, that it shall not allow ongoing liquidated damages to accrue more than seven (7) days without Notifying Contractor.** The Notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of County relating to incident(s)/non-performance. Contractor may, within ten (10) Days after receiving the Notice, request a meeting with County. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. **County will provide Contractor with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages.**”*

In all of the LD cases described herein the County has failed to provide MSB notice that any liquidated damages were accruing. Your letter dated April 25, 2023 was our first indication that the County intended to impose and had been accruing LDs from a list of prior dates. This is inappropriate as it violates the provisions above.

Additionally, in each of the LD cases described herein, MSB had properly requested a meeting within 10 days of the County's notice and had not thereafter received any written explanation of the County's determination on each incident.

It should also be noted that for the 9 months of the FY 22-23 year ending March 31, 2023, MSB and MarBorg Recovery (MBR) have incurred a net operating loss of ~\$4,725,000 (or approximately \$525,000 net operating loss per month). This is primarily due to the fact that operating costs are largely on budget at an annualized rate of ~\$16 million while revenues are tracking at below \$11 million on an annualized basis. While MSB and MBR are using their good faith efforts to operate the ReSource Center according to specifications it is quite challenging when the project has been chronically underfunded by the County for the past 2 years.

Imposing liquidated damages on MSB for any of the above issues when the County is not urgently responding to MSB's repeated requests for cash flow assistance and a budget that would cover the operating costs of the project. If MSB had received cash flow assistance and the funds to

¹⁵ [MSB Response Letter dated April 14, 2023](#) to County Acceptance Test Letter dated April 7, 2023

¹⁶ [County Acceptance Test Letter dated April 7, 2023](#)

Attachment 2 - MSB Response to County's April 25, 2023 Letter

Jeanette Gonzales-Knight

Response to NOI to Assess LD's

May 3, 2023

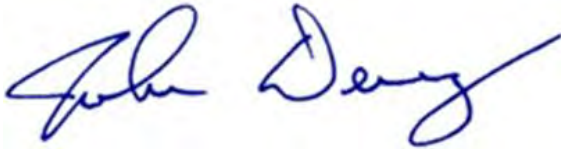
Page 7

cover operating costs, it would have been in a much stronger position to recover from the Uncontrollable Circumstances that triggered the LDs. Payment of LDs would add to the existing cash shortage furthering the difficulties of recovering from the Uncontrollable Circumstances and getting the plant operating at optimal levels.

Jeanette, I would appreciate the opportunity to meet with you and your team to discuss all of the above topics and to agree on a path forward on these topics. Please call me at your convenience.

Sincerely,

MSB Investors, LLC



John Dewey

CEO & Managing Member

JOHN KULAR CONSULTING

May 2, 2023

Mr. John Dewey
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza Drive, Suite 200
NEWPORT BEACH, CALIFORNIA 92660

Re: March 17, 2023, Notice of Violation and Response

Dear John:

On March 17, 2023, the Central Coast Regional Water Quality Control Board (CCRWQCB) issued a Notice of Violation (NOV) with respect to the operation of the Compost Management Unit at Tajiguas Landfill. The NOV alleged the following:

1. On March 10, 2023, Mustang failed to clean the CMU deck adequately before discharging storm water to the landfill pond, resulting in a wastewater discharge.
2. Mustang failed to test discharges and bypass flows as required on previous diversion or bypass events including January 9, 2023 and December 27-29, 2022.
3. Mustang discharged wastewater to Pila Creek.
4. Mustang discharged feedstock and compost outside the designated CMU operating area.
5. Mustang failed to maintain CMU berms in good working condition.
6. Mustang failed to maintain the CMU drainage system (storm drain leaks).
7. Mustang failed to take timely corrective actions for the above items.
8. Mustang did not make timely reports to the CCRWQCB of the diversions, bypasses and sample test results.
9. CMU feedstocks contained prohibited items.

On March 21, John Kular Consulting (JKC) responded to the NOV allegations. Pursuant to CCRWQCB questions, JKC issued a supplementary response to the NOV allegations on March 30, 2023. In these responses, JKC noted the extraordinary severity of the winter rains and winds of 2022/2023 which prompted the Governor of California to issue a disaster declaration covering most of the State, including Santa Barbara County.

JKC corrected several allegations which were based partly on hearsay of uninformed staff rather than direct observation. The lack of sampling on January 9, 2023 was explained as the CHP evacuated the area surrounding Tajiguas Landfill due to mudslide risk and closed US 101 in both directions, rendering the site inaccessible for more than 40 hours. JKC presented a tentative schedule of corrective actions for Mustang to address. It must be noted that the correction schedule is dependent on dry conditions as well as the availability of materials and contractors to execute the physical improvements.

890 Lindamere Ct.
Simi Valley, CA 93065
661.302.1292

Table 1 – NOV Remedy Activities

Item	Activity	Timeline
1	Staff Storm Preparation Re-training	March 2023
2	Upload missing ad hoc reports to GeoTracker	March 2023
3	Improved housekeeping/storm preparation	Ongoing
4	Purchase additional tarps, repair torn tarps	March/April 2023
5	Repair leaking SW pipe joints	March/April 2023
6	Asphalt berm and surface repairs	May 2023
7	Replace jointed SW pipe with fused pipe	June 2023

On April 5, 2023, CCRWQCB provided a draft individual monitoring and reporting plan (MRP) which was intended to assist Mustang in achieving compliance with compost and discharge regulations through enhanced, site-specific sampling, testing and reporting requirements.

On April 19, 2023, a joint meeting with Mustang, JKC, CCRWQCB and County Public Works was held to discuss the corrections schedule and further conditions to be incorporated into the MRP. It is anticipated that the MRP will be issued in final form shortly. The CCRWQCB subsequently agreed that a revised water and wastewater management plan including contingency planning is to be prepared and submitted to CCRWQCB by May 31, 2023.

By June 30, 2023 a revised CMU Technical Report incorporating the revised water and wastewater management plan will be submitted. Finally, the Resource Center IGP SWPPP will be revised to coordinate IGP and CMU runoff sampling and testing measures.

As the compliance activities and schedule have already been accepted by the Agency Having Jurisdiction (AHJ), it is difficult to understand why the County is threatening to impose liquidated damages to hasten compliance in advance of the agreed-upon schedule. In our opinion, it has yet to be confirmed that the CMU slopes are dry enough to successfully replace the storm water collection system and to conduct asphalt berm repairs. The dry season has begun and rushing the repairs now rather than in a few weeks will likely lead to a future failure.

Please contact the undersigned at johnkularpe@gmail.com or 661-302-1292 if you require any further information.

Sincerely,


 John Kular, P.E.
 President
 John Kular Consulting



5/2/23

ATTACHMENT 3



June 6, 2023

Jeanette Gonzales-Knight
Interim Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Response to Notice of Curable Breach and Ongoing Liquidated Damages

Jeanette,

Our response to your June 21, 2023 letter is below:

1. Compost General Order.

Attached please find John Kular's letter dated July 6, 2023 which highlights a few issues related to reporting mentioned in the June 20, 2023 NOV letter from Jordan Haserot of the CCWRQCB (Jordan). As you may recall, we reached consensus with Jordan on a Monitoring and Reporting Plan (MRP) in response to the March 17th NOV letter and following our April 19th Teams meeting.

Jordan issued the MRP in final form on May 8, 2023. Additionally, John provided an updated Water & Wastewater Management Plan (WWMP) to Jordan on June 13th. Jordan responded with comments to the WWMP on June 29th. John is working on a revised draft WWMP responsive to Jordan's comments and anticipates submitting such on July 7th.

As a result of the MRP and revised WWMP, John may also be required to update the CMU Technical Report and will do that following a consensus on the WWMP. As we have discussed, we hired as of May 6th a 3rd party stormwater compliance consultant, Caitlyn Teague from Rincon Associates, to coordinate and manage ongoing compliance, sampling and reporting responsibilities including the agreed upon IGP-SWPPP as our new Qualified Industrial Stormwater Professional (QISP). Caitlyn has met with Christina Wilder numerous times on site and also met with Jordan on her visit on June 13th. Caitlyn reviews and comments on all of John Kular's submittals to Jordan and the Board including the MRP and the WWMP.

Attached please find our draft response to Jordan's June 23, 2023 NOV letter in a table format prepared by Caitlyn which she is tentatively planning to submit tomorrow, Friday, July 7th. As Caitlyn assumed the role of site QISP from John Kular in May, she has been working diligently to catch up on the MRP (issued as of May 9th) and Compost Permit sampling and reporting responsibilities.

Caitlyn's response to Jordan summarizes the in-process corrections of the May Monthly report reporting deficiencies noted in the June 23rd NOV Letter and June 13th Inspection Report. Caitlyn's response also addresses the completed status of the requested on-site drainage issues/site improvements and confirms the following:

- The paving repairs to the entire CMU including the berms and new berm around the baker tanks was completed on June 30th by Ramsey Asphalt.
- The leak from the drainage piping immediately east of the baker tanks was remedied via a thorough cleanout of the baker tanks completed by Pacific Petroleum on June 23rd.

Attachment 3 - MSB Response to County's June 21, 2023 Letter

Jeanette Gonzales-Knight
June 6, 2023
Page 2

Response to Notice of Curable Breach

- The removal of the impacted soil completed as of July 6th.
- The replacement of all of the CMU corrugated plastic pipe comprising the drainage system with fused HDPE pipe is still on schedule for completion prior to October 1st following our recent selection of Kirkland Construction to complete the work.
- A kick broom will be delivered to the CMU on Friday, July 7, 2023. Marty Wilder had advised us in April that the County would lead the procurement of a new kick broom. He advised on Monday this week that the lead times for a purchase were into next year and suggested that we pursue a rental in the interim, which we immediately did.

All of the above actions effectively comprise a rigorous updating of our existing Board approved stormwater and CMU operational compliance plans (IGP-SWPPP & Compost General Order-CMU Technical Report) that are being developed and implemented with the Board's oversight and approval.

Additionally, in John Kular's written responses submitted to the Board on March 21, 2023 and March 30th, 2023 he mentioned that the 2022/2023 winter storm season was the wettest on record in at least 40 years. He further clarified that "Drainage features have been overwhelmed and failed across the entire state. In fact, the Governor's Proclamation of a State of Emergency specifically states that the damaging winds and precipitation have occurred and continue to threaten critical infrastructure. The NOV allegations should be considered in within this context. The intensity and frequency of the storms have greatly hindered the operator from making permanent, durable repairs to facilities and equipment in the brief intervals between rainfall events."

As you may be aware, our Agreement (Section 1.138) provides relief from Uncontrollable Circumstances that are beyond the reasonable control of the Contractor such as:

- A. "Naturally occurring events (except weather conditions normal for the Santa Barbara area) such as landslides, underground movement, earthquakes, fires, tornadoes, tidal waves, epidemics, storms, and other acts of God, ionizing radiation, nuclear, radioactive, chemical or biological contamination."

Given the multiple disaster declarations, historic precipitation levels, road closures and evacuations at the landfill, I think there is little doubt that the 2022-2023 winter storm season were not weather conditions normal for the Santa Barbara area.

As we are using good faith efforts to expeditiously develop and implement Board approved revised compliance plans combined with the fact that the cited violations were a direct result of the historic weather conditions that were clearly Uncontrollable Circumstances, it would serve no useful purpose to impose Liquidated Damages on Contractor.

Our limited resources would best be used to continue implementing the recognized remedial actions on the schedule we have previously discussed and agreed with the County and with Jordan (i.e., in all events prior to next year's storm season start date of October 1, 2021.)

We respectfully reiterate our request for a meeting with you at your earliest convenience to discuss the ongoing status of this matter.

Attachment 3 - MSB Response to County's June 21, 2023 Letter

Jeanette Gonzales-Knight
June 6, 2023
Page 3

Response to Notice of Curable Breach

2. Liquidated Damages.

- a. Contractor takes exception to the liquidated damages (LDs) listed in your June 21, 2023 letter:

“As of June 21, 2023, a total of \$170,000 in liquidated damages has been assessed MSB for failure to comply with the CCR.WQCB’s Compost General Order and ongoing violations in the CCRWQB’s June 20, 2023 letter...”

So long as the parties are working in good faith to comply with the Water Board’s permit and notice requirements following their issuance, which in some cases were only issued in May (MRP) or are still under discussion and subject to additional modifications (WWMP), it is inappropriate to impose LDs on Contractor.

It is also important to note, Article 14.9.B. Liquidated Damages provides in part:

*“Prior to assessing liquidated damages, County shall give Contractor Notice of its intention to do so. **County agrees that if it becomes aware of an ongoing condition which would trigger the accrual of liquidated damages, that it shall not allow ongoing liquidated damages to accrue more than seven (7) days without Notifying Contractor.** The Notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of County relating to incident(s)/non-performance. Contractor may, within ten (10) Days after receiving the Notice, request a meeting with County. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. **County will provide Contractor with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages.**”*

Following receipt of your April 25, 2023 NOI letter¹ related to the March 17, 2023 Jordan letter, MSB provided a proper written response within 10 days (i.e., on May 3, 2023²) requesting a meeting with you to discuss the evidence showing how MSB has been using its good faith, best efforts to comply with Jordan’s requests. We did not receive a reply to such request for a meeting.

Further, the County failed to provide MSB notice that liquidated damages were accruing. Your letter dated June 21, 2023 was our first indication that the County had been accruing unspecified LDs from a prior date. This is inappropriate as it fails to comply with the provisions of Article 14.9.B. of our Agreement, as set forth above. Specifically, the County’s June 21, 2023 letter implies that LDs had been accruing for more than seven (7) days, without Notifying Contractor.

Additionally, without providing Contractor an opportunity to meet to present evidence of its ongoing compliance efforts following the proper request for a meeting within 10 days of the County’s NOI, the County is not able to provide a written explanation of the County’s determination on each incident. Again, the County has failed to comply with the requirements of Article 14.9.B.

It should also be noted that we met with various County Public Works staff on 12 separate occasions between May 3rd and June 21st and there was no discussion of setting the meeting requested in our May 3rd letter to discuss the LDs contemplated in the April 25th letter.

¹ [April 25, 2023 NOI Letter](#)

² [May 3, 2023 Response Letter requesting a meeting to present evidence](#)

Attachment 3 - MSB Response to County's June 21, 2023 Letter

Jeanette Gonzales-Knight

Response to Notice of Curable Breach

June 6, 2023

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It should also be noted that for the 11 months of the FY 22-23 year ending May 31, 2023, MSB and MarBorg Recovery (MBR) have incurred a net operating loss of >\$5,000,000 (or approximately \$450,000 net operating loss per month). This is primarily due to the fact that operating costs are at an annualized rate of >\$16 million while revenues are tracking at <\$11 million on an annualized basis. The ~\$2.2 million of Cash Flow Assistance provided by County to Contractor for the ten months ending April 2023 was extremely helpful in allowing the Project to operate at a reasonable level, however, it has funded less than 50% of the actual operating deficit incurred by the project during FY 22-23.

MSB and MBR continue to exercise good faith efforts to operate the ReSource Center according to specifications despite the challenges of the chronic underfunding for the past 2 years.

Imposing liquidated damages on MSB for the above issue while the project remains underfunded without a budget that will cover the operating costs of the project would be adding insult to injury.

Jeanette, I would appreciate the opportunity to meet with you and your team to discuss all of the above topics and to agree on a path forward on these topics. Please call me at your convenience.

Sincerely,

MSB Investors, LLC



John Dewey
CEO & Managing Member

Attachment 3 - MSB Response to County's June 21, 2023 Letter
JOHN KULAR CONSULTING

July 6, 2023

John Dewey, CEO & Managing Member
MSB Investors, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660
[Email: john@deweygroup.com](mailto:john@deweygroup.com)

Re: Notice of Curable Breach to Agreement for the Tajiguas Resource Recovery Project and Ongoing Liquidated Damages

Dear John:

We have reviewed the County's Notice of Curable Breach, dated 6/21/23 and wish to comment specifically as follows:

Item 2- The unauthorized discharge of wastewater to surface water (Pila Creek), which violates Compost General Order Prohibition 6. During the June 13, 2023, inspection, wastewater was seen leaving the Facility and entering two landfill stormwater drains that connect to landfill sediment basins. According to County staff, the basins discharged to Pila Creek on April 4.

Response: If the wastewater entered the pond 7 weeks after the pond discharged to Pila Creek, then the wastewater did not discharge to the creek. It discharged to the detention pond and has likely evaporated since.

In the section entitled Alleged Violations, the County cites multiple reporting requirements found in WQO-2020-0012 and applies them to past occurrences during the winter of 2022/23. However, the Resource Center composting facility was permitted in accordance with WQO-2015-0121 which was in effect when the permitting process for the facility was initiated. The provisions of WQO-2020-0012 came into effect for the Resource Center when the water board issued a revised MRP for the facility on May 9, 2023. Therefore, the specific reporting requirements cited are not applicable.

We will leave addressing the other items in the County's notice to those with more specific knowledge of the actual events.

Please contact the undersigned at johnkularpe@gmail.com or 661-302-1292 if you require any further information. Thank you for your consideration.

Sincerely,

John Kular, P.E.
President
John Kular Consulting

3790 Kingsbarns Drive
Roseville, CA 95747
661.302.1292

www.kularconsult.com

CCRWQCB Notice of Violation to Santa Barbara County ReSource Center CMU
Attachment 3 - MSB Response to County's June 21, 2023 Letter

Item	Document	Alleged Violation	Status of Corrective Action	Documents to Rectify/Develop	Proposed Schedule	Adequate (Y/N, conditions)
1	Central Coast Regional Water Quality Control Board (CCRWQCB) Notice of Violation (NOV) June 20, 2023	On June 13, 2023, the Central Coast Water Board performed an inspection of the Facility. The June 13, 2023, Inspection Report noted that the violations outlined in the March 13, 2023, NOV had not been corrected. The continued Compost General Order violations include the following: 1. Water and wastewater have not been managed in accordance with the operational procedures within the approved Water and Wastewater Management Plan (WWMP), which is required by Compost General Order Specification 6.	In Progress. The Discharger is working on operational efficiencies to handle and manage water in accordance with the approved WWMP. Compost Management Unit (CMU) staff will be trained to improve operational procedures and housekeeping in and around the Tajiguas Resource Center (Facility). UV tarps have been ordered and will be on-site by July 14, 2023.	The revised Water and Wastewater Management Plan (WWMP) will include all relevant information related to how water and wastewater will be managed at the Facility. The basic operating philosophy has not changed. Piles will be covered when a stormwater diversion is necessary due to lack of leachate storage capacity and/or saturation of compost windrows. MSB will space the piles closer together so that tarpaulins fully overlap over the narrow aisles between the windrows. That will leave a very limited but wide aisle around all the windrows to be mechanically swept by a street sweeper. The outer aisle will be swept regularly irrespective of impending rainfall to prevent compost from being ground into the asphalt surface making it difficult to effectively clean. We will augment the WWMP text to clarify this.	Corrective actions will be included in monthly monitoring and maintenance reports (monthly reports). UV tarps have been ordered and will be on-site by July 14, 2023. Rental kick broom will be delivered to the CMU by Friday, July 7, 2023.	
2	CCRWQCB NOV June 20, 2023	2. The unauthorized discharge of wastewater to surface water (Pila Creek), which violates Compost General Order Prohibition 6. During the June 13, 2023, inspection wastewater was seen leaving the Facility and entering two landfill stormwater drains that connect to landfill sediment basins. According to County staff, the basins discharged to Pila Creek on April 4.	In Progress. During the June 13, 2023, inspection, Central Coast Water Board staff informed the Dischargers that a wastewater sample must be taken of the wastewater discharging from the Facility, that they must estimate the volume of discharge, and must immediately stop wastewater from discharging. On June 15, 2023, Rincon Consultants, Inc., on behalf of the Dischargers, verified via email that the Dischargers collected a wastewater sample from the leaking Facility runoff collection pipes on June 14, 2023. Laboratory results for the June 14, 2023 are still pending as of July 5, 2023, but the discharge was stopped on June 15, 2023. Once the laboratory results are received, a complete incident report will be submitted. The Discharger has also removed impacted soil.	Incident Report for June 13, 2023 discharge. Pending laboratory results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)	
3	CCRWQCB NOV June 20, 2023	3. The discharge of feedstock and compost outside of designated areas, including below the conveyor connecting the ADF to the CMU, and the D-table area which still does not have a berm surrounding the working surface as was indicated within the Facility's technical report, which is a violation of Compost General Order Prohibition 1 and Specification 4.	In Progress. By the end of July 2023, a welder is scheduled to weld a scraper onto the underside of the conveyor (return side) at the drop point in the CMU deck bunker to reduce digestate spillage on the return (underside) conveyor. Any spillage of digestate under the decompressor conveyor to the CMU will be cleaned up at least weekly. The existing BMP of spillage control in the middle of the conveyor (waddle berm and tarp) will be continued. The following repairs were completed by June 30, 2023: 1) Asphalt repairs to the two large areas in front of the CMU bunkers, 2) all CMU berm repairs, and 3) the addition of the asphalt curb/berm around the CMU Baker Tanks. Rental sweeper has been ordered and will be in use onsite by Friday, July 7, 2023.	WWMP and monthly reports	Welding will be completed prior to August 1, 2023. Rental sweeper has been ordered and will be delivered onsite by Monday, July 10, 2023.	
4	CCRWQCB NOV June 20, 2023	4. Facility berms continue to be damaged, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 10 and Maintenance Requirement 1.	Completed. Facility berms have been improved. Asphalt repairs were completed at the ReSource Center on June 30, 2023.	WWMP and monthly reports.	Documentation of asphalt repairs will be included in the June monthly report, which will be submitted by July 15, 2023.	
5	CCRWQCB NOV June 20, 2023	5. The Facility conveyance system pipes continue to be damaged and leak wastewater to areas outside of the Facility, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 11.	In Progress. The first phase of the leak repair process was completed on Friday, June 23, 2023, when Pacific Petroleum was on site to complete the removal of all sediment in and cleaning of the two permanent baker tanks. With the baker tanks cleaned, we have also blocked off the two existing inlets so no new compost leachate or other liquid on the CMU deck will flow into the piping connecting to the two baker tanks. Any new leachate that may accumulate near the drainage inlets or low points on the CMU deck during the summer months will be collected with our vacuum truck and fed into the ADF percolate system. Additional sandbags have been deployed coupled with asphalt berm repairs will assist in the prevention of flow outside the CMU deck. These drainage inlets will remain blocked off until the completion of the removal and replacement of the corrugated plastic pipe with fused HDPE pipe including the addition of two additional inlets required on the western end of the CMU (required due to nearly two feet of settlement that has occurred since the CMU was constructed in early 2021). The closed and open status of these inlets will be part of our monthly inspections and monitoring report. We received two bids (Raminha and Kirkland Construction) as of June 25, 2023. We have selected Kirkland and have asked them to update their bid with some additional design clarifications recently provided by our engineer, John Kular. As discussed on our teams meeting with Jordan of Santa Barbara County on April 19th, the completion of entire drainage system piping will be completed prior to October 1, 2023. Kirkland has estimated an 8-10 week schedule for pipe procurement, mobilization and installation and has reconfirmed that they can complete the project no later than October 1, 2023.	WWMP and monthly reports.	Completion of entire drainage system piping will be completed prior to October 1, 2023.	
6	CCRWQCB NOV June 20, 2023	6. The Dischargers have not implemented sufficient corrective actions to address previous noncompliance complete violates General Order Additional Requirement 2.	In Progress. A summary of corrective actions that address previous non-compliance in the June 2023 monthly report.	June 2023 monthly report.	July 15, 2023 submittal of June monthly report.	
7	CCRWQCB NOV June 20, 2023	7. The Dischargers have not adequately reported events of noncompliance or notified Central Coast Water Board of all Compost General Order violations, such as notification and reporting of the continued wastewater discharges from the Facility, which violates Compost General Order Monitoring and Reporting section B.3. and Compost General Order Notification Requirement 4.	In Progress. In addition to monthly reports, in the future, any noncompliance will be reported, and the Water Board notified, as needed. Implementing training procedures.	Monthly reports	July 15, 2023 submittal of June monthly report.	

CCRWQCB Notice of Violation to Santa Barbara County ReSource Center CMU
Attachment 3 - MSB Response to County's June 21, 2023 Letter

Item	Document	Alleged Violation	Status of Corrective Action	Documents to Rectify/Develop	Proposed Schedule	Adequate (Y/N, conditions)
8	CCRWQCB NOV June 20, 2023	8. Use of unapproved feedstocks due to the inclusion of significant physical contaminants, including plastics and glass, which is prohibited by Compost General Order Prohibition 3 and 4 and Specification 7.	Objection. The inert, inorganic materials are screened out of the digestate and the compost in several steps using screens with decreasing aperture sizes. Finally, the glass and stones are removed by the desimetric table (D-table). The solid inerts provide a benefit to the composting process by enhancing air flow through the compost windrows. These substances are present during the composting process, but they are not feedstock by definition as they do not form part of the finished compost. The inerts are removed from the finished compost in accordance with the US Compost Council standards. The presence of all of these materials as well as the composting and screening process were all thoroughly described in Section 7.d of the approved CMU Technical report. In summary, there is a regulatory language overlap between SWRCB with its compost management aims and the mandates of Cal Recycle for organic diversion. The premise and design details of ReSource Center's digestate & finished compost management and ADF was noticed properly by Santa Barbara County Planning to RWCQB during environmental review and no comments were submitted by SWRCB or RWQCB on the digestate management and feedstock control.	WWMP and monthly reports.	Compost reports will be included with the revised May 2023 monthly report and future monthly reports.	
9	CCRWQCB NOV June 20, 2023	As indicated in the March 17, 2023, NOV, the drainage conveyance pipes were leaking wastewater outside of the Facility. The March 20, 2023, response to the March 17, 2023, Notice of Violation submitted on behalf of the Dischargers, indicated that the drainage conveyance pipes would be fixed after the rainy season. Per the Compost General Order, the "wet season" is defined as October 1 to April 30. As was noted in the June 13, 2023, inspection report, the pipes have not been repaired and the pipes continue to discharge wastewater from the Facility, even after the end of the wet season.	In Progress. Please see Status of Corrective Action on Item 5.	WWMP and monthly reports.	Completion of entire drainage system piping will be completed prior to October 1, 2023.	
10	CCRWQCB NOV June 20, 2023	MRP B.3. and B.4. require that the Dischargers notify the Central Coast Water Board within 48 hours of knowledge of Compost General Order violations or within 24 hours of becoming aware of noncompliance that endangers human health or the environment. As required by MRP B.4. the Dischargers must submit a report within 10 working days of an incident such as a wastewater discharge. No such report has been submitted for the discharge noted during the June 13, 2023, inspection.	In Progress. Laboratory results for the June 14, 2023 are still pending as of July 6, 2023, but the discharge was stopped on June 15, 2023. Once the laboratory results are received, a complete incident report will be submitted. The Discharger has also removed impacted soil.	Incident Report for June 13, 2023 discharge. Pending lab results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)	
11	CCRWQCB NOV June 20, 2023	During the June 13, 2023, inspection, Central Coast Water Board staff informed the Dischargers that a wastewater sample must be taken of the wastewater discharging from the Facility, that they must estimate the volume of discharge, and must immediately stop wastewater from discharging. On June 15, 2023, Rincon Consultants, Inc., on behalf of the Dischargers, verified via email that the Dischargers collected a wastewater sample from the leaking Facility runoff collection pipes on June 14, 2023. The Facility continues to be in violation of MRP B.4. until a complete incident report is submitted and the discharge ceases. The Dischargers must also correct impacts from the discharge, such as the removal of impacted soil and wastewater that flowed offsite.	In Progress. Please see Status of Corrective Action on Item 2. The Discharger has also removed impacted soil along the discharge flow path to the stormwater inlet and put into a Pacific Petroleum roll-off bin. It is around 8 yards of material. We do not know where it will be disposed of yet, as we will need to get landfill specific lab analysis completed. We plan to back fill with road base.	Incident Report for June 13, 2023 discharge. Pending laboratory results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)	
12	CCRWQCB NOV June 20, 2023	Compost General Order Monitoring Requirements 1 and 2 require that Dischargers comply with the requirements within the site specific MRP. MRP B.1. requires the submittal of monthly monitoring and maintenance reports by the 15th of each month. On June 14, 2023, Rincon Consultants, Inc. submitted the May 2023 Monthly Monitoring and Maintenance Report for the Tajiguas Compost Management Unit. The report was found to be insufficient at meeting the MRP requirements*	In Progress. The May 2023 Monthly Monitoring and Maintenance Report will be revised and resubmitted in compliance with the MRP requirements. Monthly reports, thereafter will also be in compliance.	May 2023 Monthly Monitoring and Maintenance Report.	May and June 2023 monthly reports will be submitted to GeoTracker prior to July 15, 2023.	

*MRP Requirements (Row 13, Item 12)

- The report was not properly signed and did not include the proper statement of certification in accordance with Compost General Order Report Requirement 5.
- The report did not provide a transmittal letter explaining the essential points including identifying violations as well as actions taken or planned to correct violations, as required by MRP B.1.a.
- The report did not include a map showing location of observation stations or monitoring points as required by MRP B.1.b.
- The report did not include all information in MRP section A.1.a. as required to be reported per MRP B.1.c. including a map showing where ponding on the working surface was observed, estimated size of affected area and flow rate of wastewater leaving the facility, a map of where wastewater had affected areas outside of the facility, and photographs of observed and corrected deficiencies.
- The report did not include all information in MRP section A.1.b. as required to be reported per MRP B.1.d. including not reporting the available capacity within storage systems and capacity contained, estimated in gallons.
- The report did not discuss the status of Compost General Order compliance and the status of correcting violations, as required by B.1.j.
- The report did not include information for the percent of physical contaminants (e.g., glass, metal, plastic) by dry weight of received feedstock at the compost facility within the reporting month or what the primary physical contaminants were, as required by MRP B.1.k.

Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Figure 1. Asphalt berm at D-Table on June 30, 2023.



Photograph 1. View facing southeast.



Photograph 2. View facing south.



Figure 2. Asphalt repairs southwest of ADF on June 30, 2023.



Photographs 3 and 4. View facing southeast.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Figure 3 Asphalt repairs on CMU deck on June 30, 2023.



Photograph 5. View facing east.



Photograph 6. View facing west.



Photograph 7. View facing northeast.



Photograph 8. View facing northeast.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Impacted Soil Removal Completed on July 6, 2023



Photograph 1. View facing northeast.



Photograph 2. View facing west.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Impacted Soil Removal Completed on July 6, 2023



Photograph 3. View facing southwest.



Photograph 4. View facing west.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Impacted Soil Removal Completed on July 6, 2023



Photograph 5. View facing west.



Photograph 6. View facing southwest.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Impacted Soil Removal Completed on July 6, 2023



Photograph 7. View facing north.



Photograph 8. View facing southwest.



Attachment 3 - MSB Response to County's June 21, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Impacted Soil Removal Completed on July 6, 2023



Photograph 9. View facing south.



Photograph 10. View facing south.



ATTACHMENT 4

John Dewey

From: John Dewey
Sent: Monday, July 17, 2023 9:16 AM
To: 'Travis Spier'
Cc: Jeanette Gonzales-Knight
Subject: RE: CMU leachate

The alleged leachate contaminated soil is no longer on the surface. At least 6-12" of surface impacted soils have been removed. Her current concern is any damp soil below the surface. As you may recall, we had >40" of rain this past season. It is likely to have soaked into all soil cover over the entire landfill. Remember also that the CMU is 5.5 acres out of the Pila Canyon watershed of more than 1,000 acres (i.e., 0.6% contribution to potential Pila Canyon outflow after dilution treatment in the back canyon sed. basin). A complete analysis of stormwater impacts from CMU overflow events on Pila Canyon outflows would look at the labs from the landfill overflow events on the same dates and look for exceedances that were not mitigated by the dilutive effects of the entire watershed. I would be happy to have Rincon complete such an analysis if you would provide the lab results from the landfill outflows for 1 or more of the February or March storm events.

We should also compare the chemistry of the CMU leachate vs. the 12-15 acre feet per year of landfill trench water (leachate) that is applied for dust control over the lined portions of the landfill.

Removing and sampling any and all moist soil in the vicinity of the CMU top deck is neither practical nor warranted.

Please also advise Christina that she should not have any direct or indirect conversations or communications of any kind with any water board staff about our project components without an MSB representative present as that would be interfering with our regulatory relationship and could expose the project and the County to negative impacts.

I am happy to have a call with you and Jeanette to discuss a common sense approach to regulatory requirements/compliance obligations on this topic.

From: Travis Spier <tspier@countyofsb.org>
Sent: Monday, July 17, 2023 8:49 AM
To: John Dewey <john@deweygroup.com>
Cc: Jeanette Gonzales-Knight <jgonzal@countyofsb.org>
Subject: RE: CMU leachate

John,

Want to clarify this. The concern with leachate-contaminated soil is not only related to groundwater impacts. The concern is also with stormwater impacts. If there are leachate spills on the surface, this can effect stormwater.

Attachment 4 - MSB's July 17, 2023 email to County re: impacted soil removal

Travis Spier, P.E.
Operations



SANTA BARBARA COUNTY
**Resource Recovery &
Waste Management Division**
Innovative Environmental Solutions

4430 Calle Real Santa Barbara, CA 93110

805.729.6996 Cell
805.681.5626 Office

From: John Dewey <john@deweygroup.com>
Sent: Friday, July 14, 2023 4:20 PM
To: Travis Spier <tspier@countyofsb.org>
Subject: FW: CMU leachate

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Travis,

Most likely the odor observed is from trash buried in the top deck cell that absorbed moisture during the 40" of rain this past year. As we have been forced to remove in some cases 12-18" of cap we are going to be in trash at some point.

Happy to have a call on Monday with you and Jeanette.

This is absurd particularly over a lined portion of the landfill.

There is zero risk to ground water from this.

I look forward to our discussion.

If you want Jordan's support for the landfill expansion, this nonsense must cease.

John

From: Christina Wilder <cwilder@countyofsb.org>
Sent: Friday, July 14, 2023 4:09 PM
To: Travis Spier <tspier@countyofsb.org>
Cc: Jeanette Gonzales-Knight <jgonzal@countyofsb.org>; Martin Wilder <mwilder@countyofsb.org>; Carlyle Johnston <cjohnst@countyofsb.org>; John Dewey <john@deweygroup.com>; Caitlyn Teague (<cteague@rinconconsultants.com>)
Subject: RE: CMU leachate

Travis,

Attachment 4 - MSB's July 17, 2023 email to County re: impacted soil removal

I just concluded my inspection. The clay material at the toe of the new ac berm on the Baker tank pad is still moist and smells of leachate. Portions of the CMU deck berm are repaired, but some areas are still damaged.

Thanks,

Christina Wilder, PE, QSD/P, QISP
Civil Engineer

Santa Barbara County Public Works
Resource Recovery and Waste Management Division
14470 Calle Real
Goleta, CA 93117
Office: 805-696-1173
Cell: 805-680-8127

From: Christina Wilder
Sent: Friday, July 14, 2023 1:45 AM
To: Travis Spier <tspier@countyofsb.org>
Cc: Jeanette Gonzales-Knight <jgonzal@countyofsb.org>; Martin Wilder <mwilder@countyofsb.org>; Carlyle Johnston <cjohnst@countyofsb.org>; John Dewey <john@deweygroup.com>; Caitlyn Teague <cteague@rinconconsultants.com>
Subject: Re: CMU leachate

Two areas are still visibly wet and smell of leachate. Trevor confirmed it will be addressed tomorrow.

Get [Outlook for iOS](#)

From: Christina Wilder
Sent: Thursday, July 13, 2023 3:45:39 PM
To: Travis Spier <tspier@countyofsb.org>
Cc: Jeanette Gonzales-Knight <jgonzal@countyofsb.org>; Martin Wilder <mwilder@countyofsb.org>; Carlyle Johnston <cjohnst@countyofsb.org>; John Dewey <john@deweygroup.com>; Caitlyn Teague <cteague@rinconconsultants.com>
Subject: CMU leachate

Hi Travis,

I've attached photos from yesterday's observations. The leachate Caitlyn and I discovered at the lower inlet on Tuesday was below a few inches of base material and was still wet. We located the source at the Baker tanks asphalt pad, at the toe of the new berm. We opened an electrical box on the Baker tanks asphalt pad and noted leachate within the conduit and soaked material at the bottom of the box. I'm headed back up there now.

Thanks,

Christina Wilder, PE, QSD/P, QISP
Civil Engineer

Santa Barbara County Public Works

Attachment 4 - MSB's July 17, 2023 email to County re: impacted soil removal

Resource Recovery and Waste Management Division

14470 Calle Real

Goleta, CA 93117

Office: 805-696-1173

Cell: 805-680-8127

ATTACHMENT 5

September 20, 2023

Jeanette Gonzales-Knight
Interim Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Response to Notice of Curable Breach and Ongoing Liquidated Damages

Jeanette,

Our response to your September 13, 2023 letter is below:

1. Compost General Order.

Based on our August Monthly Monitoring & Maintenance Report (MMMR required by the new MRP issued in May) submitted to Jordan and the Board on September 15th (Attachment 1) we believe that there are only three open items that are in process of being fully resolved:

WWMP. We submitted a 2nd draft of the revised WWMP to Jordan and the Board on August 16th. Jordan provided comments on August 28th. John Kular and Caitlyn Teague (Rincon) are working on a revised draft responsive to Jordan's comments and plan to submit such on or prior to next Friday, September 29th. As you are aware, the Board approved CMU Technical Report included a WWMP as an attachment. The requested revised WWMP is in effect a rigorous updating of the previously approved WWMP requested by the Board to clarify operational procedures that neither the Board or MSB anticipated prior to operating the CMU during the recent most severe storm season in the past 40+ years.

CMU Drainage Piping Repairs/Replacement. Dave Poorbaugh confirmed today that our subcontractor is on schedule to complete the replacement of 100% of the existing corrugated plastic drainage piping with fused HDPE piping on or prior to October 1st so that the CMU drainage system is fully functional prior to the start of the storm season.

Permitted Feedstock. As you are aware, Rincon submitted a memo to Jordan on August 15th (Attachment 2) addressing the alleged violation for unapproved materials in the feedstock. The memo highlighted the fact that the Board approved CMU Technical Report explicitly provided for the composting of Anaerobic Digestate produced from the organic fraction of MSW that would include high levels of inert contaminants, consistent with CalRecycle's Compost Regs and Title 14. The resolution of this topic, which is a renegotiation/recharacterization by the Board of the existing permit, will likely require additional discussion between MSB, Rincon, the Board, Sacramento and the County.

It is important to note that the NOV Response submitted on July 15th (Attachment 3) included a compliance plan (i.e., Mustang Summary Issue Table) that was reviewed and approved by County Public Works Staff prior to submittal and was reviewed and approved by the Board. The Compliance Plan (Summary Issue Table) has been updated in each month's MMMR to reflect the diligent progress made by MSB for the past 4 months (May-August) on every issue of concern to the Board.

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Jeanette Gonzales-Knight
September 20, 2023
Page 2

Response to Notice of Curable Breach

The Compliance Plan included and updated in the past 4 MMR's submitted to the Board represent an effective diligent response to the Board's concerns in the form of actual physical remedial measures and an updating of our existing Board approved stormwater and CMU operational compliance plans (IGP-SWPPP & Compost General Order-CMU Technical Report) that are being developed and implemented with the County and the Board's oversight and approval.

As a Board approved Compliance Plan has been implemented diligently by Contractor to address all Board concerns, it serves no useful purpose to impose liquidated damages on Contractor. This is consistent with the County's prior waiver of Liquidated Damages in the cases of the LEA and APCD approved Compliance Plans. Any dollars spent on LDs are dollars that are no longer available to perform the operations and maintenance of the facilities that are required in order to comply with all regulatory requirements and the terms of the Agreement.

2. Uncontrollable Circumstances.

In John Kular's written responses submitted to the Board on March 21, 2023 and March 30th, 2023 he mentioned that the 2022/2023 winter storm season was the wettest on record in at least 40 years. He further clarified that "Drainage features have been overwhelmed and failed across the entire state. In fact, the Governor's Proclamation of a State of Emergency specifically states that the damaging winds and precipitation have occurred and continue to threaten critical infrastructure. The intensity and frequency of the storms have greatly hindered the operator from making permanent, durable repairs to facilities and equipment in the brief intervals between rainfall events."

As you may be aware, our Agreement (Section 1.138) provides relief from Uncontrollable Circumstances that are beyond the reasonable control of the Contractor such as:

- A. "Naturally occurring events (except weather conditions normal for the Santa Barbara area) such as landslides, underground movement, earthquakes, fires, tornadoes, tidal waves, epidemics, storms, and other acts of God, ionizing radiation, nuclear, radioactive, chemical or biological contamination."

Given the multiple disaster declarations, historic precipitation levels, road closures and evacuations at the landfill, We believe there is little doubt that the 2022-2023 winter storm season were not weather conditions normal for the Santa Barbara area.

As we disagree with the County's conclusion that this past storm season was a normal storm season, we respectfully request this issue be resolved via arbitration as provided in Section 14.2. of the Agreement.

3. Liquidated Damages.

- a. Contractor takes exception to the liquidated damages (LDs) listed in your September 13, 2023 letter:

"As to the ongoing violations addressed in this letter, as of September 13, 2023 MSB currently owes the County \$420,000."

So long as the parties are working in good faith to implement the County and Board approved Compliance Plan it is inappropriate to impose LDs on Contractor.

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Jeanette Gonzales-Knight
September 20, 2023
Page 3

Response to Notice of Curable Breach

It is also important to note, Article 14.9.B. Liquidated Damages provides in part:

*“Prior to assessing liquidated damages, County shall give Contractor Notice of its intention to do so. **County agrees that if it becomes aware of an ongoing condition which would trigger the accrual of liquidated damages, that it shall not allow ongoing liquidated damages to accrue more than seven (7) days without Notifying Contractor.** The Notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of County relating to incident(s)/non-performance. Contractor may, within ten (10) Days after receiving the Notice, request a meeting with County. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. **County will provide Contractor with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages.**”*

Following receipt of your April 25, 2023 NOI letter¹ related to the March 17, 2023 Jordan letter, MSB provided a proper written response within 10 days (i.e., on May 3, 2023²) requesting a meeting with you to discuss the evidence showing how MSB has been using its good faith, best efforts to comply with Jordan's requests. We did not receive a reply to such request for a meeting.

Further, the County failed to provide MSB notice that liquidated damages were accruing. Your letter dated June 21, 2023 was our first indication that the County had been accruing unspecified LDs from a prior date (i.e., for the prior ~90 days). This is inappropriate as it fails to comply with the provisions of Article 14.9.B. of our Agreement, as set forth above. Specifically, the County's June 21, 2023 letter implies that LDs had been accruing for more than seven (7) days, without Notifying Contractor.

Additionally, without providing Contractor an opportunity to meet to present evidence of its ongoing compliance efforts following the proper request for a meeting within 10 days of the County's NOI, the County did not provide a written explanation of the County's determination on each incident. Again, the County has failed to comply with the requirements of Article 14.9.B.

It should also be noted that we met with various County Public Works staff on 12 separate occasions between May 3rd and June 21st and there was no discussion of setting the meeting requested in our May 3rd letter to discuss the LDs contemplated in the April 25th letter.

Although we were given the opportunity to meet via telephone call on July 13th (71 days after the written request for a meeting) no written explanation of determination on each incident was provided until your September 13, 2023 letter (61 days after the telephone call) and such letter did not accurately reflect the progress of the resolved alleged violations. Accordingly, LDs cannot be accruing for more than seven (7) days from the date of determination. Receiving a notice that LDs have been accruing for any period greater than seven (7) days is inappropriate as such notice would fail to comply with the provisions of Article 14.9.B.

We respectfully request this issue be resolved via arbitration as provided in Section 14.2. of the Agreement.

¹ [April 25, 2023 NOI Letter](#)

² [May 3, 2023 Response Letter requesting a meeting to present evidence](#)

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Jeanette Gonzales-Knight

Response to Notice of Curable Breach

September 20, 2023

Page 4

It should also be noted that for FY 22-23 year ending June 30, 2023, MSB and MarBorg Recovery (MBR) have incurred a net operating loss of ~\$7,000,000 (or approximately \$600,000 net operating loss per month). This is primarily due to the fact that operating costs were ~\$19 million while revenues were ~\$12 million before including the ~\$3 million of Cash Flow Assistance provided by County to Contractor for FY 22-23. The Cash Flow Assistance was extremely helpful in allowing the Project to operate at a reasonable level, however, it funded less than 43% of the actual operating deficit incurred by the project during FY 22-23.

MSB and MBR continue to exercise good faith efforts to operate the ReSource Center according to specifications despite the challenges of chronic underfunding for the past 2.5 years since operations commenced in 2021. Such chronic underfunding limits the ability of the facility to function at its potential and continues to damage relationships with its key vendors and suppliers.


Imposing liquidated damages on MSB for the above issue while the project remains underfunded without an approved budget that will cover the operating costs of the project would prevent the facility from achieving its performance requirements and be a counter-productive, project damaging use of limited resources. This would decrease its benefits to the community, the ratepayers and damage the County's reputation.

The County Public Works staff declared to the AQ Community and Supervisor Hartmann at the neighborhood meeting held December 20th, 2022 at the ReSource Center, all necessary resources will be made available to MSB and the Project to solve its issues. It is inconsistent and disingenuous regarding this commitment for County's to impose LDs when the Contractor is diligently implementing the approved compliance plan. Further, Contractor has not received the Revenue Requirement as provided for in the Agreement to cover the costs of the operating the project. Without proper funding, the project cannot be operated in a manner that allows it to meet its performance requirements. All the major issues the facility faces could be fixed with proper funding.

Jeanette, I would appreciate the opportunity to meet with you and your team to discuss all of the above topics and to agree on a path forward on these topics. Please call me at your convenience.

Sincerely,

MSB Investors, LLC



John Dewey

CEO & Managing Member

Attachment 1

August 2023 Monthly Maintenance & Monitoring Report



September 15, 2023
Project No: 23-14398

Jordan Haserot
Water Resources Control Engineer
Land Disposal Unit
Central Coast Regional Water Quality Control Board
(805) 542-4781
Via email: Jordan.Haserot@Waterboards.ca.gov

**Subject: August 2023 Monthly Monitoring and Maintenance Report Transmittal Letter
Tajiguas Compost Management Unit, 14470 Calle Real, Goleta, California 93117**

Dear Addressee:

Rincon Consultants, Inc. (Rincon) has prepared this Transmittal Letter on behalf of Mustang Renewable Power Ventures, LLC. (Discharger) for the Tajiguas Compost Management Unit located at 14470 Calle Real, Goleta, California 93117 (Facility) to explain the essential points of this Monthly Monitoring and Maintenance Report (MMMR) and identify violations and a description of the actions taken or planned for correcting those violations. MMMR Requirements per the Monitoring and Reporting Program (MRP), revised May 8, 2023, include the following:

1. Transmittal Letter, as required by MRP B.1.a.
2. Statement of Certification, in accordance with Compost General Order Report Requirement 5. (Attachment 1)
3. Map showing location of observation stations or monitoring points as required by MRP B.1.b. (Attachment 4)
4. Map showing where ponding on the working surface was observed, estimated size of affected area, and flow rate of wastewater leaving the Facility (information in MRP section A.1.a. as required to be reported per MRP B.1.c). (Attachment 4)
5. Map showing where wastewater had affected areas outside of the Facility (information in MRP section A.1.a. as required to be reported per MRP B.1.c). (Attachment 4)
6. Photographs of observed and corrected deficiencies (information in MRP section A.1.a. as required to be reported per MRP B.1.c). (Attachment 3)
7. Available capacity within storage systems and capacity contained, estimated in gallons (information in MRP section A.1.b. as required to be reported per MRP B.1.d). (Attachment 5)
8. Status of Compost General Order compliance and the status of correcting violations, as required by MRP B.1.j. (Attachment 2)
9. Information for the percent of physical contaminants (e.g., glass, metal, plastic) by dry weight of received feedstock at the compost facility within the reporting month or what the primary physical contaminants were, as required by MRP B.1.k.



- a. The Discharger sent a sample of Anaerobic Digester Facility (ADF) digestate, collected on July 28, 2023, to Soil Control Lab for analysis of the percentage of physical contaminants. Results are included in Attachment 6.
 - b. The Discharger sent a sample of ADF digestate, collected on August 14, 2023, to the University of Wisconsin Oshkosh for analysis of the percentage of physical contaminants. Results are included in Attachment 6.
- 10. Monthly Facility inspections and corresponding observations. (Attachment 7)
 - 11. Monthly Wastewater Management System inspections and observations. (Attachment 7)
 - 12. A table reporting daily rainfall (inches) during each monthly monitoring period. (Attachment 8)
 - 13. Major Storm Events. (Not applicable to July 2023).
 - 14. Surface Water Diversion Monitoring. (Not applicable to July 2023).
 - 15. Tank Monitoring. (Not applicable to July 2023).
 - 16. Detention Pond Monitoring (Not applicable to this Facility).
 - 17. Biosolids Monitoring (Not applicable to this Facility).
 - 18. Groundwater Protection Monitoring (Not applicable to this Facility).

Please contact us at (805) 319-4092 if you have any questions regarding the information associated with this transmittal letter.

Sincerely,
Rincon Consultants, Inc.

Caitlyn Teague, QISP, QSD/P
Senior Environmental Scientist

Matt Dunn
Project Manager

Attachments

- Attachment 1 Statement of Certification
- Attachment 2 UPDATED Response to Notice of Violation dated June 20, 2023
- Attachment 3 Photographs
- Attachment 4 Site Maps
- Attachment 5 Available Storage System Capacity
- Attachment 6 Compost Feedstock Reports (July and August 2023)
- Attachment 7 Facility and Wastewater Management System Inspection Observations (August 2023)
- Attachment 8 Monthly Rainfall Report (August 2023)

Attachment 1

Statement of Certification



Statement of Certification

Approval and Certification of the Monthly Monitoring and Maintenance Report for the Tajiguas Compost Management Unit, in accordance with Compost General Order Report Requirement 5.

"I certify under penalty of law that this document, including all attachments and supplemental information, were prepared under my direction and supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment."

Signature of Legally Responsible Person

September 14, 2023

Date

John Dewey, Chief Executive Officer
Mustang Renewable Power Ventures, LLC

Name of Legally Responsible Person

(805) 259-9499

Telephone Number

Attachment 2

UPDATED Response to Notice of Violation dated June 20, 2023

CCRWQCB Notice of Violation to Santa Barbara County Resource Center CMU
 Pending Response - Summary Status

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Item	Document	Alleged Violation	Status of Corrective Action
1	Central Coast Regional Water Quality Control Board (CCRWQCB) Notice of Violation (NOV) June 20, 2023	On June 13, 2023, the CCRWQCB performed an inspection of the Facility. The June 13, 2023, Inspection Report noted that the violations outlined in the March 13, 2023, NOV had not been corrected. The continued Compost General Order violations include the following: 1. Water and wastewater have not been managed in accordance with the operational procedures within the approved Water and Wastewater Management Plan (WWMP), which is required by Compost General Order Specification 6.	1. The final WWMP will be submitted as soon as possible, pending discussion with the CCRWQCB for clarification and content.
2	CCRWQCB NOV June 20, 2023	2. The unauthorized discharge of wastewater to surface water (Pila Creek), which violates Compost General Order Prohibition 6. During the June 13, 2023, inspection wastewater was seen leaving the Facility and entering two landfill stormwater drains that connect to landfill sediment basins. According to County staff, the basins discharged to Pila Creek on April 4.	2. Completed. The June 13, 2023 Wastewater Discharge Incident Report and associated laboratory results were submitted to the CCRWQCB on August 14, 2023, and uploaded to GeoTracker on August 15, 2023.
3	CCRWQCB NOV June 20, 2023	3. The discharge of feedstock and compost outside of designated areas, including below the conveyor connecting the ADF to the CMU, and the D-table area which still does not have a berm surrounding the working surface as was indicated within the Facility's technical report, which is a violation of Compost General Order Prohibition 1 and Specification 4.	3. Completed. An additional scraper was welded onto the underside of the conveyor (return side) at the drop point in the CMU deck bunker to reduce digestate spillage on the return (underside) conveyor to prevent discharge of feedstock outside of designated areas.
4	CCRWQCB NOV June 20, 2023	4. Facility berms continue to be damaged, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 10 and Maintenance Requirement 1.	4. Completed. Facility berms have been improved. Asphalt repairs were completed at the ReSource Center on June 30, 2023. Additional asphalt repairs were completed on July 14 and July 28, 2023.
5	CCRWQCB NOV June 20, 2023	5. The Facility conveyance system pipes continue to be damaged and leak wastewater to areas outside of the Facility, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 11.	5. Pending completion. The conveyance system pipe repair is underway and currently 1-2 weeks away from being completed. Scheduled to be completed prior to October 1, 2023. Progress photographs are included in Attachment 3 of the August 2023 Monthly Monitoring and Maintenance Report.
6	CCRWQCB NOV June 20, 2023	6. The Dischargers have not implemented sufficient corrective actions to address previous noncompliance violates General Order Additional Requirement 2.	6. Completed. A summary of corrective actions that address previous non-compliance was included in the June 2023 monthly report submitted on July 15th, 2023..
7	CCRWQCB NOV June 20, 2023	7. The Dischargers have not adequately reported events of noncompliance or notified Central Coast Water Board of all Compost General Order (CGO) violations, such as notification and reporting of the continued wastewater discharges from the Facility, which violates Compost General Order Monitoring and Reporting section B.3. and Compost General Order Notification Requirement 4.	7. Completed. The June 13, 2023 Wastewater Discharge Incident Report and associated laboratory results were submitted to the CCRWQCB on August 14, 2023, and uploaded to GeoTracker on August 15, 2023. The Discharger will adequately report events of noncompliance or notify the Central Coast Water Board of CGO violations in the future.
8	CCRWQCB NOV June 20, 2023	8. Use of unapproved feedstocks due to the inclusion of significant physical contaminants, including plastics and glass, which is prohibited by Compost General Order Prohibition 3 and 4 and Specification 7.	8. Response to CCRWQCB August 29, 2023 email pending. The Discharger Response to March 17, 2023, Notice of Violation; Alleged Violation 8 was included in Attachment 6 of the July 2023 Monthly Monitoring and Maintenance Report, submitted on August 15, 2023.
9	CCRWQCB NOV June 20, 2023	9. As indicated in the March 17, 2023, NOV, the drainage conveyance pipes were leaking wastewater outside of the Facility. The March 20, 2023, response to the March 17, 2023, Notice of Violation submitted on behalf of the Dischargers, indicated that the drainage conveyance pipes would be fixed after the rainy season. Per the Compost General Order, the "wet season" is defined as October 1 to April 30. As was noted in the June 13, 2023, inspection report, the pipes have not been repaired and the pipes continue to discharge wastewater from the Facility, even after the end of the wet season.	9. Pending completion. The conveyance system pipe repair is underway and currently 1 to 2 weeks away from being completed. Scheduled to be completed prior to October 1, 2023.
10	CCRWQCB NOV June 20, 2023	10. MRP B.3. and B.4. require that the Dischargers notify the Central Coast Water Board within 48 hours of knowledge of Compost General Order violations or within 24 hours of becoming aware of noncompliance that endangers human health or the environment. As required by MRP B.4. the Dischargers must submit a report within 10 working days of an incident such as a wastewater discharge. No such report has been submitted for the discharge noted during the June 13, 2023, inspection.	10. Completed. The June 13, 2023 Wastewater Discharge Incident Report and associated laboratory results were submitted to the CCRWQCB on August 14, 2023, and uploaded to GeoTracker on August 15, 2023.
11	CCRWQCB NOV June 20, 2023	11. During the June 13, 2023, inspection, Central Coast Water Board staff informed the Dischargers that a wastewater sample must be taken of the wastewater discharging from the Facility, that they must estimate the volume of discharge, and must immediately stop wastewater from discharging. On June 15, 2023, Rincon Consultants, Inc., on behalf of the Dischargers, verified via email that the Dischargers collected a wastewater sample from the leaking Facility runoff collection pipes on June 14, 2023. The Facility continues to be in violation of MRP B.4. until a complete incident report is submitted and the discharge ceases. The Dischargers must also correct impacts from the discharge, such as the removal of impacted soil and wastewater that flowed offsite.	11. Completed. The June 13, 2023 Wastewater Discharge Incident Report and associated laboratory results were submitted to the CCRWQCB on August 14, 2023, and uploaded to GeoTracker on August 15, 2023.
12	CCRWQCB NOV June 20, 2023	12. Compost General Order Monitoring Requirements 1 and 2 require that Dischargers comply with the requirements within the site specific MRP. MRP B.1. requires the submittal of monthly monitoring and maintenance reports by the 15th of each month. On June 14, 2023, Rincon Consultants, Inc. submitted the May 2023 Monthly Monitoring and Maintenance Report for the Tajiguas Compost Management Unit. The report was found to be insufficient at meeting the MRP requirements.	12. Completed. The revised May 2023 and June 2023 Monthly Monitoring and Maintenance Reports (MMMRs) were submitted in compliance with the MRP requirements on July 15, 2023. The July 2023 MMMR was submitted in compliance with the MRP requirements on August 15, 2023.

Attachment 3

Photographs

Attachment 5 - MSB Response to County's September 13, 2023 Letter
Photograph Documentation of Corrective Actions – September 15, 2023



The conveyance system pipe repair is underway and currently scheduled to be completed prior to October 1, 2023.

Attachment 5 - MSB Response to County's September 13, 2023 Letter
Photograph Documentation of Corrective Actions – September 15, 2023



The conveyance system pipe repair is underway and currently scheduled to be completed prior to October 1, 2023.

Attachment 5 - MSB Response to County's September 13, 2023 Letter
Photograph Documentation of Corrective Actions – September 15, 2023

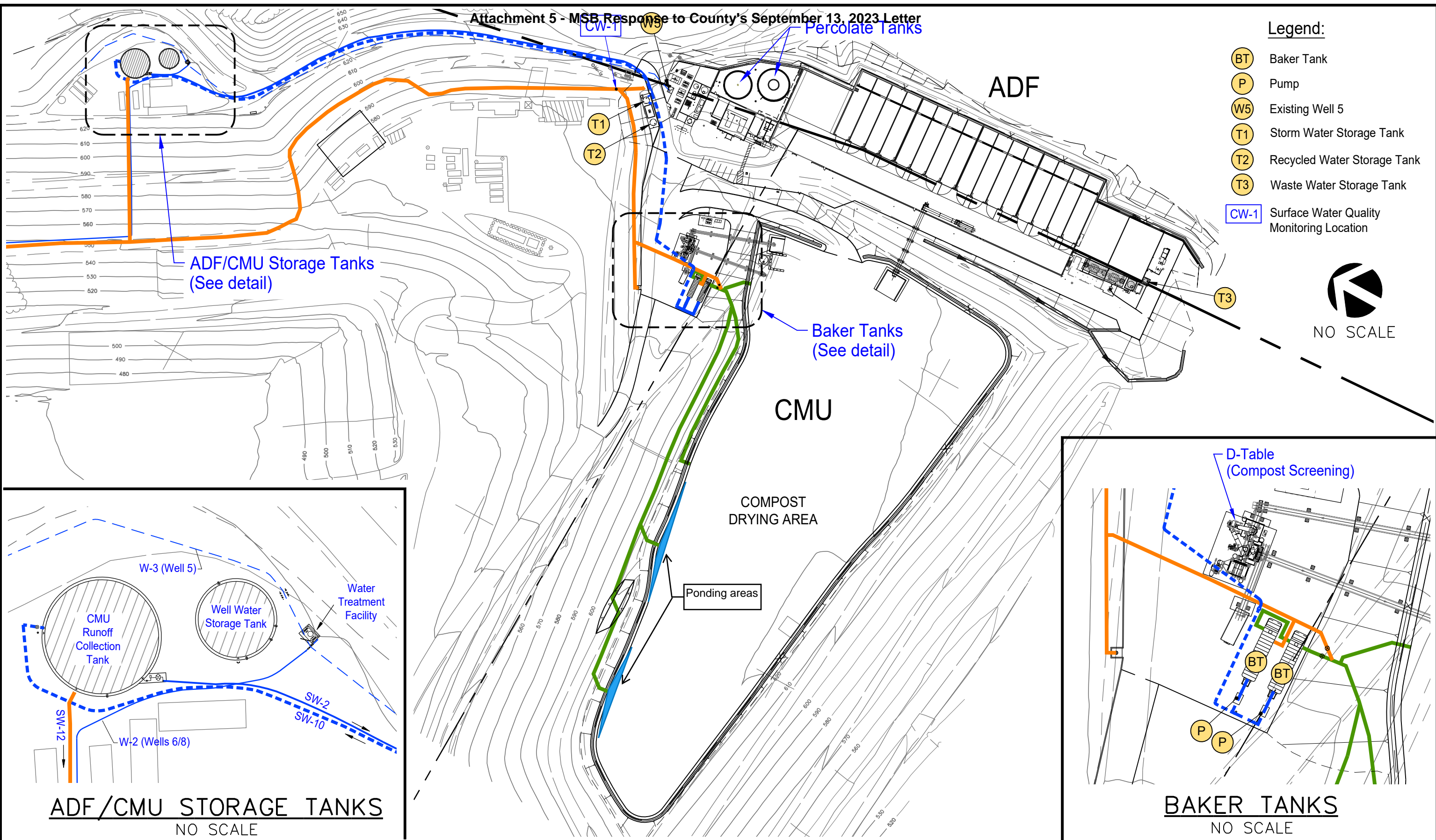


The conveyance system pipe repair is underway and currently scheduled to be completed prior to October 1, 2023.

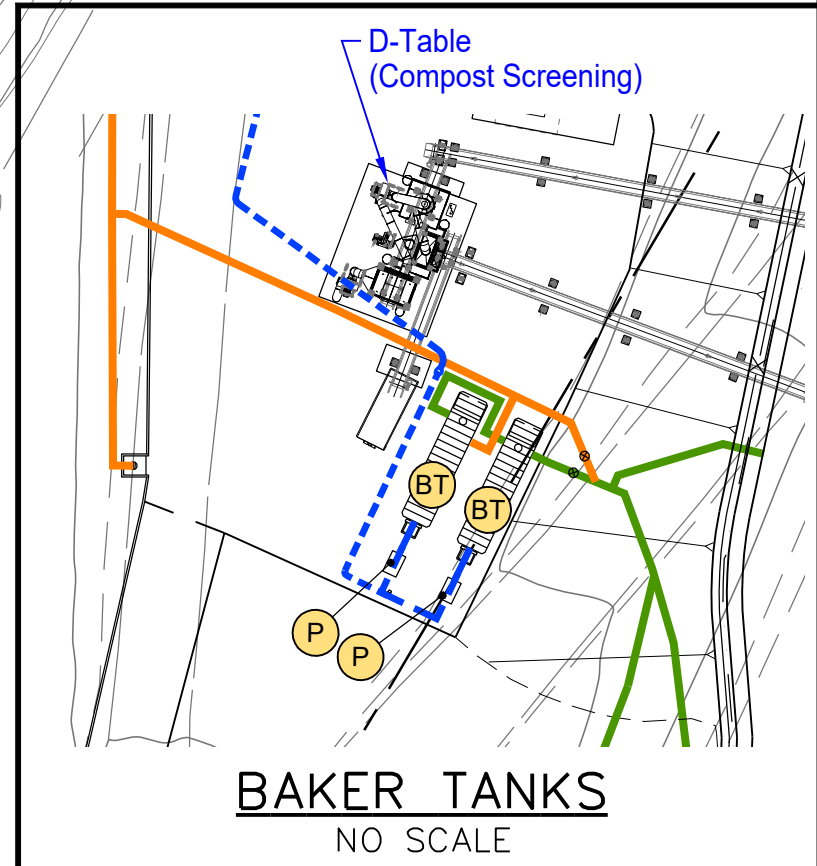
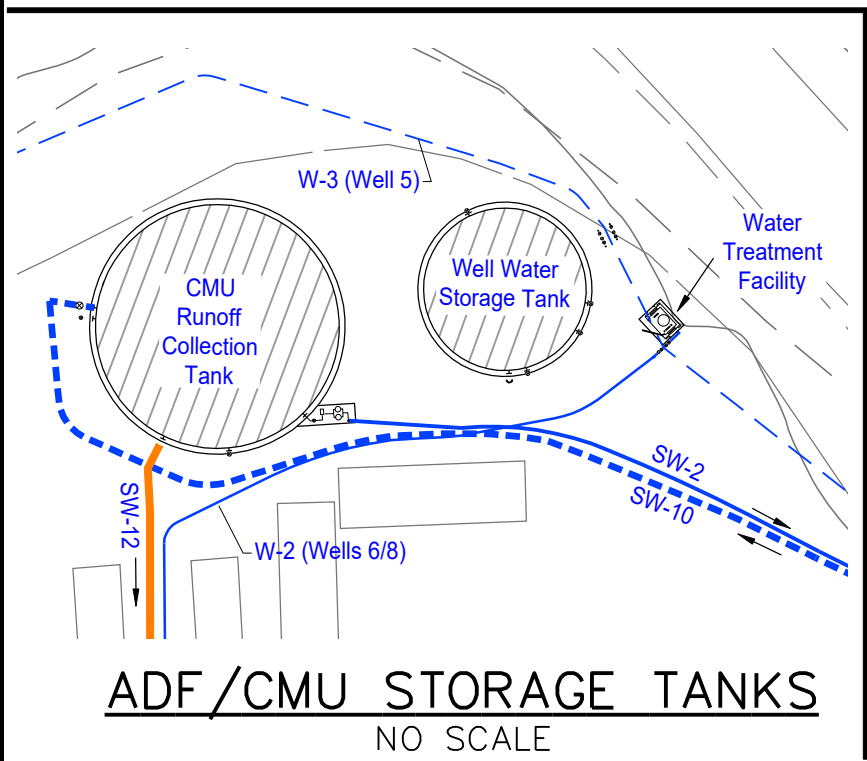
Attachment 4

Site Maps

S:\Work\Projects\Tajiguas\Drawings\CMU\Exhibits\CMU Stormwater System.dwg 7/5/2023 3:23 PM



- Legend:**
- BT Baker Tank
 - P Pump
 - W5 Existing Well 5
 - T1 Storm Water Storage Tank
 - T2 Recycled Water Storage Tank
 - T3 Waste Water Storage Tank
 - CW-1 Surface Water Quality Monitoring Location



Prepared by:
John Kular Consulting
 3790 Kingsbarns Dr, Roseville, CA 95747
 661-302-1292 kularconsult.com

- Runoff Collection
- - - 25-yr/24-hr Runoff to CMU Runoff Collection Tank
- Overflow Collection to North Sedimentation Basin
- Water Supply from Well or Runoff Collection Tank

Tajiguas ReSource Center
CMU Stormwater System

Attachment 5

Available Storage System Capacity

August 2023 Available Storage System Capacity

As of August 31, 2023, the two Baker tanks (near the D-table) that receive leachate and stormwater from the CMU are empty and have a combined available storage capacity of approximately 42,000 gallons.

As of August 31, 2023, the site stormwater tank (CMU Runoff Collection tank) is approximately 37.28% full (149,000 gallons) and has an available capacity of approximately 283,000 gallons.

As of August 31, 2023, there is an estimated combined available storage system capacity of 42,000 gallons + 283,000 gallons = 325,000 gallons in the two CMU Baker tanks and site storm water tank.

Attachment 6

Compost Feedstock Reports

SOIL CONTROL LAB

42 HANGAR WAY
WATSONVILLE
CALIFORNIA
95076
USA

Work Order #: 3080006
Account #: 8357
Date Reported: August 25, 2023

Dylan Ellis
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660

Date Received: August 1, 2023
Project #/Name: None / None
Sample Identification: ADF Digestate - collected 07/28/23 14:00
Laboratory #: 3080006-1/1

Inerts in > 4mm fraction

	Results	Units
Film Plastic	2.675	% dw
Hard Plastic	5.123	% dw
Metal	0.136	% dw
Glass	16.025	% dw
Textile, Rubber, Foam	3.383	% dw
Fibers, Organics, Unknown	66.669	% dw
Rocks	5.989	% dw
% Solids	48.1	% as received



ND = Not Detected

% dw = % on a dry weight basis

Method of Analysis: TMECC 03.08

Analyst: Assaf Sadeh







3080006 METAL



3080006 ROCKS, CERAMICS



Attachment 5 - MSB Response to County's September 13, 2023 Letter



UW OSHKOSH ENVIROMENTAL RESEARCH AND INNOVATION CENTER

800 Algoma Blvd • Oshkosh, WI 54901-8648
 Phone (920) 424-3148 • Fax (920) 424-0832 • eric@uwosh.edu • eric.uwosh.edu

Analytical Report

Client: Mustang Renewable Energy
 MSB Investor's LLC

Project: Santa Barbara County Resource Center
 Report Date: 9/1/2023

ERIC ID: B14173
 Client Sample ID: ADF Digestate
 Matrix: Other

Date Collected: 8/14/2023
 Date Received: 8/18/2023

Parameter	Result	Units	Dilution	LOD	LOQ	Date Analyzed	Method	Lab
Man Made Materials (Inerts >4mm) - Total	30.49	% DWB	1.000	-	-	9/1/2023	TMECC 02.02-C	471183460
Man Made Materials (Inerts >4mm) - Plastic	14.11	% DWB	1.000	-	-	9/1/2023	TMECC 02.02-C	471183460
Man Made Materials (Inerts >4mm) - Glass	11.23	% DWB	1.000	-	-	9/1/2023	TMECC 02.02-C	471183460
Man Made Materials (Inerts >4mm) - Metals	5.15	% DWB	1.000	-	-	9/1/2023	TMECC 02.02-C	471183460

Values in brackets represent results greater than or equal to the LOD but less than the LOQ and are within a region of "Less-Certain Quantitation". Results greater than or equal to the LOQ are considered to be in the region of "Certain Quantitation". All LOD/LOQs adjusted to reflect dilution and moisture.

LOD = Limit of Detection
 LOQ = Limit of Quantification
 ND = Not Detected (< LOD)

DWB = Dry Weight Basis
 WWB = Wet Weight Basis

Reviewed by:


Carmen Ebert
 Associate Lab Director

Certifications • WI DNR Cert. # 471183460 • WI DATCP Lab Cert. # 105-445 • EPA Lab # WI01087

Attachment 7

Facility and Wastewater Management System Inspection Observations

A 3.3- MONTHLY BMP INSPECTION REPORT

Date and Time of Inspection: 8/31/2023, 4:00 PM		Date Report Written: 9/4/2023	
Part I. General Information			
Site Information			
Facility Name: ADF/CMU			
Facility Address: 14470 Calle Real, Goleta, CA 93117			
Photos Taken: (Circle one)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Photo Reference IDs:
Weather			
Estimate storm beginning: (date and time) N/A		Estimate storm duration: (hours) N/A	
Estimate time since last runoff from any drainage area: (days or hours) 3 months		Rain gauge reading and location: (in) 37.05, County Weather Station	
Is a "Qualifying Storm Event" predicted or did one occur (i.e., discharge from site preceded by 48-hrs without discharge)? (Y/N) If yes, summarize forecast: No			
Exception Documentation (explanation required if inspection could not be conducted).			
Inspector Information			
Inspector Name: Dylan Ellis		Inspector Title: Plant Manager	
Signature: 			Date: 9/4/2023

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Part II. BMP Observations. Describe deficiencies in Part III.			
Minimum BMPs (List and Inspect all BMPs Implemented)	Failures or other Deficiencies (yes, no, N/A)	Action Required (yes/no)	Action Implemented (Date)
Good Housekeeping			
Areas susceptible to tracking from trucks are swept	No	No	Daily
Pavement under ADF to CMU conveyor free of digestate	No	No	Weekly or As Needed
CMU Deck swept by sweeper	No	No	Daily
Preventative Maintenance			
Inspect and remove clogs in storm water inlets	No	No	Daily
Spill and Leak Prevention and Response			
N/A			
Materials Handling and Waste Management			
19 Windows on Deck	No	No	
Waste products are stored in appropriate containers	No	No	
North Delivery door remotely operated for deliveries	No	No	
Erosion and Sediment Controls			
All control measures are in place	No	No	

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Part II. BMP Observations Continued. Describe deficiencies in Part III.			
Advanced BMPs (List and Inspect all BMPs Implemented)	Adequately designed, implemented and effective (yes, no, N/A)	Action Required (yes/no)	Action Implemented (Date)
Exposure Minimization BMPs			
Compost windrow tarps are ready for deployment	Yes	No	
Stormwater Containment and Discharge Reduction BMPs			
Two baker tanks are 0% Full	Yes	No	
Site Storm water tank at 37.28%	N/A	Yes	Continuous
Available Capacity: ~283,000 gallons			
Capacity Contained: ~149,000 gallons			
Treatment Control BMPs			
N/A			
Other Advanced BMPs			
N/A			

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Part III. Descriptions of BMP Deficiencies		
Deficiency	Repairs Implemented: Note - Repairs must be completed as soon as possible.	
	Repaired (Y/N)	Corrective Action Implemented
1. CMU Lines to Baker Tanks	N	Pipe delivered, expected construction to take place 9/6/2023
2. Empty site storm water storage	N	Reducing volume via transfer to percolate tanks at earliest time
3. Street Sweeping of CMU	Y	Rental sweeper attained for sweeping
4. Asphalt Repairs	N	New section of asphalt repair required near electrical wood chipper.

Part IV. Additional Corrective Actions Required. Identify additional corrective actions not included with BMP Deficiencies (Part III) above. Identify BMPs that need more frequent inspection. Note if SWPPP change is required.	
Required Actions	Implementation Date
Level sensor on baker tank 1B, installed but awaiting electrical work.	Prior to 9/30/2023

Attachment 5 - MSB Response to County's September 13, 2023 Letter


Appendix 3

Table A3.1- ADF/CMU Annual Report and Monthly Dry Weather Site Inspection Forms

LOCATION	CONDITION	DATE
Water storage tank	No leaks	8/31/2023
Compost runoff	None, CMU Inlets blocked	8/31/2023
CMU tarpaulin	Ready for deployment	8/31/2023
Concrete swales	No Damage	8/31/2023
ADF FloGard CB Filters	Clear of Debris, no damage	8/31/2023
ADF storm drain system	No ADF Storm Drain Issues	8/31/2023
Percolate tanks	No Leaks	8/31/2023
Baker tank pumps	No leaks, electrical required for level sensor required for Baker Tank 1B.	8/31/2023
Baker tanks	No leaks, tanks empty and clean	8/31/2023
CMU Pad	10'x10' section near chipper requires repair.	8/31/2023
Biofilter drains	No issues	8/31/2023
Advanced septic systems	No leaks, fully functional	8/31/2023
ADF parking lot and driveways	No issues	8/31/2023
SWPPP Update	Not Required	8/31/2023

Conditions to be assessed: operation of mechanical devices, standing water, evidence of leaks, conditions of BMP devices, odors, cracking of paved surfaces or pipes, general cleanliness, etc.

A 3.7

Visual Observation Log - Monthly	
Date and Time of Inspection: 8/31/2023, 4:00 PM	Report Date: 9/4/2023
Facility Name: ADF/CMU	
Weather	
Antecedent Conditions (last 48 hours): Sunny	Current Weather: Sunny
NSWD Observations	
Were any authorized non-stormwater discharges observed?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Were any unauthorized non-stormwater discharges observed?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If yes to either, identify source:	
Outdoor Industrial Equipment and Storage Area Observations	
Complete Monthly BMP Inspection Report	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Drainage Area CW 1:	Were any deficiencies or any other potential source of industrial pollutants observed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Drainage Area CW 2:	Were any deficiencies or any other potential source of industrial pollutants observed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Drainage Area CW 3:	Were any deficiencies or any other potential source of industrial pollutants observed? Yes <input type="checkbox"/> No <input type="checkbox"/>
If yes to any, describe:	
Exception Documentation (explanation required if inspection could not be conducted).	
Inspector Information	
Inspector Name: Dylan Ellis	Inspector Title: Plant Manager
Signature: 	Date: 9/4/2023

Attachment 8

Monthly Rainfall Report

Attachment 5 - MSB Response to County's September 13, 2023 Letter

Reading	Value	Unit
8/1/2023 0:00	0	in
8/2/2023 0:00	0	in
8/3/2023 0:00	0	in
8/4/2023 0:00	0	in
8/5/2023 0:00	0	in
8/6/2023 0:00	0	in
8/7/2023 0:00	0.02	in
8/8/2023 0:00	0	in
8/9/2023 0:00	0.01	in
8/10/2023 0:00	0	in
8/11/2023 0:00	0.01	in
8/12/2023 0:00	0	in
8/13/2023 0:00	0	in
8/14/2023 0:00	0.01	in
8/15/2023 0:00	0.04	in
8/16/2023 0:00	0.02	in
8/17/2023 0:00	0	in
8/18/2023 0:00	0.01	in
8/19/2023 0:00	0	in
8/20/2023 0:00	0	in
8/21/2023 0:00	0.08	in
8/22/2023 0:00	0	in
8/23/2023 0:00	0	in
8/24/2023 0:00	0	in
8/25/2023 0:00	0	in
8/26/2023 0:00	0	in
8/27/2023 0:00	0	in
8/28/2023 0:00	0	in
8/29/2023 0:00	0	in
8/30/2023 0:00	0	in
8/31/2023 0:00	0	in
August 2023 rainfall total	0.2	in

https://rain.cosbpw.net/site/?site_id=91&site=84028588-fd24-48f5-8e82-83bbf7f0c812

Attachment 2

Response to March 17, 2023, Alleged Violation 8



August 15, 2023
Project No: 23-14398

John Dewey
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza Drive, Suite 200
Newport Beach, CA 92660
Via email: john@deweygroup.com

**Subject: Response to March 17, 2023, Notice of Violation; Alleged Violation 8,
Tajiguas Compost Management Unit, Gaviota, California 93117**

Dear Mr. Dewey:

Rincon Consultants, Inc. (Rincon) has prepared this letter to address Alleged Violation 8 identified in the Tajiguas Compost Management Unit (CMU) Notice of Violation (NOV) dated March 17, 2023, issued by the Central Coast Regional Water Quality Control Board (CCRWQCB). Alleged Violation 8 pertains to the presence of unapproved materials in composting feedstock at the Tajiguas CMU, hereafter referred to as the Facility.

Alleged Violation 8: Unapproved Materials in Composting Feedstock

Facility feedstocks listed in the notice of intent and Technical Report are green material and anaerobic digestate. The [Compost General Order](#) requires that anaerobic digestate be derived from allowable Tier 2 feedstocks. Additionally, the Compost General Order defines anaerobic digestate as, "the solid portion of the material remaining after the anaerobic digestion of any combination of agricultural materials, biosolids, sewage sludge, food materials, green materials, manure, paper materials, or vegetative food materials. Dewatered digestate contains organic matter that may need to be further treated to stabilize it, usually through aerated composting." The Compost General Order prohibits any feedstock, additive, or amendment other than those specifically described in the Compost General Order, unless approved by the Regional Water Board. Based on information provided by the Discharger via email on March 15, 2023, and presented in the March 13, 2023, inspection report including the March 15, 2023, email as attachment 1 and inspection photos, feedstock at the site contain significant amounts of inorganic contaminants including glass and plastics, which are not approved feedstocks, additives, or amendments, nor are these materials compostable. This is a violation of Compost General Order Prohibition 3 and 4 and Specification 7. The Discharger must comply with the Compost General Order and ensure that only approved feedstocks are stored and/or composted at the Facility. For a full list of approved Tier 1 and 2 feedstocks allowed in anaerobic digestate, please see Compost General Order Table 2."

Notice of Violation Understanding

The NOV indicated that composting feedstock at the CMU contained "significant" amounts of contaminants, such as glass and plastic. The Compost General Order (CGO) specifically forbids the use of any feedstock, additive, or amendment that is not explicitly described in the CGO, unless it has been approved by the CCRWQCB. Furthermore, the NOV pointed out that the CGO Notice of Intent (NOI) and



CMU Technical Report only identified green material and anaerobic digestate as allowable feedstock. Lastly, the NOV emphasized that the presence of contaminants in the composting feedstock is in direct violation of Prohibitions 3 and 4, as well as Specification 7 outlined within the CGO.

Background and Feedstock Materials

The approved 2021 CMU Technical Report and NOI identifies digestate produced from the anaerobic digester facility (ADF), clean wood, and green waste as the feedstock materials received at the CMU, which are allowable feedstock materials as described in the CGO. Materials sent to the ADF include organic wastes collected from the Materials Recovery Facility (MRF) which separates municipal solid waste into three streams: recyclables, organics, and residual. It is understood that the inert contaminants observed by the CCRWQCB originated from digestate, not green waste or clean wood feedstocks.

The Technical Report and NOI do not identify additives or amendments to be used in composting operations. However, the Technical Report, along with the Final Subsequent Environmental Impact Report (EIR) do describe the presence of inert contaminants in digestate and municipal waste delivered to the ADF along with removal procedures during final screening that allow the final compost to achieve the physical contaminate levels for land application. Additionally, the EIR states that the inert contaminants facilitate the anaerobic digestion process and that at least 90 percent of contaminants from the MRF would be removed during the final compost screening process. This highlights the reliance of contaminant removal during final screening. As such, CMU processes and operations pertaining to potential contaminants in feedstock were properly described to the CCRWQCB during environmental review and CGO Report of Waste Discharge filing. No comments on these documents were provided by the State Water Resources Control Board (SWRCB) or CCRWQCB on digestate management and feedstock control.

Adherence to California Code of Regulations

The CMU adheres to the California Code of Regulations (CCR), Title 14, Division 7, Chapter 3.1 requirements for composting operations which include allowable quantities of physical contamination, or "mixed material," for green material and vegetative food material feedstocks. CCR does not provide allowable mixed material quantities for digestate. Additionally, CCR includes mixed material in its definition of feedstock. For the purposes of this assessment the terms physical or inert contaminants and mixed material are used interchangeably.

CCR defines **mixed material** as:

CCR, Title 14, Division 7, Chapter 3.1, Section 17852(a)(26): "... a **feedstock** that is not source separated or contains 1.0% or more of physical contaminants."

CCR defines **feedstock** as:

CCR, Title 14, Division 7, Chapter 3.1, Section 17852(a)(19): "any compostable material used in the production of compost or chipped and ground material including, but not limited to, agricultural material, green material, vegetative food material, food material, biosolids, digestate, **and mixed material**. Feedstocks shall not be considered as either additives or amendments."

The definition of **digestate** per the CCR is as follows, which notably does not include allowances or maximum concentrations for mixed material:

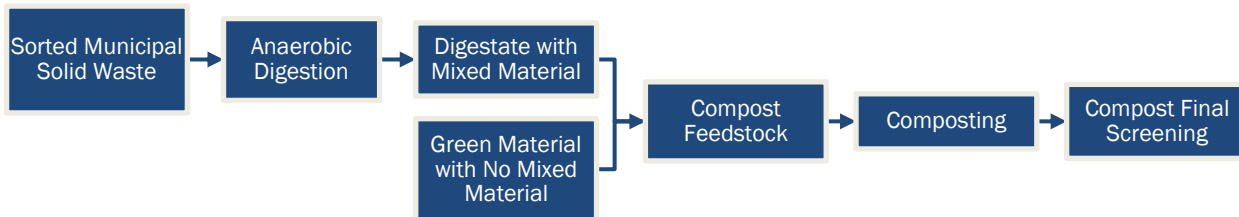


CCR, Title 14, Division 7, Chapter 3.1, Section 17852(a)(13.5): *“the solid and/or liquid residual material remaining after organic material has been processed in an in-vessel digester, as defined in section 17896.2(a)(14).”*

Lastly, CCR defines **green material** as:

CCR, Title 14, Division 7, Chapter 3.1, Section 17852(a)(21): *“any plant material except food material and vegetative food material that is separated at the point of generation, contains no greater than 1.0 of percent physical contaminants by dry weight, and meets the requirements of section 17868.5. Green material includes, but is not limited to, tree and yard trimmings, untreated wood wastes, natural fiber products, wood waste from silviculture and manufacturing, and construction and demolition wood waste. Green material does not include food material, vegetative food material, biosolids, mixed material, material separated from commingled solid waste collection or processing, wood containing lead-based paint or wood preservative, or mixed construction and demolition debris.”*

Below is a conceptual diagram that describes CMU composting processes as it relates to the definitions and operations presented above.



Evaluation of California Code of Regulations and Compost General Order Definitions

Since the definition of digestate does not consider maximum amounts of mixed material, and the definition of feedstock does include mixed material, it is evident that CCR does allow inert mixed materials in digestate feedstock. Additionally, the CGO does not provide any allowable maximum amounts of physical contamination or mixed materials for individual feedstock types. Recognizing that a certain level of mixed materials in compost feedstock is expected, the allowances of mixed material in compost feedstock as described in CCR should also apply to the CGO.

Evaluation of Similar Facility Operations Under the Compost General Order

Additionally, recent CGO inspection reports were reviewed from other composting facilities within the Central Coast Region, and at least one other composting facility with anaerobic digest feedstock showed a high proportion of inorganic contaminants (mixed materials) in their compost piles with no associated NOV. This supports the fact that the present of mixed materials in compost feedstock is found in other composting operations, and that the approach is part of common industry practices. In addition, it appears that allowances for mixed materials in compost feedstock may not be consistently regulated and that the regulatory overlap between the CGO with its compost management aims and the mandates of CCR remain vague.



Conclusion

Although the CGO does not specifically identify mixed material allowances, it is evident that some degree of mixed material is accepted in compost feedstock prior to final screening, which is consistent with CCR. However, the threshold at which a quantity of mixed material in feedstock becomes substantial enough to trigger a NOV remains unclear. Nonetheless, it is recommended that the CGO Technical Report be amended, and a revised NOI be submitted to include one of the following:

1. Mixed material as an allowable feedstock as approved by the CCRWQCB; or
2. Including mixed material as an additive as approved by the CCRWQCB.

By implementing this strategy, transparent criteria for managing inert mixed material in feedstock or additives for the CMU can be established. Furthermore, with recent and future improvements at the CMU including enhancements to windrow covers, repairs and improvements to waste and stormwater conveyance infrastructure, and enhanced good housekeeping best management practices, the inclusion of mixed material either as an approved feedstock or additive would not cause, threaten to cause, or contribute to conditions of pollution, contamination, or nuisance.

Sincerely,

Rincon Consultants, Inc.

Thomas Sanford, QSD/P, QISP
Watershed Scientist

Kiernan Brtalik, MESM, CPSWQ, QSD/P
Director, Watershed Sciences

Attachment 3

June 2023 NOV Response

Attachment 5 - MSB Response to County's September 13, 2023 Letter

John Dewey

From: Caitlyn Teague <cteague@rinconconsultants.com>
Sent: Saturday, July 15, 2023 2:14 PM
To: Olson, Tammie@Waterboards; John Dewey; mcgolpin@countyofsb.org
Cc: johnkularpe@gmail.com; Dylan Ellis; mwilder@countyofsb.org; tspier@countyofsb.org; jgonzal@countyofsb.org; cwilder@countyofsb.org; kevbrown@countyofsb.org; ncamposbernal@sbcphd.org; Tkac, Jacqueline N.@Waterboards; Schroeter, Angela@Waterboards; Lodge, Ryan@Waterboards; Haserot, Jordan@Waterboards; Tryon, Thea@Waterboards; Anderson, Tamara@Waterboards; Stanley, Todd@Waterboards; Woodard, Jesse@Waterboards; Torin Snyder; Kiernan Brtalik
Subject: RE: NOTICE OF VIOLATION: TAJIGUAS COMPOST MANAGEMENT UNIT, SANTA BARBARA COUNTY
Attachments: Response to June NOV_July 15 2023.pdf; Photo documentation of corrective actions July 15 2023.pdf

Dear Central Coast Regional Water Quality Control Board,

On behalf of Mustang Renewable Power Ventures, LLC. (Discharger), Rincon Consultants, Inc. (Rincon) has prepared the attached Response to June 20, 2023, NOV, and Photo documentation of corrective action items at the Tajiguas CMU (Facility). The attached files can also be accessed at the link below.

<https://rinconconsultants.files.com/f/b6c9f8840b557642>

The Response to June NOV table has been formatted to address each alleged violation (Items 1-12) identified in the June 20, 2023, NOV. Each item includes a description of the alleged violation, the status of corrective action, documents to rectify/develop, and a proposed schedule.

The photo documentation of corrective actions compares (before) photographs from the [June 13, 2023 inspection report](#) and (after) photographs from July 14, 2023 that document repairs made at the Facility.

We would like to request a follow up meeting with the Water Board to review progress at the Facility and demonstrate our commitment to compliance with the Compost General Order and all water quality standards. Please let us know when a follow up meeting can be scheduled and do not hesitate to reach out with any questions or requests.

Thank you,
Caitlyn

Caitlyn Teague, QSD/P, QISP, Sr. Environmental Scientist

(She/Her/Hers)

805-644-4455 Main | 805-509-8399 Mobile | 805-586-3208 Direct

cteague@rinconconsultants.com



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Ranked 2021 "Best Environmental Services Firm to Work For" by Zweig Group

Time Off Alert: 07/21 – 07/24

From: Olson, Tammie@Waterboards <Tammie.Olson@Waterboards.ca.gov>
Sent: Tuesday, June 20, 2023 3:31 PM
To: john@deweygroup.com; mcgolpin@countyofsb.org
Cc: johnkularpe@gmail.com; dylan@mustangrpv.com; Caitlyn Teague <cteague@rinconconsultants.com>; mwilder@countyofsb.org; tspier@countyofsb.org; jgonzal@countyofsb.org; cwilder@countyofsb.org;

CCRWQCB Notice of Violation to Santa Barbara County ReSource Center CMU
Attachment 5 - MSB Response to County's September 13, 2023 Letter

Item	Document	Alleged Violation	Status of Corrective Action	Documents to Rectify/Develop	Proposed Schedule
1	Central Coast Regional Water Quality Control Board (CCRWQCB) Notice of Violation (NOV) June 20, 2023	On June 13, 2023, the Central Coast Water Board performed an inspection of the Facility. The June 13, 2023, Inspection Report noted that the violations outlined in the March 13, 2023, NOV had not been corrected. The continued Compost General Order violations include the following: 1. Water and wastewater have not been managed in accordance with the operational procedures within the approved Water and Wastewater Mangement Plan (WWMP), which is required by Compost General Order Specification 6.	In Progress. The Discharger is working on operational efficiencies to handle and manage water in accordance with the approved WWMP. Compost Management Unit (CMU) staff will be trained to improve operational procedures and housekeeping in and around the Tajiguas ReSource Center (Facility).	The revised Water and Wastewater Management Plan (WWMP) will include all relevant information related to how water and wastewater will be managed at the Facility. The basic operating philosophy has not changed. Piles will be covered when a stormwater diversion is necessary due to lack of leachate storage capacity and/or saturation of compost windrows. The Discharger will space the piles closer together so that tarpaulins fully overlap over the narrow aisles between the windrows. That will leave a very limited but wide aisle around all the windrows to be mechanically swept by a street sweeper. The outer aisle will be swept regularly irrespective of impending rainfall to prevent compost from being ground into the asphalt surface making it difficult to effectively clean. During the winter of 2022/23, the runoff capacity storage was exceeded several times due to successive heavy rainfalls and the inability of the ADF percolate system to accept wastewater due to equipment malfunctions. Despite the improved procedures described in Section 5, it is conceivable that the runoff capacity storage could be exceeded in the future and that some other cause may prevent the diversion of site runoff which has not contacted compost. In such cases, the contingency plan would be to rent additional baker tanks to be temporarily installed on the CMU deck. High capacity rented trash pumps would transfer collected wastewater from the CMU baker tanks to the rented tanks. We will augment the WWMP text to clarify this.	Corrective actions will be included in monthly monitoring and maintenance reports (monthly reports). UV Tarps have been ordered and will be on-site by July 14, 2023. Rental kick broom will be delivered to the CMU by Friday, July 7, 2023.
2	CCRWQCB NOV June 20, 2023	2. The unauthorized discharge of wastewater to surface water (Pila Creek), which violates Compost General Order Prohibition 6. During the June 13, 2023, inspection wastewater was seen leaving the Facility and entering two landfill stormwater drains that connect to landfill sediment basins. According to County staff, the basins discharged to Pila Creek on April 4.	In Progress. During the June 13, 2023, inspection, Central Coast Water Board staff informed the Dischargers that a wastewater sample must be taken of the wastewater discharging from the Facility, that they must estimate the volume of discharge, and must immediately stop wastewater from discharging. On June 15, 2023, Rincon Consultants, Inc., on behalf of the Dischargers, verified via email that the Dischargers collected a wastewater sample from the leaking Facility runoff collection pipes on June 14, 2023. Laboratory results for the June 14, 2023 are still pending as of July 5, 2023, but the discharge was stopped on June 15, 2023. Once the laboratory results are received, a complete incident report will be submitted. The Discharger has also removed impacted soil. The impacted soil removal is complete and undergoing third party verification with Santa Barbara County personnel.	Incident Report for June 13, 2023 discharge. Pending laboratory results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)
3	CCRWQCB NOV June 20, 2023	3. The discharge of feedstock and compost outside of designated areas, including below the conveyor connecting the ADF to the CMU, and the D-table area which still does not have a berm surrounding the working surface as was indicated within the Facility's technical report, which is a violation of Compost General Order Prohibition 1 and Specification 4.	In Progress. By the end of July 2023, a welder is scheduled to weld a scraper onto the underside of the conveyor (return side) at the drop point in the CMU deck bunker to reduce digestate spillage on the return (underside) conveyor. Any spillage of digestate under the decompactor conveyor to the CMU will be cleaned up at least weekly. The existing BMP of spillage control in the middle of the conveyor (waddle berm and tarp) will be continued. The following repairs were completed by June 30, 2023: 1) Asphalt repairs to the two large areas in front of the CMU bunkers, 2) all CMU berm repairs, and 3) the addition of the asphalt curb/berm around the CMU Baker Tanks.	WWMP and monthly reports	Welding will be completed prior to August 1, 2023.
4	CCRWQCB NOV June 20, 2023	4. Facility berms continue to be damaged, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 10 and Maintenance Requirement 1.	Completed. Facility berms have been improved. Asphalt repairs were completed at the ReSource Center on June 30, 2023. Additional asphalt repairs were completed on July 14, 2023.	WWMP and monthly reports.	Documentation of asphalt repairs will be included in the June monthly report, which will be submitted by July 15, 2023.
5	CCRWQCB NOV June 20, 2023	5. The Facility conveyance system pipes continue to be damaged and leak wastewater to areas outside of the Facility, which violates Compost General Order Design, Construction, and Operation Requirements – All Tiers number 11.	In Progress. The first phase of the leak repair process was completed on Friday, June 23, 2023, when Pacific Petroleum was on site to complete the removal of all sediment in and cleaning of the two permanent baker tanks. We have also blocked off the two existing inlets so no new compost leachate or other liquid on the CMU deck will flow into the piping connecting to the two baker tanks. Any new leachate that may accumulate near the drainage inlets or low points on the CMU deck during the summer months will be collected with our vacuum truck and fed into the ADF percolate system. Additional sandbags have been deployed coupled with asphalt berm repairs will assist in the prevention of flow outside the CMU deck. The aforementioned asphalt berm surrounding the baker tanks is in place to prevent discharge to the environment. Currently, Mustang and Pacific Petroleum are investigating the integrity of the piping and tank systems. Mechanical work is ongoing to ensure system integrity. Drainage inlets will remain blocked off until the completion of the removal and replacement of the corrugated plastic pipe with fused HDPE pipe including the addition of two additional inlets required on the western end of the CMU (required due to nearly two feet of settlement that has occurred since the CMU was constructed in early 2021). The closed and open status of these inlets will be part of our monthly inspections and monitoring report. We received two bids (Raminha and Kirkland Construction) as of June 25, 2023. We have selected Kirkland and have asked them to update their bid with some additional design clarifications recently provided by our engineer, John Kular. As discussed on our teams meeting with Jordan of Santa Barbara County on April 19th, the completion of entire drainage system piping will be completed prior to October 1, 2023. Kirkland has estimated an 8-10 week scheduled for pipe procurement, mobilization and installation and has reconfirmed that they can complete the project no later than October 1, 2023.	WWMP and monthly reports.	Completion of entire drainage system piping will be completed prior to October 1, 2023.
6	CCRWQCB NOV June 20, 2023	6. The Dischargers have not implemented sufficient corrective actions to address previous noncompliance complete violates General Order Additional Requirement 2.	Completed. A summary of corrective actions that address previous non-compliance in the June 2023 monthly report.	June 2023 monthly report.	July 15, 2023 submittal of June monthly report.
7	CCRWQCB NOV June 20, 2023	7. The Dischargers have not adequately reported events of noncompliance or notified Central Coast Water Board of all Compost General Order violations, such as notification and reporting of the continued wastewater discharges from the Facility, which violates Compost General Order Monitoring and Reporting section B.3. and Compost General Order Notification Requirement 4.	In Progress. In addition to monthly reports, in the future, any noncompliance will be reported, and the Water Board notified, as needed, implementing training procedures.	Monthly reports.	July 15, 2023 submittal of June monthly report.

CCRWQCB Notice of Violation to Santa Barbara County ReSource Center CMU
Attachment 5 - MSB Response to County's September 13, 2023 Letter

Item	Document	Alleged Violation	Status of Corrective Action	Documents to Rectify/Develop	Proposed Schedule
8	CCRWQCB NOV June 20, 2023	8. Use of unapproved feedstocks due to the inclusion of significant physical contaminants, including plastics and glass, which is prohibited by Compost General Order Prohibition 3 and 4 and Specification 7.	Objection. The inert, inorganic materials are screened out of the digestate and the compost in several steps using screens with decreasing aperture sizes. Finally, the glass and stones are removed by the desimetric table (D-table). The solid inerts provide a benefit to the composting process by enhancing air flow through the compost windrows. These substances are present during the composting process, but they are not feedstock by definition as they do not form part of the finished compost. The inerts are removed from the finished compost in accordance with the US Compost Council standards. The presence of all of these materials as well as the composting and screening process were all thoroughly described in Section 7.d of the approved CMU Technical report. In summary, there is a regulatory language overlap between SWRCB with its compost management aims and the mandates of Cal Recycle for organic diversion. The premise and design details of ReSource Center's digestate & finished compost management and ADF was noticed properly by Santa Barbara County Planning to RWCQB during environmental review and no comments were submitted by SWRCB or RWQCB on the digestate management and feedstock control.	WWMP and monthly reports.	Compost reports will be included with the revised May 2023 monthly report and future monthly reports.
9	CCRWQCB NOV June 20, 2023	As indicated in the March 17, 2023, NOV, the drainage conveyance pipes were leaking wastewater outside of the Facility. The March 20, 2023, response to the March 17, 2023, Notice of Violation submitted on behalf of the Dischargers, indicated that the drainage conveyance pipes would be fixed after the rainy season. Per the Compost General Order, the "wet season" is defined as October 1 to April 30. As was noted in the June 13, 2023, inspection report, the pipes have not been repaired and the pipes continue to discharge wastewater from the Facility, even after the end of the wet season.	In Progress. Please see Status of Corrective Action on Item 5.	WWMP and monthly reports.	Completion of entire drainage system piping will be completed prior to October 1, 2023.
10	CCRWQCB NOV June 20, 2023	MRP B.3. and B.4. require that the Dischargers notify the Central Coast Water Board within 48 hours of knowledge of Compost General Order violations or within 24 hours of becoming aware of noncompliance that endangers human health or the environment. As required by MRP B.4. the Dischargers must submit a report within 10 working days of an incident such as a wastewater discharge. No such report has been submitted for the discharge noted during the June 13, 2023, inspection.	In Progress. Laboratory results for the June 14, 2023 are still pending as of July 14, 2023, but the discharge was stopped on June 15, 2023. Once the laboratory results are received, a complete incident report will be submitted. The Discharger has also removed impacted soil. The impacted soil removal is complete and undergoing third party verification with the Santa Barbara County personnel.	Incident Report for June 13, 2023 discharge. Pending lab results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)
11	CCRWQCB NOV June 20, 2023	During the June 13, 2023, inspection, Central Coast Water Board staff informed the Dischargers that a wastewater sample must be taken of the wastewater discharging from the Facility, that they must estimate the volume of discharge, and must immediately stop wastewater from discharging. On June 15, 2023, Rincon Consultants, Inc., on behalf of the Dischargers, verified via email that the Dischargers collected a wastewater sample from the leaking Facility runoff collection pipes on June 14, 2023. The Facility continues to be in violation of MRP B.4. until a complete incident report is submitted and the discharge ceases. The Dischargers must also correct impacts from the discharge, such as the removal of impacted soil and wastewater that flowed offsite.	In Progress. Please see Status of Corrective Action on Item 2. The Discharger has also removed impacted soil along the discharge flow path to the stormwater inlets and put into a Pacific Petroleum roll-off bin. It is around 10 yards of material. We do not know where it will be disposed of yet, as we will need to get landfill specific lab analysis completed. We plan to back fill with road base.	Incident Report for June 13, 2023 discharge. Pending laboratory results.	Incident report will be completed by Friday, July 28, 2023 (assuming lab results will be received before then.)
12	CCRWQCB NOV June 20, 2023	Compost General Order Monitoring Requirements 1 and 2 require that Dischargers comply with the requirements within the site specific MRP. MRP B.1. requires the submittal of monthly monitoring and maintenance reports by the 15th of each month. On June 14, 2023, Rincon Consultants, Inc. submitted the May 2023 Monthly Monitoring and Maintenance Report for the Tajiguas Compost Management Unit. The report was found to be insufficient at meeting the MRP requirements*	Completed. The May 2023 Monthly Monitoring and Maintenance Report will be revised and resubmitted in compliance with the MRP requirements. Monthly reports, thereafter will also be in compliance.	May 2023 Monthly Monitoring and Maintenance Report.	May and June 2023 monthly reports will be submitted to GeoTracker prior to July 15, 2023.
*MRP Requirements (Row 13, Item 12)					
1. The report was not properly signed and did not include the proper statement of certification in accordance with Compost General Order Report Requirement 5.					
2. The report did not provide a transmittal letter explaining the essential points including identifying violations as well as actions taken or planned to correct violations, as required by MRP B.1.a.					
3. The report did not include a map showing location of observation stations or monitoring points as required by MRP B.1.b.					
4. The report did not include all information in MRP section A.1.a. as required to be reported per MRP B.1.c. including a map showing where ponding on the working surface was observed, estimated size of affected area and flow rate of wastewater leaving the facility, a map of where wastewater had affected areas outside of the facility, and photographs of observed and corrected deficiencies.					
5. The report did not include all information in MRP section A.1.b. as required to be reported per MRP B.1.d. including not reporting the available capacity within storage systems and capacity contained, estimated in gallons.					
6. The report did not discuss the status of Compost General Order compliance and the status of correcting violations, as required by B.1.j.					
7. The report did not include information for the percent of physical contaminants (e.g., glass, metal, plastic) by dry weight of received feedstock at the compost facility within the reporting month or what the primary physical contaminates were, as required by MRP B.1.k.					

Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 1A. June 13, 2023. Conveyor system that moves compost feedstock (digestate) from the ADF to the CMU continues to have feedstock material beneath the conveyor from fallen material.



Photograph 1B. July 14, 2023. Scraper pending installation on conveyor belt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 2A. June 13, 2023. Compost on D-table working surface. No berm around this area of the CMU, as was included in the approved technical report for the site.



Photograph 2B. July 14, 2023. Asphalt berm has been installed to the west side of the baker tanks.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 3A. June 13, 2023. Orange gloves littered the entrance area of the facility.



Photograph 3B. July 14, 2023. Orange gloves have been removed. Staff will continue to be trained to improve housekeeping procedures.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 4A. June 13, 2023. Pondered wastewater near the north area of the working surface and at the stormwater/wastewater outlet to the stormwater/ wastewater conveyance pipes.



Photograph 4B. July 14, 2023. Pondered water was not observed. The storm drain inlet has been blocked off to prevent leachate from entering the broken conveyance system (pending repair).



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 5A. June 13, 2023. Compost windrows and wastewater.



Photograph 5B. July 14, 2023. Compost windrows, facing south.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 6A. June 13, 2023. Pondered wastewater at the northern portion of the working surface.



Photograph 6B. July 14, 2023. View of working surface, facing west. The berm has been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 7A. June 13, 2023. Compost windrows with wastewater next to the windrows.



Photograph 7B. July 14, 2023. Compost windrows. Minimal leachate observed.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 8A. June 13, 2023. Pondered wastewater at the northern portion of the working surface.



Photograph 8B. July 14, 2023. Pondered water was observed at the northern portion of the working surface. Storm drain inlets have been blocked to prevent discharge to the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 9A. June 13, 2023. Pondered wastewater at the northern portion of the working surface with a scraper pushing compost/material into the ponded area after scraper dragged its blade around the perimeter of the working surface.



Photograph 9B. July 14, 2023. Pondered water was not observed at the northern portion of the working surface. Storm drain inlets have been blocked to prevent discharge to the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 10A. June 13, 2023. Water truck spraying compost windrows.



Photograph 10B. July 14, 2023. CMU deck has been allowed to dry.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 11A. June 13, 2023. Damaged area of the working surface with ponded water and scraped asphalt surface.



Photograph 11B. July 14, 2023. Damaged areas of the working surface have been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 12A. June 13, 2023. Pondered wastewater at the northern portion of the facility.



Photograph 12B. July 14, 2023. Pondered water was not observed at the northern portion of the facility. Storm drain inlets have been blocked to prevent discharge to the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 13A. June 13, 2023. Wastewater near stored screens with littered compost, trash, and other material.



Photograph 13B. July 14, 2023. No water observed.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 14A. June 13, 2023. Piled tarps, not properly stored.



Photograph 14B. July 14, 2023. Tarp storage area. Tarps will be replaced with Gore material later this year.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 15A. June 13, 2023. Tanks of percolate from the ADF stored at the CMU.



Photograph 15B. July 14, 2023. Tanks of percolate from the ADF stored at the CMU.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 16A. June 13, 2023. Water truck spraying compost piles.



Photograph 16B. July 14, 2023. Compost piles facing north.



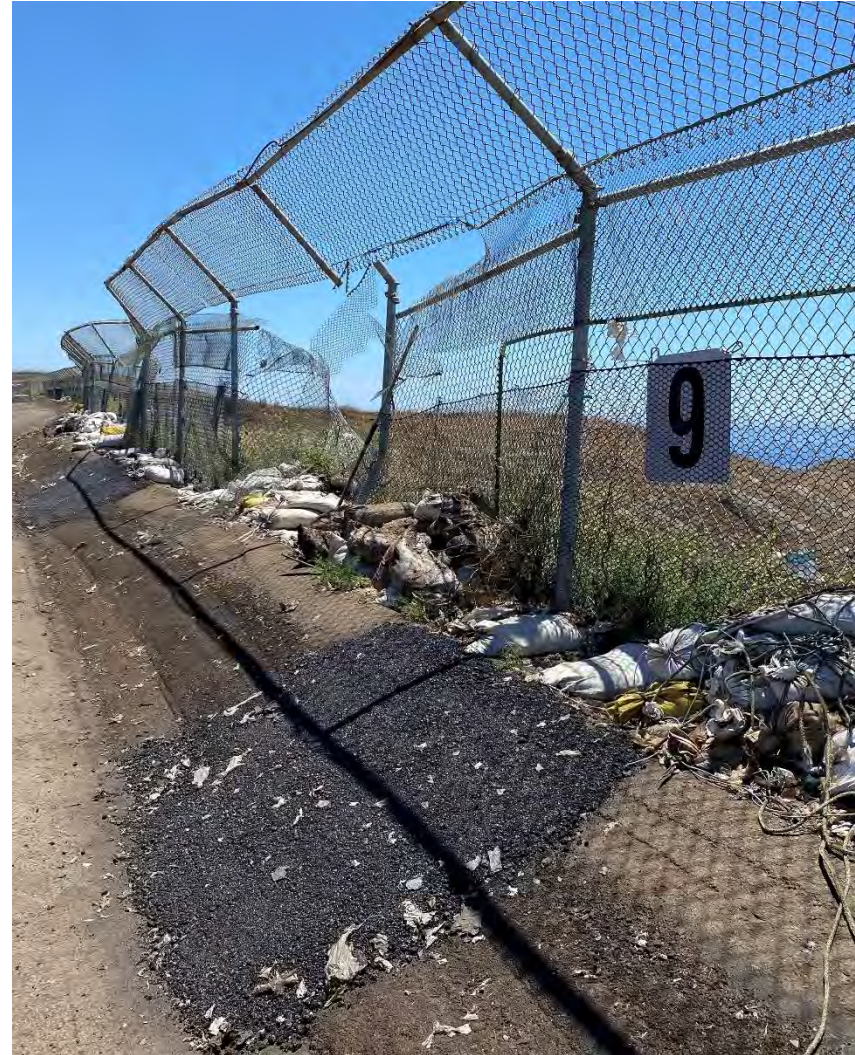
Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 17A. June 13, 2023. Damaged working surface, berms, and litter fence.



Photograph 17B. July 14, 2023. Berm has been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 18A. June 13, 2023. Damaged litter fence.



Photograph 18B. July 14, 2023. The fence is scheduled to be repaired.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 19A. June 13, 2023. Damaged facility berm.



Photograph 19B. July 14, 2023. The facility berm has been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 20A. June 13, 2023. Damaged facility berm.



Photograph 20B. July 14, 2023. The facility berm has been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 21A. June 13, 2023. Significant physical contaminants within windrows.



Photograph 21B. July 14, 2023. Compost windrows, facing south.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 22A. June 13, 2023. Damaged working surface where feedstock/digestate enters the facility from the ADF.



Photograph 22B. July 14, 2023. The working surface where feedstock/ digestate enters the facility from ADF has been repaired with asphalt.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 23A. June 13, 2023. Wastewater flowing off D-table working surface.



Photograph 23B. July 14, 2023. An asphalt berm has been installed to prevent discharge.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 24A. June 13, 2023. Wastewater flowing off D-table working surface.



Photograph 24B. July 14, 2023. An asphalt berm has been installed to prevent discharge.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 25A. June 13, 2023. Wastewater outside of the working surface within recently placed gravel.



Photograph 25B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 26A. June 13, 2023. Wastewater flowing outside of the compost facility towards a lower landfill bench.



Photograph 26B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 27A. June 13, 2023. Wastewater flowing from damaged pipe onto landfill surface.



Photograph 27B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 28A. June 13, 2023. Collected wastewater beneath damaged pipe. Wastewater overflowing from bins.



Photograph 28B. July 14, 2023. There is no longer collected wastewater below the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 29A. June 13, 2023. Wastewater actively flowing from damaged pipes.



Photograph 29B. July 14, 2023. There is no longer wastewater below the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 30A. June 13, 2023. Wastewater actively flowing from damaged pipes.



Photograph 30B. July 14, 2023. There is no longer wastewater below the conveyance system.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 31A. June 13, 2023. Wastewater flowing from the D-table area towards a lower landfill bench.



Photograph 31B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 32A. June 13, 2023. Pipe on bench where wastewater flows to the landfill north sediment basin.



Photograph 32B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 33A. June 13, 2023. Wastewater flowing from the compost facility onto a landfill bench where it enters a stormwater pipe connected to the north sediment basin.



Photograph 33B. July 14, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 34A. June 13, 2023. Wastewater flowing from the compost facility onto a landfill bench where it enters a second stormwater pipe connected to the south sediment basin.



Photograph 34B. July 11, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 35A. June 13, 2023. Wastewater flowing along landfill bench over an unlined area of the landfill.



Photograph 35B. July 11, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 36A. June 13, 2023. Wastewater flowing along landfill bench over an unlined area of the landfill.



Photograph 36B. July 11, 2023. Stained soil has been removed and stored in a roll off bin.



Attachment 5 - MSB Response to County's September 13, 2023 Letter

MSB Investors LLC
Tajiguas ReSource Center

Photo Documentation of Corrective Actions – July 14, 2023



Photograph 37A. June 13, 2023. Wastewater flowing onto a landfill bench, over an unlined area of the landfill, where some wastewater enters a stormwater pipe while the remaining wastewater flows along bench into a second stormwater pipe. The first pipe (photo 32 and 33) connects to the north sediment basin and the second pipe (photo 34 and 37) connects to the south sediment basin.



Photograph 37B. July 11, 2023. Stained soil has been removed and stored in a roll off bin.



ATTACHMENT 6

John Dewey

From: John Dewey
Sent: Thursday, October 12, 2023 12:22 PM
To: 'Carlyle Johnston'; Dylan Ellis; Gerardo Pinelas
Cc: Marty Wilder; Jeanette Gonzales-Knight; Travis Spier
Subject: RE: County Right to Perform: CMU Runoff Pipe Replacement
Attachments: CMU SD Design memo v4.pdf

Carlyle/Travis,

Attached please find John Kular's revised engineering & design plans and related hydraulic engineering analysis and proposed grades of the installed for the drainage pipes.

As previously discussed in our previous emails on this topic, the drainage conveyance system required revised engineering analysis and design based on the following issues that arose during construction:

- 1) in the field construction decision to replace the corrugated pipe in inlets 1 & 2 with connection to the fused HDPE pipe to reduce the risk of future potential leaks at these connection points (i.e., in order to achieve a better long-term drainage system performance with reduced risk of leaks);
- 2) additional settlement to the entire CMU over the past 6-12 months which changed the drain flow lines of the piping which was discovered on our review of the CMU topo flown by the County on 9/28 and provided to Kular on 10/2;
- 3) Ed Dimock highlighting on 9/28 and John Kular confirming on 9/29 the requirement for the fused flanges on the CMU side of the inlets; and,
- 4) pipe supply delivered with Tees instead of the ordered Wyes requiring additional hydraulic analysis.

The attached revised plans and analysis also reflect the contemplated anchorage, #9 rebar stakes anchored in 36" of concrete, with anchorage spacing approved by Kular based on his analysis (i.e., 5' separation for 24" pipe, 10' separation for 18" pipe and 15' separation for 12" pipe). The anchorage was proposed by Kinyon Construction who we have engaged to complete the pipe course setting, grading and anchorage. Please see their attached proposal for the 24" pipe anchorage serving inlets 1 & 2

Work has not been suspended for a single day on this project. As we advised the County on October 3rd and 11th and the Water board on October 4th, work has been ongoing, including revised engineering & design triggered by information that became available late in the construction process, procurement of additional materials required by the revised engineering and design, remobilization of the fuser and crew by Rain for Rent (due to personnel and fuser availability issues we noted to you yesterday) and mobilization of Kinyon Construction to complete the anchorage in order for the system to be completed in the shortest possible schedule consistent with the recently completed engineering & design plans by the project engineer.

Attached please find the executed Kinyon Construction proposal/agreement to complete the fully operational replacement of the existing drainage system including inlets 1 & 2. They are providing a separate proposal tomorrow to complete inlets 3 & 4. Kinyon is scheduled to mobilize on-site on Monday, October 16th. Their schedule includes an estimated 6 days to rig the 24" inlet 2 pipe to temporary move, secure and allow excavation of a sloped bench allowing the pipe to rest in a bench saddle per the Kular plans, to install the #9 rebar anchorage in concrete with a 3-day curing time, followed by 1 day to install the pipe in its design location. Inlet berm concrete anchoring work to be completed concurrent with the above schedule.

Attachment 6 - MSB's Oct. 12, 2023 email to County re: Pipe Repair Status

Carlyle/Travis, please give me a call so that we may coordinate the completion of this important project on a collaborative basis.

Sincerely,

John Dewey
CEO
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660
(805) 259-9499

From: Carlyle Johnston <cjohnst@countyofsb.org>
Sent: Wednesday, October 11, 2023 10:44 PM
To: John Dewey <john@deweygroup.com>; Dylan Ellis <Dylan@mustangrpv.com>; Gerardo Pinelas <Gerardo@mustangrpv.com>
Cc: Marty Wilder <mwilder@countyofsb.org>; Jeanette Gonzales-Knight <jgonzal@countyofsb.org>; Travis Spier <tspier@countyofsb.org>
Subject: County Right to Perform: CMU Runoff Pipe Replacement

Dear John Dewey,

This email is serving as official notice of County Right to Perform under Section 14.8 of the Agreement between the County and MSB (included below for convenience).

Today you were notified by the County's Operations Manager Travis Spier that no work has taken place on the CMU Runoff Pipe Replacement project since the County inspection that took place on October 3, 2023 (an eight day period). Per Section 14.8, the County has the right to take over a project inhibiting performance if activity is has been suspended for seven (7) days or more. Additionally, this project's completion is 11 days past the deadline specified by the RWQCB in their Notice of Violation (NOV). The County is taking over this project and will complete the required work with a private contractor to ensure its completion in a timely manner and in full compliance with the RWQCB.

We expect this work to begin Tuesday, October 17, 2023. Full cooperation with your staff is necessary during this project's completion.

Further details on this project will be shared with you in the coming days.

Please contact me if you have any questions.

Carlyle

Carlyle A. Johnston
Project Leader



SANTA BARBARA COUNTY

**Resource Recovery &
Waste Management Division**

Innovative Environmental Solutions

805 882 3617

ATTACHMENT 7

Attachment 7 - Region 3 Compost Sites-Regulatory Conditions & Comparison

TABLE A - COMPARISON OF REGION 3 COMPOST SITES

Location	Permit #	Compost				Runoff				Water re-use	Overflow	Contingency	Notes
		Area Acres	Surface	Feedstock	Type	R25,24 inches	Runoff Vol. Gallons	Storage Gallons	Design Criteria				
Z-Best, Gilroy	8201	98	compacted soil	MSW, food waste, green material, wood waste	Windrow and ASP	4.75	35 ac-ft	56 ac-ft	V100 for each basin, 6.5 inches storm. Also avg. year rain plus V25 based on monthly V25 runoff not 25Y/24h storm	Projected uniform demand throughout the year	Not in design	Pump from Basin 1 to Basin 2 or vice versa	Dust control use near constant throughout the year approx 3MG/mo. ETo=ET. Extreme rainfall contingency plan is NPDES discharge to Pajaro River.
Gabilan, Monterey	10876	20.0	lime treated, compacted soil	Green waste, food waste, AG waste	Windrow	3.27	8.09 ac-ft	19.8 ac-ft	Maintain 2' freeboard. Not clear how this relates to maintaining V25 availability since ponds are 9' deep and V25=41% of Vtotal	Projected uniform demand throughout the year	Not in design	Rent baker tanks when available storage is < V25, truck to Monterey WWTP	250 feet to water well, 1000 feet to Salinas River. Lined pond. Unadjusted Eto=ET.
Johnson Cyn Landfill, Gonzales	12122	8.0	compacted soil	Green waste, food waste, AG waste	ASP	2.82	852k	1078k	Avg. year water balance + V25	No significant seasonal variation in compost water use.	Not in design	None	720 feet to water well, 770 feet to Johnson Creek, unlined sediment pond, lined storage pond. Concern with lack of water because sediment pond infiltrates into subsurface soil. Pan evaporation x 0.70 =ET.
Goodrow, Atascadero	4320	6.7	compacted soil	Not specified	Windrow	7.0	713k	929k	Avg. year water balance + V25 or + V100 but zero runoff from compost windrows in calculation	66k/mo. Every month.	Not in design	Rent baker tanks, will be triggered in an average year + Q25	"Compost never generates runoff" Storage volume includes compost pads. ETo adjusted downward X 0.76 to = ET. No mention of overflow.
Engel & Grey, Santa Maria	17181016	40.15	compacted soil which doesn't meet RWQCB permeability standard	Green waste, food waste, AG waste, manure, WWTP biosolids	Windrow	3.11	1026k	1629k	V25 + maximum month runoff	2k/month	Not in design	500 GPM discharge to Santa Maria WWTF	Portion of basins are lined. 21 water wells within 0.5 miles. Annual water balance provided by year, not month. Pond evaporation = 0.0. "High infiltration rates at basins means basins are usually empty".
Tajiguas		5.02	asphalt pavement	wood waste, digestate	Windrow-current 2/24- ASP	6.71	433k	444k	V25	Varies	In design	A- stormwater bypass. B- rent baker tanks. C- Treated discharge to sediment pond.	ETo= 60"/yr, ET= 41"/yr. Compost ETo= 0.70 X ETo

ETo= Evapotranspiration

ET=Evaporation

Design Criteria Commentary:

None of the sites are required to continuously provide V25 runoff storage as Region 3 has requested of Tajiguas Resource Center CMU.

Water Re-Use Commentary:

Several of the sites have unrealistically high water re-use projections for winter months.

Evapotranspiration Commentary:

Several of the sites have unrealistically high evapotranspiration rates or disregard seasonal variations in ET.

Infiltration Commentary:

Two sites allow infiltration of wastewater into the ground. Tajiguas is the only site which composts on a paved surface.

ATTACHMENT 8



Shannon Barcelona
Santa Barbara County
Public Works Safety, Disability & Risk Manager
123 East Anapamu Street
Santa Barbara, California 93101

October 20, 2023

Subject: Notice of Health and Safety Violations and Opportunity to Cure for the Tajiguas Resource Recovery Project

Ms. Shannon Barcelona,

This letter is a response to the following health & safety issues of MSB Investors, LLC. (MSB) under the Agreement between MSB and the County of Santa Barbara (County) for the Development and Operation of the Tajiguas Resource Recovery Project (Project), also referred to as the ReSource Center. The issues pertain to Section 5.7 and their corrected actions are itemized and listed below. Pursuant to Section 14.2, **MSB has completed corrective measures for all issues as of today (i.e., within your requested timeframe).**

The following is a list of the issues observed at the ReSource Center Anaerobic Digestion Facility (ADF) that you observed on September 18, 2023 along with a description of their corrections:

1. Fire access lanes have been updated with more signs and striping to indicate the entirety of the fire access lanes. The observed aerial lift and trailer have been removed from the pathway, while a temporary secondary parking area has been established in case of an overflow of vehicles and oversized equipment. All in accordance with Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.
2. The storage tanks containing CMU runoff and ADF percolate, which are placed on the CMU deck, have been closed. Mustang personnel work practice has been to close tank doors, if not in active use. The monitoring of these tank doors and their priority has been communicated to staff.
3. All fire extinguishers have been deemed compliant. The ADF's annual fire protection equipment inspection was completed September 22, 2023. An updated list of the equipment serviced by our vendor Mid Coast Fire Protection is attached and is maintained in the ADF operations office. All in accordance with Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

Attachment 8 - MSB Response to County's October 6, 2023 Letter

Shannon Barcelona
October 20, 2023
Page 2

Response to October 6, 2023
Health & Safety Violations Notice

4. All containers of hazardous substances have been stored in designated areas or properly disposed of in accordance with Section 142.3, Labor Code. Reference: Section 142.3, Labor Code. Group
5. Tarps on the CMU deck have been removed and placed into a designated storage area. Mustang has provided employees safe means of access and egress to and from walking-working surfaces. All in accordance with 1910.22(c) *Access and Egress*
6. Storage containers are open during work hours to allow all personnel means of access to tools and equipment. They have been cleaned and organized to mitigate blown debris. These containers are closed at the end of every work day and opened at the start of the work day.
7. The lights in the AD mixing hall are scheduled for repairs to be commenced next week. In the interim, we have installed 3 rented temporary 135,000 lumen portable light towers provide adequate lighting to the mixing hall. Each 135,000-lumen light tower (i.e., 135,000 footcandles) should illuminate approximately 10,000 SF of the 30,000 SF delivery hall; therefore, we will have an average footcandle coverage of 13.5 per square foot vs. the required 1 footcandle per square foot coverage set forth in Table IL-1. (Title 24, Part 2, Section 512, Table 5-C They are rated at 135,000 lumens each and are strategically placed to create equal light distribution throughout the entirety of the AD mixing hall. All in accordance with Title 24, Part 2, Section 512, Table 5-C.
8. A large battery that was stored on the 'Aerial Lift' has since been removed and properly stored. All in accordance with Section 142.3, labor Code. Reference: Section 142.3, Labor Code.
9. An additional 'No Parking/Emergency Vehicles Only' sign has been provided. All in accordance with Section 142.3, Labor Code.
10. The faded and peeled hazard communication label on the 55-gallon odor control misting system solution reservoir, has since been cured. All in accordance with Sections 50.7, 142.3 and 6398, Labor Code. Reference: Sections 50.7, 142.3 and 6361-6399.7, Labor Code; Sections 25249.6, 25249.7, 25249.8, 25249.10, 25249.11, 25249.12 and 25249.13, Health and Safety Code.
11. The CMU run-off / wastewater that was being transported from the CMU Run-off Storage Tank to the ADF Percolate Tank via an outflow pipe at the ADF tipping floor, has been fitted with a removable copper pipe that leads directly into the ADF sump to avoid overspray of any wastewater or stormwater being recycled into the percolate system as per the approved design. Additionally, all operators have been advised to implement additional safety measures to avoid contact with any such conveyed water including

Attachment 8 - MSB Response to County's October 6, 2023 Letter

Shannon Barcelona
October 20, 2023
Page 3

Response to October 6, 2023
Health & Safety Violations Notice

removal of conveyance pipe when not in use, cones, yellow painting, communications etc. when the pipe is use. All in accordance with 1910.22(c) *Access and Egress*.

12. Facilities housekeeping is a constant priority for 3-5 dedicated staff on a daily basis. A system of '5s' has been implemented to keep materials in their designated areas when not in active use. While the dumpsters on the CMU deck have been emptied and removed, hillside trash removal is a daily duty of Mustang staff. The severity of debris is dependent and at the discretion of changing wind direction at the facility.

13. The ADF fire suppression system has been deemed fully functional and operational by installation and maintenance subcontractor, Deep Blue Integration. The same contactor is scheduled to commence preventive maintenance on the system. All in accordance with Section 142.3, Labor Code.

In addition, Mustang will submit all accidents/incidents to the county upon finalization of reports.

Photos of each of the above items are attached..

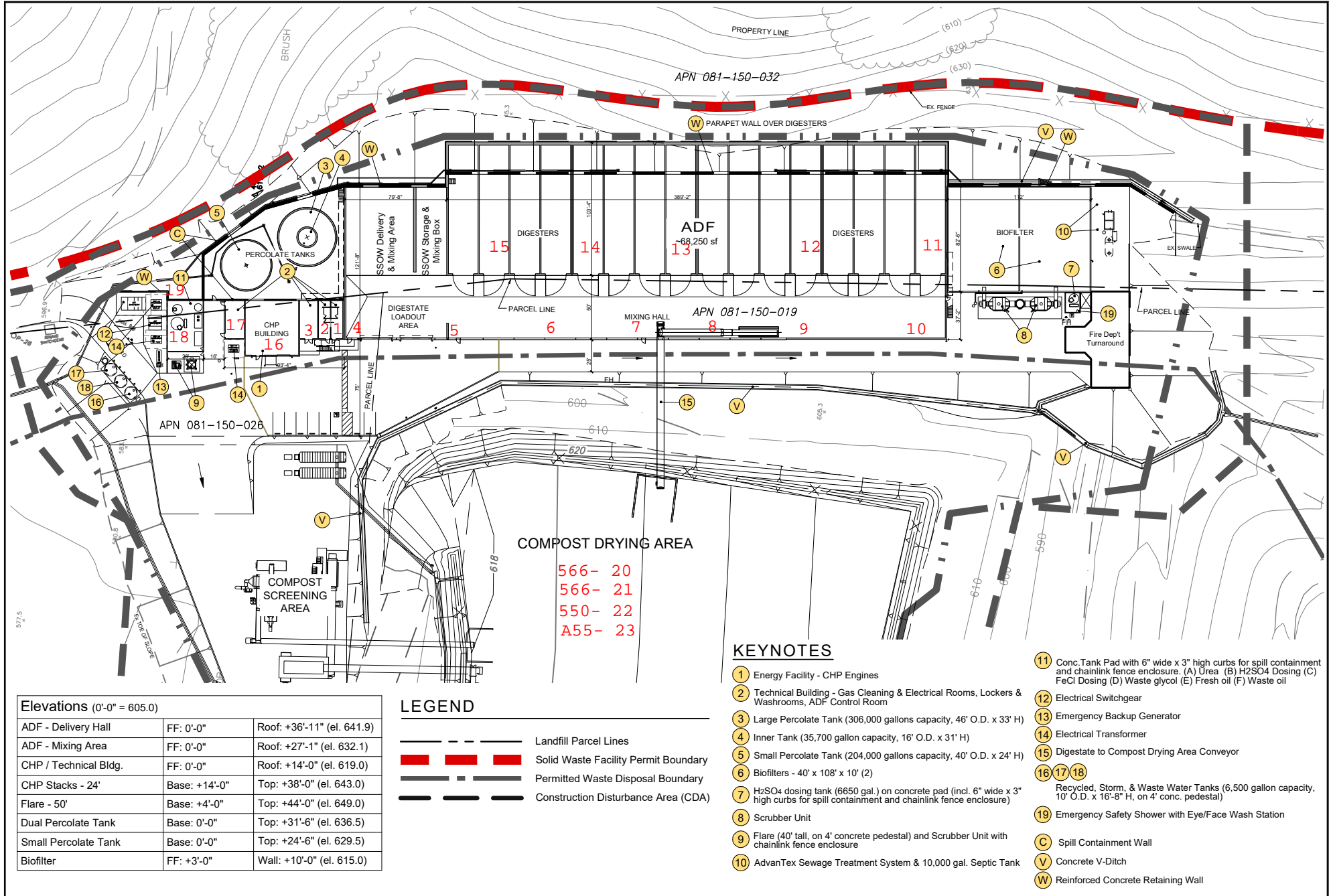
Per article 5 of our contract, please download a copy of our Employee Health & Safety Plan Handbook which is comprised of 11 documents and various safety training manuals from this [link](#), verification of OSHA/Cal OSHA Safety Training of Mustang employees from this [link](#) and our monthly IIPP site inspections from this [link](#).

Thank you,

Gerardo Pinales Jr
Mustang Renewable Power Ventures
AD Environmental Compliance and Safety Manager
(818) 652-5339

FIRE EXTINGUISHER INVENTORY MAP AND LIST

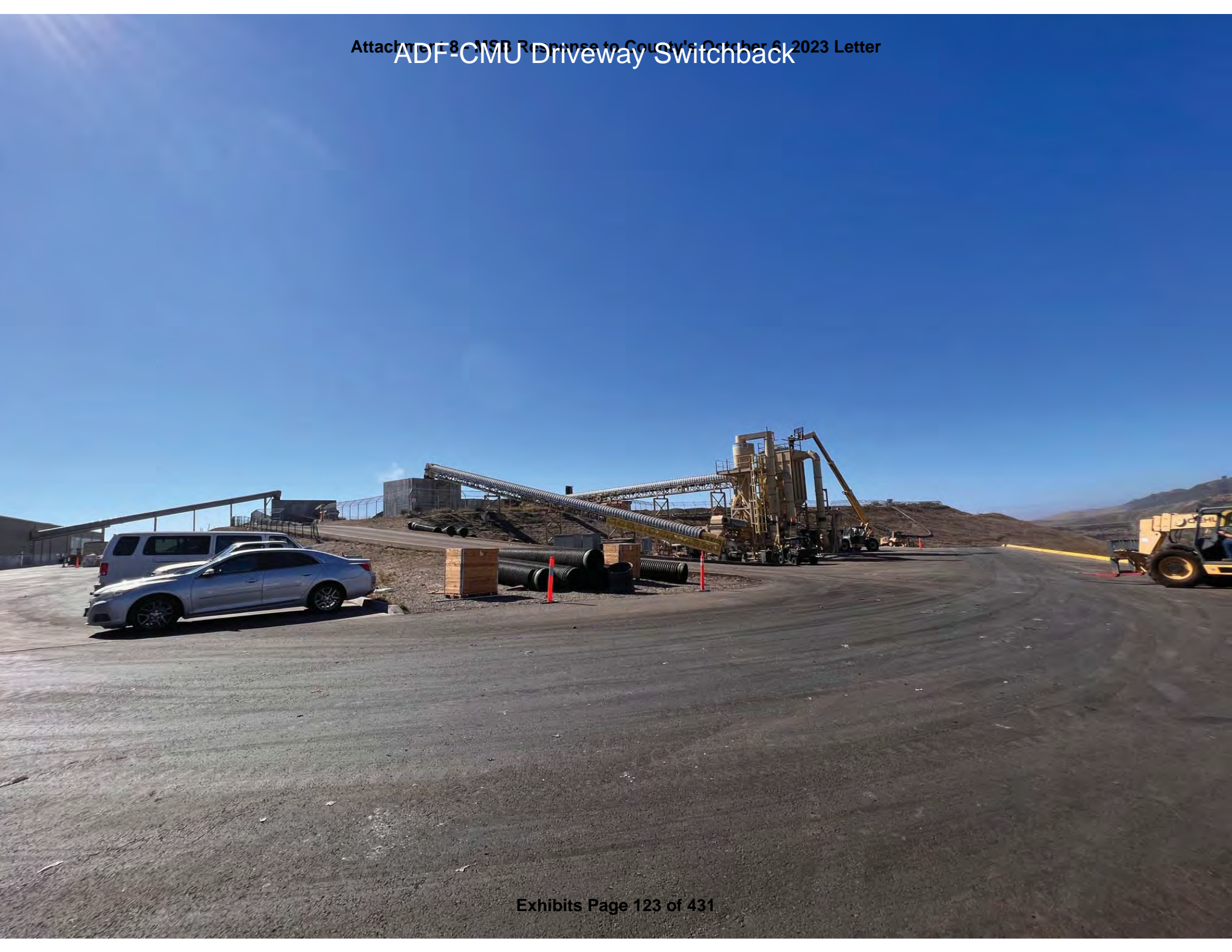
S:\Work\Projects\Tajiguas\Drawings\Exhibits\Title 22 RW Report\TRRP-T22 Fig4 ADF Site Plan.dwg 10/4/2019 2:08 PM

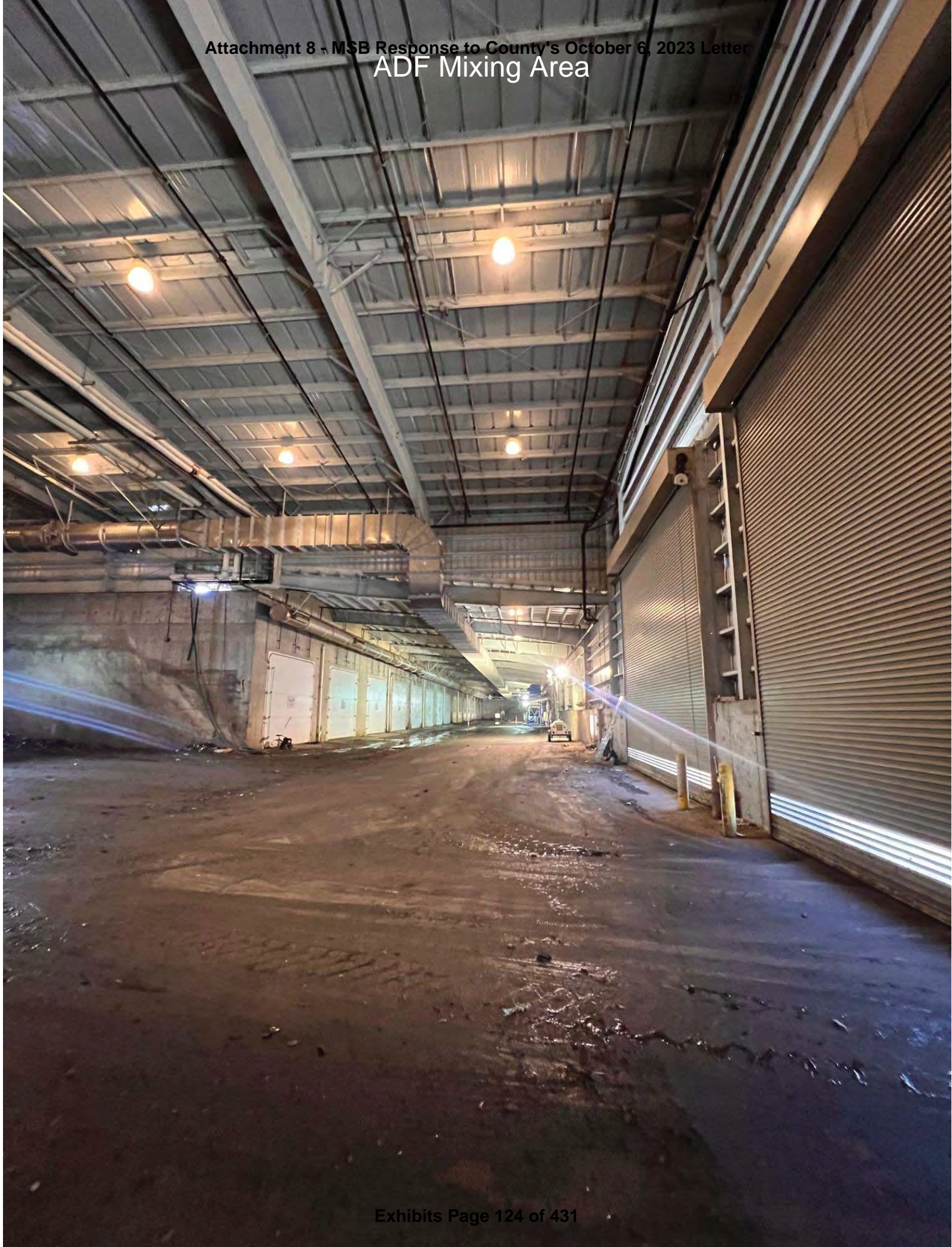


FIRE EXTINGUISHER INVENTORY MAP AND LIST

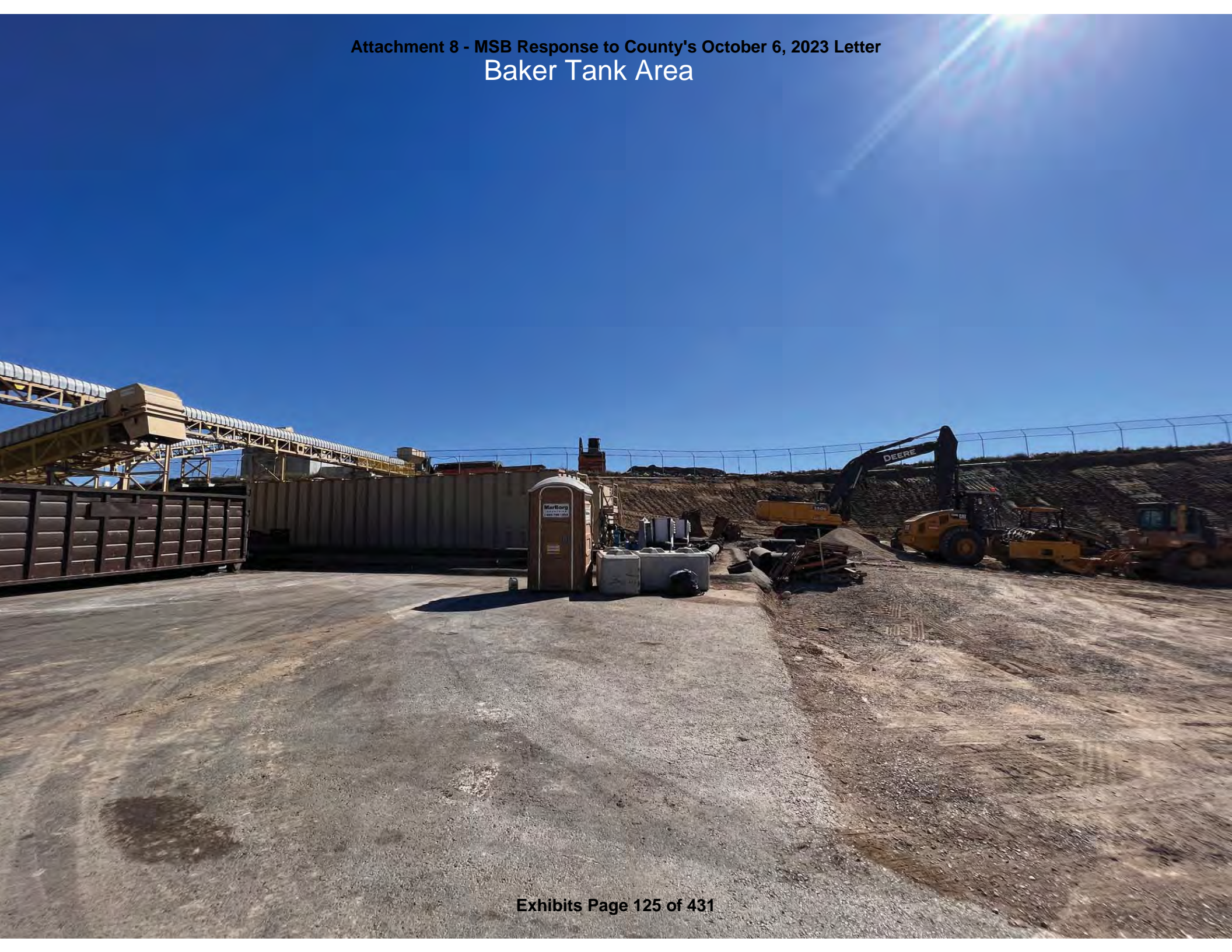
Number	Location	Classification	Size	Last Certified	Yearly Inspection
1	ADF Operations Office	A, B, C	5 lb	9/22/23	
2	ADF CEMS Room	A, B, C	5 lb	9/22/23	
3	Carbon Filtration Room	A, B, C	10 lb	9/22/23	
4	Between Restrooms and SSOV Delivery People-Door (Exterior)	A, B, C	5 lb	9/22/23	
5	Digestate Loadout Area Bay Door (Interior)	A, B, C	5 lb	9/22/23	
6	Between SSOV Delivery Area People-Door and Bay Door (Interior)	A, B, C	5 lb	9/22/23	
7	Mixing Hall	A, B, C	5 lb	9/22/23	
8	Mixing Hall	A, B, C	5 lb	9/22/23	
9	Mixing Hall	A, B, C	5 lb	9/22/23	
10	Mixing Hall	A, B, C	5 lb	9/22/23	
11	Technical Walkway	A, B, C	5 lb	9/22/23	
12	Technical Walkway	A, B, C	5 lb	9/22/23	
13	Technical Walkway	A, B, C	5 lb	9/22/23	
14	Technical Walkway	A, B, C	5 lb	9/22/23	
15	* Technical Walkway	A, B, C	5 lb	9/22/23	
16	Engine Room Bay Door (Interior)	A, B, C	5 lb	9/22/23	
17	Electrical Transformer Room	A, B, C	5 lb	9/22/23	
18	Flare	A, B, C	5 lb	9/22/23	
19	Tank Pad	A, B, C	5 lb	9/22/23	
20	* Leihber 566	A, B, C	2.5 lb	9/22/23	
21	Leihber 566	A, B, C	2.5 lb	9/22/23	
22	Leihber 550	A, B, C	2.5 lb	9/22/23	
23	Backhus A55	A, B, C	2.5 lb	9/22/23	
24	Volvo L110H	A, B, C	2.5 lb	9/22/23	
25	Ranger	A, B, C	2.5 lb	9/22/23	
26	Can-am	A, B, C	2.5 lb	9/22/23	

ADF-CMU Driveway Switchback

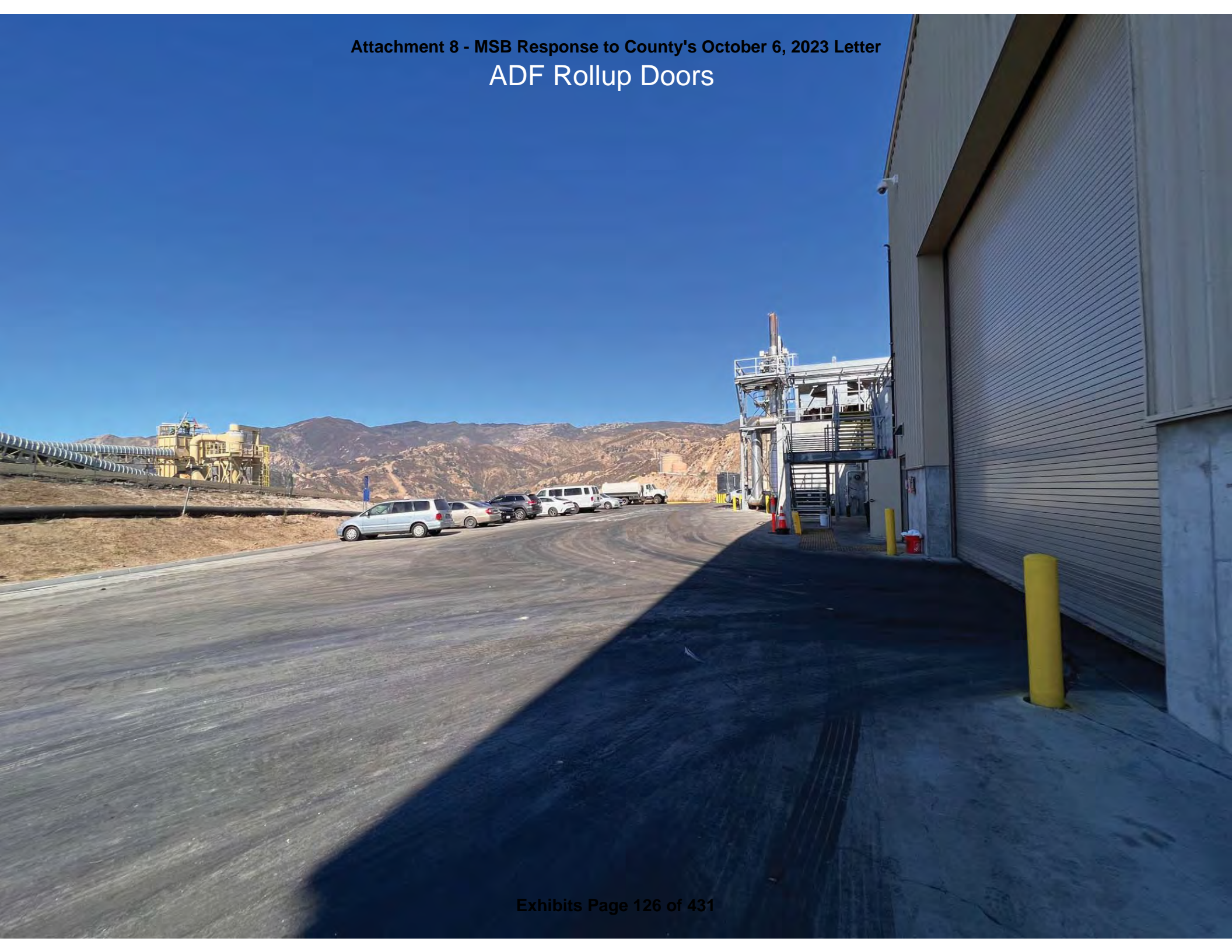




Attachment 8 - MSB Response to County's October 6, 2023 Letter
Baker Tank Area



Attachment 8 - MSB Response to County's October 6, 2023 Letter
ADF Rollup Doors



ADF Containers



ADF Containers



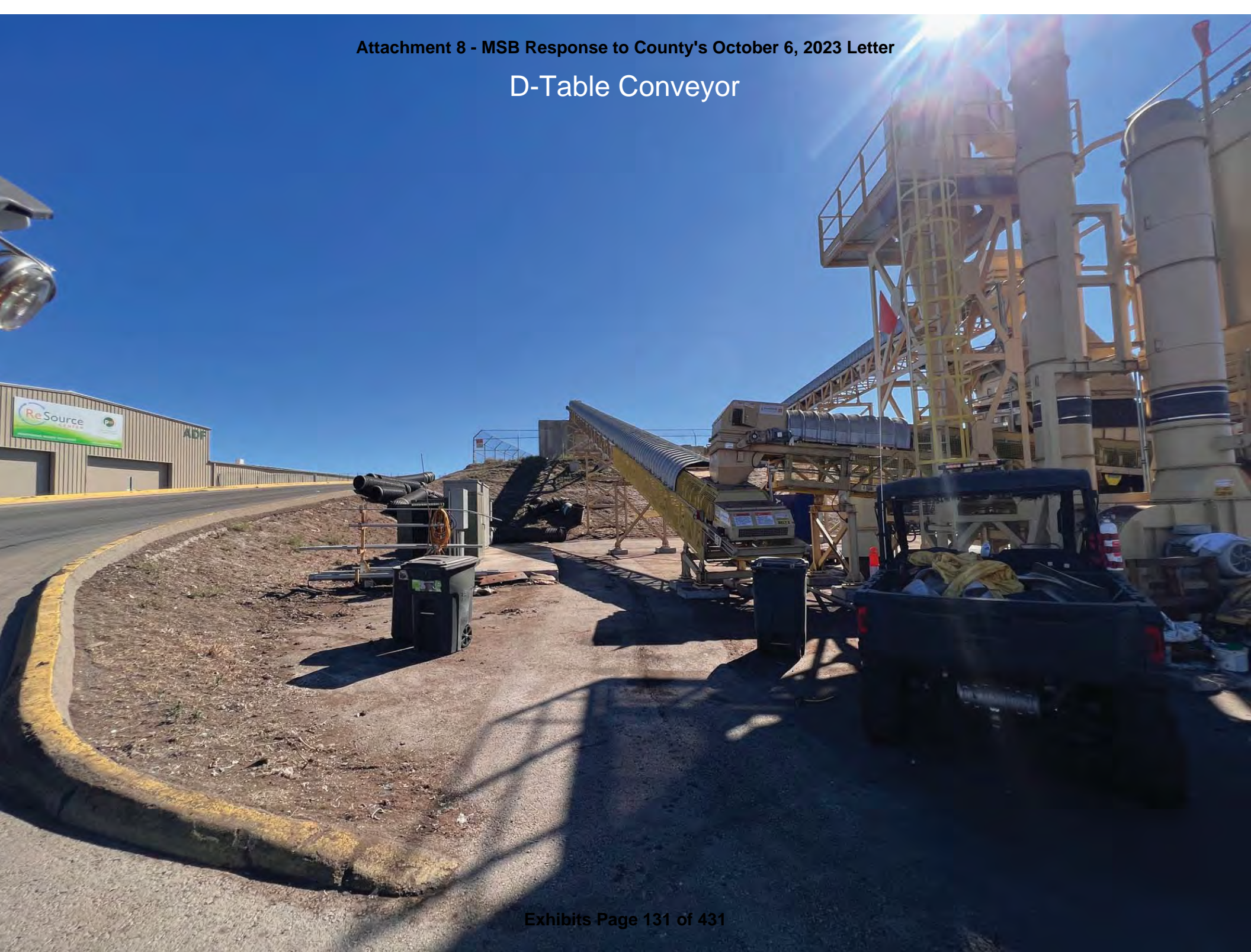
CMU Deck Driveway



D-Table Area



D-Table Conveyor



ADF Mixing Hall



Attachment 8 - MSB Response to County's October 6, 2023 Letter
Fire Lane 1



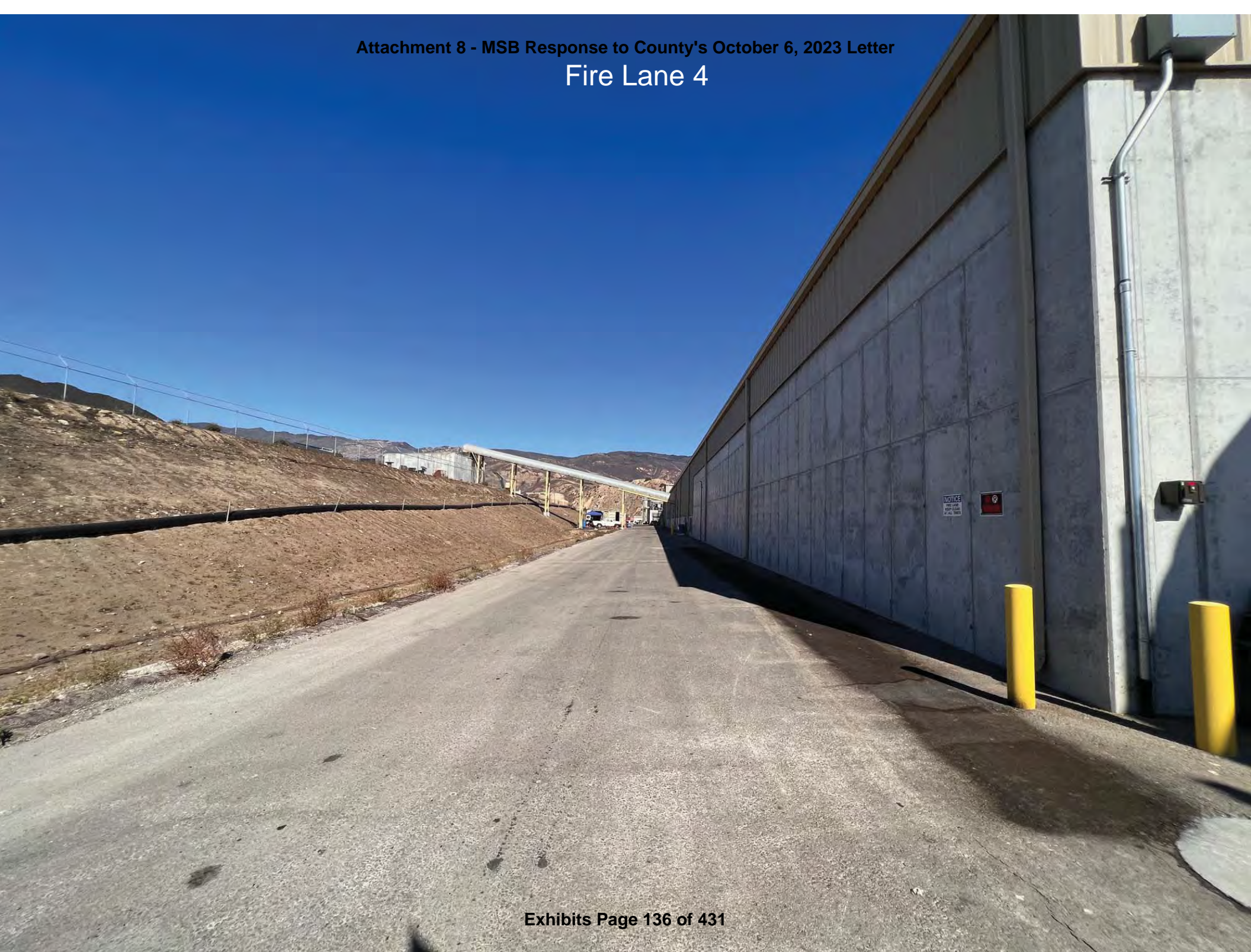
Attachment 8 - MSB Response to County's October 6, 2023 Letter
Fire Lane 2



Fire Lane 3

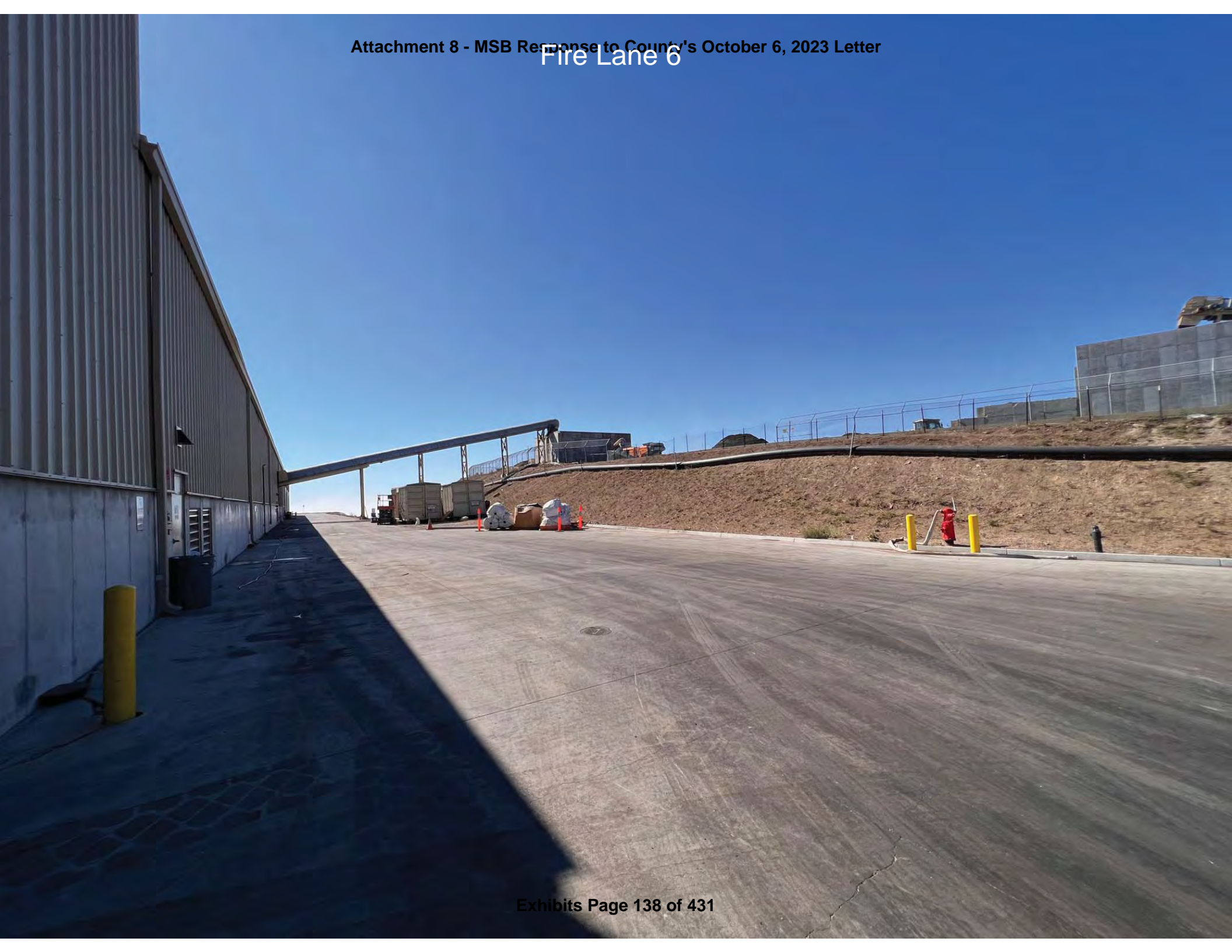


Attachment 8 - MSB Response to County's October 6, 2023 Letter
Fire Lane 4

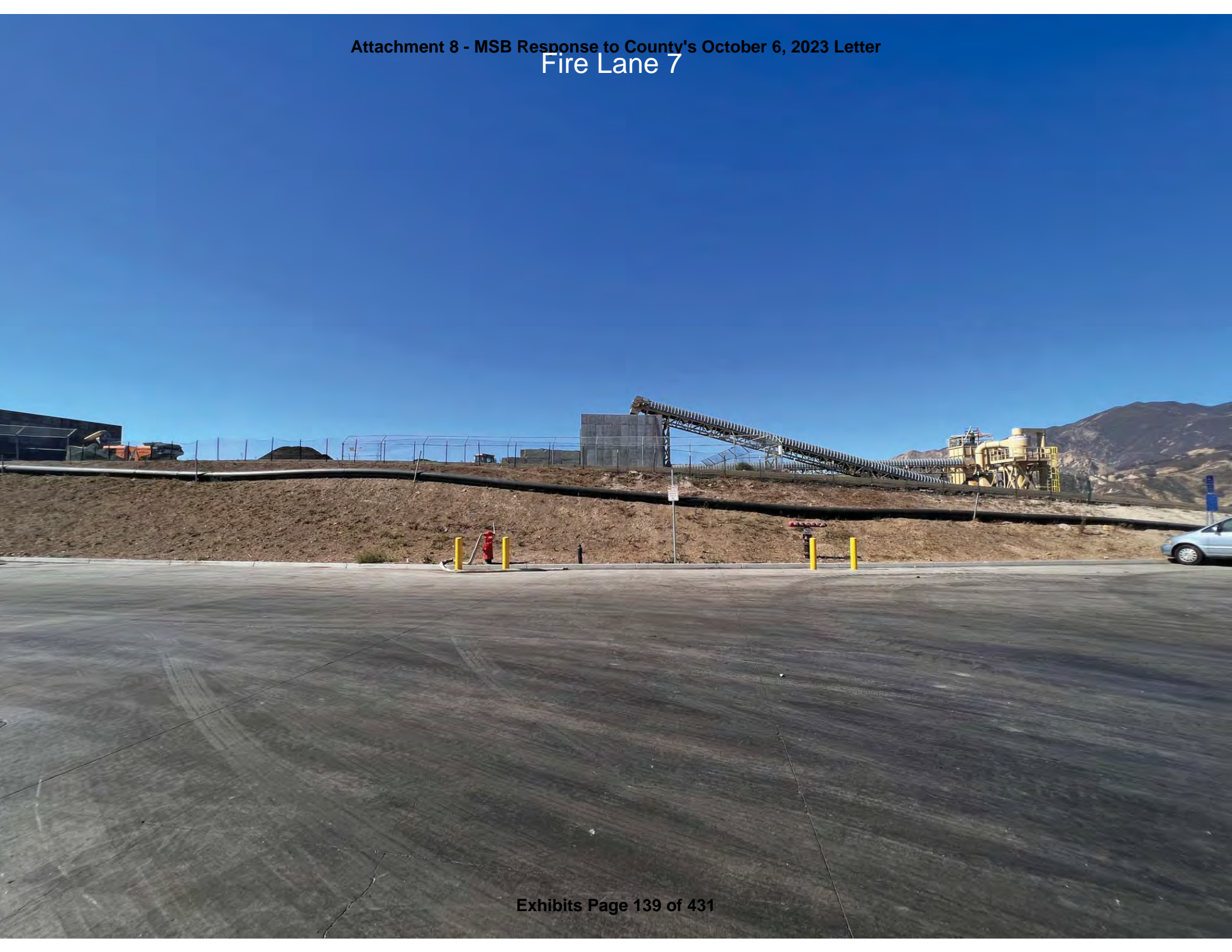




Fire Lane 6



Fire Lane 7



Fire Lane 8



CMU Slope



Odor Control
System Cupridyne



Attachment 8 - MSB Response to County's October 6, 2023 Letter
AD Operations Area



Attachment 8 - MSB Response to County's October 6, 2023 Letter
CMU Op Deck SW Corner



CMU Op Deck SW Corner



CMU Deck Roll-off Bin







Attachment 8 - MSB Response to County's October 6, 2023 Letter
CMU Deck Rolloff Bin



ATTACHMENT 9

Attachment 9 - MSB June 30, 2023 FY 21-22 CFA Request

John Dewey

From: John Dewey
Sent: Friday, June 30, 2023 3:24 PM
To: Johnston, Carlyle
Cc: Alvarez, Gloria; Gonzales-Knight, Jeanette
Subject: FY 21-22 CFA Request
Attachments: Limited Operations Memo-053023.pdf; 21-23 Recyclable Revenue Actual vs. Budget-063023.xlsx

Carlyle,

As we discussed briefly early this week, as the MRF has been in Limited Operations since September 2021 (see attached Limited Operations memo dated May 30, 2023) the Contractor was properly entitled to Cash Flow Assistance (CFA) in FY 21-22 per the terms of Section 10.8 of our Agreement.

Attached please find the CFA Request amount in the excel format we have used previously for the agreed upon CFA payments for July-December 2022 and for January-April 2023 applied to the 10 month period of September 2021-June 2022.

We have deducted the previously paid recyclable revenue portion of the Alisal Fire assistance (\$178,532.64) from the allowed \$1,506,496.69 CFA amount resulting in a FY 21-22 CFA amount of \$1,327,964.05.

Please review the attached and let me know if you have any questions. I would be happy to discuss the attached with you and the other members of the finance team at your convenience.

Thanks for your assistance.

Best Regards,

John Dewey

Attachment 9 - MSB June 30, 2023 FY 21-22 CFA Request

	Calculated Income from Average Values with Current Year Projected Tons			Revised based on Agreed Recovery		Jan-Apr 2023 4 Month AVG	Sep 21-Jun 22 10 Mo Avg
	5 Year AVG	1 Year AVG	6 Month AVG	Rates 6 Month AVG			
Value per ton of MSW:	\$ 16.36	\$ 20.62	\$ 17.79	\$ 13.53	\$ 9.48		16.48
Value Per ton of SSR:	\$ 89.41	\$ 92.39	\$ 73.53	\$ 69.64	\$ 56.41		110.62
Income from MSW:	\$ 2,219,264.85	\$ 2,797,859.53	\$ 2,413,315.75	\$ 1,835,185.67	\$ 1,295,281.24		1,950,629.13
Income from SSR:	\$ 3,168,444.44	\$ 3,274,055.94	\$ 2,605,617.23	\$ 2,467,913.16	\$ 2,046,432.61		3,275,233.84
Total Annual Income:	\$ 5,387,709.30	\$ 6,071,915.47	\$ 5,018,932.98	\$ 4,303,098.84	\$ 3,341,713.85		\$ 5,225,862.97

Projected FY 22-23 Tons	Projected FY 22-23 Tons	Actual FY 21-22 Tons
Total Annual Tons of MSW: 135,671.00	136,694.28	118,356.15
Total Annual Tons of SSR: 35,436.40	36,279.00	29,608.59
Total Tons 171,107.40	172,973.28	147,964.74

NOTES:

Total annual tons are estimated in both cases by doubling the last six months of data.
The SSR has a deduction of 346.7 tons in the six month period to subtract out UCSB's tonnage

Actual Tons July to Dec 2022	Jan-April	Actual Tons July to April 2023
Total Tons of MSW: 67,835.50	46,076.40	113,911.90
Total Tons of SSR: 17,718.20	12,514.30	30,232.50
Total Tons 85,553.70	58,590.70	144,144.40

Income based on December Waste Characterization using actual tons from July to March 2023

	Revised based on 6 Mo Avg	Revised based on 6 Mo Avg & Recovery Rates	Revised based on 4 Mo Avg & Avg Agreement	Revised based on 4 Mo Avg & Avg Recovery Rates	Actual 10 Mos FY 22-23 Income vs. Budget	Sep 21-Jun 22	Actual 10 Mos FY 21-22 Income vs. Budget
MSW Assumed Income:	\$ 1,398,929.76	\$ 1,206,657.87	\$ 917,592.84	\$ 431,760.41		1,625,524.27	
SSR Assumed Income:	\$ 1,637,027.97	\$ 1,302,808.62	\$ 1,233,956.58	\$ 682,144.20		2,729,361.53	
Totals			\$ 1,113,904.62	3,245,049.30		4,354,885.81	3,961,436.70
Exhibit H Budgeted Income:	\$ 3,516,829.50	\$ 3,516,829.50	\$ 3,516,829.50	\$ 2,344,553.00	5,861,382.50	\$ 5,861,382.50	5,861,382.50
Difference:	\$ 480,871.77	\$ 1,007,363.01	\$ 1,365,280.08	\$ 1,230,648.38	\$ 2,616,333.20	\$ 1,506,496.69	\$ 1,899,945.80
Actual Income			\$ 2,029,868.59	\$ 1,215,180.71		3,961,436.70	
Difference:			\$ 1,486,960.91	\$ 1,129,372.29		\$ 1,899,945.80	

Prior CFA Payment (2/24/23)

\$ 480,871.77

Agreed Balance of CFA for Q4 2022

\$ 884,408.31

Jan-Apr 2023 CFA Payment

\$ 1,129,372.29

Less Prior Recyclable Revenue Payment (Alisal Fire)

178,532.64

Sep 21-Jun 22 CFA Payment

\$ 1,327,964.05

Memo to: Carlyle Johnston
From: John Dewey
Date: May 30, 2023
Re: Limited Operations vs. Full Operations

The relevant Sections of the Development & Operations Agreement (Agreement) between the County and MSB are as follows:

1.74 Limited Operations

“Limited Operations” means temporary performance of all Contractor’s Obligations related to individual activities at the Project Site. **Limited Operations allows for partial or limited operation of some or all Project Site activities pending Contractor certification that the Project is ready to commence Full Operations**, as provided in Article 4.

4.3 Project Development Schedule; County Notices

B. Notices to Proceed

County shall, as appropriate, issue Contractor the following Notices during Development:

1. Notice to Proceed with Initial Development Activities as provided in Section 4.4.
2. Notice to Proceed with Construction as provided in Section 4.7.
3. **Notice to Proceed** with Operations as provided in Section 4.9.B, or **with Limited Operations as provided in Section 4.9.C.**

1.46 Development

“Development” (or “Develop” or other variations thereof) means all activities detailed in Article 4 and conducted by Contractor or the County prior to Full Operations Date including, but not limited to, Design Work, Permitting, Construction, equipment installation, and Facility Start-Up and Acceptance Testing.

4.8 Start-Up Test and Acceptance Test Requirements

H. Contractor Certifications

Upon completion of the Acceptance Test, Contractor shall certify one of the following in writing:

1. Full Operations. All activities at the Project Site are functioning as necessary to meet Performance Guarantees including Permit limits, and that Full Operations may commence as provided in Section 4.9.B.
2. **Limited Operations**. [a.] Some, but not all Project Site activities are functioning as necessary to meet Performance Guarantees including Permit limits and Contractor believes that Limited Operations may be feasible, [b.] Contractor may certify in writing those activities that are available or partially available, and that it believes are feasible for Limited Operations. [c.]

Such certification shall specify the types and amounts of Acceptable Materials that can be delivered for Limited Operations. [d.] The certification shall identify the steps Contractor must take to achieve Full Operations, and the date it will do so. [e.] The County may in its sole discretion determine whether it will commit to deliver Acceptable Materials prior to the Full Operations Date, as provided in Section 4.9.C.

Facts & Circumstances:

The County provided Contractor a list of 22 conditions it requested Contractor satisfy before issuance of a Notice to Proceed with Limited Operations via [email on May 28, 2021](#). 13 conditions were administrative (i.e., plans, specifications, manuals, certificates) and 9 were acceptance testing related (4 related to MRF Acceptance Tests and 5 related to the ADF or facility-wide Acceptance Tests).

Contractor confirmed the satisfaction of all 13 administrative conditions to the County in correspondence between June 2021 and September 2021 by MSB &/or DBC representatives. Todd Curtis confirmed via [email dated November 12, 2021](#) that these conditions were resolved, and further advised that his response would have been provided sooner were it not for the October 11-15, 2021 Alisal Fire impacts on County landfill operations.

The 4 MRF Acceptance Tests (i.e., Facility Reliability, Facility Capacity, Material Recovery, Residue) were successfully passed with completion of the September 2, 2021 Subsequent (i.e., organics) MRF Acceptance Test. This was confirmed by Carlyle Johnston via [email dated November 2, 2021](#). As a result, all of the County's conditions regarding Issuance of a Notice to Proceed with Limited Operations at the MRF were satisfied as of September 2, 2021.

The parties agreed the remaining 5 ADF and/or facility-wide Acceptance Tests (i.e., Environmental Compliance/PTO, Net Electric Output, Ambient Noise, Ambient Odor, Stormwater Discharge) would be completed prior to the County's issuance of a Notice to Proceed with Full Operations.

Todd Curtis provided a checklist including 322 conditions required for Final Completion/Full Operations via [email on September 17, 2021](#).

4.9 Commencement of Operations

C. Limited Operations

Upon receipt of Contractor certification as described in Section 4.8.H.2 that Limited Operations may commence:

1. County shall review submitted information, and may request Contractor participation in discussions or require additional information be provided by Contractor.

[County, MSB, DBC and MarBorg representatives provided County all requested documentation to satisfy County's stated conditions for Limited Operations and met with Todd Curtis and/or Carlyle Johnston on a near weekly basis during June-September 2021 to satisfy the conditions of the MRF Acceptance Tests and Limited Operations set forth in the County's May 28th, 2021 correspondence.]

2. County shall Notice Contractor of its acceptance or non-acceptance of Contractor's proposal for Limited Operations. Should County accept Contractor's proposal for Limited Operations,

County shall Notice Contractor providing a specified Limited Operations Date for Operations to commence. Parties shall meet and confer regarding to what extent key Contractor Obligations such as Performance Guarantees will be enforced or suspended during Limited Operations.

[MSB and MarBorg requested delivery of 100% of the available Acceptable Materials for processing at the MRF [effectively full operations of the MRF] as of Monday, July 26, 2021 and the County agreed to provide such on that date as notice of County's acceptance of Contractor's proposal for Limited Operations. Additionally, MSB requested and the County and MarBorg provided 100% of the MRF organics to the ADF for processing as of July 15, 2022. Therefore, the ADF has been in Limited Operations since that date.]

3. If County accepts Contractor's proposal for Limited Operations, County shall arrange for limited delivery of Acceptable Materials on the Limited Operations Date.

[MSB and MarBorg requested delivery of 100% of the available Acceptable Materials for processing at the MRF effective Monday, July 26, 2021 and the County provided such on that date and has provided such on every date thereafter.]

4. Unless otherwise approved by County, payments due to and from Contactor during Limited Operations shall be as provided in Article 10, with per-Ton compensation based on the actual delivery of Acceptable Materials by type and quantity.

[MSB & MarBorg have invoiced the County and the County has paid the per-Ton compensation based on the actual delivery of Acceptable Materials for 100% of the deliveries to the MRF from and after February 2, 2021 in accordance with Article 10 of the Agreement.]

1.62 Full Operations

"Full Operations" means successful performance of all Contractor's Obligations specified for Facility Operations in Articles 5, 6, 7 and 8 and all other Contractor's Obligations related to Operations.

The most recently provided County Checklist for Full Operations (V. 7.0-041923) listed 331 conditions, of which 60 were marked as Pending or In-progress with the balance completed. An anticipated updated Checklist (V. 8.0) is likely to show 30 or fewer Pending or In-Progress items.

Attachment 9 - MSB June 30, 2023 FY 21-22 CFA Request

Set forth below is a table showing the relevant milestone dates for the MRF & ADF/CMU:

Milestone	MRF	ADF/CMU
Construction Completion	January 29, 2021 ¹	August 16, 2021 ²
County Fire Occupancy Approval	January 25, 2021	
Certificate of Occupancy - Cold Commissioning Completion	January 30, 2021 ³	August 20, 2021 ⁴
Diani Warranty Start Date	January 30, 2021	August 20, 2021
County Property Insurance Date	January 30, 2021	August 20, 2021
Acceptable Materials Delivery Start	February 2, 2021	August 24, 2021
1 st County Payment of Processing Fee	February 28, 2021 ⁵	NA
County's Conditions for MRF Notice to Proceed (NTP) with Limited Operations	May 28, 2021 ⁶	NA
Response to MRF NTP Conditions RFI	June 12, 2021 ⁷	NA
Warm Commissioning Completion	June 18, 2021 ⁸	June 4, 2022 ⁹
Acceptance Test (Initial) & Report	June 25, 2021 ¹⁰	October 27, 2022 ¹¹
Delivery & Processing of 100% of Acceptable Materials	July 26, 2021	July 15, 2022
County's Response to Initial MRF Acceptance Test Report	August 3, 2021 ¹²	NA
Joe Sloan Response to County Response	August 24, 2021 ¹³	NA
Acceptance Test (Subsequent) & Report	September 2, 2021 ¹⁴	January 25, 2023 ¹⁵
Limited Operations	September 2, 2021	July 15, 2022
County's Full Operations Checklist	September 17, 2021 ¹⁶	NA
County B&S Final Approval	November 19, 2021 ¹⁷	November 4, 2021 ¹⁸
County Acceptance Test Approval(s)	November 17, 2021 ¹⁹	TBD

¹ [MRF Building Commissioning Report-Cypress Engineers-January 2021](#)

² [ADF Building Commissioning Report-Cypress Engineers-August 2021](#)

³ [MRF Certificate of Occupancy-January 2021](#)

⁴ [ADF Certificate of Occupancy-August 2021](#)

⁵ [MRF Processing Fee Invoice to County-February 2021](#)

⁶ [County's MRF NTP with Limited Operations Conditions- May 2021](#)

⁷ [MSB Response to MRF NTP with Limited Operations Conditions-June 2021](#)

⁸ [MRF Warm Commissioning Completion-Acceptance Test Notice-June 2021](#)

⁹ [ADF SCE Demo Day & COD-June 2022](#)

¹⁰ [MRF Acceptance Test Report-DEI-June 2022](#)

¹¹ [ADF Acceptance Test-Bekon-October 2022](#)

¹² [County's Response to Initial MRF Acceptance Test Report-August 2021](#)

¹³ [MSB/Joe Sloan Response to County's Response-August 2021](#)

¹⁴ [MRF Organics Acceptance Test Report-DEI-September 2021](#)

¹⁵ [ADF Acceptance Test Report-Cypress Engineers-January 2023](#)

¹⁶ [County's Full Operations Checklist-September 2021](#)

¹⁷ [MRF Building & Safety \(B&S\) Final Inspection Approval-November 2021](#)

¹⁸ [ADF B&S Final Inspection Approval-November 2021](#)

¹⁹ [County Approval of MRF Acceptance Tests-November 2021](#)

ATTACHMENT 10



April 14, 2023

Jeanette Gonzales-Knight
 Compliance Manager
 County of Santa Barbara Public Works Dept.-RRWMD
 130 East Victoria Street, Suite 100
 Santa Barbara, CA 93101

RE: Acceptance Test Status

Jeanette,

Thank you for your letter dated April 7, 2023 discussing the status of certain acceptance tests as required by our Agreement. We think it critically important for us to agree on the parameters and acceptance test criteria for each test as set forth in our Agreement, Exhibit A-Start-up Test and Acceptance Test Requirements and the County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020. Our initial response to your letter is below:

1. Facility Reliability Test.

With respect to the Facility Reliability Test and its applicability to the ADF, Section 8.B.1.a. of our Agreement provides:

“Facility Reliability Test - A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time.”

Exhibit A-2-ADF Start-up and Acceptance Test Protocols does not provide specific acceptance test criteria to confirm if the ADF equipment “can operate while Processing Acceptable Waste over a sustained period of time.”

The County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020 does not specifically define criteria for a Facility Reliability Test however it does reference “reliability testing” as part of the Start-up and Acceptance Test Requirements and Description set forth in Table 2: Required Start-up and Acceptance Tests:

2	Start-Up Test (Bekon/ VDRS/ Compost Screening Equip. Vendor/)	<p><i>VDRS provided D-Table operation at a minimum of 92% of the Demonstrated Design.</i></p> <p><i>The initial operation and reliability testing (i.e., Start-up Test) will be conducted during one (1) day and shall demonstrate a minimum average (calculated daily) processing capacity, measured in tons/hour, of the specified design capacity. Screening equipment must also achieve proper separation and capture of marketable compost in accordance with the design specifications to satisfy this stage of testing, subject to proper labor etc. The</i></p>	One 1-day duration test	4.
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Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight
 April 14, 2023
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Response to Acceptance Test
 Status Letter

		<p><i>day shall consist of one eight (8) hour shift during which a minimum of four (4) operating hours at the rated design capacity must be demonstrated. The initial operation testing shall demonstrate that all equipment and systems operate satisfactorily as a system and that the D-Table and all mobile screens are ready for commencement of the Acceptance Testing stage of commissioning.</i></p>		
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Additionally, Section 4 of the approved ADF Start-up & Acceptance Plan provides some details for reliability testing in connection with a 1-day Start-up test:

“4. ADF Initial Operation *Reliability* and Capacity Tests (I.E. Start-Up Test)

A. General

The ADF initial operation and reliability testing of the equipment (i.e., Start-Up Test) will be performed while passing waste through the system to confirm that it is operating properly as a total processing system and is able to receive and successfully sort material at various throughput tonnages up to the specified maximum design capacity.”

The best evidence that the ADF *“equipment can operate while Processing Acceptable Waste over a sustained period of time”* is that the ADF has received and processed 100% of the Acceptable Waste from the period of July 15th to March 31st.

The Cypress Summary of Acceptance Test Reports for Tajiguas ADF provided to the County on January 25, 2023 accurately summarized the Bekon Acceptance Test Report for the period from September 29th-October 27th, 2022 that the ADF met the requirements set forth in the Engineering, Services, Supply and Commissioning (ESSC) agreement between MSB and Bekon: 1) Feedstock Requirements; 2) Performance Criteria and Testing- Plant Availability; 3) Performance Criteria and Testing-Biogas Production and Methane Quality; and 4) Energy Self-Consumption Level of the Plant. Any exceptions noted in the Bekon Acceptance Test Report had no impact on the ADF Processing Acceptable Waste over a sustained period of time.

Additionally, the 8 issues identified in the Tetrattech report did not prevent the ADF from Processing Acceptable Waste over a sustained period of time:

1. Feedstock and Finished Compost Final End Use Issues.
 - a. TT potential solution: \$1.5-\$2.0M of additional screening at the MRF. This is likely not necessary depending on the outcome of the aeration/cover pilot studies and would be a County requested scope change.
2. Operations, Maintenance and Management of the ADF.
 - a. TT potential solution: \$200,000-\$300,000 per year to hire and train a GM, technical support, maintenance supervisor and O&M staff. MSB has requested additional staffing budget for the past two years and County has yet to fund the agreed budget.
3. Mass, Energy & Water Balance
 - a. TT potential solution: \$200,000-\$300,000 to develop an operations plan. Not necessary as Bekon has provided this. Biogas is measured by the Bekon and SCADA systems and such data is reported to the County monthly. Stabilized biogas

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight
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Response to Acceptance Test
Status Letter

- production (~440 CFM) and PPA energy revenue has been achieved in February and March.
4. ADF Maintenance and Cleaning.
 - a. TT potential solution: \$250,000-\$500,000 to clean pipes and maintain pumps. MSB has requested funding of the ADF repairs & maintenance budget for the past two years and the County has yet to fund the agreed budget.
 5. Biogas Storage
 - a. TT potential solution: \$1.0-\$2.0M. Not necessary as the LFG provides supplemental fuel support to the engines and flare to maintain stable energy production. This would be a County requested scope change
 6. Digestate Treatment for Odor Control
 - a. TT potential solution: \$7-10M to build 3-4 In-Vessel Composting (IVC) tunnels or long-haul trucking of digestate to offsite processing facilities. There is no available location on site for IVC construction. Long haul transport and processing of digestate (65-75% moisture content) is costly and not necessary. Installation of either the contemplated ECS (negative aeration to a biofilter) or Gore (positive aeration with Gore covers) is likely adequate and proven effective digestate/windrow processing solutions to mitigate digestate odors at a fraction of the cost of IVCs. MSB is evaluating the possibility of two aerated beds inside of the AD mixing hall for 3-4-day cycles to evaporate excess digestate moisture (i.e., percolate) and to take advantage of available AD biofilter capacity.
 7. Control systems and SCADA Issues
 - a. TT potential solution: \$250,000-\$400,000 to complete the integration of Bekon and Axiom SCADA software. MSB requested funding of FY 21-22 working capital deficits in April 2022 including payment of ~\$500,000 of payables to Axiom Engineering to complete work on SCADA open items. County has yet to address that request.
 8. Black Smoke from Enclosed Flare at Start-up
 - a. TT potential solution: \$20,000 for a 3rd party flare expert. This is not necessary. Both the MRF and ADF flares were recently serviced by John Zink, the flare vendor. The flares are operating per spec. As we have discussed, black smoke is from the combustion of excess propane in the absence of biogas or landfill gas. This is a rare occurrence. Generally, propane is only used for pilot purposes as there is sufficient biogas or landfill gas being sent to the flare to avoid propane combustion.

The stated goal of the Tetrtech review was to *“observe the operations of the ReSource Center, discuss the issues with the County they have been experiencing, and to identify potential issues that may be causing odor complaints.”*

There was no discussion in their report about Reliability Acceptance Test Criteria. The 8 issues identified in their report are focused on odor issues and are primarily operational in nature. They do not impact the ability of the ADF **to Process Acceptable Waste over a sustained period of time** which is our Agreement required Reliability Acceptance Test criteria which is defined as a 1-day start-up test in the approved Acceptance Test.

Additionally, Tetrtech commented on their ADF CMU Acceptance Tests excel related to the ADF Reliability Test:

“Not Completed. One sample and lab were used and overseen by supplier, Bekon. Biogas generation from that sample met specification per the supplier. No independent tests were provided or reviewed.”

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight
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Response to Acceptance Test
Status Letter

Their comment is referencing the listed requirements discussing CHP engine commissioning. CHP engine commissioning is not part of the Reliability acceptance test. CHP engine commissioning was completed in January 2022 and certificates of completion of the commissioning from Jenbacher-INNEO (AB Energy's engine commissioning subcontractor) were previously provided to the County. There is no provision for biogas sampling as part of the Reliability Acceptance Test Criteria.

You also mentioned that venting at the AD during January was a potential reason for the facility not passing its reliability test. Venting in February was reduced to two events totaling 19 minutes and in March to three events for a total of 345 minutes, of which 242 minutes were due to a MRF electrical switchgear equipment failure. Naturally, the AD operations team does everything in their control to avoid venting. As you are aware, venting may occur due to uncontrollable circumstances such as SCE grid outages or equipment failure. Venting however is not specified as part of the Reliability acceptance test criteria as it does not prevent the processing of acceptable waste for a sustained period of time.

After a thorough review of our Agreement, Exhibit A, the approved ADF Start-up & Acceptance Test Plan, the Cypress and Bekon Acceptance Test Reports, we have not found any specified criteria for the Reliability acceptance test that we have failed to meet. None of the Tetratech issues prevent the ADF from Processing Acceptable Waste for a sustained period of time.

We do accept your offer to request a meeting with Marty Wilder at the earliest possible date to discuss what specific Reliability Acceptance test criteria we have failed to meet.

2. Facility Capacity Test.

With respect to the Facility Capacity Test and its applicability to the ADF, Section 8.B.1.b. of our Agreement provides:

“Facility Capacity Test – The Facility has demonstrated that the equipment can operate at its Rated Capacity for a short period of time.”

The County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020 defines criteria for a Facility Capacity Test as part of the Start-up and Acceptance Test Requirements and Description set forth in Table 2: Required Start-up and Acceptance Tests:

1	Throughput Capacity Test (Bekon)	Operation of the ADF at rated capacity for one (1) day to demonstrate compliance with the Material Throughput Guarantee in Section 9.3 of the Agreement for Source Separated Organic Waste	One 1-day duration test	5.B.1.
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As we have discussed previously, Material Throughput Guarantee in Section 9.3 is an inapplicable term with respect to the ADF as it references the Maximum Annual Capacity amount of Acceptable Materials committed to the Project by the County in Section 2.10 which could be the 233,018 tons per year of MRF Acceptable Materials set forth in Table 2-3.

Additionally, Section 5.B. of the approved ADF Start-up & Acceptance Plan provides some details for Capacity testing in connection with a 1-day Start-up test:

“5.B. Acceptance Test Requirements

The objective of the Acceptance Test is to demonstrate that the Facility is capable of processing Acceptable Materials at the system's rated design capacity rate during a minimum of one (1) day of operation. Standard throughput testing requires that the system operate at rated capacity (e.g., 30 TPH SSOW/OFMSW) per 8-hour shift. In accordance with contract tonnage of 73,600 tons per year (TPY) (237 TPD SSOW/OFMSW based on 310 days (i.e., 6 days per week) and the hourly design processing rate, the facility shall process at least 237 tons per day (TPD) (8 Hours).

Without limiting the scope of the above, the Acceptance Test requirements specified hereafter shall represent the minimum requirements for Acceptance Testing.

1. Throughput Capacity Test

The Acceptance Test shall consist of a minimum of one (1) day of operation achieving a daily average processing throughput at the rated design capacity measured in gross tons/hour. The day shall consist of one eight (8) hour shift (during which a minimum of four (4) operating hours at the rated design capacity must be demonstrated) with a residue rate not exceeding design specifications measured in percentage of gross tons processed and all other material recovery rates and product quality specifications being met in accordance with the contract requirements.

The ADF has accepted and processed more than 237 tons per day 13 times over the past 3 months and more than 50 times over the past 12 months.

Additionally, Bekon's Acceptance Test Report confirmed the AD Facility's ability to process the 73,600 tons (i.e., 67,000 metric tons) on annual basis based on the actual tonnage processed during July-August, 2022.

Tetrattech commented on their ADF CMU Acceptance Tests excel related to the ADF Capacity Test:

“Acceptance Tests were provided, we reviewed, and found the results to not indicate compliance with the performance requirements. Tests by the supplier, Bekon are too short in duration and lack compliance with all of the facility requirements. In particular lack of integration between the AD and CHPs shows a failure to generate electricity from the biogas purported to be produced by the digesters. The biogas is either not generated at the rated levels, not consumed by the CHPs, flared, or vented to the outside. All possibilities demonstrate lack of facility performance.”

And,

“Digester Commissioning Reports were provided by the supplier, Bekon. Commissioning tests were too short in duration and did not meet specification.”

There are no biogas production or electricity generation criteria set forth in our Agreement, Exhibit A or the approved ADF Start-up & Acceptance Test Plan with respect to the Capacity Acceptance Test. There wouldn't be as this was specified to be a one-day test in connection with the Start-up of the ADF. The Capacity Acceptance Test was intended to confirm that the AD facility could process 237 tons per day or more of organic waste which the facility has achieved on numerous occasions since July 2022.

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight

April 14, 2023

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Response to Acceptance Test

Status Letter

You mentioned in your letter an exception noted in the Cypress report for compost quality as a reason for not meeting the required performance criteria implying this is a reason for failing the Capacity Acceptance Test. There are no compost quality criteria set forth in our Agreement, Exhibit A, or the approved ADF Start-up & Acceptance Test Plan related to the Capacity Acceptance Test.

Again, a meeting with you, Marty and potentially Adam Bray or others from Tetrattech should facilitate a consensus on the Agreement specific Acceptance Test criteria for both Reliability and Capacity tests.

3. Environmental Compliance Test

As we have discussed previously, Alliance, our source test consulting firm experienced more than 6 months of delays in 2022 in completing our source tests due to staffing issues directly related to COVID. Additionally, the District took more than 6 months to approve our source test plans for various reasons including the loss of staff (Chase Ogden, Kevin Brown), and their non-receipt of source test plans that were submitted through their source test email even though Aimee Long had confirmed receipt of the submittals.

The expansion of the ATC 14500-10 permit mod to include the MRF island mode back-up generator (i.e., a County requested scope change) also added to the complexity and timeline of AECOM's modelling efforts. As you know, we have received 5 incompleteness letters from the district related to 14500-10 as Charlotte and Robin continued to provide nonsequential comments for the past 6+ months. Unfortunately, as we are both painfully aware, neither of them has the permit engineer skills that Kevin has.

Additionally, as you know, the focus of the 14500-10 permit mod is to address the MRF biofilter non-rebuild in response to the Alisal Fire, which is an uncontrollable circumstance.

MSB's air permit team, including Ian Miller and Mary Kaplan of AECOM, Alliance's source test team, Dylan and Ryan, have worked and continue to work tirelessly and diligently to wrap up the open items to complete all required source tests, to complete the 14500-10 mod and to move immediately to the PTO application even with all of the schedule delay challenges described above.

As the PTO issuance for the RSC is now likely to be based on the 14500-10 mod, then it seems inappropriate to impose LD's on MSB for the delays cited above, all of which are due to Uncontrollable Circumstances (i.e., Covid, County requested scope change, District caused delays and the Alisal Fire.) We would appreciate the opportunity to discuss any and all of these issues with you and Marty in the requested meeting.

4. Material Recovery Test.

Our records (based on the monthly billing mass balance verified by Dena and Uzair) show a total 133,721 tons MSW and 32,918 tons SSR for the Jan-Dec 2022 vs. your 144,986 MSW and 38,162 SSR. Our records also show 3,946 tons of SSO vs. your 4,365. We should meet and reconcile the actual tons of material delivered to the project for processing. It would be helpful if you could provide the excel showing the recalculation of the 47.1% diversion requirement based on the December 2022 waste characterization.

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight
April 14, 2023
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Response to Acceptance Test
Status Letter

You suggest that the requirements for throughput, recovery and commodity purity were not met. Please provide the details on those as all of the Joe Sloan reports confirmed that the throughput, recovery and commodity purity requirements had been met. We should meet and agree on all of the variables and targets impacting the diversion calcs so that we may develop a diversion compliance plan.

5. Residue Test.

With respect to the ADF organics residue, we agree that the Q1 2023 SB 1383 residue test in January-February was not effective based on the unusually high moisture content. Based on the March storms and the excessive stormwater absorbed by the AD into the digesters negatively impacting the moisture content of the digestate, an April SB 1383 test would likely yield similar results to the Q1 2023. David Camarillo suggests that the windrow material is not likely to reach the D-table preferred moisture content of 38% for maximum diversion until late May or June. Would it be possible to discuss the advantages/disadvantages of completing the Q2 SB 1383 test with the known excessive moisture levels.

6. Ambient Odor Test.

Exhibit A-2 the ADF Start-up and Acceptance Test Protocols states that the ADF Acceptance Test Certificate may be issued when:

- h) *“The Facility has demonstrated that no objectionable odors from the Facility are detectable beyond the site boundaries, consistent with the terms of its operating permit issued by the Santa Barbara County Air Pollution Control District (“SBCAPCD”).”*

SCS Engineers completed the property boundary monitoring plan in strict conformance with the District approved property boundary monitoring plan and in conformance with the County approved ADF Start-up & Acceptance Plan states as follows:

“11. Ambient Odor

Odor measurements will be performed to demonstrate that no objectionable odors from the Facility are detectable beyond the site boundaries. The test program will consist of ten (10) direct measurement downwind property-line samples in 3-minute intervals during the sampling period in accordance with SBCAPCD Rule 310. A handheld gold-film H2S analyzer shall be utilized to perform these measurements. In the presence of hydrogen sulfide, the gold film undergoes an increase in electrical resistance proportional to the mass of hydrogen sulfide in the sample.

The table below identifies the proper sampling locations for the ambient odor test.

Table 1: Ambient Odor Measurement Locations

Sample	Sample Location Elevation (Feet)	Sample Location Coordinates (Elevation, Longitude, Latitude)
1	154	34.47402, -120.12726
2	156	34.47401, -120.12685
3	158	34.47400, -120.12643
4	156	34.47390, -120.12603

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight
 April 14, 2023
 Page 8

Response to Acceptance Test
 Status Letter

5	156	34.47372, -120.12567
6	153	34.47362, -120.12527
7	147	34.47359, -120.12486
8	144	34.47349, -120.12446
9	138	34.47332, -120.1241
10	135	34.47321, -120.12370

As we have also discussed, the ADF and CMU are operating in accordance with the LEA approved Odor BMP Feasibility Study requirements which includes the provisions to investigate aeration systems (i.e., ECS) and compost cover systems (i.e., Gore). As you are aware, those pilot studies are in process. The Gore pilot study report is likely to be complete and provided to you prior to April 30th. The ECS pilot study results will hopefully be available in June as that study could not be commenced until a District permit was issued (April 5, 2023) and additional equipment was received from ECS which arrived this week.

The additional time for the County’s consultant Black & Veatch to complete their vetting analysis of the two systems, to complete permitting, procurement and installation of either of these systems cannot yet be determined with any certainty. It could take as many as 4-6 months following completion of the ECS pilot study.

As we have discussed, implementation of one of these aeration &/or cover systems is likely the best and possibly only solution to adequately mitigate nuisance odor complaints from the AQ neighborhood.

It is not appropriate or fair to impose LD’s on MSB while it coordinates the completion of the pilot studies required by the LEA as well as the completion of the County review, procurement and installation for this potential County requested scope change.

7. NPDES Test.

The County approved ADF Start-up & Acceptance Plan provides as follows:

6	<i>NPDES Permit Compliance Test (MSB)</i>	<i>Operation of the ADF at rated capacity for one (1) day to demonstrate Wastewater Treatment Plant (WWTP) compliance with the NPDES Permit effluent discharge limits specified.</i>	<i>Measured during the 1-day Test.</i>	<i>5.C.5.</i>
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John Kular provided a certificate confirming the ADF WWTP met the specified NPDES Permit effluent discharge limits. ADF WWTP effluent is 100% recycled into the ADF percolate system for beneficial reuse.

With respect to the overall site Industrial General Permit, the Compost General Order, the CMU Water and Wastewater Management Plan and the recent NOV and correspondence from Jordan Haserot including the Draft Revised Monitoring & Reporting Plan (MRP), I understand we will have a call on April 19th to discuss the MRP which appears to be a compliance plan for the ADF/CMU stormwater issues.

Attachment 10 - MSB Response to County's April 7, 2023 Letter

Jeanette Gonzales-Knight

April 14, 2023

Page 9

Response to Acceptance Test

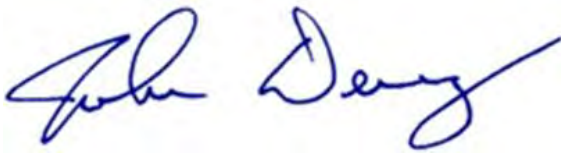
Status Letter

Would it be possible to defer discussion of this item until after that call and a final MRP is agreed upon between MSB and the Water Board? We can then discuss and agree what additional items would be required as part of a compliance plan for water, wastewater and stormwater management.

Jeanette, I would greatly appreciate the opportunity to meet with you, Marty and Carlyle to review the above and to get on the same page before we develop any/all compliance plans to remedy the open items to complete the Acceptance Tests. Please let me know a convenient date/time for us to meet.

Sincerely,

MSB Investors, LLC

A handwritten signature in blue ink, appearing to read "John Dewey". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Dewey

CEO & Managing Member

ATTACHMENT 11

County's position on Facility Reliability and Facility Capacity Subtests Requirements
June 27, 2023

The Agreement between MSB Investors, LLC (MSB) and the County of Santa Barbara (County) for the development and operation of the Tajiguas Resource Recovery Project (Project, also referred to as the ReSource Center) sets forth Acceptance Test requirements which consist of passing nine subtests. This document only addresses the Facility Reliability and Facility Capacity Subtests and does not represent any requirements related to any other Acceptance Subtests, as defined in Section 4.8 of the Agreement. As stipulated in Section 4.8.1 of the Agreement, MSB is required to develop a County-approved Compliance Plan to address Subtests that previously received a failed rating. To date, the County has not received a Compliance Plan that addresses the Facility Reliability and Facility Capacity Subtests. The following is a list of criteria that shall be included in the Compliance Plan in order to demonstrate a passing rating for Facility Reliability and Facility Capacity Subtests.

During the Acceptance Test period, MSB shall ensure that all workers are following all appropriate health and safety procedures and using proper personal protective equipment. The facility needs to operate in accordance with all site permits as well as all federal, state, and local requirements.

Subtest A: ADF/CMU Facility Reliability Acceptance Test

1. Definition: A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time.
2. County position on acceptable subtest requirements
 - a. Continuous operation of ADF/CMU for 3 consecutive months (i.e., Acceptance Test period) complying with the following requirements:
 - i. Notify County at least ten working days prior to beginning the test.
 - ii. The test can only start after at least 4 digesters have been filled to capacity (Exhibit A-2).
 - iii. MSB shall provide, at their cost, approximately 4 full-time employees per 8-hour operating shift (one shift) up to 6 days/week (Exhibit A-2).
 - iv. MSB shall ensure that there is sufficient staff and mobile equipment necessary to deliver and remove test material to and from the digesters (Exhibit A-2).
 - v. No temporary equipment will be allowed to operate during the Acceptance Test (Exhibit A).
 - vi. Throughout the Acceptance Test, the County shall have unrestricted access to inspect witness and record the operation of the ADF as they see fit.
 - vii. All procedures during the Acceptance Test shall be conducted in accordance with all applicable laws, standards and regulations. At no time

Attachment 11 - County's June 27, 2023 Revised Acceptance Test Criteria

will operation of the equipment be permitted with any safety or emission control system being out of service or bypassed except for scheduled maintenance. The County shall be notified of such scheduled maintenance.

- viii. Meet diversion requirements as set forth in SB1383 as well as Agreement Article 9 (Performance Guarantees) and Exhibit W.
- ix. Receive 100% of organic waste stream from the MRF.
- x. No digestate is to be stored in the ADF digester loading hall overnight.
- xi. No biogas venting is to occur from the digesters, ADF flare, percolate tanks or any other part of the ADF.
- xii. The digester loading hall doors shall comply with the LEA permit.
- xiii. MSB shall achieve a combined ADF CHP engine electrical output of no less than 775,000 kWh each month during the Acceptance Test period. The kWh/month value is based on previous discussions between the County and MSB for anticipated production for the Southern California Edison Power Purchase Agreement (PPA).
- xiv. The ADF shall be operated in an automated manner without human intervention, other than to load and unload the digesters and to troubleshoot, which is considered to be the industry standard for AD systems.

For example, the biogas generation rate shall be tied together to the ADF CHP engine output in an automated manner so that the ADF CHP engines will ramp up or down accordingly without manual adjustments. Specifically, some key parameters that the control system shall be able to automatically control are the percolate flow rates, temperature inside each digester, digester purging sequence, and ADF CHP engine output.

- xv. The SCADA system shall automatically record key processing data for both system monitoring and compliance purposes. This may include, but not limited to: each digester's operating temperatures, ADF CHP engine output, percolate flowrate, fresh water addition rate, and biogas flowrate.
 - xvi. MSB shall keep a daily record of all operation and maintenance activities for stationary and mobile equipment as required by manufacturer O&M manuals. Copies of these records shall be submitted as part of the MSB's Acceptance Test report.
- b. Maintenance and repair of the facility and mobile equipment.
- i. All equipment at facility shall be maintained and repaired to attain 90% uptime over the course of the Acceptance Test period.

Attachment 11 - County's June 27, 2023 Revised Acceptance Test Criteria

- ii. All mobile equipment shall be maintained and repaired to attain 90% uptime over the course of the Acceptance Test period.
3. MSB to submit an Acceptance Test report, verifying that conditions of the Acceptance Plan have been met. Report should include all backup data for verification.

Subtest B: ADF/CMU Facility Capacity Test

1. Definition: A test designed to show that the equipment can operate at its rated capacity over a short period of time.
2. County position on acceptable subtest requirements
 - a. Continuous operation of ADF/CMU for three consecutive months complying with the following requirements:
 - i. ADF Only: Demonstrate the ADF is capable of operating at rated capacity of the Agreement (30 tons per hour of source separated organic waste [SSOW] and/or organics from municipal solid waste [OFMSW]) per 8-hour shift, or 237 tons per day for each operating day (6 days/week). If the MRF does not produce enough material and/or the delivery of the SSOW does not meet 237 tons per day, then all material delivered to the ADF shall be processed.
 - ii. All digestate/compost managed at the CMU and the post-composting cleaning system (i.e., D-table) shall be operated to meet the throughput requirements to ensure sufficient space on the composting pad, as defined by the applicable permits, to accommodate for all composting activities (as last approved by CalRecycle/LEA in 2018).

Additionally, the post-compost screening system shall achieve the required throughput and finished compost specifications (i.e., removal of glass and contaminants) per the applicable permits so that the compost can be marketed for sale.
3. MSB to submit an Acceptance Test report, verifying that conditions of the Acceptance Plan have been met. Report should include all backup data for verification.

Attachment 7

County Proposed Exhibit W Revisions – June 27, 2023

Acceptance Testing – Not limited to ADF/CMU Operations

The following two acceptance tests are not limited to a single facility in order to maximize flexibility for Contractor in order to pass the tests.

Material Recovery Test – During the Acceptance Test period, the Contractor must demonstrate achieving the Diversion Guarantee as specified below by material stream:

Material	Tons Delivered	Recovery %	Tons Recovered
Mixed Waste			
Franchise Tons	123,264.00	53.47%	65,903.95
Self Haul Tons	10,457.00	53.47%	5,590.91
TOTAL	133,721.00	53.47%	71,494.86
Source Separated Recyclables			
TOTAL	32,918.00	76.69%	25,244.09
Source Separated Food Scraps			
Total	3,946.00	98.00%	3,867.08
TOTAL FACILITYWIDE	170,585.00	59.0%	100,606.03

This is a modified version of Exhibit W, based on the waste characterization study performed on behalf of the Contractor in December 2022.

Residue Test – During the Acceptance Test period, the Contractor must demonstrate that the residue generated by the sorting of Acceptable Materials and anaerobic digestion of Organic Materials, supports the assumptions and calculations of the Diversion Guarantee.

ATTACHMENT 12

September 18, 2023

Carlyle Johnston
Project Leader
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Response to Notice of Limited Operations

Carlyle,

Our response to your September 6, 2023 letter is below:

1. Limited Operations Date.

We agree with you that the entire ReSource Center project (i.e., MRF, ADF & CMU) was in Limited Operations as of July 2022 as the ADF & CMU were receiving 100% of the MRF organics as of July 15, 2022.

We also reassert our position that the MRF achieved Limited Operations status as of September 2021. Our position is based on:

- 1) The County's requirements to achieve Limited Operations status for the MRF set forth in your email to Contractor dated May 28, 2021 (Attachment 1);
- 2) Todd Curtis's email and Schedule dated November 12, 2021 confirming receipt (i.e., marked "Resolved") of all documents and plans required for Notice to Proceed with Limited Operations of the MRF (Attachment 2); and,
- 3) Additionally, the MRF successfully completed all of its required Acceptance Tests to achieve Limited Operations as of the completion of its August 2021 Organics Acceptance Test as documented in the various correspondence including the County's approval of the MRF Acceptance Tests as set forth in our May 30, 2023 memo to you (Attachment 3).

We reiterate our request for Cash Flow Assistance (CFA) for the FY 21-22 period as set forth in our email to you dated June 30, 2023 (Attachment 4). We are making this request again as the County's responses to our two prior requests (April 27, 2022 and August 15, 2022) were:

- 1) inconsistent with the facts including the County's specific requirements for Limited Operations status at the MRF and its approval of Contractor's satisfaction of such requirements; and,
- 2) inconsistent with the CFA provisions of our Agreement (Section 10.8) and the Limited Operations provisions of our Agreement (Section 4.9.C.).

In your July 14, 2023 response to our June 30, 2023 CFA request you stated that the Annual Settlement Report for FY 21/22 stated that as of June 30, 2022, "the ReSource Center had not completed all of its start-up & acceptance tests, operational permitting requirements and other requirements that have to be met before the County can issue the Notice of Full Operations..." Limited Operations does not require completion of all start-up & acceptance tests or operational permitting requirements as the County has demonstrated by providing CFA throughout FY 22-23. Additionally, Full Operations status is not required for CFA to be provided. Further, the Diversion Guarantee is not required for CFA and is not required until the Full Operations Date.

You also stated that MRF operations were not normalized until November 2022. This is simply not true and inconsistent with the facts. The MRF operations were normalized (i.e., in Limited

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Carlyle Johnston
September 18, 2023
Page 2

Response to Notice of Limited Operations

Operations) as of September 2021 following successful completion of its Acceptance Tests. The MRF's replacement of its fine star screens in September & October 2022 were due to VDRS' prescribed O&M procedures following 18+ months of normal operational wear & tear.

As we disagree with the County's incorrect assertions and conclusions on the Limited Operations date for the MRF, if we are unable to reach an agreement on this issue, in accordance with the provisions of Section 14.2 of the Agreement, we respectfully request arbitration of this issue.

2. Compliance Plan.

On April 14th, 2023, Contractor provided its response (Attachment 5) to the County's Acceptance Test Status Letter dated April 7, 2023. Our April 14th response disagreed with the County's determination of the ADF Reliability and Capacity Acceptance Tests as Contractor had previously passed the Reliability and Capacity test criteria agreed upon by the County and Contractor in the Agreement, Exhibit A-2-ADF Start-up and Acceptance Test Protocols and the approved ADF Acceptance Test Plan 2.0 dated November 2, 2020 (individually and collectively, ADF Acceptance Plan). Our April 14th response also requested a meeting to discuss and agree upon the open Acceptance Test criteria prior to submitting any compliance plan to remedy the open items required to complete the remaining Acceptance Tests.

That meeting took place on June 27th (74 days following our April 14th request for a meeting to discuss the Acceptance Test criteria required for preparation of a Compliance Plan). At and following the June 27th meeting, the County proposed revised and greatly expanded ADF Reliability and Capacity Acceptance Test Protocols (Attachment 6) including 90-day Reliability and Capacity Tests where the approved ADF Acceptance Plan included 1-day tests. Contractor agreed to review and consider the proposed revised Acceptance Test criteria.

After careful consideration and based partly on 11 months of stabilized ADF operations following our previously completed successful October 2022 Reliability and Capacity Tests confirmed in the October 2022 Bekon Acceptance Test Report and the January 2023 Cypress Engineers Acceptance Test Report we reassert our position that the ADF has passed its Reliability and Capacity Acceptance Tests and decline to accept the County's proposed revisions to the Acceptance Test criteria. No compliance plan is required for these Acceptance Tests.

As to the Environmental Compliance Test, as you are aware, Contractor has submitted the mutually agreed upon Permit to Operate (PTO) application to the Santa Barbara County Air Pollution Control District (APCD) following the successful completion of all APCD Source Tests and following APCD's complete application determination for the revisions to the MRF biofilter and baghouse filters (i.e., ATC 14500-10) required following the Alisal Fire's destruction of the MRF Biofilter facilities (i.e., Compliance Plan).

As to the Ambient Odor Test, as you are aware, Contractor is in compliance with the terms of the LEA approved January 2023 Odor BMP Feasibility Study (i.e., Compliance Plan) and is assisting the County with the implementation of the mutually agreed upon GORE windrow aeration and cover system in procurement with Sustainable Generation.

As to the NPDES Test, as you are aware, Contractor is working with the Central Coast Regional Water Quality Control Board (Board), to resolve open items related to alleged violations resulting from damage to the CMU drainage infrastructure caused in part by the settlement of the CMU over the landfill and in part by the severe nature of the historic atmospheric river storms which occurred in the January to March 2023 storm season. The mutually agreed upon and County approved Board compliance requirements include a revised Monitoring & Reporting Plan (MRP,

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Carlyle Johnston
September 18, 2023
Page 3

Response to Notice of Limited Operations

complete), a revised Water and Wastewater Management Plan (WWMP, 3rd draft submittal anticipated prior to September 30, 2023), full replacement of the damaged CMU drainage piping system (under construction, anticipated completion, September 30, 2023) and renegotiated permit terms on feedstock allowed in the CMU compost windrows (anticipated for October 2023) (individually and collectively, Compliance Plan).

As to the Material Recovery and Residue Tests, as we have discussed and agreed on numerous occasions over the past 6 months, a mutual agreement on the County's June 27, 2023 proposed Exhibit W-Diversion Guarantee Rate (Attachment 7) cannot be completed until the paper dryer operations are resumed and stabilized and the marketability of the material confirmed by Berg Mill. The paper dryer operations, as were demonstrated in Q2 & Q3 2022, will likely produce 15% or below moisture content mixed paper. As we have discussed on our past few bi-weekly operations calls, the paper dryer has been repaired and recommissioned following the December 2022 paper dryer fire including the installation of new fire sprinklers and other temperature sensors and alarms as required by SB County Fire. The paper dryer is operational at a reduced volume due to CHP engine G200 being offline awaiting warranty repair work to be completed by AB Energy. AB Energy is scheduled to be onsite Monday, September 18, 2023, to complete that work. Once the paper dryer is fully operational, the questions we have previously discussed remain: Is the recovered MSW mixed paper marketable and at what price? The Exhibit W Diversion Guarantee Rate can only be determined after those questions are answered and such answers agreed upon by the parties. Additionally, the residue rate of the CMU screens must also be determined and agreed by the parties. A sampling event to determine this can be scheduled at the County's convenience at any time on 72-hours' notice to Contractor. All of the above has previously been discussed and agreed upon by the County and Contractor and collectively reflects the agreed upon Compliance Plan for these Tests.

There are no other Compliance Plans other than those described hereinabove.

3. Operations Bonds.

Per Section 13.2.C. of the Agreement as amended and replaced in its entirety in the Second Amendment dated November 14, 2017, mirrored in the Third Amendment dated September 18, 2018 and mirrored in the Sixth Amendment dated October 12, 2021:

"...Such bond shall be in force as of the Full Operations Date, will be modified as necessary to reflect updated annual cost information as of the Full Operations Date as provided in Section 4.9.B., and must remain in force throughout the Term...."

MSB and MarBorg are ready, willing and able to have such bond(s) in place as of the Full Operations Date.

4. Disposal Charges.

Per Section 10.5.A. of the Agreement:

"Contractor shall pay County for Disposal of material in excess of thirty-five percent (35%) of the material delivered to the Facility at a Disposal Rate of fifty dollars (\$50.00) per Ton in Contract Year 1 (increased annually by the percentage change in CPI-U as described in 10.3.A.3)..."

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Carlyle Johnston
September 18, 2023
Page 4

Response to Notice of Limited Operations

Section 1.32 of the Agreement defines Contract Year:

“Contract Year” means a period commencing on July 1 of each calendar year and ending on June 30 of each succeeding calendar year, except that the first Contract Year shall begin upon the Full Operations Date and shall end upon the succeeding June 30, and the final Contract Year shall terminate upon the conclusion of ten (10) years of operation, plus any renewals or extensions

As Full Operations Date did not occur in FY 22-23, no disposal charges are due for that period from Contractor.

5. Liquidated Damages.

- a. Contractor takes exception to the liquidated damages (LDs) listed in your September 6, 2023 letter:

“As of September 6, 2023, a total of \$290,000 in liquidated damages has been assessed MSB for failure to pass the Acceptance Test for the Resource Center.”

So long as the parties are working in good faith to comply with the Acceptance Test requirements of the Agreement it is inappropriate to impose LDs on Contractor. More specifically, it is inappropriate to impose LDs on Contractor when on April 14th, 2023 Contractor properly requested a meeting to discuss the Acceptance Test criteria so it may prepare a Compliance Plan and the requested meeting did not occur until June 27, 2023 (74 days following Contractor's request). Additionally, it is inappropriate to impose LDs on the Contractor when the County proposed significant revisions to the Acceptance Test criteria on June 27th which County agreed to provide Contractor an unspecified time to respond to such proposed revisions.

It is also important to note, Article 14.9.B. Liquidated Damages provides in part:

*“Prior to assessing liquidated damages, County shall give Contractor Notice of its intention to do so. **County agrees that if it becomes aware of an ongoing condition which would trigger the accrual of liquidated damages, that it shall not allow ongoing liquidated damages to accrue more than seven (7) days without Notifying Contractor.** The Notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of County relating to incident(s)/non-performance. Contractor may, within ten (10) Days after receiving the Notice, request a meeting with County. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. **County will provide Contractor with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages.**”*

Following receipt of your April 7, 2023 NOI letter related to the Acceptance Test status, MSB provided a proper written response in less than 10 days (i.e., on April 14, 2023) requesting a meeting with you to discuss the status of the Acceptance Tests and to agree on the Acceptance Test criteria required prior to submittal of the requested Compliance Plan(s). 74 days later, June 27, 2023, we had the requested meeting.

Further, the County failed to provide MSB notice that liquidated damages were accruing. Your letter dated September 6, 2023 was our first indication that the County had been accruing unspecified LDs from a prior date. This is inappropriate as it fails to comply with the provisions of Article 14.9.B. of our Agreement, as set forth above. Specifically, the County's September 6,

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Carlyle Johnston
September 18, 2023
Page 5

Response to Notice of Limited Operations

2023 letter implies that LDs had been accruing for more than seven (7) days, without notifying Contractor.

Additionally, without concluding our negotiations and a mutual agreement on the proposed revised Acceptance Test criteria following the proper request for a meeting within 10 days of the County's NOI, the County is not able to provide a written explanation of the County's determination on the Acceptance Test status and the previously discussed and agreed Compliance Plans. Again, the County has failed to comply with the requirements of Article 14.9.B. Per the last line of Article 14.9.B., LDs cannot be assessed on Contractor prior to the County providing a written explanation of each of the alleged incident(s)/non-performance. This could not have occurred and did not occur as the County's proposed revised Acceptance Test criteria had not been agreed upon by the Parties.

It should also be noted that we met with County Public Works staff on 10 separate occasions between April 14th and September 6th and there was no request for an agreement on the proposed revised Acceptance Test criteria or any discussion of the LDs contemplated in the September 6th letter.

It should also be noted that for FY 22-23 year ending June 30, 2023, MSB and MarBorg Recovery (MBR) have incurred a net operating loss of ~\$7,000,000 (or approximately \$600,000 net operating loss per month). This is primarily due to the fact that operating costs were ~\$19 million while revenues were ~\$12 million before including the ~\$3 million of Cash Flow Assistance provided by County to Contractor for FY 22-23. The Cash Flow Assistance was extremely helpful in allowing the Project to operate at a reasonable level, however, it funded less than 43% of the actual operating deficit incurred by the project during FY 22-23.


MSB and MBR continue to exercise good faith efforts to operate the ReSource Center according to specifications despite the challenges of chronic underfunding for the past 2.5 years since operations commenced in 2021. Such chronic underfunding limits the ability of the facility to function at its potential and continues to damage relationships with its key vendors and suppliers.

Imposing liquidated damages on MSB for the above issue while the project remains underfunded without an approved budget that will cover the operating costs of the project would prevent the facility from achieving its performance requirements and waste limited resources. This would decrease its benefits to the community and damage the county's reputation.

Carlyle, I would appreciate the opportunity to meet with you and your team to discuss all of the above topics and to agree on a path forward on these topics. Please call me at your convenience.

Sincerely,

MSB Investors, LLC



John Dewey
CEO & Managing Member

Attachment 1

County MRF Limited Operations Requirements - May 28, 2021

John Dewey

From: Johnston, Carlyle <CJohnst@cosbpw.net>
Sent: Friday, May 28, 2021 2:25 PM
To: John Dewey; Gonzales-Knight, Jeanette; Curtis, Todd
Cc: Wells, Leslie; Robinson, Leslie; Spier, Travis
Subject: Documents and Testing Needed for the Notice to Proceed

Good Afternoon John,

Now that we have a solid timeline on the Acceptance Test for the MRF, we need to take care of a number of items before the County can issue a formal Notice to Proceed with Operations for the MRF (“**Limited Operations**”). Most of these items are laid out as “Conditions Precedent” in Section 4.9 B and the “Testing Plan” in Section 4.8 B.

First off, we should state that we are concerned that due to delays and the compressed schedule we are now working under, significant operational changes will be made in order to run at full capacity, after the Acceptance Test takes place. In other words, we are concerned that significant changes in operations will need to occur in order to handle all of our material and that will reduce our ability to divert material, thereby undermining the credibility/results of the Acceptance Test as well as the Diversion Guarantee. We will address this in more detail in below in the list of substests.

Documents and plans required for Notice to Proceed with Operations:

1. **Operation and Maintenance Manual** (as required in Section 5.6) – An updated and complete version of the O&M Manual is required before issuing our notice. While the County has received operation and maintenance plans for a number of permitted systems, many are either missing or still marked “draft.” In addition to information required by Section 5.6, please be sure to include the following:
 - a. Include reference to Employee Health and Safety Handbook and testing of procedures as a required part of O&M Manual (section 5.7.B), staff training program (11.6), and shared utility systems operating procedures;
 - b. Operating Insurance Requirements;
 - c. Construction as-builts, process flow diagrams, and piping and instrumentation diagrams, in .pdf and .dwg formats;
 - d. Contractor and Equipment Warranty /Guaranty documentation;
 - e. All operating permits as required in Appendix L;
 - f. Instrumentation list and initial calibration certificates;
 - g. Required spare parts list and inventory;
 - h. O&M contact list that describes the roles and responsibilities for all parties. We have directly encountered some setbacks and miscommunication on the roles and responsibilities within MSB and its subcontractors to resolve permitting and compliance concerns.
2. **Emergency Preparedness Plan** (as required in Section 5.9) – Please update this document with current contact information with a concise list of all relevant sub-contractors.
3. **Product Marketing Plan** (as required in Section 8.2) – We do not expect any significant updates on this as the ADF is not yet ready to be issued with a Notice to Proceed, however, if you have updates such as contacts or staff in charge of marketing please add.
4. Insurance or other financial assurances for Operations.
5. Staff Training Program (as required in Section 11.6).

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Certifications:

We understand that 95% of the outstanding construction issues related to the MRF have been addressed. Prior to MRF Acceptance Testing, a Statement of Final Completion concerning all outstanding construction at the MRF will need to be obtained.

Testing Plan:

As mentioned before, we are under a compressed schedule and we need to have a Final Testing Plan that includes a full schedule of all tests, including subtests, that need to take place before we start Acceptance Testing. Technically, we needed a final version of this two weeks ago, so we will have to prioritize getting this into a final form as soon as possible.

Below are a list of the **subtests** (Section 4.8 B (4)) and our comments on them:

- a. **Facility Reliability Test** – A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time;
- b. **Facility Capacity Test** – A test designed to show that the equipment can operate at its Rated Capacity for a short period of time;

As we noted at the start of this email, we are concerned that since we have not yet operated at full capacity that passing these tests could undermine the results of the Acceptance Test performed by DEI scheduled for June 14 – 25 after the fact. We would ask for reassurances on this and that these two tests above be treated separately from the Acceptance Test that is being performed by DEI. We assume that the Reliability and Capacity tests would take place after June 25. Please send us a schedule and methodology for these tests.

- c. **Environmental Compliance Test** – A test designed to demonstrate that the Facility can meet air emissions compliance limits in its Permits;

Please provide copies of all APCD-approved source test plans for the permitted equipment listed in Tables 4.5 through 4.10 of ATC Permit No. 14500. Please also provide copies of source test results for equipment operated under Source Compliance Demonstration Period, Phase B, and a schedule for the remaining equipment to be source tested.

- d. **Net Electric Output Test** – A test designed for those facilities that produce electricity as a product, to demonstrate the production rate of electricity;

Please provide the Net Electric Output Test Plan and include a final schedule.

- e. **Material Recovery Test** – A test designed to demonstrate the quantity and quality of materials and Products recovered by the pre-Processing, and post-Processing facilities, as applicable;

- f. **Residue Test** – A test designed to demonstrate the quantity and quality of Residue generated by sorting of Acceptable Materials and anaerobic digestion of Organic Materials;

We acknowledge that the Acceptance Test being performed by DEI will address both of the tests above.

- g. **Ambient Noise** – A test designed to demonstrate compliance with applicable noise standards;

Please describe how you will document this process and include a final schedule.

- h. **Ambient Odor** – A test designed to demonstrate that no objectionable odors from the Facility are detectable beyond the site boundaries.

Please describe how you will document this process and include a final schedule.

- i. **Stormwater Discharge Test** – A test designed to demonstrate compliance of the Facility with the Industrial Stormwater Permit for the Site.

As previously communicated, the Numerical Action Level (NAL) for iron was exceeded at sampling location CW3 (downstream of the MRF) during the March 15, 2021 storm event requires identification of additional (or

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

modification of) BMPs, including internal procedures, to eliminate future exceedances. Please submit your plan to us prior to July 1 in order for the County to develop and submit an Exceedance Response Action Plan to the State Water Resources Control Board. Since compliance with stormwater NALs is demonstrated during storm events, we will note this as a Failed Test and if a Notice to Proceed with Limited Operations is granted, it will be conditional on no exceedances of NALs during the next storm event.

We can discuss all of these items at our regularly scheduled meetings or additional meetings at your convenience. We really appreciate everyone's efforts on this including yours and are excited how close we are to the finish line.

Sincerely,

Jeanette Gonzales-Knight, Compliance Manager
Todd Curtis, Civil Engineer
Carlyle Johnston, Project Leader

Carlyle A. Johnston
Project Leader



SANTA BARBARA COUNTY
**Resource Recovery &
Waste Management Division**
Innovative Environmental Solutions

805 882 3617

Attachment 2

County Approval of MRF Limited Operations Requirements – November 12, 2021

John Dewey

From: Curtis, Todd <tcurtis@countyofsb.org>
Sent: Friday, November 12, 2021 1:12 PM
To: John Dewey
Cc: Brent Luna (brentl@diani.com); Spier, Travis; Gonzales-Knight, Jeanette; Johnston, Carlyle; Barcelona, Shannon
Subject: 8.01 MRF CC Exhibit B - O&M Manual General
Attachments: RE: Documents and Testing Needed for the Notice to Proceed

John,

With respect to the O&M Manual identified in Section 5.6 of the agreement, I have reviewed the following:

1. Exhibit B of the agreement
2. Information provided in the attached email as responses to the letter sent in June.
3. Information received from DBC in response to our resource center completion checklist relating to O&M documentation from DBC.

Comments:

1. All the information requested from DBC under "Section 8 O&M manuals and documentation" for the MRF in the resource center checklist has been provided to the County.
2. In reviewing the Employee handbook referenced in the June email, with the added benefit of eight months of commissioning, is there now additional detail from Marborg and other operators about safety procedures used in and around the facility? The Marborg IIPP might be helpful to clarify some of this. The information provided in the employee handbook does not reach the level of detail we typically see that would include identification of hazards, routine tasks and safety measures required to be implemented to mitigate the risk associated with the hazards and tasks.
3. This information provided above in a decentralized format should be consolidated and organized into one document deliverable from MSB as an update to the Exhibit B provided as a part of the original agreement. Exhibit B should be updated to reflect those changes made during construction and commissioning to be consistent with expected operations. This should be provided prior to requesting to proceed with full operations and would serve as the document to be updated annually as outlined in the agreement.

Todd Curtis | P.E.
Civil Engineer

Santa Barbara County Department of Public Works
Resource Recovery & Waste Management Division

130 E. Victoria Street Ste. 100

Santa Barbara, CA 93101

Main: (805) 882-3600 Fax: (805) 882-3601

Direct: (805) 882-3621 Cell: (805) 335-7742

Email: tcurtis@cosbpw.net

8.01 MRF CC Exhibit B - O&M Manual General
Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Document Review

Review No.	Comment Date	Response Date	Document Name	Document Date				
1st	5/28/2021	6/12/2021	8.01 MRF CC Exhibit B - O&M Manual General					
2nd	11/12/2021		Exhibit B; 6/12/21 Response Letter; DBC response to resource center completion checklist relating to O&M documentation from DBC					
3rd								
Comment No.	Page No.	Paragraph No.	Comment	Reviewed By	Resolved?	Response	Addressed By	
					✓			
1.a	General	General	<p>Documents and plans required for Notice to Proceed with Operations:</p> <p>Operation and Maintenance Manual (as required in Section 5.6) – An updated and complete version of the O&M Manual is required before issuing our notice. While the County has received operation and maintenance plans for a number of permitted systems, many are either missing or still marked “draft.” In addition to information required by Section 5.6, please be sure to include the following:</p> <p>a. Include reference to Employee Health and Safety Handbook and testing of procedures as a required part of O&M Manual (section 5.7.B), staff training program (11.6), and shared utility systems operating procedures;</p>	RRWMD	✓	<p>a.1 Include reference to Employee Health and Safety Handbook and testing of procedures as a required part of O&M Manual (section 5.7.B).</p> <p>MarBorg Employee Handbook</p> <p>a.2 Staff training program (11.6).</p> <p>Leadpoint Employee Fall Protection Training</p> <p>Leadpoint LOTO</p> <p>Leadpoint New Hire Orientation</p> <p>a.3 Shared utility systems operating procedures;</p> <p>Water System Operating Guidelines</p>	MSB	
1.b			b. Operating Insurance Requirements;	RRWMD	✓	<p>MBR Certificate of Liability</p> <p>Certificate of Workers Compensation</p>	MSB	
1.c			c. Construction as-builts, process flow diagrams, and piping and instrumentation diagrams, in .pdf and .dwg formats;	RRWMD	✓	Construction as-builts, process flow diagrams, and piping and instrumentation diagrams, in .pdf and .dwg formats	MSB	
1.d			d. Contractor and Equipment Warranty /Guaranty documentation;	RRWMD	✓	Contractor and Equipment Warranty/Guaranty documentation	MSB	
1.e			e. All operating permits as required in Appendix L;	RRWMD	✓	All operating permits as required in Appendix L	MSB	
1.f			f. Instrumentation list and initial calibration certificates;	RRWMD	✓	Instrumentation list and initial calibration certificates; Diani-VDRS	MSB	
1.g			g. Required spare parts list and inventory;	RRWMD	✓	<p>Required spare parts list and inventory-VDRS MRF</p> <p>Required spare parts list and inventory-Bekon ADF</p>	MSB	
1.h			h. O&M contact list that describes the roles and responsibilities for all parties. We have directly encountered some setbacks and miscommunication on the roles and responsibilities within MSB and its subcontractors to resolve permitting and compliance concerns.	RRWMD	✓	<p>O&M contact list that describes the roles and responsibilities for all parties</p> <p>Jeanette, please call John Dewey to discuss any and all “setbacks and miscommunication on any roles and responsibilities within MSB and its subcontractors to resolve permitting and compliance concerns”. You have not raised unresolved permitting or compliance concerns on any of our ops team calls in recent memory, so this statement is a surprise. Remember, the County-MSB agreement provides for a single point of contact, John Dewey, on any and all issues regarding permitting &/or compliance. Please refrain from contacting any of our permitting & compliance related subcontractors without advising us &/or including us in such conversations to avoid future setbacks, miscommunications &/or confusion. A simple phone call or email on a timely basis is the most efficient way to avoid future miscommunications &/or confusion.</p>	MSB	
2	General	General	Emergency Preparedness Plan (as required in Section 5.9) – Please update this document with current contact information with a concise list of all relevant sub-contractors.	RRWMD	✓		MSB	
3	General	General	Product Marketing Plan (as required in Section 8.2) – We do not expect any significant updates on this as the ADF is not yet ready to be issued with a Notice to Proceed, however, if you have updates such as contacts or staff in charge of marketing please add.	RRWMD	✓	Contact Alan Coulter, MRF General Manager, (805) 450-1051, for any updates on the MRF Product Marketing Plan.	MSB	
4	General	General	Insurance or other financial assurances for Operations.	RRWMD	✓	See Section 1.b. above.	MSB	
5	General	General	Staff Training Program (as required in Section 11.6).	RRWMD	✓	See Section 1.a.2 above.	MSB	

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

8.01 MRF CC Exhibit B - O&M Manual General

Document Review

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2nd	11/12/2021		Exhibit B; 6/12/21 Response Letter; DBC response to resource center completion checklist relating to O&M documentation from DBC					
3rd								
Comment No.	Page No.	Paragraph No.	Comment	Reviewed By	Resolved?	Response	Addressed By	
					✓			
					✗			
6	General	General	<p>Certifications: We understand that 95% of the outstanding construction issues related to the MRF have been addressed. Prior to MRF Acceptance Testing, a Statement of Final Completion concerning all outstanding construction at the MRF will need to be obtained.</p>	RRWMD			MSB	
7.a	General	General	<p>Testing Plan: As mentioned before, we are under a compressed schedule and we need to have a Final Testing Plan that includes a full schedule of all tests, including subtests, that need to take place before we start Acceptance Testing. Technically, we needed a final version of this two weeks ago, so we will have to prioritize getting this into a final form as soon as possible.</p> <p>Below are a list of the subtests (Section 4.8 B (4)) and our comments on them:</p> <p>a. Facility Reliability Test – A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time;</p>	RRWMD	✓	<p>Please see Dave Edwards, Inc. (DEI) MRF Acceptance Testing Proposal & Plan dated June 10, 2021. We believe that the proposed MRF Acceptance Test protocols outline in the DEI Proposal & Plan satisfy the MRF technology Facility Reliability Test requirement in Section 4.8.B.a. of the D&O agreement. Please let us know if you have a different understanding of the MRF Acceptance Test protocols outlined in the DEI Proposal & Plan. Of course, we will have a similar Facility Reliability Test applicable to the ADF technology to be administered by our ADF Acceptance Test Agent, SCS Engineers, when the ADF is ready for its Acceptance Test (estimated for October/November following the ADF Commercial Operation Date (COD) as determined in the SCE Power Purchase Agreement (PPA).</p>	MSB	
7.b			<p>b. Facility Capacity Test – A test designed to show that the equipment can operate at its Rated Capacity for a short period of time;</p> <p>As we noted at the start of this email, we are concerned that since we have not yet operated at full capacity that passing these tests could undermine the results of the Acceptance Test performed by DEI scheduled for June 14 – 25 after the fact. We would ask for reassurances on this and that these two tests above be treated separately from the Acceptance Test that is being performed by DEI. We assume that the Reliability and Capacity tests would take place after June 25. Please send us a schedule and methodology for these tests.</p>	RRWMD	✓	<p>Please see Dave Edwards, Inc. (DEI) MRF Acceptance Testing Proposal & Plan dated June 10, 2021. We believe that the proposed MRF Acceptance Test protocols outline in the DEI Proposal & Plan satisfy the MRF technology Facility Capacity Test requirement in Section 4.8.B.a. of the D&O agreement. Please let us know if you have a different understanding of the MRF Acceptance Test protocols outline in the DEI Proposal & Plan. Of course, we will have a similar Facility Capacity Test applicable to the ADF technology to be administered by our ADF Acceptance Test Agent, SCS Engineers, when the ADF is ready for its Acceptance Test, estimated for October/November following the ADF Commercial Operation Date (COD) as determined in the SCE Power Purchase Agreement (PPA).</p>	MSB	
7.c			<p>c. Environmental Compliance Test – A test designed to demonstrate that the Facility can meet air emissions compliance limits in its Permits;</p> <p>Please provide copies of all APCD-approved source test plans for the permitted equipment listed in Tables 4.5 through 4.10 of ATC Permit No. 14500. Please also provide copies of source test results for equipment operated under Source Compliance Demonstration Period, Phase B, and a schedule for the remaining equipment to be source tested.</p>	RRWMD	✓	<p>Phase B Source Test Plan (MRF Flare & Biofilters) This source test is ongoing. Results will be reported within 30 days of completion.</p> <p>The APCD approved schedule for the remaining Source Test phases A-G are set forth in the APCD approved Permit AM 14500-07 dated February 3, 2021 previously provided to Jeanette. AM 14500-07 provides for each phase Source Test to be completed and reported to APCD within 180 days of the first operational date of the equipment specified in each phase (i.e., Source Compliance Demonstration Period-SCDP).</p> <p>An estimated preliminary draft schedule for the remaining Phased SCDP's, subject to SCE's availability, is as follows:</p> <p>Phase A-MRF CHP Engines: SCDP Start Date-6/18/21, End Date-12/15/21 Phase C-AD 1st Operation/CHP Engines: SCDP Start Date-071521, End Date-1/11/2022 Phase D-AD Flare: SCDP Start Date-07/31/21, End Date-1/27/2022 Phase E-CMU 1st Operation: SCDP Start Date-09/15/21, End Date-3/14/22 Phase F-Paper Dryer 1st Operation: SCDP Start Date-07/31/21, End Date-1/27/2022 Phase G-Back-up Generator 1st Operation: SCDP Start-071521, End Date-1/11/2022</p>	MSB	

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

8.01 MRF CC Exhibit B - O&M Manual General

Document Review

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3rd								
Comment No.	Page No.	Paragraph No.	Comment	Reviewed By	Resolved?		Response	Addressed By
					✓	✗		
7.d			d. Net Electric Output Test – A test designed for those facilities that produce electricity as a product, to demonstrate the production rate of electricity; Please provide the Net Electric Output Test Plan and include a final schedule.	RRWMD	✓		This is applicable to the ADF and will be part of the SCS Engineers' ADF Acceptance Test estimated for October/November following the ADF Commercial Operation Date (COD) as determined in the SCE Power Purchase Agreement (PPA).	MSB
7.e			e. Material Recovery Test – A test designed to demonstrate the quantity and quality of materials and Products recovered by the pre-Processing, and post-Processing facilities, as applicable;	RRWMD				MSB
7.f			f. Residue Test – A test designed to demonstrate the quantity and quality of Residue generated by sorting of Acceptable Materials and anaerobic digestion of Organic Materials; We acknowledge that the Acceptance Test being performed by DEI will address both of the tests above.	RRWMD				MSB
7.g			g. Ambient Noise – A test designed to demonstrate compliance with applicable noise standards; Please describe how you will document this process and include a final schedule.	RRWMD		✗	Proposals are being solicited for this test from qualified noise engineers and are estimated to be completed in the August-September timeframe	MSB
7.h			h. Ambient Odor – A test designed to demonstrate that no objectionable odors from the Facility are detectable beyond the site boundaries. Please describe how you will document this process and include a final schedule.	RRWMD	✓		Odor will be measured and reported in accordance with Section 9.D.1 of ATC 14500-02 and compliance requirements of the ATC 14500-02 Property Boundary Sulfur Monitoring Plan reviewed and approved by APCD as of November 30, 2020, previously provided to Jeanette. Monitoring will be performed by MSB staff and will be reported as part of ATC 14500-02 annual compliance reporting.	MSB
7.i			i. Stormwater Discharge Test – A test designed to demonstrate compliance of the Facility with the Industrial Stormwater Permit for the Site. As previously communicated, the Numerical Action Level (NAL) for iron was exceeded at sampling location CW3 (downstream of the MRF) during the March 15, 2021 storm event requires identification of additional (or modification of) BMPs, including internal procedures, to eliminate future exceedances. Please submit your plan to us prior to July 1 in order for the County to develop and submit an Exceedance Response Action Plan to the State Water Resources Control Board. Since compliance with stormwater NALs is demonstrated during storm events, we will note this as a Failed Test and if a Notice to Proceed with Limited Operations is granted, it will be conditional on no exceedances of NALs during the next storm event.	RRWMD		✗	OK.	MSB
8			All the information requested from DBC under "Section 8 O&M manuals and documentation" for the MRF in the resource center checklist has been provided to the County	RRWMD		✗		
9			In reviewing the Employee handbook referenced in the June email, with the added benefit of eight months of commissioning, is there now additional detail from Marborg and other operators about safety procedures used in and around the facility? The Marborg IIPP might be helpful to clarify some of this. The information provided in the employee handbook does not reach the level of detail we typically see that would include identification of hazards, routine tasks and safety measures required to be implemented to mitigate the risk associated with the hazards and tasks	RRWMD		✗		

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

8.01 MRF CC Exhibit B - O&M Manual General

Document Review

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3rd								
Comment No.	Page No.	Paragraph No.	Comment	Reviewed By	Resolved?		Response	Addressed By
					✓	✗		
10			This information provided above in a decentralized format should be consolidated and organized into one document deliverable from MSB as an update to the Exhibit B provided as a part of the original agreement. Exhibit B should be updated to reflect those changes made during construction and commissioning to be consistent with expected operations. This should be provided prior to requesting to proceed with full operations and would serve as the document to be updated annually as outlined in the agreement.	RRWMD		✗		

Attachment 3

Contractor MRF Limited Operations Memo – May 30, 2023

Memo to: Carlyle Johnston
From: John Dewey
Date: May 30, 2023
Re: Limited Operations vs. Full Operations

The relevant Sections of the Development & Operations Agreement (Agreement) between the County and MSB are as follows:

1.74 Limited Operations

“Limited Operations” means temporary performance of all Contractor’s Obligations related to individual activities at the Project Site. **Limited Operations** allows for partial or limited operation of some or all Project Site activities pending Contractor certification that the Project is ready to commence Full Operations, as provided in Article 4.

4.3 Project Development Schedule; County Notices

B. Notices to Proceed

County shall, as appropriate, issue Contractor the following Notices during Development:

1. Notice to Proceed with Initial Development Activities as provided in Section 4.4.
2. Notice to Proceed with Construction as provided in Section 4.7.
3. **Notice to Proceed** with Operations as provided in Section 4.9.B, or **with Limited Operations** as provided in Section 4.9.C.

1.46 Development

“Development” (or “Develop” or other variations thereof) means all activities detailed in Article 4 and conducted by Contractor or the County prior to Full Operations Date including, but not limited to, Design Work, Permitting, Construction, equipment installation, and Facility Start-Up and Acceptance Testing.

4.8 Start-Up Test and Acceptance Test Requirements

H. Contractor Certifications

Upon completion of the Acceptance Test, Contractor shall certify one of the following in writing:

1. Full Operations. All activities at the Project Site are functioning as necessary to meet Performance Guarantees including Permit limits, and that Full Operations may commence as provided in Section 4.9.B.
2. **Limited Operations**. [a.] Some, but not all Project Site activities are functioning as necessary to meet Performance Guarantees including Permit limits and Contractor believes that Limited Operations may be feasible, [b.] Contractor may certify in writing those activities that are available or partially available, and that it believes are feasible for Limited Operations. [c.]

Such certification shall specify the types and amounts of Acceptable Materials that can be delivered for Limited Operations. [d.] The certification shall identify the steps Contractor must take to achieve Full Operations, and the date it will do so. [e.] The County may in its sole discretion determine whether it will commit to deliver Acceptable Materials prior to the Full Operations Date, as provided in Section 4.9.C.

Facts & Circumstances:

The County provided Contractor a list of 22 conditions it requested Contractor satisfy before issuance of a Notice to Proceed with Limited Operations via [email on May 28, 2021](#). 13 conditions were administrative (i.e., plans, specifications, manuals, certificates) and 9 were acceptance testing related (4 related to MRF Acceptance Tests and 5 related to the ADF or facility-wide Acceptance Tests).

Contractor confirmed the satisfaction of all 13 administrative conditions to the County in correspondence between June 2021 and September 2021 by MSB &/or DBC representatives. Todd Curtis confirmed via [email dated November 12, 2021](#) that these conditions were resolved, and further advised that his response would have been provided sooner were it not for the October 11-15, 2021 Alisal Fire impacts on County landfill operations.

The 4 MRF Acceptance Tests (i.e., Facility Reliability, Facility Capacity, Material Recovery, Residue) were successfully passed with completion of the September 2, 2021 Subsequent (i.e., organics) MRF Acceptance Test. This was confirmed by Carlyle Johnston via [email dated November 2, 2021](#). As a result, all of the County's conditions regarding Issuance of a Notice to Proceed with Limited Operations at the MRF were satisfied as of September 2, 2021.

The parties agreed the remaining 5 ADF and/or facility-wide Acceptance Tests (i.e., Environmental Compliance/PTO, Net Electric Output, Ambient Noise, Ambient Odor, Stormwater Discharge) would be completed prior to the County's issuance of a Notice to Proceed with Full Operations.

Todd Curtis provided a checklist including 322 conditions required for Final Completion/Full Operations via [email on September 17, 2021](#).

4.9 Commencement of Operations

C. Limited Operations

Upon receipt of Contractor certification as described in Section 4.8.H.2 that Limited Operations may commence:

1. County shall review submitted information, and may request Contractor participation in discussions or require additional information be provided by Contractor.

[County, MSB, DBC and MarBorg representatives provided County all requested documentation to satisfy County's stated conditions for Limited Operations and met with Todd Curtis and/or Carlyle Johnston on a near weekly basis during June-September 2021 to satisfy the conditions of the MRF Acceptance Tests and Limited Operations set forth in the County's May 28th, 2021 correspondence.]

2. County shall Notice Contractor of its acceptance or non-acceptance of Contractor's proposal for Limited Operations. Should County accept Contractor's proposal for Limited Operations,

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

County shall Notice Contractor providing a specified Limited Operations Date for Operations to commence. Parties shall meet and confer regarding to what extent key Contractor Obligations such as Performance Guarantees will be enforced or suspended during Limited Operations.

[MSB and MarBorg requested delivery of 100% of the available Acceptable Materials for processing at the MRF [effectively full operations of the MRF] as of Monday, July 26, 2021 and the County agreed to provide such on that date as notice of County's acceptance of Contractor's proposal for Limited Operations. Additionally, MSB requested and the County and MarBorg provided 100% of the MRF organics to the ADF for processing as of July 15, 2022. Therefore, the ADF has been in Limited Operations since that date.]

3. If County accepts Contractor's proposal for Limited Operations, County shall arrange for limited delivery of Acceptable Materials on the Limited Operations Date.

[MSB and MarBorg requested delivery of 100% of the available Acceptable Materials for processing at the MRF effective Monday, July 26, 2021 and the County provided such on that date and has provided such on every date thereafter.]

4. Unless otherwise approved by County, payments due to and from Contactor during Limited Operations shall be as provided in Article 10, with per-Ton compensation based on the actual delivery of Acceptable Materials by type and quantity.

[MSB & MarBorg have invoiced the County and the County has paid the per-Ton compensation based on the actual delivery of Acceptable Materials for 100% of the deliveries to the MRF from and after February 2, 2021 in accordance with Article 10 of the Agreement.]

1.62 Full Operations

"Full Operations" means successful performance of all Contractor's Obligations specified for Facility Operations in Articles 5, 6, 7 and 8 and all other Contractor's Obligations related to Operations.

The most recently provided County Checklist for Full Operations (V. 7.0-041923) listed 331 conditions, of which 60 were marked as Pending or In-progress with the balance completed. An anticipated updated Checklist (V. 8.0) is likely to show 30 or fewer Pending or In-Progress items.

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Set forth below is a table showing the relevant milestone dates for the MRF & ADF/CMU:

Milestone	MRF	ADF/CMU
Construction Completion	January 29, 2021 ¹	August 16, 2021 ²
County Fire Occupancy Approval	January 25, 2021	
Certificate of Occupancy - Cold Commissioning Completion	January 30, 2021 ³	August 20, 2021 ⁴
Diani Warranty Start Date	January 30, 2021	August 20, 2021
County Property Insurance Date	January 30, 2021	August 20, 2021
Acceptable Materials Delivery Start	February 2, 2021	August 24, 2021
1 st County Payment of Processing Fee	February 28, 2021 ⁵	NA
County's Conditions for MRF Notice to Proceed (NTP) with Limited Operations	May 28, 2021 ⁶	NA
Response to MRF NTP Conditions RFI	June 12, 2021 ⁷	NA
Warm Commissioning Completion	June 18, 2021 ⁸	June 4, 2022 ⁹
Acceptance Test (Initial) & Report	June 25, 2021 ¹⁰	October 27, 2022 ¹¹
Delivery & Processing of 100% of Acceptable Materials	July 26, 2021	July 15, 2022
County's Response to Initial MRF Acceptance Test Report	August 3, 2021 ¹²	NA
Joe Sloan Response to County Response	August 24, 2021 ¹³	NA
Acceptance Test (Subsequent) & Report	September 2, 2021 ¹⁴	January 25, 2023 ¹⁵
Limited Operations	September 2, 2021	July 15, 2022
County's Full Operations Checklist	September 17, 2021 ¹⁶	NA
County B&S Final Approval	November 19, 2021 ¹⁷	November 4, 2021 ¹⁸
County Acceptance Test Approval(s)	November 17, 2021 ¹⁹	TBD

¹ [MRF Building Commissioning Report-Cypress Engineers-January 2021](#)

² [ADF Building Commissioning Report-Cypress Engineers-August 2021](#)

³ [MRF Certificate of Occupancy-January 2021](#)

⁴ [ADF Certificate of Occupancy-August 2021](#)

⁵ [MRF Processing Fee Invoice to County-February 2021](#)

⁶ [County's MRF NTP with Limited Operations Conditions- May 2021](#)

⁷ [MSB Response to MRF NTP with Limited Operations Conditions-June 2021](#)

⁸ [MRF Warm Commissioning Completion-Acceptance Test Notice-June 2021](#)

⁹ [ADF SCE Demo Day & COD-June 2022](#)

¹⁰ [MRF Acceptance Test Report-DEI-June 2022](#)

¹¹ [ADF Acceptance Test-Bekon-October 2022](#)

¹² [County's Response to Initial MRF Acceptance Test Report-August 2021](#)

¹³ [MSB/Joe Sloan Response to County's Response-August 2021](#)

¹⁴ [MRF Organics Acceptance Test Report-DEI-September 2021](#)

¹⁵ [ADF Acceptance Test Report-Cypress Engineers-January 2023](#)

¹⁶ [County's Full Operations Checklist-September 2021](#)

¹⁷ [MRF Building & Safety \(B&S\) Final Inspection Approval-November 2021](#)

¹⁸ [ADF B&S Final Inspection Approval-November 2021](#)

¹⁹ [County Approval of MRF Acceptance Tests-November 2021](#)

Attachment 4

Contractor FY 21-22 Cash Flow Assistance Request – June 30, 2023

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

John Dewey

From: John Dewey
Sent: Friday, June 30, 2023 3:24 PM
To: Johnston, Carlyle
Cc: Alvarez, Gloria; Gonzales-Knight, Jeanette
Subject: FY 21-22 CFA Request
Attachments: Limited Operations Memo-053023.pdf; 21-23 Recyclable Revenue Actual vs. Budget-063023.xlsx

Carlyle,

As we discussed briefly early this week, as the MRF has been in Limited Operations since September 2021 (see attached Limited Operations memo dated May 30, 2023) the Contractor was properly entitled to Cash Flow Assistance (CFA) in FY 21-22 per the terms of Section 10.8 of our Agreement.

Attached please find the CFA Request amount in the excel format we have used previously for the agreed upon CFA payments for July-December 2022 and for January-April 2023 applied to the 10 month period of September 2021-June 2022.

We have deducted the previously paid recyclable revenue portion of the Alisal Fire assistance (\$178,532.64) from the allowed \$1,506,496.69 CFA amount resulting in a FY 21-22 CFA amount of \$1,327,964.05.

Please review the attached and let me know if you have any questions. I would be happy to discuss the attached with you and the other members of the finance team at your convenience.

Thanks for your assistance.

Best Regards,

John Dewey

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

	Calculated Income from Average Values with Current Year Projected Tons			Revised based on Agreed Recovery Rates		Jan-Apr 2023	Sep 21-Jun 22
	5 Year AVG	1 Year AVG	6 Month AVG	6 Month AVG	4 Month AVG	10 Mo Avg	
Value per ton of MSW:	\$ 16.36	\$ 20.62	\$ 17.79	\$ 13.53	\$ 9.48		16.48
Value Per ton of SSR:	\$ 89.41	\$ 92.39	\$ 73.53	\$ 69.64	\$ 56.41		110.62
Income from MSW:	\$ 2,219,264.85	\$ 2,797,859.53	\$ 2,413,315.75	\$ 1,835,185.67	\$ 1,295,281.24		1,950,629.13
Income from SSR:	\$ 3,168,444.44	\$ 3,274,055.94	\$ 2,605,617.23	\$ 2,467,913.16	\$ 2,046,432.61		3,275,233.84
Total Annual Income:	\$ 5,387,709.30	\$ 6,071,915.47	\$ 5,018,932.98	\$ 4,303,098.84	\$ 3,341,713.85		\$ 5,225,862.97

	Projected FY 22-23 Tons	Projected FY 22-23 Tons	Actual FY 21-22 Tons
Total Annual Tons of MSW:	135,671.00	136,694.28	118,356.15
Total Annual Tons of SSR:	35,436.40	36,279.00	29,608.59
Total Tons	171,107.40	172,973.28	147,964.74

NOTES:

Total annual tons are estimated in both cases by doubling the last six months of data.
The SSR has a deduction of 346.7 tons in the six month period to subtract out UCSB's tonnage

	Actual Tons July to Dec 2022	Jan-April Actual Tons July to April 2023	
Total Tons of MSW:	67,835.50	46,076.40	113,911.90
Total Tons of SSR:	17,718.20	12,514.30	30,232.50
Total Tons	85,553.70	58,590.70	144,144.40

Income based on December Waste Characterization using actual tons from July to March 2023

	Revised based on 6 Mo Avg	Revised based on 6 Mo Avg & Avg Agreement Recovery Rates	Revised based on 4 Mo Avg & Avg Agreement Recovery Rates	Actual 10 Mos FY 22-23 Income vs. Budget	Actual 10 Mos FY 21-22 Income vs. Budget
MSW Assumed Income:	\$ 1,398,929.76	\$ 1,206,657.87	\$ 917,592.84	\$ 431,760.41	1,625,524.27
SSR Assumed Income:	\$ 1,637,027.97	\$ 1,302,808.62	\$ 1,233,956.58	\$ 682,144.20	2,729,361.53
Totals				3,245,049.30	4,354,885.81
Exhibit H Budgeted Income:	\$ 3,516,829.50	\$ 3,516,829.50	\$ 3,516,829.50	\$ 2,344,553.00	5,861,382.50
Difference:	\$ 480,871.77	\$ 1,007,363.01	\$ 1,365,280.08	\$ 1,230,648.38	\$ 2,616,333.20
Actual Income			\$ 2,029,868.59	\$ 1,215,180.71	3,961,436.70
Difference:			\$ 1,486,960.91	\$ 1,129,372.29	\$ 1,899,945.80

Prior CFA Payment (2/24/23)

\$ 480,871.77

Agreed Balance of CFA for Q4 2022

\$ 884,408.31

Jan-Apr 2023 CFA Payment

\$ 1,129,372.29

Less Prior Recyclable Revenue Payment (Alisal Fire)

178,532.64

Sep 21-Jun 22 CFA Payment

\$ 1,327,964.05

Attachment 5

Contractor's Response to April 7, 2023 Acceptance Test Status - April 14, 2023

April 14, 2023

Jeanette Gonzales-Knight
 Compliance Manager
 County of Santa Barbara Public Works Dept.-RRWMD
 130 East Victoria Street, Suite 100
 Santa Barbara, CA 93101

RE: Acceptance Test Status

Jeanette,

Thank you for your letter dated April 7, 2023 discussing the status of certain acceptance tests as required by our Agreement. We think it critically important for us to agree on the parameters and acceptance test criteria for each test as set forth in our Agreement, Exhibit A-Start-up Test and Acceptance Test Requirements and the County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020. Our initial response to your letter is below:

1. Facility Reliability Test.

With respect to the Facility Reliability Test and its applicability to the ADF, Section 8.B.1.a. of our Agreement provides:

“Facility Reliability Test - A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time.”

Exhibit A-2-ADF Start-up and Acceptance Test Protocols does not provide specific acceptance test criteria to confirm if the ADF equipment “can operate while Processing Acceptable Waste over a sustained period of time.”

The County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020 does not specifically define criteria for a Facility Reliability Test however it does reference “reliability testing” as part of the Start-up and Acceptance Test Requirements and Description set forth in Table 2: Required Start-up and Acceptance Tests:

2	Start-Up Test (Bekon/ VDRS/ Compost Screening Equip. Vendor/)	<p><i>VDRS provided D-Table operation at a minimum of 92% of the Demonstrated Design.</i></p> <p><i>The initial operation and reliability testing (i.e., Start-up Test) will be conducted during one (1) day and shall demonstrate a minimum average (calculated daily) processing capacity, measured in tons/hour, of the specified design capacity. Screening equipment must also achieve proper separation and capture of marketable compost in accordance with the design specifications to satisfy this stage of testing, subject to proper labor etc. The</i></p>	One 1-day duration test	4.
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Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Jeanette Gonzales-Knight

Response to Acceptance Test

April 14, 2023

Status Letter

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		<p><i>day shall consist of one eight (8) hour shift during which a minimum of four (4) operating hours at the rated design capacity must be demonstrated. The initial operation testing shall demonstrate that all equipment and systems operate satisfactorily as a system and that the D-Table and all mobile screens are ready for commencement of the Acceptance Testing stage of commissioning.</i></p>		
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Additionally, Section 4 of the approved ADF Start-up & Acceptance Plan provides some details for reliability testing in connection with a 1-day Start-up test:

“4. ADF Initial Operation *Reliability* and Capacity Tests (I.E. Start-Up Test)

A. General

The ADF initial operation and reliability testing of the equipment (i.e., Start-Up Test) will be performed while passing waste through the system to confirm that it is operating properly as a total processing system and is able to receive and successfully sort material at various throughput tonnages up to the specified maximum design capacity.”

The best evidence that the ADF “equipment can operate while Processing Acceptable Waste over a sustained period of time” is that the ADF has received and processed 100% of the Acceptable Waste from the period of July 15th to March 31st.

The Cypress Summary of Acceptance Test Reports for Tajiguas ADF provided to the County on January 25, 2023 accurately summarized the Bekon Acceptance Test Report for the period from September 29th-October 27th, 2022 that the ADF met the requirements set forth in the Engineering, Services, Supply and Commissioning (ESSC) agreement between MSB and Bekon: 1) Feedstock Requirements; 2) Performance Criteria and Testing- Plant Availability; 3) Performance Criteria and Testing-Biogas Production and Methane Quality; and 4) Energy Self-Consumption Level of the Plant. Any exceptions noted in the Bekon Acceptance Test Report had no impact on the ADF Processing Acceptable Waste over a sustained period of time.

Additionally, the 8 issues identified in the Tetrattech report did not prevent the ADF from Processing Acceptable Waste over a sustained period of time:

1. Feedstock and Finished Compost Final End Use Issues.
 - a. TT potential solution: \$1.5-\$2.0M of additional screening at the MRF. This is likely not necessary depending on the outcome of the aeration/cover pilot studies and would be a County requested scope change.
2. Operations, Maintenance and Management of the ADF.
 - a. TT potential solution: \$200,000-\$300,000 per year to hire and train a GM, technical support, maintenance supervisor and O&M staff. MSB has requested additional staffing budget for the past two years and County has yet to fund the agreed budget.
3. Mass, Energy & Water Balance
 - a. TT potential solution: \$200,000-\$300,000 to develop an operations plan. Not necessary as Bekon has provided this. Biogas is measured by the Bekon and SCADA systems and such data is reported to the County monthly. Stabilized biogas

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Status Letter

- production (~440 CFM) and PPA energy revenue has been achieved in February and March.
4. ADF Maintenance and Cleaning.
 - a. TT potential solution: \$250,000-\$500,000 to clean pipes and maintain pumps. MSB has requested funding of the ADF repairs & maintenance budget for the past two years and the County has yet to fund the agreed budget.
 5. Biogas Storage
 - a. TT potential solution: \$1.0-\$2.0M. Not necessary as the LFG provides supplemental fuel support to the engines and flare to maintain stable energy production. This would be a County requested scope change
 6. Digestate Treatment for Odor Control
 - a. TT potential solution: \$7-10M to build 3-4 In-Vessel Composting (IVC) tunnels or long-haul trucking of digestate to offsite processing facilities. There is no available location on site for IVC construction. Long haul transport and processing of digestate (65-75% moisture content) is costly and not necessary. Installation of either the contemplated ECS (negative aeration to a biofilter) or Gore (positive aeration with Gore covers) is likely adequate and proven effective digestate/windrow processing solutions to mitigate digestate odors at a fraction of the cost of IVCs. MSB is evaluating the possibility of two aerated beds inside of the AD mixing hall for 3–4-day cycles to evaporate excess digestate moisture (i.e., percolate) and to take advantage of available AD biofilter capacity.
 7. Control systems and SCADA Issues
 - a. TT potential solution: \$250,000-\$400,000 to complete the integration of Bekon and Axiom SCADA software. MSB requested funding of FY 21-22 working capital deficits in April 2022 including payment of ~\$500,000 of payables to Axiom Engineering to complete work on SCADA open items. County has yet to address that request.
 8. Black Smoke from Enclosed Flare at Start-up
 - a. TT potential solution: \$20,000 for a 3rd party flare expert. This is not necessary. Both the MRF and ADF flares were recently serviced by John Zink, the flare vendor. The flares are operating per spec. As we have discussed, black smoke is from the combustion of excess propane in the absence of biogas or landfill gas. This is a rare occurrence. Generally, propane is only used for pilot purposes as there is sufficient biogas or landfill gas being sent to the flare to avoid propane combustion.

The stated goal of the Tetrattech review was to *“observe the operations of the ReSource Center, discuss the issues with the County they have been experiencing, and to identify potential issues that may be causing odor complaints.”*

There was no discussion in their report about Reliability Acceptance Test Criteria. The 8 issues identified in their report are focused on odor issues and are primarily operational in nature. They do not impact the ability of the ADF **to Process Acceptable Waste over a sustained period of time** which is our Agreement required Reliability Acceptance Test criteria which is defined as a 1-day start-up test in the approved Acceptance Test.

Additionally, Tetrattech commented on their ADF CMU Acceptance Tests excel related to the ADF Reliability Test:

“Not Completed. One sample and lab were used and overseen by supplier, Bekon. Biogas generation from that sample met specification per the supplier. No independent tests were provided or reviewed.”

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Jeanette Gonzales-Knight
April 14, 2023
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Status Letter

Their comment is referencing the listed requirements discussing CHP engine commissioning. CHP engine commissioning is not part of the Reliability acceptance test. CHP engine commissioning was completed in January 2022 and certificates of completion of the commissioning from Jenbacher-INNEO (AB Energy's engine commissioning subcontractor) were previously provided to the County. There is no provision for biogas sampling as part of the Reliability Acceptance Test Criteria.

You also mentioned that venting at the AD during January was a potential reason for the facility not passing its reliability test. Venting in February was reduced to two events totaling 19 minutes and in March to three events for a total of 345 minutes, of which 242 minutes were due to a MRF electrical switchgear equipment failure. Naturally, the AD operations team does everything in their control to avoid venting. As you are aware, venting may occur due to uncontrollable circumstances such as SCE grid outages or equipment failure. Venting however is not specified as part of the Reliability acceptance test criteria as it does not prevent the processing of acceptable waste for a sustained period of time.

After a thorough review of our Agreement, Exhibit A, the approved ADF Start-up & Acceptance Test Plan, the Cypress and Bekon Acceptance Test Reports, we have not found any specified criteria for the Reliability acceptance test that we have failed to meet. None of the Tetratech issues prevent the ADF from Processing Acceptable Waste for a sustained period of time.

We do accept your offer to request a meeting with Marty Wilder at the earliest possible date to discuss what specific Reliability Acceptance test criteria we have failed to meet.

2. Facility Capacity Test.

With respect to the Facility Capacity Test and its applicability to the ADF, Section 8.B.1.b. of our Agreement provides:

“Facility Capacity Test – The Facility has demonstrated that the equipment can operate at its Rated Capacity for a short period of time.”

The County approved ADF Start-up & Acceptance Plan Draft 2.0 dated November 2, 2020 defines criteria for a Facility Capacity Test as part of the Start-up and Acceptance Test Requirements and Description set forth in Table 2: Required Start-up and Acceptance Tests:

1	<i>Throughput Capacity Test (Bekon)</i>	<i>Operation of the ADF at rated capacity for one (1) day to demonstrate compliance with the Material Throughput Guarantee in Section 9.3 of the Agreement for Source Separated Organic Waste</i>	<i>One 1-day duration test</i>	<i>5.B.1.</i>
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As we have discussed previously, Material Throughput Guarantee in Section 9.3 is an inapplicable term with respect to the ADF as it references the Maximum Annual Capacity amount of Acceptable Materials committed to the Project by the County in Section 2.10 which could be the 233,018 tons per year of MRF Acceptable Materials set forth in Table 2-3.

Additionally, Section 5.B. of the approved ADF Start-up & Acceptance Plan provides some details for Capacity testing in connection with a 1-day Start-up test:

“5.B. Acceptance Test Requirements

The objective of the Acceptance Test is to demonstrate that the Facility is capable of processing Acceptable Materials at the system's rated design capacity rate during a minimum of one (1) day of operation. Standard throughput testing requires that the system operate at rated capacity (e.g., 30 TPH SSOW/OFMSW) per 8-hour shift. In accordance with contract tonnage of 73,600 tons per year (TPY) (237 TPD SSOW/OFMSW based on 310 days (i.e., 6 days per week) and the hourly design processing rate, the facility shall process at least 237 tons per day (TPD) (8 Hours).

Without limiting the scope of the above, the Acceptance Test requirements specified hereafter shall represent the minimum requirements for Acceptance Testing.

1. Throughput Capacity Test

The Acceptance Test shall consist of a minimum of one (1) day of operation achieving a daily average processing throughput at the rated design capacity measured in gross tons/hour. The day shall consist of one eight (8) hour shift (during which a minimum of four (4) operating hours at the rated design capacity must be demonstrated) with a residue rate not exceeding design specifications measured in percentage of gross tons processed and all other material recovery rates and product quality specifications being met in accordance with the contract requirements.

The ADF has accepted and processed more than 237 tons per day 13 times over the past 3 months and more than 50 times over the past 12 months.

Additionally, Bekon's Acceptance Test Report confirmed the AD Facility's ability to process the 73,600 tons (i.e., 67,000 metric tons) on annual basis based on the actual tonnage processed during July-August, 2022.

Tetrattech commented on their ADF CMU Acceptance Tests excel related to the ADF Capacity Test:

“Acceptance Tests were provided, we reviewed, and found the results to not indicate compliance with the performance requirements. Tests by the supplier, Bekon are too short in duration and lack compliance with all of the facility requirements. In particular lack of integration between the AD and CHPs shows a failure to generate electricity from the biogas purported to be produced by the digesters. The biogas is either not generated at the rated levels, not consumed by the CHPs, flared, or vented to the outside. All possibilities demonstrate lack of facility performance.”

And,

“Digester Commissioning Reports were provided by the supplier, Bekon. Commissioning tests were too short in duration and did not meet specification.”

There are no biogas production or electricity generation criteria set forth in our Agreement, Exhibit A or the approved ADF Start-up & Acceptance Test Plan with respect to the Capacity Acceptance Test. There wouldn't be as this was specified to be a one-day test in connection with the Start-up of the ADF. The Capacity Acceptance Test was intended to confirm that the AD facility could process 237 tons per day or more of organic waste which the facility has achieved on numerous occasions since July 2022.

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

Jeanette Gonzales-Knight

April 14, 2023

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Response to Acceptance Test

Status Letter

You mentioned in your letter an exception noted in the Cypress report for compost quality as a reason for not meeting the required performance criteria implying this is a reason for failing the Capacity Acceptance Test. There are no compost quality criteria set forth in our Agreement, Exhibit A, or the approved ADF Start-up & Acceptance Test Plan related to the Capacity Acceptance Test.

Again, a meeting with you, Marty and potentially Adam Bray or others from Tetrattech should facilitate a consensus on the Agreement specific Acceptance Test criteria for both Reliability and Capacity tests.

3. Environmental Compliance Test

As we have discussed previously, Alliance, our source test consulting firm experienced more than 6 months of delays in 2022 in completing our source tests due to staffing issues directly related to COVID. Additionally, the District took more than 6 months to approve our source test plans for various reasons including the loss of staff (Chase Ogden, Kevin Brown), and their non-receipt of source test plans that were submitted through their source test email even though Aimee Long had confirmed receipt of the submittals.

The expansion of the ATC 14500-10 permit mod to include the MRF island mode back-up generator (i.e., a County requested scope change) also added to the complexity and timeline of AECOM's modelling efforts. As you know, we have received 5 incompleteness letters from the district related to 14500-10 as Charlotte and Robin continued to provide nonsequential comments for the past 6+ months. Unfortunately, as we are both painfully aware, neither of them has the permit engineer skills that Kevin has.

Additionally, as you know, the focus of the 14500-10 permit mod is to address the MRF biofilter non-rebuild in response to the Alisal Fire, which is an uncontrollable circumstance.

MSB's air permit team, including Ian Miller and Mary Kaplan of AECOM, Alliance's source test team, Dylan and Ryan, have worked and continue to work tirelessly and diligently to wrap up the open items to complete all required source tests, to complete the 14500-10 mod and to move immediately to the PTO application even with all of the schedule delay challenges described above.

As the PTO issuance for the RSC is now likely to be based on the 14500-10 mod, then it seems inappropriate to impose LD's on MSB for the delays cited above, all of which are due to Uncontrollable Circumstances (i.e., Covid, County requested scope change, District caused delays and the Alisal Fire.) We would appreciate the opportunity to discuss any and all of these issues with you and Marty in the requested meeting.

4. Material Recovery Test.

Our records (based on the monthly billing mass balance verified by Dena and Uzair) show a total 133,721 tons MSW and 32,918 tons SSR for the Jan-Dec 2022 vs. your 144,986 MSW and 38,162 SSR. Our records also show 3,946 tons of SSO vs. your 4,365. We should meet and reconcile the actual tons of material delivered to the project for processing. It would be helpful if you could provide the excel showing the recalculation of the 47.1% diversion requirement based on the December 2022 waste characterization.

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Jeanette Gonzales-Knight
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Response to Acceptance Test
Status Letter

You suggest that the requirements for throughput, recovery and commodity purity were not met. Please provide the details on those as all of the Joe Sloan reports confirmed that the throughput, recovery and commodity purity requirements had been met. We should meet and agree on all of the variables and targets impacting the diversion calcs so that we may develop a diversion compliance plan.

5. Residue Test.

With respect to the ADF organics residue, we agree that the Q1 2023 SB 1383 residue test in January-February was not effective based on the unusually high moisture content. Based on the March storms and the excessive stormwater absorbed by the AD into the digesters negatively impacting the moisture content of the digestate, an April SB 1383 test would likely yield similar results to the Q1 2023. David Camarillo suggests that the windrow material is not likely to reach the D-table preferred moisture content of 38% for maximum diversion until late May or June. Would it be possible to discuss the advantages/disadvantages of completing the Q2 SB 1383 test with the known excessive moisture levels.

6. Ambient Odor Test.

Exhibit A-2 the ADF Start-up and Acceptance Test Protocols states that the ADF Acceptance Test Certificate may be issued when:

- h) *"The Facility has demonstrated that no objectionable odors from the Facility are detectable beyond the site boundaries, consistent with the terms of its operating permit issued by the Santa Barbara County Air Pollution Control District ("SBCAPCD")."*

SCS Engineers completed the property boundary monitoring plan in strict conformance with the District approved property boundary monitoring plan and in conformance with the County approved ADF Start-up & Acceptance Plan states as follows:

"11. Ambient Odor

Odor measurements will be performed to demonstrate that no objectionable odors from the Facility are detectable beyond the site boundaries. The test program will consist of ten (10) direct measurement downwind property-line samples in 3-minute intervals during the sampling period in accordance with SBCAPCD Rule 310. A handheld gold-film H2S analyzer shall be utilized to perform these measurements. In the presence of hydrogen sulfide, the gold film undergoes an increase in electrical resistance proportional to the mass of hydrogen sulfide in the sample.

The table below identifies the proper sampling locations for the ambient odor test.

Table 1: Ambient Odor Measurement Locations

Sample	Sample Location Elevation (Feet)	Sample Location Coordinates (Elevation, Longitude, Latitude)
1	154	34.47402, -120.12726
2	156	34.47401, -120.12685
3	158	34.47400, -120.12643
4	156	34.47390, -120.12603

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5	156	34.47372, -120.12567
6	153	34.47362, -120.12527
7	147	34.47359, -120.12486
8	144	34.47349, -120.12446
9	138	34.47332, -120.1241
10	135	34.47321, -120.12370

As we have also discussed, the ADF and CMU are operating in accordance with the LEA approved Odor BMP Feasibility Study requirements which includes the provisions to investigate aeration systems (i.e., ECS) and compost cover systems (i.e., Gore). As you are aware, those pilot studies are in process. The Gore pilot study report is likely to be complete and provided to you prior to April 30th. The ECS pilot study results will hopefully be available in June as that study could not be commenced until a District permit was issued (April 5, 2023) and additional equipment was received from ECS which arrived this week.

The additional time for the County’s consultant Black & Veatch to complete their vetting analysis of the two systems, to complete permitting, procurement and installation of either of these systems cannot yet be determined with any certainty. It could take as many as 4-6 months following completion of the ECS pilot study.

As we have discussed, implementation of one of these aeration &/or cover systems is likely the best and possibly only solution to adequately mitigate nuisance odor complaints from the AQ neighborhood.

It is not appropriate or fair to impose LD’s on MSB while it coordinates the completion of the pilot studies required by the LEA as well as the completion of the County review, procurement and installation for this potential County requested scope change.

7. NPDES Test.

The County approved ADF Start-up & Acceptance Plan provides as follows:

6	<i>NPDES Permit Compliance Test (MSB)</i>	<i>Operation of the ADF at rated capacity for one (1) day to demonstrate Wastewater Treatment Plant (WWTP) compliance with the NPDES Permit effluent discharge limits specified.</i>	<i>Measured during the 1-day Test.</i>	<i>5.C.5.</i>
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John Kular provided a certificate confirming the ADF WWTP met the specified NPDES Permit effluent discharge limits. ADF WWTP effluent is 100% recycled into the ADF percolate system for beneficial reuse.

With respect to the overall site Industrial General Permit, the Compost General Order, the CMU Water and Wastewater Management Plan and the recent NOV and correspondence from Jordan Haserot including the Draft Revised Monitoring & Reporting Plan (MRP), I understand we will have a call on April 19th to discuss the MRP which appears to be a compliance plan for the ADF/CMU stormwater issues.

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Jeanette Gonzales-Knight

April 14, 2023

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Response to Acceptance Test

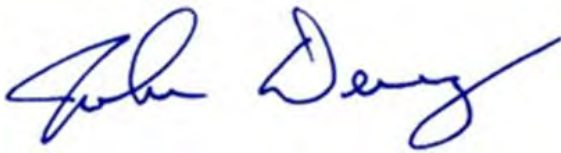
Status Letter

Would it be possible to defer discussion of this item until after that call and a final MRP is agreed upon between MSB and the Water Board? We can then discuss and agree what additional items would be required as part of a compliance plan for water, wastewater and stormwater management.

Jeanette, I would greatly appreciate the opportunity to meet with you, Marty and Carlyle to review the above and to get on the same page before we develop any/all compliance plans to remedy the open items to complete the Acceptance Tests. Please let me know a convenient date/time for us to meet.

Sincerely,

MSB Investors, LLC



John Dewey

CEO & Managing Member

Attachment 6

County Proposed Acceptance Test Revisions – June 27, 2023

John Dewey

From: Gonzales-Knight, Jeanette <jgonzal@countyofsb.org>
Sent: Tuesday, June 27, 2023 5:42 PM
To: John Dewey
Cc: Steve Myers; Spier, Travis; Johnston, Carlyle
Subject: RE: ReSource Center - Compliance Plan and Commission Checklist Follow-up
Attachments: 2023.06.27 Acceptance Test - Facility Reliability and Capacity Subtest Criteria.docx; Acceptance Testing - not specific to ADF CMU.docx

Hi John,

Here are the compliance plan criteria we shared with you this afternoon for the Facility Reliability, Facility Capacity, Material Recovery, and Residue Subtests.

Jeanette Gonzales-Knight, PE

Interim Deputy Director

Santa Barbara County Public Works

Resource Recovery and Waste Management Division
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101
805-882-3627 Office

-----Original Appointment-----

From: Khan, Dalia **On Behalf Of** Gonzales-Knight, Jeanette
Sent: Thursday, June 8, 2023 4:55 PM
To: Gonzales-Knight, Jeanette; Johnston, Carlyle; John Dewey; Spier, Travis
Cc: Steve Myers
Subject: ReSource Center - Compliance Plan and Commission Checklist Follow-up
When: Tuesday, June 27, 2023 1:30 PM-3:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Microsoft Teams Meeting

A meeting to discuss follow-up items on the Acceptance Test Compliance Plan and Commissioning Checklist.

Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 274 421 273 827

Passcode: 7YnP6R

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

[Download Teams](#) | [Join on the web](#)

Or call in (audio only)

[+1 805-724-0311,,756100007#](#) United States, Santa Barbara

Phone Conference ID: 756 100 007#

[Find a local number](#) | [Reset PIN](#)

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County's position on Facility Reliability and Facility Capacity Subtests Requirements

June 27, 2023

The Agreement between MSB Investors, LLC (MSB) and the County of Santa Barbara (County) for the development and operation of the Tajiguas Resource Recovery Project (Project, also referred to as the ReSource Center) sets forth Acceptance Test requirements which consist of passing nine subtests. This document only addresses the Facility Reliability and Facility Capacity Subtests and does not represent any requirements related to any other Acceptance Subtests, as defined in Section 4.8 of the Agreement. As stipulated in Section 4.8.1 of the Agreement, MSB is required to develop a County-approved Compliance Plan to address Subtests that previously received a failed rating. To date, the County has not received a Compliance Plan that addresses the Facility Reliability and Facility Capacity Subtests. The following is a list of criteria that shall be included in the Compliance Plan in order to demonstrate a passing rating for Facility Reliability and Facility Capacity Subtests.

During the Acceptance Test period, MSB shall ensure that all workers are following all appropriate health and safety procedures and using proper personal protective equipment. The facility needs to operate in accordance with all site permits as well as all federal, state, and local requirements.

Subtest A: ADF/CMU Facility Reliability Acceptance Test

1. Definition: A test designed to show that the equipment can operate while Processing Acceptable Waste over a sustained period of time.
2. County position on acceptable subtest requirements
 - a. Continuous operation of ADF/CMU for 3 consecutive months (i.e., Acceptance Test period) complying with the following requirements:
 - i. Notify County at least ten working days prior to beginning the test.
 - ii. The test can only start after at least 4 digesters have been filled to capacity (Exhibit A-2).
 - iii. MSB shall provide, at their cost, approximately 4 full-time employees per 8-hour operating shift (one shift) up to 6 days/week (Exhibit A-2).
 - iv. MSB shall ensure that there is sufficient staff and mobile equipment necessary to deliver and remove test material to and from the digesters (Exhibit A-2).
 - v. No temporary equipment will be allowed to operate during the Acceptance Test (Exhibit A).
 - vi. Throughout the Acceptance Test, the County shall have unrestricted access to inspect witness and record the operation of the ADF as they see fit.
 - vii. All procedures during the Acceptance Test shall be conducted in accordance with all applicable laws, standards and regulations. At no time

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

will operation of the equipment be permitted with any safety or emission control system being out of service or bypassed except for scheduled maintenance. The County shall be notified of such scheduled maintenance.

- viii. Meet diversion requirements as set forth in SB1383 as well as Agreement Article 9 (Performance Guarantees) and Exhibit W.
- ix. Receive 100% of organic waste stream from the MRF.
- x. No digestate is to be stored in the ADF digester loading hall overnight.
- xi. No biogas venting is to occur from the digesters, ADF flare, percolate tanks or any other part of the ADF.
- xii. The digester loading hall doors shall comply with the LEA permit.
- xiii. MSB shall achieve a combined ADF CHP engine electrical output of no less than 775,000 kWh each month during the Acceptance Test period. The kWh/month value is based on previous discussions between the County and MSB for anticipated production for the Southern California Edison Power Purchase Agreement (PPA).
- xiv. The ADF shall be operated in an automated manner without human intervention, other than to load and unload the digesters and to troubleshoot, which is considered to be the industry standard for AD systems.

For example, the biogas generation rate shall be tied together to the ADF CHP engine output in an automated manner so that the ADF CHP engines will ramp up or down accordingly without manual adjustments. Specifically, some key parameters that the control system shall be able to automatically control are the percolate flow rates, temperature inside each digester, digester purging sequence, and ADF CHP engine output.

- xv. The SCADA system shall automatically record key processing data for both system monitoring and compliance purposes. This may include, but not limited to: each digester's operating temperatures, ADF CHP engine output, percolate flowrate, fresh water addition rate, and biogas flowrate.
 - xvi. MSB shall keep a daily record of all operation and maintenance activities for stationary and mobile equipment as required by manufacturer O&M manuals. Copies of these records shall be submitted as part of the MSB's Acceptance Test report.
- b. Maintenance and repair of the facility and mobile equipment.
- i. All equipment at facility shall be maintained and repaired to attain 90% uptime over the course of the Acceptance Test period.

Attachment 12 - MSB's Response to County's September 6, 2023 Letter

- ii. All mobile equipment shall be maintained and repaired to attain 90% uptime over the course of the Acceptance Test period.
3. MSB to submit an Acceptance Test report, verifying that conditions of the Acceptance Plan have been met. Report should include all backup data for verification.

Subtest B: ADF/CMU Facility Capacity Test

1. Definition: A test designed to show that the equipment can operate at its rated capacity over a short period of time.
2. County position on acceptable subtest requirements
 - a. Continuous operation of ADF/CMU for three consecutive months complying with the following requirements:
 - i. ADF Only: Demonstrate the ADF is capable of operating at rated capacity of the Agreement (30 tons per hour of source separated organic waste [SSOW] and/or organics from municipal solid waste [OFMSW]) per 8-hour shift, or 237 tons per day for each operating day (6 days/week). If the MRF does not produce enough material and/or the delivery of the SSOW does not meet 237 tons per day, then all material delivered to the ADF shall be processed.
 - ii. All digestate/compost managed at the CMU and the post-composting cleaning system (i.e., D-table) shall be operated to meet the throughput requirements to ensure sufficient space on the composting pad, as defined by the applicable permits, to accommodate for all composting activities (as last approved by CalRecycle/LEA in 2018).

Additionally, the post-compost screening system shall achieve the required throughput and finished compost specifications (i.e., removal of glass and contaminants) per the applicable permits so that the compost can be marketed for sale.

3. MSB to submit an Acceptance Test report, verifying that conditions of the Acceptance Plan have been met. Report should include all backup data for verification.

Attachment 7

County Proposed Exhibit W Revisions – June 27, 2023

Acceptance Testing – Not limited to ADF/CMU Operations

The following two acceptance tests are not limited to a single facility in order to maximize flexibility for Contractor in order to pass the tests.

Material Recovery Test – During the Acceptance Test period, the Contractor must demonstrate achieving the Diversion Guarantee as specified below by material stream:

Material	Tons Delivered	Recovery %	Tons Recovered
Mixed Waste			
Franchise Tons	123,264.00	53.47%	65,903.95
Self Haul Tons	10,457.00	53.47%	5,590.91
TOTAL	133,721.00	53.47%	71,494.86
Source Separated Recyclables			
TOTAL	32,918.00	76.69%	25,244.09
Source Separated Food Scraps			
Total	3,946.00	98.00%	3,867.08
TOTAL FACILITYWIDE	170,585.00	59.0%	100,606.03

This is a modified version of Exhibit W, based on the waste characterization study performed on behalf of the Contractor in December 2022.

Residue Test – During the Acceptance Test period, the Contractor must demonstrate that the residue generated by the sorting of Acceptable Materials and anaerobic digestion of Organic Materials, supports the assumptions and calculations of the Diversion Guarantee.

ATTACHMENT 13

County of Santa Barbara

\$150,615,000

Solid Waste System Revenue Certificates of Participation

Series 2018A (Tax-Exempt Non-AMT)

Series 2018B (Tax-Exempt AMT)

Series 2018C (Taxable)

“2018 Certificates”

Credit Presentation

October 22, 2018



Attachment 13 - County's October 22, 2028 Rating Agency Presentation - Excerpt #1

Scenario 1: 20% Reduced Recyclable Prices

County of Santa Barbara- Resource Recovery (in thousands of dollars)

	Historical (1)					Preliminary	Budget	Projections==>							
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Fiscal Year Ending June 30,															
Public Participants (2)															
Tonnage						171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	
Tip Fee	\$ 77.00	\$ 82.00	\$ 82.00	\$ 84.00	\$ 87.00	\$ 99.00	\$ 102.00	\$ 150.00	\$ 155.00	\$ 160.00	\$ 166.00	\$ 172.87	\$ 179.54	\$ 186.39	
SCRT / SYRT - Self-Haul Tonnage						19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	
Tip Fee	\$ 77.00	\$ 82.00	\$ 82.00	\$ 84.00	\$ 87.00	\$ 95.00	\$ 98.00	\$ 101.00	\$ 104.00	\$ 107.00	\$ 110.00	\$ 113.00	\$ 116.00	\$ 119.00	
Marborg Contract															
Tonnage						52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	
Tip Fee	\$ 77.00	\$ 82.00	\$ 82.00	\$ 84.00	\$ 87.00	\$ 95.00	\$ 98.00	\$ 101.00	\$ 104.00	\$ 107.00	\$ 110.00	\$ 113.00	\$ 116.00	\$ 119.00	
Other Material Tonnage (3)						76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	
						319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	
Total Tonnage															
Revenues															
Charges for services	\$ 16,098	\$ 17,208	\$ 17,306	\$ 19,154	\$ 20,919	\$ 26,256	\$ 25,598	\$ 34,177	\$ 37,217	\$ 40,296	\$ 41,700	\$ 43,265	\$ 44,797	\$ 46,366	
Other operating revenues (4)	6,283	6,232	5,878	5,463	2,906	3,351	3,766	2,906	3,172	3,440	3,521	3,604	3,690	3,777	
Use of money and property	244	590	510	606	146	223	135	135	135	135	135	135	135	135	
Other non-operating revenues (5)	1,169	675	520	640	3,160	2,175	2,702	4,465	1,279	2,218	1,538	1,552	1,566	1,580	
Total Revenues (6)	23,794	24,705	24,214	25,863	27,130	32,005	32,201	41,684	41,804	46,088	46,894	48,557	50,187	51,858	
Operating Expenses															
Salaries & Benefits	\$ 7,552	\$ 8,190	\$ 7,870	\$ 8,537	\$ 8,464	\$ 9,582	\$ 9,947	\$ 10,246	\$ 10,553	\$ 10,196	\$ 10,502	\$ 10,817	\$ 11,142	\$ 11,476	
Services & Supplies	3,297	3,798	3,519	3,561	3,596	4,566	7,478	6,394	2,182	2,354	2,725	3,106	3,200	3,296	
Contractual Services	5,782	5,591	5,067	6,429	11,328	5,329	5,297	7,999	10,556	7,281	7,500	7,725	7,956	8,195	
Contractual Services MRF/AD (7)	0	0	0	0	0	0	0	0	3,369	7,824	8,448	8,838	9,238	9,648	
County Overhead Allocation	258	120	253	317	281	386	614	632	651	670	690	711	733	755	
Other Charges (8)	804	787	832	710	866	912	890	917	944	973	1,002	1,032	1,063	1,095	
Closure/post closure costs (9)	665	(565)	6,126	725	1,982	1,018	1,055	1,087	1,119	723	745	767	790	814	
Total Operating Expenses	18,358	17,921	23,667	20,279	26,517	21,793	25,281	27,274	29,375	30,022	31,612	32,997	34,121	35,277	
Net Revenues	5,436	6,784	547	5,584	613	10,212	6,920	14,410	12,429	16,067	15,282	15,560	16,066	16,581	
Solid Waste Revenue COP Debt Service						0	1,833	3,770	7,246	9,691	10,030	10,373	10,711	11,054	
Surplus Revenue (10)						10,212	5,087	10,639	5,183	6,376	5,252	5,187	5,355	5,527	
Solid Waste Revenue COP D/S Coverage (Annual)						N/A	3.77x	3.82x	1.72x	1.66x	1.52x	1.50x	1.50x	1.50x	

Impact of stress scenario is reflected in increased Contractual Services expense from the Base Case

Pursuant to the Waste Service Agreement, the County is required to make a payment to MSB in the event Recyclable Sales Revenue is less than projected

(1) From County CAFRs and County Public Works Department. Excludes Interest and Depreciation Expense.
 (2) For historical tonnages, please refer to Figures 2-8 through 2-11 of Feasibility Report.
 (3) Other Volumes include additional material processed outside of the TRRP. Please refer to Figure 4-3 of Feasibility Report.
 (4) Other Operating Revenues include Program Fees, Energy Revenue and HHW Revenue and County Services.
 (5) Non-Operating Revenues includes rental income, State revenue, Federal revenue; oil, e-waste, and container sales.
 (6) Includes Operating and Non-Operating Revenues excluding interest expense. Includes earnings on cash.
 (7) Decrease in Recyclable Revenue results in increase in Tip Fee and increased payment to MSB.
 (8) Other Charges include: County Services, Motor Pool, and Utilities
 (9) Only cash contribution to Closure/Post closure Fund used to calculate Net Revenues and Debt Service Coverage.
 (10) Represents the amount in the Surplus Fund (held by the County) prior to expenditures for the payment of subordinate obligations, and the replenishment of the System operating reserve. Surplus amounts on hand following the prior payments will be used to replenish the Jurisdictional Rate Stabilization Fund and/or make dividend payments to the Public Participants.

Scenario 1: 20% Reduced Recyclable Prices

Attachment 13 - County's October 22, 2028 Rating Agency Presentation - Excerpt #1

County of Santa Barbara- Resource Recovery

(in thousands of dollars)

Fiscal Year Ending June 30,	Projections==>												
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Public Participants (2)													
Tonnage	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717	171,717
Tip Fee	\$ 194.40	\$ 201.65	\$ 209.11	\$ 216.72	\$ 223.66	\$ 231.98	\$ 240.52	\$ 249.18	\$ 257.85	\$ 267.04	\$ 276.45	\$ 286.09	\$ 296.29
SCRT / SYRT - Self-Haul Tonnage	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Tip Fee	\$ 123.00	\$ 127.00	\$ 131.00	\$ 135.00	\$ 139.00	\$ 143.00	\$ 147.00	\$ 151.00	\$ 156.00	\$ 161.00	\$ 166.00	\$ 171.00	\$ 176.00
Marborg Contract													
Tonnage	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291	52,291
Tip Fee	\$ 123.00	\$ 127.00	\$ 131.00	\$ 135.00	\$ 139.00	\$ 143.00	\$ 147.00	\$ 151.00	\$ 156.00	\$ 161.00	\$ 166.00	\$ 171.00	\$ 176.00
Other Material Tonnage (3)													
	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004	76,004
	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012	319,012
Total Tonnage													
Revenues													
Charges for services	\$ 48,220	\$ 49,939	\$ 51,698	\$ 53,488	\$ 55,161	\$ 57,089	\$ 59,060	\$ 61,058	\$ 63,132	\$ 65,305	\$ 67,523	\$ 69,787	\$ 72,157
Other operating revenues (4)	3,867	3,958	4,052	4,149	4,247	4,348	4,452	4,558	4,666	4,778	4,892	5,008	5,128
Use of money and property	135	135	135	135	135	135	135	135	135	135	135	135	135
Other non-operating revenues (5)	1,364	1,379	1,394	1,410	1,426	1,441	1,458	1,474	1,491	1,507	1,525	1,542	1,560
Total Revenues (6)	53,586	55,411	57,280	59,182	60,969	63,014	65,105	67,225	69,423	71,726	74,074	76,472	78,980
Operating Expenses													
Salaries & Benefits	\$ 11,820	\$ 12,175	\$ 12,540	\$ 12,917	\$ 13,304	\$ 13,703	\$ 14,114	\$ 14,538	\$ 14,974	\$ 15,423	\$ 15,886	\$ 16,362	\$ 16,853
Services & Supplies	3,394	3,496	3,601	3,709	3,820	3,935	4,053	4,175	4,300	4,429	4,562	4,699	4,840
Contractual Services	8,441	8,694	8,955	9,224	9,500	9,785	10,079	10,381	10,693	11,013	11,344	11,684	12,035
Contractual Services MRF/AD (7)	10,068	10,498	10,939	11,392	11,709	12,184	12,671	13,170	13,681	14,206	14,743	15,294	15,859
County Overhead Allocation	777	800	824	849	875	901	928	956	984	1,014	1,044	1,076	1,108
Other Charges (8)	1,128	1,162	1,196	1,232	1,269	1,307	1,347	1,387	1,429	1,471	1,516	1,561	1,608
Closure/post closure costs (9)	838	863	889	916	943	971	1,001	1,031	1,061	1,093	1,126	1,160	1,195
Total Operating Expenses	36,466	37,689	38,946	40,238	41,420	42,787	44,192	45,637	47,122	48,650	50,221	51,836	53,497
Net Revenues	17,119	17,723	18,334	18,944	19,549	20,227	20,913	21,588	22,301	23,075	23,853	24,636	25,483
Solid Waste Revenue COP Debt Service	11,413	11,815	12,223	12,629	13,032	13,484	13,942	14,392	14,867	15,384	15,902	16,424	16,988
Surplus Revenue (10)	5,706	5,908	6,111	6,315	6,516	6,742	6,971	7,196	7,434	7,692	7,951	8,212	8,494
Solid Waste Revenue COP D/S Coverage (Annual)	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x

- (1) From County CAFRs and County Public Works Department. Excludes Interest and Depreciation Expense.
- (2) For historical tonnages, please refer to Figures 2-8 through 2-11 of Feasibility Report.
- (3) Other Volumes includes additional material processed outside of the TRRP. Please refer to Figure 4-3 of Feasibility Report.
- (4) Other Operating Revenues include Program Fees, Energy Revenue and HHW Revenue and County Services.
- (5) Non-Operating Revenues includes rental income, State revenue, Federal revenue; oil, e-waste, and container sales.
- (6) Includes Operating and Non-Operating Revenues excluding interest expense. Includes earnings on cash.
- (7) Decrease in Recyclable Revenue results in increase in Tip Fee and increased payment to MSB.
- (8) Other Charges include: County Services, Motor Pool, and Utilities
- (9) Only cash contribution to Closure/Post closure Fund used to calculate Net Revenues and Debt Service Coverage.
- (10) Represents the amount in the Surplus Fund (held by the County) prior to expenditures for the payment of subordinate obligations, and the replenishment of the System operating reserve. Surplus amounts on hand following the prior payments will be use to replenish the Jurisdictional Rate Stabilization Fund and/or make dividend payments to the Public Participants.

Impact of stress scenario is reflected in increased Contractual Services expense from the Base Case

Pursuant to the Waste Service Agreement, the County is required to make a payment to MSB in the event Recyclable Sales Revenue is less than projected

ATTACHMENT 14



County of Santa Barbara - Solid Waste System
Consultant's Report and Feasibility Study
Related to the Solid Waste System
Revenue Certificates of Participation, Series 2018



HF&H Consultants, LLC

November 6, 2018

unusual increase in contract services in FY 2017 for approximately \$5.0 million that did not reoccur in FY 2018. When excluding this one-time charge, the historical growth rate averages 2.7%. The TRRP's expenses are projected to grow at an annual rate of 3.0%.

Following commencement of TRRP operations, the County projects non-TRRP related operating expenses (excluding non-cash charges for depreciation and amortization and closure/post closure charges) to decrease by 40% or \$5.0 million in FY 2021 over projected FY 2020 expenses. This decrease is attributable to labor, operational, and subcontractor expenses that are expected to be eliminated once the TRRP begins operations. This decrease is offset by the payment of \$2.7 million to MSB for the operating cost to operate the TRRP and a one-time contract buyout cost of \$2.5 million relating to landfill gas operations. Thereafter, costs are projected to increase by 3% per year through FY 2039.

4.3 Sensitivity Analyses

The County staff's projected operating information in Attachment A serves as the "Base Case" for the sensitivity analysis. The sensitivity analysis is provided to evaluate how changes in some of the assumed values for the Base Case may affect the facility tipping fee and the associated impacts on self-haul customers and franchised ratepayers.

We have prepared, four "downside" scenarios:

1. Reduce recycling commodity prices;
2. Elimination of all recycling commodity revenue except for California Redemption Value (CRV);
3. Reduced Self Haul Tonnage; and,
4. Reduced Volume Through the ADF.

The sensitivity analyses present the effects of the four assumptions to the Base Case projected financial results of operations. Each scenario is evaluated independently to the Base Case Projections.

4.3.1 Sensitivity Analysis: 20% Reduced Recyclable Materials Prices

Commodity prices in the Base Case are reflective of actual average pricing for June 2018, which factors in the impact of lower prices driven by policy changes in China. The County is projecting recycling commodity revenue to remain flat from FY 2020 through FY 2039

Recyclable materials commodity prices regularly go through periods of fluctuation in pricing supply and demand. Prices tend to vary based on the quality of material and as noted, recent policy changes in China have placed severe restrictions on acceptable levels of contamination for materials it imports that has resulted in lower commodity prices.

Figure 4-8 illustrates the decline in actual commodity prices for the County's commingled material from Gold Coast for June 2018 used in the Base Case and compared to the 12-month average ending in June 2018, and to the 5 year and 10 year averages ending June 2018. While it would be reasonable to estimate that the market will experience future fluctuations, the current market conditions have many concerned that the current depressed prices could be a long term shift and a "new normal" in the recycling industry.

Attachment 14 - HF&H Bond Financing Feasibility Study

Figure 4-8: Comparison of Historical Commodity Averages

Commodity	1 - Month Average June 2018 (Base Case)	12-Month Average through June 2018	Percentage Change to Base Case	5-Year Average through June 2018	Percentage Change to Base Case	10-Year Average through June 2018	Percentage Change to Base Case
Cardboard	\$ 94.98	\$ 132.54	-28.3%	\$ 147.95	-35.8%	\$ 148.10	-35.9%
Newspaper	\$ 25.00	\$ 39.31	-36.4%	\$ 86.24	-71.0%	\$ 106.07	-76.4%
HDPE Color	\$ 267.89	\$ 260.73	2.7%	\$ 375.54	-28.7%	\$ 442.26	-39.4%
HDPE Natural	\$ 696.32	\$ 514.99	35.2%	\$ 596.36	16.8%	\$ 639.24	8.9%
PETE	\$ 1,355.00	\$ 1,309.28	3.5%	\$ 1,442.97	-6.1%	\$ 1,656.16	-18.2%
Scrap Metal	\$ 130.00	\$ 119.17	9.1%	\$ 85.98	51.2%	\$ 103.84	25.2%
Aluminum Cans	\$ 4,320.00	\$ 4,133.33	4.5%	\$ 3,951.17	9.3%	\$ 3,979.45	8.6%
Mixed Paper	\$ 25.00	\$ 39.31	-36.4%	\$ 86.05	-70.9%	\$ 99.61	-74.9%
Mixed Glass	\$ 48.12	\$ 52.29	-8.0%	\$ 68.45	-29.7%	\$ 106.78	-54.9%
Scrap Plastic	\$ 37.50	\$ 36.88	1.7%	\$ 87.46	-57.1%	\$ 90.04	-58.4%

Reducing the County's assumed value of the recyclables revenue from the current pricing results in the financial results of operations as summarized in Figure 4-9.

As shown in Attachment B (Reduced Recycling Commodity Prices), an additional 20% reduction in prices for recycling commodities will require higher tip fees payable by the Public Participants in FY 2023 through FY 2039 pursuant to the Material Delivery Agreements in order to achieve the required 1.50 debt service coverage. Additionally, in the MSB Agreement under Operating Expenses (Contractual Services MRF/AD in Attachment B), the County is obligated to increase the rate paid to MSB when commodity revenue decreases.

Figure 4-9: Sensitivity Analysis: Impact of 20% Reduced Recyclable Prices

Fiscal Year	Revenue (000's)	Expense (000's)	Net Revenue (000's)	Debt Service Coverage	Tip Fee ⁽¹⁾
2020	\$ 41,684	\$ 27,274	\$ 14,410	3.71 X	\$ 150.00
2021	\$ 41,804	\$ 29,375	\$ 12,429	1.67 X	\$ 155.00
2022	\$ 46,088	\$ 30,022	\$ 16,067	1.63 X	\$ 160.00
2023	\$ 46,957	\$ 31,612	\$ 15,345	1.50 X	\$ 166.35
2024	\$ 48,869	\$ 32,997	\$ 15,872	1.50 X	\$ 174.58
2025	\$ 50,510	\$ 34,121	\$ 16,388	1.50 X	\$ 181.30
2026	\$ 52,191	\$ 35,277	\$ 16,913	1.50 X	\$ 188.21
2027	\$ 53,929	\$ 36,466	\$ 17,463	1.50 X	\$ 196.28
2028	\$ 55,765	\$ 37,689	\$ 18,076	1.50 X	\$ 203.59
2029	\$ 57,643	\$ 38,946	\$ 18,697	1.50 X	\$ 211.10
2030	\$ 59,561	\$ 40,238	\$ 19,323	1.50 X	\$ 218.79
2031	\$ 61,363	\$ 41,420	\$ 19,942	1.50 X	\$ 225.82
2032	\$ 63,421	\$ 42,787	\$ 20,634	1.50 X	\$ 234.21
2033	\$ 65,517	\$ 44,192	\$ 21,325	1.50 X	\$ 242.78
2034	\$ 67,656	\$ 45,637	\$ 22,020	1.50 X	\$ 251.55
2035	\$ 69,865	\$ 47,122	\$ 22,743	1.50 X	\$ 260.27
2036	\$ 72,191	\$ 48,650	\$ 23,541	1.50 X	\$ 269.59
2037	\$ 74,554	\$ 50,221	\$ 24,333	1.50 X	\$ 279.08
2038	\$ 76,959	\$ 51,836	\$ 25,122	1.50 X	\$ 288.76
2039	\$ 79,489	\$ 53,497	\$ 25,991	1.50 X	\$ 299.08

⁽¹⁾ For Public Participants / Franchised Haulers

As shown in Figure 4-10 below, the tip fee would increase from FY 2024 through FY 2039 over the Base Case in order to achieve the required 1.50 debt service coverage ratio.

Figure 4-10: Comparison of Reduced Recycling Prices Scenario to Base Case

Fiscal Year	Base Case		20% Decrease in Commodity Revenue		% Change in Tip Fee
	Debt Service Coverage	Tip Fee	Debt Service Coverage	Tip Fee ⁽¹⁾	
2020	3.71 X	\$ 150.00	3.71 X	\$ 150.00	0.0%
2021	1.76 X	\$ 155.00	1.67 X	\$ 155.00	0.0%
2022	1.75 X	\$ 160.00	1.63 X	\$ 160.00	0.0%
2023	1.62 X	\$ 166.00	1.50 X	\$ 166.35	0.2%
2024	1.57 X	\$ 172.00	1.50 X	\$ 174.58	1.5%
2025	1.56 X	\$ 178.00	1.50 X	\$ 181.30	1.9%
2026	1.54 X	\$ 184.00	1.50 X	\$ 188.21	2.3%
2027	1.51 X	\$ 190.00	1.50 X	\$ 196.28	3.3%
2028	1.50 X	\$ 197.00	1.50 X	\$ 203.59	3.3%
2029	1.50 X	\$ 204.00	1.50 X	\$ 211.10	3.5%
2030	1.51 X	\$ 213.00	1.50 X	\$ 218.79	2.7%
2031	1.51 X	\$ 220.00	1.50 X	\$ 225.82	2.6%
2032	1.51 X	\$ 228.00	1.50 X	\$ 234.21	2.7%
2033	1.50 X	\$ 236.00	1.50 X	\$ 242.78	2.9%
2034	1.50 X	\$ 245.00	1.50 X	\$ 251.55	2.7%
2035	1.51 X	\$ 254.00	1.50 X	\$ 260.27	2.5%
2036	1.50 X	\$ 263.00	1.50 X	\$ 269.59	2.5%
2037	1.50 X	\$ 272.00	1.50 X	\$ 279.08	2.6%
2038	1.50 X	\$ 282.00	1.50 X	\$ 288.76	2.4%
2039	1.50 X	\$ 292.00	1.50 X	\$ 299.08	2.4%

⁽¹⁾ For Public Participants / Franchised Haulers

4.3.2 Sensitivity Analysis: Elimination of Recycling Commodity Revenue, Except CRV

The Base Case assumes recycling commodity revenue remains the same as the June 2018 average for the 20-year COPs repayment schedule. As shown in Figure 4-8 above, commodity prices through June 2018 are lower than the previous 1 year average, 5 year average, and 10 year average.

Given the downward trend in recent years and uncertainties about the world economy and future demand, this sensitivity presents a “worst-case” scenario eliminating all commodity revenue except that covered in the *California Beverage Container Recycling and Litter Reduction Act*, often referred to as the “Bottle Bill”. Under this program, the State collects a deposit on certain containers and pays redemption and processing fees to processors when the materials are recycled. Figure 4-11 summarizes the impact to the rate, if all Non-CRV revenue is eliminated.

As shown in Attachment C (Elimination of Commodity Revenue, Except CRV), losing all recycling revenue except for CRV revenue will require higher tip fees payable by the Public Participants FY 2022 through FY 2039 pursuant to the Material Delivery Agreements in order to achieve the required 1.50 debt service coverage. Additionally, in the MSB Agreement under Operating Expenses (Contractual Services MRF/AD

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in Attachment B), the County is obligated to increase the rate paid to MSB when commodity revenue decreases.

Figure 4-11: Sensitivity Analysis Eliminating Non-CRV Commodity Revenue

Fiscal Year	Revenue (000's)	Expense (000's)	Net Revenue (000's)	Debt Service Coverage	Tip Fee ⁽¹⁾
2020	\$ 41,684	\$ 27,274	\$ 14,410	3.71 X	\$ 150.00
2021	\$ 41,804	\$ 30,416	\$ 11,388	1.53 X	\$ 155.00
2022	\$ 46,928	\$ 32,104	\$ 14,824	1.50 X	\$ 164.60
2023	\$ 49,039	\$ 33,694	\$ 15,345	1.50 X	\$ 177.75
2024	\$ 50,950	\$ 35,079	\$ 15,872	1.50 X	\$ 185.98
2025	\$ 52,592	\$ 36,203	\$ 16,388	1.50 X	\$ 192.70
2026	\$ 54,273	\$ 37,359	\$ 16,913	1.50 X	\$ 199.62
2027	\$ 56,011	\$ 38,548	\$ 17,463	1.50 X	\$ 207.69
2028	\$ 57,847	\$ 39,771	\$ 18,076	1.50 X	\$ 214.99
2029	\$ 59,725	\$ 41,028	\$ 18,697	1.50 X	\$ 222.50
2030	\$ 61,643	\$ 42,320	\$ 19,323	1.50 X	\$ 230.19
2031	\$ 63,445	\$ 43,502	\$ 19,942	1.50 X	\$ 237.22
2032	\$ 65,503	\$ 44,869	\$ 20,634	1.50 X	\$ 245.62
2033	\$ 67,599	\$ 46,274	\$ 21,325	1.50 X	\$ 254.18
2034	\$ 69,738	\$ 47,719	\$ 22,020	1.50 X	\$ 262.95
2035	\$ 71,947	\$ 49,204	\$ 22,743	1.50 X	\$ 271.67
2036	\$ 74,273	\$ 50,732	\$ 23,541	1.50 X	\$ 281.00
2037	\$ 76,636	\$ 52,303	\$ 24,333	1.50 X	\$ 290.48
2038	\$ 79,040	\$ 53,918	\$ 25,122	1.50 X	\$ 300.16
2039	\$ 81,571	\$ 55,579	\$ 25,991	1.50 X	\$ 310.48

⁽¹⁾ For Public Participants / Franchised Haulers

As shown in Figure 4-12 below, the tip fee would increase from FY 2022 through FY 2039 over the Base Case in order to achieve the required 1.50 debt service coverage ratio.

Figure 4-12: Comparison of Eliminating Non-CRV Recycling Revenue to Base Case

Fiscal Year	Base Case		Eliminate Non-CRV Commodity Revenue		% Change in Tip Fee
	Debt Service Coverage	Tip Fee	Debt Service Coverage	Tip Fee ⁽¹⁾	
2020	3.71 X	\$ 150.00	3.71 X	\$ 150.00	0.0%
2021	1.76 X	\$ 155.00	1.53 X	\$ 155.00	0.0%
2022	1.75 X	\$ 160.00	1.50 X	\$ 164.60	2.9%
2023	1.62 X	\$ 166.00	1.50 X	\$ 177.75	7.1%
2024	1.57 X	\$ 172.00	1.50 X	\$ 185.98	8.1%
2025	1.56 X	\$ 178.00	1.50 X	\$ 192.70	8.3%
2026	1.54 X	\$ 184.00	1.50 X	\$ 199.62	8.5%
2027	1.51 X	\$ 190.00	1.50 X	\$ 207.69	9.3%
2028	1.50 X	\$ 197.00	1.50 X	\$ 214.99	9.1%
2029	1.50 X	\$ 204.00	1.50 X	\$ 222.50	9.1%
2030	1.51 X	\$ 213.00	1.50 X	\$ 230.19	8.1%
2031	1.51 X	\$ 220.00	1.50 X	\$ 237.22	7.8%
2032	1.51 X	\$ 228.00	1.50 X	\$ 245.62	7.7%
2033	1.50 X	\$ 236.00	1.50 X	\$ 254.18	7.7%
2034	1.50 X	\$ 245.00	1.50 X	\$ 262.95	7.3%
2035	1.51 X	\$ 254.00	1.50 X	\$ 271.67	7.0%
2036	1.50 X	\$ 263.00	1.50 X	\$ 281.00	6.8%
2037	1.50 X	\$ 272.00	1.50 X	\$ 290.48	6.8%
2038	1.50 X	\$ 282.00	1.50 X	\$ 300.16	6.4%
2039	1.50 X	\$ 292.00	1.50 X	\$ 310.48	6.3%

⁽¹⁾ For Public Participants / Franchised Haulers

4.3.3 Sensitivity Analysis: 19,000 TPY Reduced Self-Haul Tonnage

The County's revenue from tip fees is based on the assumption that self-haul tonnage (not subject to the Material Delivery Agreements or MarBorg's Disposal Agreement) will continue to be delivered to Tajiguas. The total tonnage not subject to the Material Delivery Agreements is 71,291 of which 52,291 tons comes from MarBorg, 12,000 tons comes from South Coast Recycling and Transfer Station non-franchised customers, and 7,000 tons comes from Santa Ynez Recycling and Transfer Station MSW self-haul customers (see Figure 4-3). MarBorg, as the MRF operator, has an incentive to bring material to the TRRP and has entered a Disposal Agreement with the County, but the other self-haulers do not have such a commitment. While current estimates of competitive costs of landfill disposal indicate that it may be more cost effective for customers to go to the Tajiguas Landfill, those estimates may be incorrect, and the actual comparison may be different. Figure 4-13 summarizes the impact of reducing the self-haul tonnage by the 19,000 tons annually that comes from self-haul customers other than MarBorg.

Attachment 14 - HF&H Bond Financing Feasibility Study

Figure 4-13: Sensitivity Analyses Reflecting 19,000 Fewer Tons per Year of Self Haul Material

Fiscal Year	Revenue (000's)	Expense (000's)	Net Revenue (000's)	Debt Service Coverage	Tip Fee ⁽¹⁾
2020	\$ 41,684	\$ 27,274	\$ 14,410	3.71 X	\$ 150.00
2021	\$ 39,895	\$ 28,751	\$ 11,143	1.50 X	\$ 155.39
2022	\$ 44,238	\$ 28,775	\$ 15,463	1.56 X	\$ 161.00
2023	\$ 45,711	\$ 30,365	\$ 15,345	1.50 X	\$ 170.97
2024	\$ 47,622	\$ 31,750	\$ 15,872	1.50 X	\$ 179.51
2025	\$ 49,263	\$ 32,875	\$ 16,388	1.50 X	\$ 186.54
2026	\$ 50,944	\$ 34,031	\$ 16,913	1.50 X	\$ 193.77
2027	\$ 52,682	\$ 35,220	\$ 17,463	1.50 X	\$ 202.25
2028	\$ 54,518	\$ 36,442	\$ 18,076	1.50 X	\$ 209.98
2029	\$ 56,396	\$ 37,699	\$ 18,697	1.50 X	\$ 217.90
2030	\$ 58,314	\$ 38,991	\$ 19,323	1.50 X	\$ 226.01
2031	\$ 60,116	\$ 40,174	\$ 19,942	1.50 X	\$ 233.45
2032	\$ 62,174	\$ 41,540	\$ 20,634	1.50 X	\$ 242.27
2033	\$ 64,270	\$ 42,945	\$ 21,325	1.50 X	\$ 251.25
2034	\$ 66,410	\$ 44,390	\$ 22,020	1.50 X	\$ 260.43
2035	\$ 68,619	\$ 45,876	\$ 22,743	1.50 X	\$ 269.68
2036	\$ 70,945	\$ 47,403	\$ 23,541	1.50 X	\$ 279.52
2037	\$ 73,307	\$ 48,974	\$ 24,333	1.50 X	\$ 289.53
2038	\$ 75,712	\$ 50,590	\$ 25,122	1.50 X	\$ 299.72
2039	\$ 78,242	\$ 52,251	\$ 25,991	1.50 X	\$ 310.57

⁽¹⁾ For Public Participants / Franchised Haulers

As shown in Figure 4-14 below, the Public Participant tip fee would increase from year FY 2022 through FY 2039 over the Base Case in order to achieve the required 1.50 debt service coverage ratio.

Figure 4-14: Comparison of Reduced Self-Haul to Base Case

Fiscal Year	Base Case		Reduce Self-Haul Volume		% Change in Tip Fee
	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾	
2020	3.71 X	\$ 150.00	3.71 X	\$ 150.00	0.0%
2021	1.76 X	\$ 155.00	1.50 X	\$ 155.39	0.3%
2022	1.75 X	\$ 160.00	1.56 X	\$ 161.00	0.6%
2023	1.62 X	\$ 166.00	1.50 X	\$ 170.97	3.0%
2024	1.57 X	\$ 172.00	1.50 X	\$ 179.51	4.4%
2025	1.56 X	\$ 178.00	1.50 X	\$ 186.54	4.8%
2026	1.54 X	\$ 184.00	1.50 X	\$ 193.77	5.3%
2027	1.51 X	\$ 190.00	1.50 X	\$ 202.25	6.4%
2028	1.50 X	\$ 197.00	1.50 X	\$ 209.98	6.6%
2029	1.50 X	\$ 204.00	1.50 X	\$ 217.90	6.8%
2030	1.51 X	\$ 213.00	1.50 X	\$ 226.01	6.1%
2031	1.51 X	\$ 220.00	1.50 X	\$ 233.45	6.1%
2032	1.51 X	\$ 228.00	1.50 X	\$ 242.27	6.3%
2033	1.50 X	\$ 236.00	1.50 X	\$ 251.25	6.5%
2034	1.50 X	\$ 245.00	1.50 X	\$ 260.43	6.3%
2035	1.51 X	\$ 254.00	1.50 X	\$ 269.68	6.2%
2036	1.50 X	\$ 263.00	1.50 X	\$ 279.52	6.3%
2037	1.50 X	\$ 272.00	1.50 X	\$ 289.53	6.4%
2038	1.50 X	\$ 282.00	1.50 X	\$ 299.72	6.3%
2039	1.50 X	\$ 292.00	1.50 X	\$ 310.57	6.4%

⁽¹⁾ For Public Participants / Franchised Haulers

4.3.4 Sensitivity Analysis: 16,000 TPY Reduced Volume Through ADF

The Base Case assumes that annually 15,553 tons of MRF Residue from the processing of mixed MSW and CSSRM will be part of the feedstock of the ADF. The Bekon reference projects identified the material they received as SSOM. The Residue from the MRF has a higher amount of contamination and may result in excessive compost contamination making sale or disposition of the compost difficult or more expensive. As shown in Attachment E (Reduced Volume through ADF), the impact of reducing the volume of the material processed through the ADF is that revenues from the sale of electricity are reduced, which results in slightly higher payments from the County to MSB pursuant to the Waste Service Agreement shown under Operating Expenses (Contractual Services MRF/AD) and that a greater volume of material will need to be disposed in the Tajiguas Landfill. Figure 4-15 summarizes the impact of reducing the throughput to the ADF by this amount.

Attachment 14 - HF&H Bond Financing Feasibility Study

Figure 4-15: Sensitivity Analysis Reducing 16,000 TPY Through ADF

Fiscal Year	Revenue (000's)	Expense (000's)	Net Revenue (000's)	Debt Service Coverage	Tip Fee ⁽¹⁾
2020	\$ 41,684	\$ 27,274	\$ 14,410	3.71 X	\$ 150.00
2021	\$ 41,804	\$ 29,039	\$ 12,765	1.72 X	\$ 155.00
2022	\$ 46,088	\$ 29,350	\$ 16,738	1.69 X	\$ 160.00
2023	\$ 46,894	\$ 30,940	\$ 15,953	1.56 X	\$ 166.00
2024	\$ 48,398	\$ 32,325	\$ 16,072	1.52 X	\$ 172.00
2025	\$ 49,907	\$ 33,450	\$ 16,457	1.51 X	\$ 178.00
2026	\$ 51,519	\$ 34,606	\$ 16,913	1.50 X	\$ 184.54
2027	\$ 53,257	\$ 35,795	\$ 17,463	1.50 X	\$ 192.60
2028	\$ 55,093	\$ 37,017	\$ 18,076	1.50 X	\$ 199.91
2029	\$ 56,971	\$ 38,274	\$ 18,697	1.50 X	\$ 207.42
2030	\$ 58,889	\$ 39,566	\$ 19,323	1.50 X	\$ 215.11
2031	\$ 60,691	\$ 40,749	\$ 19,942	1.50 X	\$ 222.14
2032	\$ 62,749	\$ 42,115	\$ 20,634	1.50 X	\$ 230.53
2033	\$ 64,846	\$ 43,520	\$ 21,325	1.50 X	\$ 239.10
2034	\$ 66,985	\$ 44,965	\$ 22,020	1.50 X	\$ 247.87
2035	\$ 69,194	\$ 46,451	\$ 22,743	1.50 X	\$ 256.59
2036	\$ 71,520	\$ 47,979	\$ 23,541	1.50 X	\$ 265.92
2037	\$ 73,883	\$ 49,549	\$ 24,333	1.50 X	\$ 275.40
2038	\$ 76,287	\$ 51,165	\$ 25,122	1.50 X	\$ 285.08
2039	\$ 78,817	\$ 52,826	\$ 25,991	1.50 X	\$ 295.40

⁽¹⁾ For Public Participants / Franchised Haulers

As shown in Figure 4-16 below, the tip fee would need to increase from FY 2026 through FY 2039 over the Base Case in order to achieve the required 1.50 debt service coverage ratio.

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Figure 4-16: Comparison of Reducing ADF Volume to Base Case

Fiscal Year	Base Case		Eliminate Paper Fines from AD Facility		% Change in Tip Fee
	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾	
2020	3.71 X	\$ 150.00	3.71 X	\$ 150.00	0.0%
2021	1.76 X	\$ 155.00	1.72 X	\$ 155.00	0.0%
2022	1.75 X	\$ 160.00	1.69 X	\$ 160.00	0.0%
2023	1.62 X	\$ 166.00	1.56 X	\$ 166.00	0.0%
2024	1.57 X	\$ 172.00	1.52 X	\$ 172.00	0.0%
2025	1.56 X	\$ 178.00	1.51 X	\$ 178.00	0.0%
2026	1.54 X	\$ 184.00	1.50 X	\$ 184.54	0.3%
2027	1.51 X	\$ 190.00	1.50 X	\$ 192.60	1.4%
2028	1.50 X	\$ 197.00	1.50 X	\$ 199.91	1.5%
2029	1.50 X	\$ 204.00	1.50 X	\$ 207.42	1.7%
2030	1.51 X	\$ 213.00	1.50 X	\$ 215.11	1.0%
2031	1.51 X	\$ 220.00	1.50 X	\$ 222.14	1.0%
2032	1.51 X	\$ 228.00	1.50 X	\$ 230.53	1.1%
2033	1.50 X	\$ 236.00	1.50 X	\$ 239.10	1.3%
2034	1.50 X	\$ 245.00	1.50 X	\$ 247.87	1.2%
2035	1.51 X	\$ 254.00	1.50 X	\$ 256.59	1.0%
2036	1.50 X	\$ 263.00	1.50 X	\$ 265.92	1.1%
2037	1.50 X	\$ 272.00	1.50 X	\$ 275.40	1.3%
2038	1.50 X	\$ 282.00	1.50 X	\$ 285.08	1.1%
2039	1.50 X	\$ 292.00	1.50 X	\$ 295.40	1.2%

⁽¹⁾ For Public Participants / Franchised Haulers

SECTION 5.0 CONCLUSION

5.1 Consultant's Conclusions

On the basis of our review and analysis and the assumptions set forth in this Feasibility Report, we conclude:

1. The County's estimates of future capital and operating costs and revenues for the TRRP appear reasonable in light of the County's independent consultant's review of the MRF, the estimates of MSB and its subcontractors, and the Waste Service Agreement with MSB for the construction and operation of the facilities based on these estimates.
2. The County's assumption that the TRRP will be placed in service by January 2021 appears reasonable in light of the status of necessary permits and the Waste Service Agreement with MSB.
3. Based on DEI's evaluation, we believe the assumptions related to the efficacy of the MRF to perform in accordance with the Projections is reasonable and, based on Bekon's past experience and the determination made by the County after its review, we believe the efficacy of the ADF to perform in accordance with the Projections is reasonable.
4. We believe the waste delivery assumptions in the County's Projections are reasonable based on:
 - o Historical quantities of waste, the modest 0.7% increase in tonnage between 2017 and the commencement of operations, and the assumption of no increase in quantity during the period of the County's Projections;
 - o The Material Delivery Agreements that will secure the projected waste streams from the Public Participants;
 - o The Material Delivery Agreement with MarBorg for materials generated in the City of Buellton and a disposal agreement with MarBorg that will secure the projected processed self-haul waste from MarBorg; and,
 - o The County's expectation is that it will set the remaining self-haul rates to be competitive with the market.
5. The County's estimates of future operating costs and income appear reasonable in light of historical performance and its assumptions regarding future conditions. However, there will usually be differences between projected and actual results and this difference can be material. As illustrations of these differences, we have included in this Feasibility Report alternative financial results based on different assumptions regarding key factors.
6. For the Base Case Projected Operating Results, annual inflation-adjusted tip fees, revenues from product sales and miscellaneous income as presented in this Feasibility Report are estimated to be adequate to pay annual operating expenses and achieve the following debt service coverage ratios during the term of the financing (see Figure 5-1).

Figure 5-1: Reasonable Debt Service Coverage Ratios

Base Case						
Fiscal Year	Revenue (000's)	Expense (000's)	Net Revenue (000's)	Debt Service Coverage	Tip Fee ⁽¹⁾	Tip Fee Percentage Change
2020	\$ 41,684	\$ 27,274	\$ 14,410	3.71 X	\$ 150.00	
2021	\$ 41,804	\$ 28,751	\$ 13,052	1.76 X	\$ 155.00	3.3%
2022	\$ 46,088	\$ 28,775	\$ 17,313	1.75 X	\$ 160.00	3.2%
2023	\$ 46,894	\$ 30,365	\$ 16,528	1.62 X	\$ 166.00	3.8%
2024	\$ 48,398	\$ 31,750	\$ 16,648	1.57 X	\$ 172.00	3.6%
2025	\$ 49,907	\$ 32,875	\$ 17,032	1.56 X	\$ 178.00	3.5%
2026	\$ 51,422	\$ 34,031	\$ 17,391	1.54 X	\$ 184.00	3.4%
2027	\$ 52,782	\$ 35,220	\$ 17,562	1.51 X	\$ 190.00	3.3%
2028	\$ 54,562	\$ 36,442	\$ 18,120	1.50 X	\$ 197.00	3.7%
2029	\$ 56,347	\$ 37,699	\$ 18,648	1.50 X	\$ 204.00	3.6%
2030	\$ 58,503	\$ 38,991	\$ 19,512	1.51 X	\$ 213.00	4.4%
2031	\$ 60,301	\$ 40,174	\$ 20,127	1.51 X	\$ 220.00	3.3%
2032	\$ 62,287	\$ 41,540	\$ 20,746	1.51 X	\$ 228.00	3.6%
2033	\$ 64,279	\$ 42,945	\$ 21,334	1.50 X	\$ 236.00	3.5%
2034	\$ 66,461	\$ 44,390	\$ 22,071	1.50 X	\$ 245.00	3.8%
2035	\$ 68,721	\$ 45,876	\$ 22,845	1.51 X	\$ 254.00	3.7%
2036	\$ 70,987	\$ 47,403	\$ 23,584	1.50 X	\$ 263.00	3.5%
2037	\$ 73,261	\$ 48,974	\$ 24,287	1.50 X	\$ 272.00	3.4%
2038	\$ 75,725	\$ 50,590	\$ 25,135	1.50 X	\$ 282.00	3.7%
2039	\$ 78,196	\$ 52,251	\$ 25,946	1.50 X	\$ 292.00	3.5%

⁽¹⁾ For Public Participants / Franchised Haulers

While we believe the base model is reasonable, it contains certain assumed values for key factors and alternative values may also be reasonable. For this reason, we performed an analysis to determine the impact on the debt service coverage ratio if assumptions regarding these key factors were to change and the subsequent effect on disposal rates to the Public Participants.

Figure 5-2 shows the change in debt service coverage and the corresponding rate under each scenario described in Section 4.0 Projected Financial Results of Operations. The County's COPs financing documents require a debt service coverage ratio of at least 1.50 times operating income. While the Projections include annual growth to revenue of approximately 3.5% and increase to expenses of 3%, the County's intention is to set the annual tip fee to achieve the minimum coverage ratio of 1.50 to meet the COPs repayment requirement.

Figure 5-2: Change in Coverage Ratio and Rate with All Sensitivity Scenarios

Fiscal Year	Base Case		20 % Decrease in Commodity Revenue		Eliminate Non-CRV Commodity Revenue		Reduced Self-Haul Volume		Eliminate MRF Residue from AD Facility	
	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾	Debt Service Coverage	Tip Fee ⁽¹⁾
2020	3.71 X	\$ 150.00	3.71 X	\$ 150.00	3.71 X	\$ 150.00	3.71 X	\$ 150.00	3.71 X	\$ 150.00
2021	1.76 X	\$ 155.00	1.67 X	\$ 155.00	1.53 X	\$ 155.00	1.50 X	\$ 155.39	1.72 X	\$ 155.00
2022	1.75 X	\$ 160.00	1.63 X	\$ 160.00	1.50 X	\$ 164.60	1.56 X	\$ 161.00	1.69 X	\$ 160.00
2023	1.62 X	\$ 166.00	1.50 X	\$ 166.35	1.50 X	\$ 177.75	1.50 X	\$ 170.97	1.56 X	\$ 166.00
2024	1.57 X	\$ 172.00	1.50 X	\$ 174.58	1.50 X	\$ 185.98	1.50 X	\$ 179.51	1.52 X	\$ 172.00
2025	1.56 X	\$ 178.00	1.50 X	\$ 181.30	1.50 X	\$ 192.70	1.50 X	\$ 186.54	1.51 X	\$ 178.00
2026	1.54 X	\$ 184.00	1.50 X	\$ 188.21	1.50 X	\$ 199.62	1.50 X	\$ 193.77	1.50 X	\$ 184.54
2027	1.51 X	\$ 190.00	1.50 X	\$ 196.28	1.50 X	\$ 207.69	1.50 X	\$ 202.25	1.50 X	\$ 192.60
2028	1.50 X	\$ 197.00	1.50 X	\$ 203.59	1.50 X	\$ 214.99	1.50 X	\$ 209.98	1.50 X	\$ 199.91
2029	1.50 X	\$ 204.00	1.50 X	\$ 211.10	1.50 X	\$ 222.50	1.50 X	\$ 217.90	1.50 X	\$ 207.42
2030	1.51 X	\$ 213.00	1.50 X	\$ 218.79	1.50 X	\$ 230.19	1.50 X	\$ 226.01	1.50 X	\$ 215.11
2031	1.51 X	\$ 220.00	1.50 X	\$ 225.82	1.50 X	\$ 237.22	1.50 X	\$ 233.45	1.50 X	\$ 222.14
2032	1.51 X	\$ 228.00	1.50 X	\$ 234.21	1.50 X	\$ 245.62	1.50 X	\$ 242.27	1.50 X	\$ 230.53
2033	1.50 X	\$ 236.00	1.50 X	\$ 242.78	1.50 X	\$ 254.18	1.50 X	\$ 251.25	1.50 X	\$ 239.10
2034	1.50 X	\$ 245.00	1.50 X	\$ 251.55	1.50 X	\$ 262.95	1.50 X	\$ 260.43	1.50 X	\$ 247.87
2035	1.51 X	\$ 254.00	1.50 X	\$ 260.27	1.50 X	\$ 271.67	1.50 X	\$ 269.68	1.50 X	\$ 256.59
2036	1.50 X	\$ 263.00	1.50 X	\$ 269.59	1.50 X	\$ 281.00	1.50 X	\$ 279.52	1.50 X	\$ 265.92
2037	1.50 X	\$ 272.00	1.50 X	\$ 279.08	1.50 X	\$ 290.48	1.50 X	\$ 289.53	1.50 X	\$ 275.40
2038	1.50 X	\$ 282.00	1.50 X	\$ 288.76	1.50 X	\$ 300.16	1.50 X	\$ 299.72	1.50 X	\$ 285.08
2039	1.50 X	\$ 292.00	1.50 X	\$ 299.08	1.50 X	\$ 310.48	1.50 X	\$ 310.57	1.50 X	\$ 295.40

⁽¹⁾ For Public Participants / Franchised Haulers

ATTACHMENT 15

County of Santa Barbara

\$150,615,000

Solid Waste System Revenue Certificates of Participation

Series 2018A (Tax-Exempt Non-AMT)

Series 2018B (Tax-Exempt AMT)

Series 2018C (Taxable)

“2018 Certificates”

Credit Presentation

October 22, 2018



Tajiguas Resource Recovery Project Update

The Tajiguas Resource Recovery Project (TRRP): Planning for the Future

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

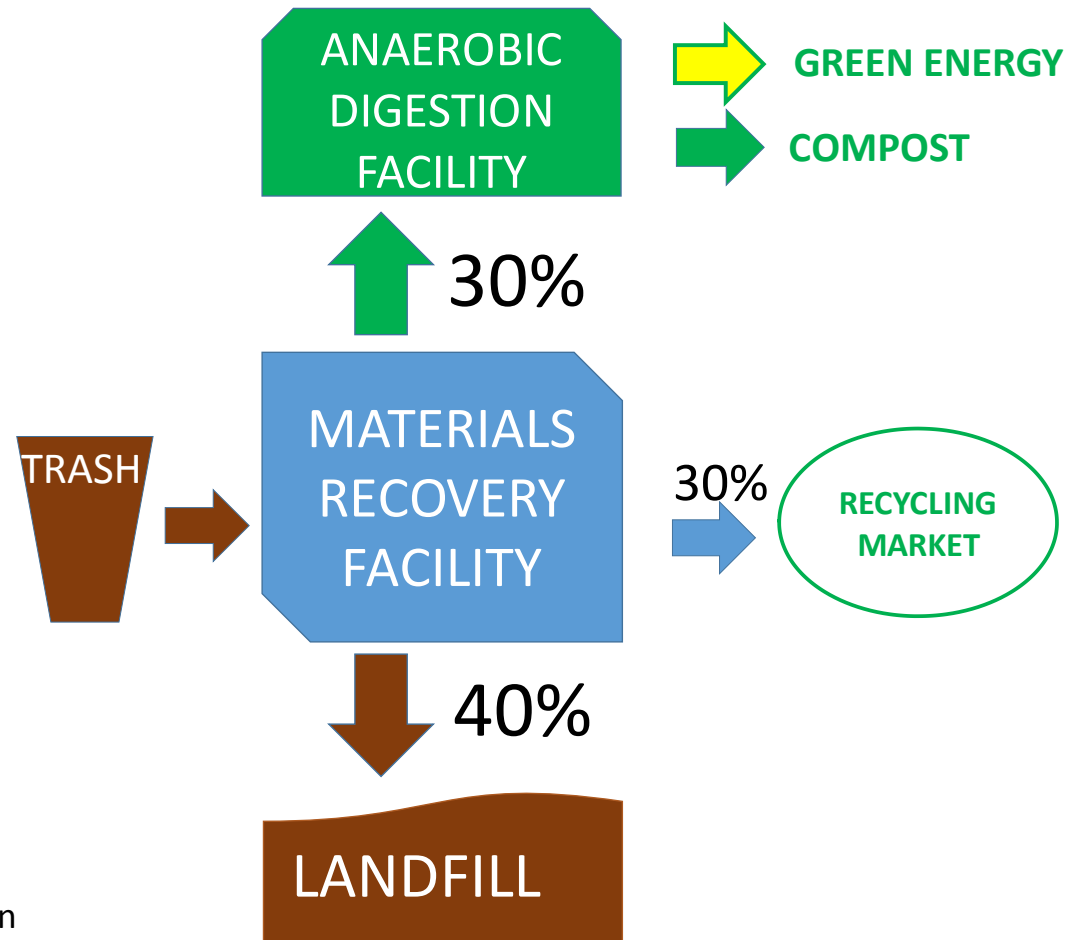
- The TRRP is intended to address several goals of the County and Public Participants:
 - 1) Increased diversion of discarded materials from landfill disposal
 - 60% of the tons currently disposed at the Tajiguas Landfill will be diverted from disposal through processing at the TRRP
 - 2) Reduced greenhouse gas
 - Expected to eliminate greenhouse gas levels equivalent to annual emissions from at least 13,270 vehicles per year
 - 3) Compliance with State mandates
 - AB 341: 75% recycling goal in 2020
 - AB 1383: Requires a 50% reduction in statewide disposal of organics by 2020 and a 75% reduction in the disposal of organics by 2025
 - AB 876: Requires plan for 15 years of organic processing infrastructure
 - 4) Given the lack of local infrastructure and growing need through new legislation, the communities using Tajiguas Landfill formed a coalition to come up with a long term plan



TRRP Project Components

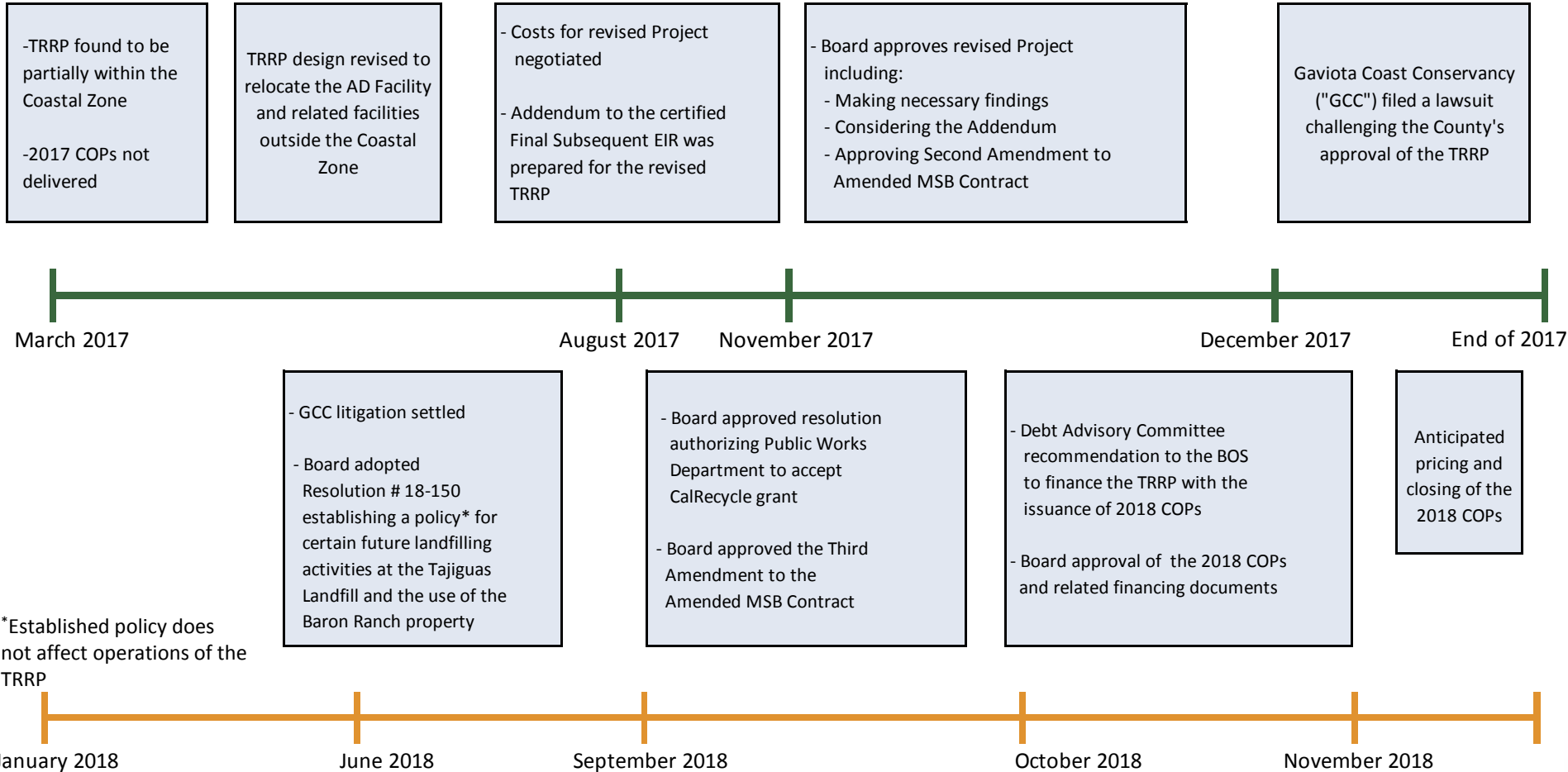
Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- **Material Recovery Facility (MRF)** to process mixed and source separated material:
 - 30% of material recovered for sale;
 - 30% recovered to be anaerobically digested
- **Anaerobic Digester (AD)** to process organics to create:
 - Digestate to be composted into soil amendment
 - Biogas to be converted to electricity
- **Composting** of AD digestate
- **Landfill Gas Engines** to provide up to 2.8 megawatts of electricity
 - One enclosed flare and one switchgear/transformer
 - Connected to the existing LFG collection network



Summary of Interim Events Since 2017

- Subsequent to pricing the 2017 Certificates (and prior to closing), the County discovered that the Project encroached minimally into the California Coastal Zone, and the 2017 Certificates were, therefore, not delivered



Agreement with MSB

- On July 12, 2016, the BOS approved the MSB agreement. The Agreement was further amended and approved by the BOS on December 13, 2016 and February 14, 2017 to accommodate changes recommended by the County's financial advisors, enhanced insurance and performance bonds, and other minor revisions
- As a result of the Project reconfiguration and delay, the MSB Agreement has been further amended
- Second Amendment approved by the Board of Supervisors on November 14, 2017. Changes include:
 - Addition of procurement and operation of 2 Landfill Gas engines
 - Sale by County and MSB payment for Landfill Gas collected at the Tajiguas Landfill site
 - Increased cost for pre-construction, construction, and operations associated with the redesign and relocation of the anaerobic digester outside of the Coastal Zone
 - Inclusion of CPI escalator if financing were completed after April 30, 2018
- Third Amendment approved by the Board of Supervisors on September 18, 2018. Changes include:
 - CPI escalator on construction (\$1,508,000) and operational costs (\$2.32 per ton) with assumption that County would secure financing by November 30, 2018
 - Increased construction cost of \$1.96M due to steel tariffs (change in law and therefore allowable increase under the contract)
 - Increased operational tip fee due to reduction in projected recycling revenue (\$10 per ton)
 - Extension to time allowed for financing of project

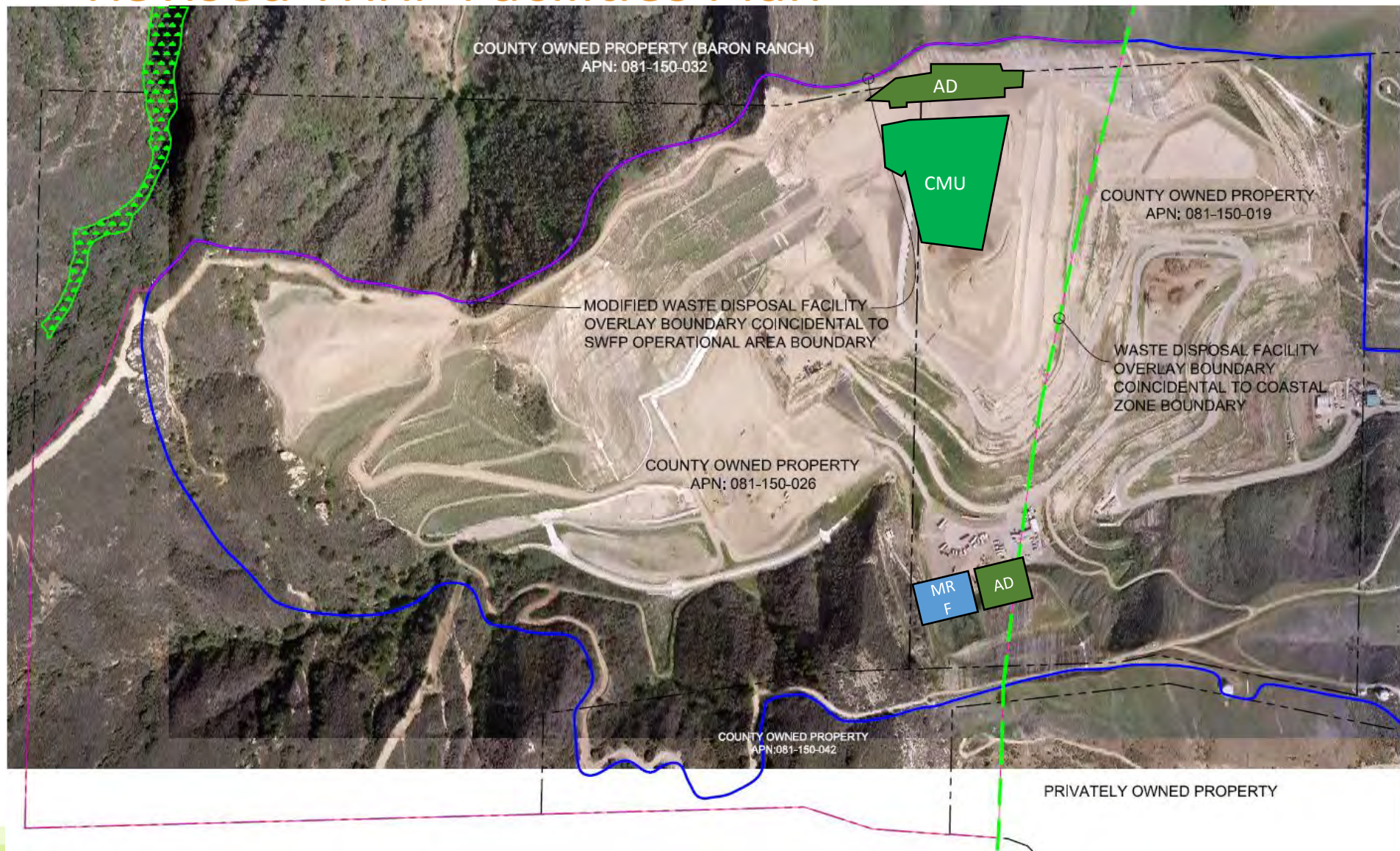
Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

Community and Public Participant Outreach

- Gaviota Coast Conservancy Settlement (June 2018)
 - Cease burial of residual and solid waste at the Tajiguas Landfill when it reaches its permitted capacity of 23,300,000 cubic yards except for emergency debris;
 - Not seek expansion of the Tajiguas Landfill capacity except for emergency debris;
 - When seven years of remaining disposal capacity is reached based on the County's annual report to CalRecycle, to begin to seek locations other than the Gaviota Coast for solid waste residual disposal; and,
 - Limit the use of Baron Ranch primarily to open space, recreation, and agricultural uses
 - None of the above established policies affect operations of the TRRP
- Meetings and workshops with the Public Participants (August 2017 – September 2018)
 - Scope/cost/changes stemming from the Project relocation
 - Impact of global recycling market changes (China)
 - Impact of trade tariffs on Project costs
 - Alternative tip fee approaches
- California Coastal Commission Boundary Determination (September 2018)
 - Boundary determination requested for the TRRP at the Tajiguas Landfill
 - Commission re-affirmed that the Project is located outside of the Coastal Zone and is not subject to the permit requirements of the Coastal Act of 1976

Revised TRRP Facilities Plan

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2



California Coastal Commission Boundary Map

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2



BD 07-2018
Tajiguas Landfill
Resource Recovery Project
Santa Barbara County



Exhibit 2
DR 09/2018

Revised Project Costs

- Total financing needs and Project costs increased by \$19.0 million than was originally anticipated to be financed
 - Construction costs increased by \$13.9 million
 - New Landfill Gas Engines added to the Project increased costs by \$9.3 million
 - Ancillary Project costs decreased by \$4.2 million
- Total cost increases will be partially mitigated by \$3.2 million CalRecycle grant

Project Component	Amount
TRRP Costs:	
Original TRRP Cost	\$110,820,000
<i>Plus</i> : Capital Cost Increases	
Permits, entitlements, design, engineering, & insurance	3,305,000
General conditions, site work, construction, building & equip	8,621,000
Increase for steel tariffs	1,956,000
<i>Plus</i> : new Landfill Gas System	9,275,000
<i>Plus</i> : Construction management/oversight	1,000,000
Total TRRP Costs:	\$134,977,000
Other Project Costs:	
Original Other Costs ¹	\$11,600,000
<i>Less</i> : Land Purchase ²	(2,500,000)
<i>Less</i> : Reduced RRWMD post closure and other costs	(1,000,000)
Total Other Project Costs:	\$8,100,000
Total Financing Needs	\$143,077,000

¹Costs associated with land acquisition, landfill closure, and storm water improvements.

²Completed in 2017.

Project Agreements and Projected Tip Fees

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- The Public Participants and MarBorg have been delivering/directing their solid waste to Tajiguas pursuant to the Materials Delivery and Disposal Agreements, which became effective July 2017
- Under the updated Project scope, the approved Materials Delivery Agreements remain in place and do not require additional jurisdictional approval
- The Revised Projected Tip Fee Schedule envisions \$150 per ton in FY 2019-20, increasing at or less than 3.5% thereafter
 - Initial increase from \$102 to \$150 per ton is estimated to result in an approximate increase of \$5-\$6 per month to the typical ratepayer
 - After this initial increase, increases to the ratepayer in subsequent years are expected to be closer to \$1 per month
- Increases are consistent with provisions of the approved Material Delivery Agreements
 - Beginning in FY 2020-21, increases are capped at 7.5% annually or cumulative adjustment of 15% over three consecutive years
 - Above such caps, an Operating Committee review process is triggered; however, in no case may the review process result in tip fees that produce less than 1.5x debt service coverage

Fiscal Year Ending June 30,	Rate (Public Participants)
2019	\$ 102.00
2020	\$ 150.00
2021	\$ 155.00
2022	\$ 160.00
2023	\$ 166.00

Estimated Project Timeline

- Commencement of construction expected in November 2018
 - Grading, site preparation, and utilities expected to take approximately 6 months
 - MRF construction completion and operation date is expected in August 2020
 - ADF construction completion and operation date is expected in September 2020
 - Both the MRF and ADF will go through start-up and acceptance testing for a period of approximately 2 to 5 months prior to becoming operational
- Project expected to be fully accepted and operational by January 2021

Milestone	Estimated Timeline of Completion																			
	2019										2020									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
ADF Foundations & Slab	█	█	█	█	█	█														
MRF Foundations & Slab	█	█	█	█	█	█	█	█												
MRF Building Construction					█	█	█	█	█	█										
ADF Building Construction											█	█	█	█	█					
MRF Equipment Installation					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
MRF Start-up & Acceptance Testing														█	█	█	█	█	█	█
ADF Start-up & Acceptance Testing																				
CMU Construction*	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
MRF Operation Date																				
ADF Operation Date																				
CMU Operation Date																				
CHP Electricity Delivery to Grid																				
TRRP Acceptance																				

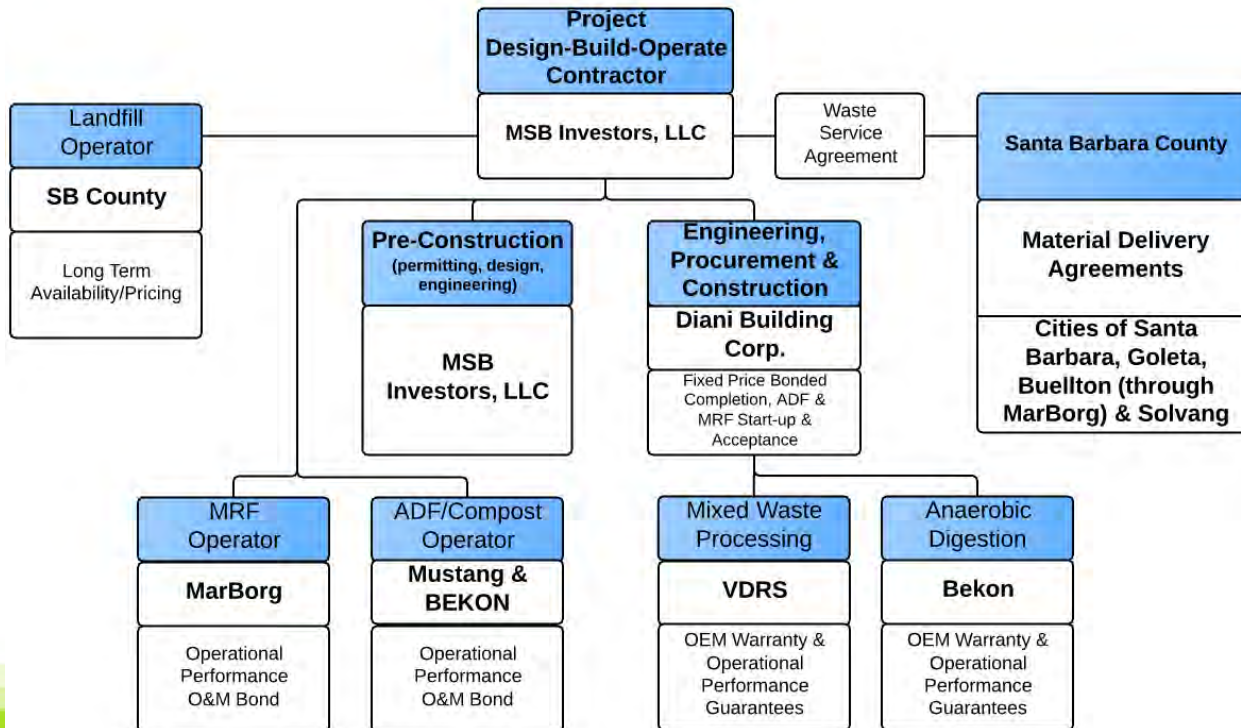
*CMU construction is anticipated to begin in November of 2018.

Project Agreements

TRRP Organizational and Contract Structure

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- In July 2016, the Board approved the Waste Service Agreement with MSB Investors, LLC, a single purpose limited liability company created by Mustang Renewable Power Ventures, LLC for the purpose of developing, constructing and operating the Santa Barbara TRRP
 - Waste Service Agreement was amended on December 2016, February 2017, November 2017 and September 2018 to address project changes and delays
- MSB has subcontracted constructing, equipping, and operating functions to specialized vendors, all of whom have significant experience and expertise in their respective fields



Waste Service Agreement Responsibilities

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- The Waste Services Agreement has a 12-year term (2-year construction period and 10-year operating period) with an exclusive right by the County to extend the contract up to 5 years
- The Waste Service Agreement establishes County and MSB responsibilities:

	County	MSB Investors
Development and Construction	<ul style="list-style-type: none"> • Financing the TRRP secured largely through Material Delivery Agreements with the Public Participants • Performing as lead agency for the Environmental Impact Report • Completing, prior to MSB beginning construction, any necessary site remediation related to past County activities • Providing MSB notices to proceed with construction, acceptance testing, and operations 	<ul style="list-style-type: none"> • Obtaining and maintaining conformance with all permits and terms of approvals • Designing the TRRP to meet agreed upon plans and specifications • Constructing and Equipping the TRRP and using the agreed upon Construction Company (DBC) and Equipment Suppliers (VDRS for the MRF technology and Bekon for the ADF technology) • Acquiring, financing and maintaining all rolling stock, maintenance equipment, furnishings and office equipment • Performing acceptance tests and obtaining acceptance of the TRRP by the County in accordance with testing procedures and assume industry standard risks of performance • Providing construction bonds, equipment guarantees, performance bonds and insurance related to the construction and operation of the TRRP
Operations	<ul style="list-style-type: none"> • Receiving, inspecting, accepting, weighing, directing and charging customers for materials delivered to the Landfill in accordance with Material Delivery Agreements • Making payments to MSB calculated in accordance with County- approved rates, and tonnage delivered to the TRRP • Participating with MSB in marketing available capacity at the TRRP • Disposing of residue from the TRRP at the Landfill 	<p>MSB Investors and Operating Subcontractors</p> <ul style="list-style-type: none"> • Receiving, processing and marketing acceptable materials, in accordance with agreed upon performance requirements • Using agreed upon primary subcontractors, and assuming industry standard risks of performance • Marketing available capacity at the TRRP to entities not already delivering waste • Paying for the disposal of residue from processing that exceeds 35.2% of materials delivered to the TRRP • Complying with additional guarantees • Delivering residue from the processing of materials to the County • Maintaining and repairing the TRRP in accordance with the agreed-upon maintenance manual and practices • Providing qualified, experienced and trained management, supervisory, technical and line staff • Making payments described in the Waste Services Agreement to the County • Keeping records and providing County access to such records and providing monthly and annual reports • Paying all fines and penalties related to non-compliance with permits and approvals

Performance Guarantees

- Material Throughput – facility required to process up to a maximum annual capacity
- Diversion – facility must recover:
 - 60% of the waste in the trash can
 - 85% of source separated recyclables
 - 98% of source separated organics
 - Overall facility diversion level of 64.8%
- Liquidated damages may be assessed if guarantees are not met and Compliance Plan is developed to correct performance
 - MSB and the County have attempted to manage project construction and operating risks through performance bonds and insurance policies
 - Equipment warranties
 - Variety of insurance policies (Builders Risk, Commercial, Professional & General Liability, Property/Hazard, and Pollution Legal Liability)
 - Performance bonds for construction (\$117.5 MM) and operations (\$14.0 MM) – providers must be rated “A” or better by AM Best Company
- Other guarantees include:
 - Minimum electric output
 - Net electric generation
 - Environmental performance
 - Recyclables sales

Contractual Waste Flow: 82% of Tonnage Committed

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- The County has entered into separate Material Delivery Agreements with the cities of Santa Barbara, Goleta, and Solvang (Public Participants)
- Term: Through December 31, 2038 – in no event shall the MDAs terminate while any 2018 Certificates are outstanding
- Service Covenant: The County is required to receive and process, treat, and/or dispose of Acceptable Materials from the Public Participants
 - Acceptable Materials: MSW, source-separated organics and source separated recyclables
- Acceptable Materials Charge: Establishes the County's right to set and collect charges for the material delivered sufficient to provide Net Revenue equal to 150% of debt service
- Waste Delivery Covenant: The Public Participants will deliver or direct their respective Collection Contractors to deliver *all* Acceptable Materials to the System – **actual deliveries commenced in July 2017**

Contractual Waste Flow (continued)

- In order to meet the Delivery Covenant, each Public Participant agrees to:
 - Maintain collection franchises or other contractual arrangements (or utilize municipal collection)
 - Manage collection of all Acceptable Materials generated within its jurisdiction
 - Collection is not mandatory in the City of Solvang, the City of Buellton and the unincorporated portion of the Service Area
- Each Public Participant is obligated to deliver certain minimum annual delivery requirements
- The County has entered into two additional waste flow agreements:
 - MarBorg-Buellton Delivery Contract (11 year term)
 - MarBorg Disposal Services Agreement (22 year term)
- To maintain non-committed tonnage (18%) in the System, rates have been set to be competitive with alternative facilities

Key Operational Aspects of the Material Delivery Agreements

Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- Public Participants and the City of Buellton, through an agreement with MarBorg, are subject to a Minimum Annual Delivery Requirement – put or pay
 - Shortfall charge assessed pursuant to an annual true-up process
 - Participants will pay Acceptable Material Charge for each ton of shortfall
- Annual Budget process provides transparency to Public Participants
- Operating Committee procedure gives Public Participants a role in decision making
- Jurisdictional Rate Stabilization Fund mitigates recyclables’ price volatility impact on tip fee
- Public Participants are eligible for annual dividend from 0.5x coverage factor, after making payments of certain specified System Costs

Jurisdiction	Min Annual Delivery Requirement (Tons)
County of Santa Barbara	50,410
City of Santa Barbara	75,297
City of Goleta	28,292
City of Solvang	3,632
City of Buellton	5,383
Total:	163,014

Annual Budget Process under the MDAs

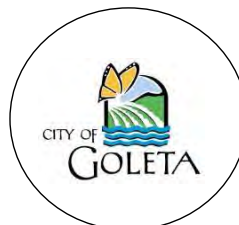
Attachment 15 - County's October Rating Agency Presentation - Excerpt #2

- Each January, the County is required to provide the Public Participants a draft Annual Budget for the next fiscal year
- The Annual Budget is required to contain:
 - Estimated Current Revenues and System Costs payable from Current Revenues
 - Disaggregated TRRP Contractor costs, debt service costs, and System costs
 - Estimate of the amount of Acceptable Materials expected to be delivered to the System (provided in tons)
 - Resulting Acceptable Materials Charge (\$/ton) required to be imposed in order for the County to meet the requirements of the 2018 Certificates
- If Acceptable Materials Charge increase <7.5%, Public Participants are required to adjust their collection rates and direct their Collection Contractors to pay the corresponding monthly service charge to the County
- Beginning in FY 2020-21, if Acceptable Materials Charge increase >7.5% or >15% cumulatively over prior 3 years, and if 2/3 of the Public Participants representing at least 2/3 of waste flow object, an Operating Committee review process is triggered
 - In no case may the review process result in tip fees that produce less than 1.5x coverage

Currently anticipated tip fees (\$150/ton in FY 2019-20, growing at \approx 3.5% annually) comply with the terms of the executed MDAs

Operating Committee

- Operating Committee is comprised of one representative from each Public Participant, including the County
 - Weighted vote based on proportional delivery of Acceptable Materials in an Agreement Year
 - Based on minimum tonnage requirements in the MDAs, the County's weighted vote share would be at least 31%
- The Operating Committee can be called to order as necessary, including the review of proposed rate increases
 - If 2/3 weighted vote approves Operating Committee's proposed rates, such rates go into effect the following fiscal year
 - If 2/3 weighted vote rejects the Operating Committee's proposed rates, the rates proposed by the County go into effect
 - In any case, the Acceptable Materials Charge must be established by each April 1, effective the succeeding July 1, and rates must be sufficient to generate 1.5x debt service coverage



ATTACHMENT 16

August 15, 2022

Leslie Wells
Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Requests for: (1) Extension of Contract Term and Project Development Schedule Time Periods, (2) Cash Flow Assistance, and (3) Extraordinary Review

Leslie,

In accordance with Section 4.3.D and Article 10 of the Agreement for the Development and Operation of the Tajiguas Resource Recovery Project and its amendments (the "Agreement"), Contractor hereby submits:

- (1) a Request for Extension of Contract Term and Project Development Schedule Time Periods (Attachment B to this letter),
- (2) a Request for Cash Flow Assistance (Attachment C to this letter), and
- (3) a Request for Extraordinary Review (Attachment D to this letter).

Attachment A to this letter provides certain background information that is relevant to these requests. Capitalized terms used in this letter and the attachments to this letter have the meanings set forth in the Agreement.

As you know, the MRF, ADF and CMU are now fully operational despite Uncontrollable Circumstances that affected design, construction, commissioning and operation of the facilities. The MRF has in fact been operational since September 2, 2021, even though a formal Notice to Proceed with Operations has not yet been issued. The series of letters sent by the County to Contractor on July 5, 2022 are inconsistent with the intent and terms of the Agreement as they do not properly recognize and account for the Uncontrollable Circumstances that have affected the Project.

Request for Time Extension

One of the County's July 5, 2022 letters (Notice of Intent to Assess Liquidated Damages) stated that, starting August 1, 2022, the County intends to assess liquidated damages for failure to complete the Project. Contractor's July 14, 2022 response to the County's July 5 letter is included as Appendix 1 to Attachment B. In a subsequent letter from the County, dated August 4, 2022, the County agreed that it would temporarily stay collection of liquidated damages.

As noted in the July 5 letter, Amendment 6 extended the time period for Full Operations of the AD Facility to December 21, 2021. However, as discussed in Attachment B, events not addressed by that Amendment, including continuing COVID impacts, the devastating Alisal Fire, and issues relating to governmental permits & approvals, have further delayed completion, making it necessary to extend the timeline for Full Operations to December 31, 2022. The July 5 and August 4 letters recognized a portion of this additional delay, by indicating that liquidated damages would not be assessed for the period prior to August 1, 2022.

Leslie Wells
August 15, 2022
Page 2

Section 4.D of the Agreement provides for time extensions for delays due to Uncontrollable Circumstances. Contractor's position remains that it is entitled to the full extension previously requested in the July 15 letter--to December 31, 2022.

The formal request is set forth in Attachment B.

Request for Cash Flow Assistance

Contractor also requests Cash Flow Assistance pursuant to Section 10.8 of the Agreement, as more fully set forth in Attachment C hereto (Request for Cash Flow Assistance), in connection with revenue shortfalls and operating cost increases caused by impacts of the COVID pandemic on the waste composition of the materials received by the MRF and changes in the markets for Recycled Materials.

To summarize, Contractor reiterates its request for the County's approval to draw fully on the Contractor's \$1 million working capital line of credit to cover revenue shortfall, as set forth in the Contractor's April 27, 2022 Cash Flow Assistance request (included as Appendix 1 to Attachment C), in anticipation of the County's reimbursement of such. In addition, as Contractor anticipates recurrence of the negative cash flow experienced this past year in FY 22-23, Contractor requests that the County increase the Per Ton Processing Rate to a sufficient amount in FY 22-23 to avoid a recurrence of the FY 21-22 negative cash flow from operating the Project.

While the Full Operations Date has not yet occurred, the MRF has been substantially fully operational since September 2, 2021, the parties have been proceeding on such basis, and the rationale underlying the cash flow assistance provisions in Section 10.8 apply equally to current operations. Furthermore, the County is seeking application of the Annual Settlement Process to current operations, when, strictly speaking, such process only applies after the Full Operations Date. Therefore, it is appropriate and consistent to apply the benefit of the Cash Flow Assistance provisions to current operations in FY 21-22 and to provide similar assistance in FY 22-23.

The formal request is set forth in Attachment C.

Request for Extraordinary Review

Section 10.10 of the Agreement provides an "Extraordinary Review" process for determining adjustments to prior and future payments owed to Contractor as well as changes to Contractor's Performance Guarantees. The impacts to the Project from the Uncontrollable Circumstances described below are truly extraordinary, justifying an Extraordinary Review.

Please note also that Section 4.1.A of the Agreement, which provides that the "Contractor shall complete all design requirements for Full Operation of the Project, and shall complete the Facility according to the Contractor's final design," goes on to say that these obligations are "subject to the County providing sufficient funds for that purpose." It was never the parties' intent that the Contractor would be required to absorb the increased costs of the design, construction and commissioning of the Facility due to Uncontrollable Circumstance events beyond its control.

The formal request is set forth in Attachment D.

Leslie Wells
August 15, 2022
Page 3

Relief Requested Is Essential to Continued Operations, Consistent with Agreement, and Justified

Please be advised that the requests for extension of time, Cash Flow Assistance and modifications through the Extraordinary Review process are critical to future Project operations as Uncontrollable Circumstances have drastically affected capital expenditures (CapEx), operating costs and Project revenues, and have required Contractor to make significant changes to the Project design, delaying completion, commissioning and acceptance testing of the AD Facility and CMU. As discussed above, the Agreement specifically contemplates the possibility of changed circumstances resulting in the need for equitable adjustments to the contract, and provides flexibility for the parties to negotiate modifications to avoid unfair impacts to the Contractor and assure that operations will be able to continue.

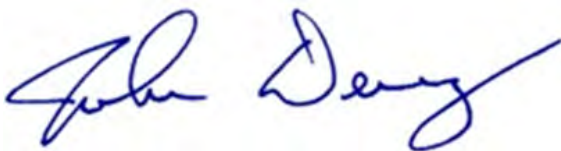
Contractor is proud of this Project and Contractor's role in turning a County liability into an asset and helping the County and the region meet their goals of increasing recycling and diverting waste from the landfill, thereby extending its life, and achieving state environmental mandates. However, it is not appropriate for Contractor to bear the burden of delays in Project development and cost increases caused by Uncontrollable Circumstances. The County's failure to adequately address the impacts of the Uncontrollable Circumstances is contrary to the intent of the Agreement and has resulted in gross inequities requiring Contractor to carry extremely high negative cash flows.

Path Forward

We look forward to meeting with you to discuss a path forward on these issues at the earliest opportunity. We trust that the County is also interested in resolving these issues amicably and expeditiously.

We remain committed to our relationship with the County and the success of the Project. We sincerely wish to expeditiously resolve these issues in the spirit of cooperation and avoid wasting precious time and resources on a formal dispute resolution.

Sincerely,
MSB Investors, LLC



John Dewey
CEO & Managing Member

Attachment 16 - MSB August 15, 2022 CFA Request

Leslie Wells
August 15, 2022
Page 4

LIST OF ATTACHMENTS AND APPENDICES

ATTACHMENT A	BACKGROUND INFORMATION
Appendix 1	Contractor Operating Proforma (actuals for FY 21-22) with a comparison to existing Exh. H (Am. 6)
Appendix 2	Proposed amended Exh. I – Amended Development Cost Detail schedule
Appendix 3	Proposed amended Exh. H – Contractor Operating Proforma (FY 22-23) with a comparison to the Exh. H – Contractor Operating Proforma in App. 1 to Att. A
ATTACHMENT B	REQUEST FOR EXTENSION OF CONTRACT TERM AND PROJECT DEVELOPMENT SCHEDULE TIME PERIODS
Appendix 1	Copy of Contractor July 14, 2022 letter to County
Appendix 2	Proposed Exhibit C-Development Schedule
ATTACHMENT C	REQUEST FOR CASH FLOW ASSISTANCE
Appendix 1	Copy of Contractor April 27, 2022 letter to County
ATTACHMENT D	REQUEST FOR EXTRAORDINARY REVIEW
Appendix 1	Draft Amendment 7

Attachment A Background Information

1. Purpose and Intent of Agreement

The Recitals to the Agreement make it clear that the intent of the Agreement is to provide for development and operation of a material recovery facility (MRF) and an anaerobic digestion facility (ADF) to process source separated organics and the organic fraction of mixed municipal solid waste (OFMSW) with final processing at a composting facility (CMU), as well as to maximize the recovery of usable resources in the form of recyclables, soil amendment, and biogas-based energy. Contractor has in fact developed all three facilities and they are now fully operational, subject only to completion of three air permit required emission source tests and final acceptance testing for the ADF & CMU.

Notably, the Design-Build-Own-Operate-Transfer (DBOOT) concept originally proposed by Mustang (Contractor's predecessor) would have involved transfer of certain risks to the Project developer consistent with that deal structure. However, even under that structure, Contractor would have had the right to relief for delays and costs due to extraordinary circumstances such as the COVID pandemic and the Alisal Fire. Alternatively, the County opted to award a Design-Build-Operate (DBO) contract, with the County, partner jurisdictions and the ratepayers retaining responsibility and liability for additional risks—including the risk of Uncontrollable Circumstances affecting the Project, revenue shortfalls and increased operating costs. Section 4.1.A of the Agreement is clear that the County is responsible for providing sufficient funds for design and construction of the Project, and Article 10 provides various mechanisms for the Contractor to obtain relief for matters such as revenue shortfalls and Uncontrollable Circumstances affecting operations.

Many UC schedule delays arose after DBC issued the Revised Exhibit C Schedule dated 07/22/21 including: 1) the ADF's first receipt of OFMSW for processing at the ADF as of August 23, 2021 which revealed the extraordinary plastics contamination; 2) the October Alisal Fire which set back the ADF commissioning as detailed in the December 21 letter to SoCal Edison; 3) MRF engine commissioning delays due to global supply chain issues as detailed in the letter from AB Energy to SGIP dated March 2022 (attached); 4) and other delays detailed in the July 15 letter to the County.

2. Occurrence of Uncontrollable Circumstances

Section 1.138 defines Uncontrollable Circumstance as follows:

“Uncontrollable Circumstance” means any act, event or condition that is beyond the reasonable control of the Party relying thereon as justification for not performing a Contractor Obligation or a County Obligation, or complying with any condition required of such Party under the Contract, and that materially interferes with or materially increases the cost of performing its obligations hereunder (other than payment obligations), to the extent that such act, event or condition is not the result of the willful or negligent act, error or omission, failure to exercise reasonable diligence, or breach of the Contract on the part of such Party. Such acts or events may include, but shall not be limited to, the following:

A. naturally occurring events (except weather conditions normal for the Santa Barbara area) such as landslides, underground movement, earthquakes, **fires**, tornadoes, tidal waves, floods, **epidemics**, storms, and other acts of God, ionizing radiation, nuclear, radioactive, chemical or biological contamination; ***[emphasis added]***

Attachment 16 - MSB August 15, 2022 CFA Request

The Uncontrollable Circumstances that have had a significant negative impact on the Project CapEx, operating costs and recyclable revenue and schedule include the following:

1. COVID-19 global pandemic (COVID)
2. October 2021 fire consuming over 17,000 acres around & including the Project (Alisal Fire)
3. Changes in requirements for the Project due to requirements imposed as conditions of governmental agency permits and approvals (Change in Scope)
4. Delays due to governmental permits and approvals (Change in Law)

These circumstances have prevented or delayed Contractor's performance under the Agreement and have materially increased the costs of Contractor's performance of its obligations under the Agreement, including the Start-Up and Acceptance Testing and the Operations of the Material Recovery Facility (MRF), Anaerobic Digestion Facility (ADF) and the Composting Management Unit (CMU). Please note the following correspondence discussing the impacts of these circumstances, including:

1. Contractor letter to County dated February 5, 2021, concerning estimated impacts on 2020-2021 tonnage due to COVID-19 issues, scope changes imposed by regulatory agencies, and other matters.
2. Contractor letter to SoCal Edison (SCE) dated December 28, 2021 (attached to Contractor's July 14, 2022 letter to County) required by the California Public Utilities Commission (CPUC), detailing force majeure schedule delays to the ADF commissioning due to the impacts of the Alisal Fire. This letter was accepted and approved by SCE on behalf of the CPUC and 6 months of force majeure schedule relief was provided to Contractor.
3. County letter to Contractor dated July 5, 2022, requesting additional information regarding the costs of the Alisal Fire.
4. Contractor letter to County dated July 14, 2022, concerning impacts to Project schedule from various Uncontrollable Circumstances.

3. Negative Impacts on Project from Uncontrollable Circumstances

The ongoing negative impacts from the specified Uncontrollable Circumstances include:

- A. Increased operating costs in Fiscal Year (FY) 21-22.
- B. Delays in commissioning and acceptance testing and resulting increases in working capital requirements.
- C. Increased CapEx costs debt financed increasing operating costs in FY 21-22 and thereafter.
- D. Anticipated increased operating costs in FY 22-23.
- E. Decreases in recyclable revenues in FY 21-22 and anticipated for FY 22-23 and thereafter.
- F. Decreases in power purchase agreement (PPA) revenues in FY 22-23 and thereafter.

A. Operating Cost Impacts (FY 21-22) from the Uncontrollable Circumstances

COVID pandemic impacts on operating costs include:

1. Increased labor costs, from: 1) hourly rate increases required to attract staff which occurred in 2H 21 and continues through FY 22-23; and, 2) an increased staffing level required to process the OFMSW at the ADF & CMU as a direct result of increased plastics in the OFMSW from pandemic driven consumer behavior changes (Pandemic Plastic Effects).
2. Increased repair & maintenance costs to the ADF & CMU plant and equipment and the mobile equipment required to operate such directly caused by the Pandemic Plastic Effects in the OFMSW.

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- Increased OFMSW transportation and processing costs due to the decreased bulk density directly caused by the Pandemic Plastic Effects in OFMSW.

The above operating cost increases are anticipated to continue in FY 22-23 and thereafter as pandemic caused Pandemic Plastic Effects are likely to be long-lived to mitigate future pandemic risks to public health.

Please see the May 2021 [Characterization of MSW and Plastic Waste Volume Estimation During the COVID-19 Pandemic \(Study\)](#). The study was completed by a University of Texas civil engineering Master's degree candidate and "was an endeavor to observe that pattern of changes in Municipal Solid Waste generation due to the COVID-19 pandemic and its effect on landfills. To fulfill the objective of the study to identify change in percentage of generation and physical characteristics of MSW, waste samples were collected from Hunter Ferrell Landfill, Irving, TX, for seven months starting from April 2020 to December 2020."

The Study conclusions included: 1) Plastic percentage in current study was significantly higher than national averages and previous studies indicating a rise in plastic waste generation during COVID-19 period.; 2) Table 4.15 shows the 2010 plastic waste by weight and by volume vs. Post COVID-19 Pandemic 2020 plastic waste demonstrated increases of 77% (by weight) and 75% (by volume), respectively.

It has been reported by other publications such as Reuters that this tsunami of increased plastic has been a global effect of the COVID-19 pandemic that has negatively impacted plastic recycling articles. Please see the Reuters article, [The Plastic Pandemic](#), October 2020, which also highlighted that China's 2018 Green Fence decision to ban the importation of plastics effectively eliminated the market for nearly all film plastic being recovered in the US, which has also compounded the situation at the ReSource Center and has and will continue to negatively impact diversion rates.

Waste Composition studies performed on Santa Barbara County municipal solid waste (MSW) over the past 12 years have also confirmed the extraordinary increase in the percentage of plastics now sent to processing at the MRF and in the case of film plastic: either to disposal at the landfill or included in the OFMSW sent to the ADF & CMU for processing:

Santa Barbara MSW Waste Composition (Plastics)

	SCS-2010	MSB-GCR 2014	MRF Acc. Test-Joe Sloan 2021
% Plastics in MSW	%	%	%
HDPE	0.7%	1.2%	0.3%
PET	0.3%	0.6%	0.6%
Polystyrene (PS)	0.6%	0.0%	0.0%
Polypropylene (PP)	0.0%	0.0%	0.6%
Misc. Plastic Containers	0.4%	0.6%	0.0%
Film Plastic	2.8%	8.1%	16.2%
Durable Plastic (MRP)	1.2%	7.5%	0.2%
R/C Plastic (not recyclable)	1.2%	0.0%	7.2%
Total % Plastics in MSW	7.2%	18.0%	25.0%
% Increase over SCS-2010 study		250%	348%

Considering that the MRF averaged 73 bales of film plastic per day in July 2022, its most predominant recovered commodity from MSW, which were unfortunately disposed in the landfill as a result of China's Green Fence initiative. The Pandemic Plastic Effects have only exacerbated and made worse an unfortunate consequence of this unrecyclable material.

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Schedule 1 set forth below summarizes the cost impacts from the increased operating costs incurred by the ADF and CMU during FY 21-22 as a result of the Uncontrollable Circumstances described above:

Schedule 1-ADF/CMU Budget vs. Actual FY 21-22 and June 22

	July 2021-June 2022 (12 Mos.)			June 2022 (1 Mo.)		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenue						
Processing Fee Revenue-SSO	160,777	105,888	(54,889)	13,398	10,603	(2,796)
Electricity Sales	2,069,229	52,967	(2,016,262)	172,436	46,739	(125,697)
MRF Revenue Pass Through	1,973,904	1,055,059	(918,845)	164,492	88,861	(75,631)
Total Revenue	\$4,203,910	\$1,213,914	(\$2,989,996)	\$350,326	\$146,203	(\$204,123)
Expenses						
Compost Operations/Organics Transport	291,975	540,716	248,740	24,331	56,713	32,382
Wages & Benefits	638,486	534,812	(103,673)	53,207	72,721	19,514
Operational Expenses	2,213,889	1,047,206	(1,166,683)	184,491	243,330	58,839
Overhead Expenses	448,135	358,333	(89,801)	37,345	45,078	7,733
Total Expenses	\$3,592,484	\$2,481,068	(\$1,111,416)	\$299,374	\$417,841	\$118,467
Net Income	\$611,426	(\$1,267,154)	(\$1,878,580)	\$50,952	(\$271,638)	(\$322,591)
<i>The above Revenue and Expenses do not include Commissioning, Start-up and Acceptance Costs (i.e., Predevelopment Costs) funded with Working Capital Loans as set forth below.</i>						
Contractor Working Capital Loans	\$1,465,000	\$2,271,144	\$806,144			

Attached as Appendix 1 to this Attachment A is an Exhibit H – Contractor Operating Proforma (actuals) for FY 21-22 reflecting actual operating income and expenses for the MRF, ADF & CMU with a comparison to the Exhibit H – Contractor Operating Proforma (budget) approved as Attachment B to the D&O Agreement 6th Amendment approved by the Board of Supervisors on November 2, 2021.

B. Increased Working Capital Required due to Uncontrollable Circumstances (UC) Delays

Schedule 2 set forth below summarizes the increased capital costs incurred by Contractor during FY 21-22 that were not addressed in Amendment 6, as well as anticipated working capital required by Contractor for the 1st six months of FY 22-23 to complete the ADF/CMU Start-up and Acceptance Testing and to commence Full Operations as a result of the Uncontrollable Circumstance delays described herein and in Appendix 1 to Attachment B, July 14, 2022 letter from Contractor to County:

Schedule 2 -Increased Working Capital Required from UC Delays

	Budget	Actual	Overage
ADF/CMU Commissioning, Start-up and Acceptance Costs-1	\$1,465,000	\$2,924,080	\$1,459,080
<i>1-Incurred between July 1, 2021 and June 30, 2022 for the Start-up, Commissioning and Acceptance Costs of the ADF & CMU. These Costs were incurred by Contractor in addition to the operating loss incurred during the same period for the operations of the ADF and CMU. Contractor's June 30, 2022 Balance Sheet reflects total Working Capital Loan Balances of \$1,484,180 which is net of two working capital loan reduction payments by Mustang totaling \$786,964. Total Working Capital Loan contributions by Contractor of \$2,271,144 have exceeded Contractor's Budgeted Working Capital Loan contribution of \$1,465,000 by \$806,144. This excess Working Capital Loan contribution by Contractor is a direct result of the Uncontrollable Circumstance delays to the Project schedule described herein. The balance of \$652,936 of Commissioning, Start-up and Acceptance costs are Accounts Payable.</i>			

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Attached as Appendix 2 to this Attachment A is a proposed amended Exhibit I – Amended Development Cost Detail schedule, which reflects (a) the increased CapEx incurred by Contractor during FY 21-22 and (b) anticipated CapEx costs for the portion of FY 22-23 through Notice to Proceed with Full Operations as a result of the impacts from the Uncontrollable Circumstances described herein.

C. Increased CapEx from Uncontrollable Circumstances

Schedule 3 set forth below summarizes the increased CapEx which has been incurred to fit out and operate the ADF/CMU caused by the OFMSW tonnage contaminated with the extraordinary Pandemic Plastic Effects as a direct result of the Uncontrollable Circumstances:

Schedule 3 – Increased CapEx in Operating Costs from Uncontrollable Circumstances

AD/CMU Equipment	#	\$/Unit	Budget	Actual
Liebherr 566 Loaders	2	305,000	610,000	856,000
Liebherr 550 Loaders	1	305,000	305,000	303,000
Backhus A55 Windrow Turner	1	450,000	450,000	451,797
Peterson 2750 Chipper-Grinder	1	550,000	550,000	654,670
Contingency	1	250,000	250,000	0
Tractor Freightliner	2	207,000	414,000	0
Trailers Western	2	55,000	110,000	0
Tractor Freightliner	2	194,000	388,000	0
Trailers Globe End Dump	2	50,000	100,000	0
Total			\$3,177,000	
Additional AD/CMU Equipment	#	\$/Unit	Budget	Actual
Compost Trommel Screens	2	581,190		1,162,380
Electrical Install Screen in AD Hall	1	64,523		64,523
Volvo L110 Loader	1	330,445		330,445
Residue Roll-off Trucks	2	120,070		240,139
Roll-off Bins	8	10,464		83,712
Utility Vehicles	2	16,983		33,967
Fuel Truck	1	20,836		20,836
Water Truck	1	43,000		43,000
Vacuum Truck	1	58,000		58,000
Boom Lift	1	39,900		39,900
Skid steer	1	26,000		26,000
Sweeper	1	150,000		150,000
Telehandler	1	75,000		75,000
OFMSW Xfer Tractors & Trailers	2	250,000		500,000
CMU Irrigation System	1	125,000		125,000
Misting Systems Expansion	1	40,000		40,000
Residue Bunkers Blocks	1	32,000		32,000
Total Actual AD/CMU Equipment			\$3,177,000	\$5,290,369
Mobile Equipment Debt Service - Actual vs. Budget Increase				\$2,113,369
Debt Service - Budget	5.00%	6	625,924	\$/Year
Debt Service - Actual	6.23%	4	\$/Year	1,225,638
Debt Service Actual vs. Budget				\$599,714
182,563 MDA TPY \$/Ton Tip Fee Impact				\$3.28

D. Operating Cost Impacts (FY 22-23) from the Uncontrollable Circumstances

Schedules 4, 5 & 6 below summarize the labor cost impacts and other increased operating costs incurred by the ADF and CMU during FY 21-22 and anticipated to be incurred for FY 22-23 as a direct result of impacts from the Uncontrollable Circumstances, including the Pandemic Plastic Effects:

Schedule 4 – ADF/CMU Labor Budget FY 21-22

ADF & CMU Employees	Total	\$/Hr.	Annual Wage	Total Annual Wage	OT	Benefits	Total Cost/Employee	Total Labor Cost
Plant Manager/Operator	1	\$49.02	101,962	101,962		50%	152,540	152,540
Wnrwr Turner/Loader Ops	2	\$27.23	56,645	113,291	N	56%	88,454	176,908
Loader Operators	2	\$21.79	45,316	90,632	N	64%	74,249	148,498
Laborer	3	\$15.00	31,200	93,600	N	81%	56,549	169,648
Total FTE's	8		Total Wage Cost	\$399,485			\$248,109	\$647,594
			Benefits Cost	<u>248,109</u>				
			Total Comp\$/Year	<u>\$647,594</u>				
			Total Comp \$/Mo	53,966				

In order to deal with the COVID impacts of the plastic contamination of the organics delivered to the ADF and CMU the labor costs of the AD have increased as set forth in the schedule below:

Schedule 5 – ADF/CMU Labor Costs FY 22-23 based on Actual Costs May-August 2022

ADF & CMU Employees	Total	\$/Hr.	Annual Wage	Total Annual Wage	2 Hrs OT	Benefits	Total Cost/Employee	Total Labor Cost
Plant Manager/Operator	1	\$57.69	120,000	120,000	N	47%	176,443	176,443
Windrow Turner/Loader Ops	3	\$27.23	60,886	182,659	Y	53%	93,415	280,246
Loader Operators	3	\$24.00	53,664	160,992	Y	57%	84,402	253,205
Laborer/Litter Collections	4	\$20.00	44,720	178,880	N	64%	73,240	292,959
Residue Roll-off Drivers	2	\$22.00	49,192	98,384	N	60%	78,821	157,642
Organics Transfer Drivers	2	\$25.00	55,900	111,800	N	56%	87,192	174,385
Maintenance Mechanics	3	\$35.00	78,260	234,780	N	47%	115,098	345,293
Compliance Manager	1	\$32.00	66,560	66,560		52%	100,885	100,885
Compliance Assistant	1	\$22.00	45,760	45,760		63%	74,805	74,805
Total FTE's	20		Total Wage Cost	\$1,199,815			\$656,048	\$1,855,862
16 Positions Filled as of 6/30/22			Benefits Cost	<u>656,048</u>				
4 Open Positions at 7/31/22			Total Comp \$/Year	<u>\$1,855,862</u>				
20 Staff-Agromin Advised			Total Comp \$/Mo	<u>154,655</u>				
			Increase over FY 21/22 Budget	<u>\$1,208,269</u>				
MDA TPY	182,563		Tip Fee Impact	\$6.62	\$/Ton			

Schedule 6-Increased Repair & Maintenance Operating Costs due to Uncontrollable Circumstances, (Increased plastics in the OFMSW processed by the ADF & CMU)

	Budget FY 21-22	Budget FY 22-23	Increase
R&M-Plant & Equipment	125,986	258,531	132,545
R&M-Mobile Equipment	237,377	362,383	125,006
Total Increased R&M	\$363,363	\$620,913	\$257,550
MDA TPY	182,563	\$/Ton Tip Fee Impact	\$1.41

E. Decreased Recyclable & Power Purchase Agreement (PPA) Revenue Impacts (FY 21-22 Actual & FY 22-23 Budget)

4. Relief Under Section 10.8 is Appropriate

While the County has not issued a Notice to Proceed with Full Operations, the County advised Contractor that it commenced the delivery of 100% of its available Acceptable Materials as of July 12, 2021, Contractor passed 100% of the MRF’s Start-up and Acceptance Tests on September 2, 2021, and Contractor submitted a request for the County to issue a Notice to Proceed with Full Operations of the MSF on September 16, 2021. Contractor requested Cash Flow Assistance on April 23, 2022. It is Contractor’s position that the Project is effectively functioning as though in Full Operations. But for the Uncontrollable Circumstances that have delayed the completion of commissioning & acceptance testing and related approvals of the ADF & CMU, a formal Notice to Proceed with Full Operations would have been issued. The County has represented to Contractor that it has been delivering 100% of available Acceptance Materials to the MRF as though it were in Full Operations and has been paying the Per-Ton Processing fee since February 1, 2021.

However, the delivery tonnage was only 158,441 (including 10,914 of spot market tonnage) a shortfall of 27,477 tons compared to the Minimum Delivery Agreement (MDA) tonnage from the County and all Partner Jurisdictions of 185,807 TPY. The County’s position that Contractor is not entitled to the protections and relief provided for in the Agreement due to Contractor’s failure to achieve Full Operations status does not appear to be consistent with these actions. It is appropriate for Contractor to be compensated in accordance with all of the provisions of Article 10 – Contractor Compensation, including the provisions of Section 10.8 – Cash Flow Assistance.

A. September 16, 2021 Request for Notice to Proceed with Full Operations at MRF

Contractor requested the County to provide Notice to Proceed with Full Operations at the MRF as of September 16, 2021. The County’s reply on September 17, 2021 was effectively a 12-page punch list of 327 items that were almost entirely paperwork items in order for the County to issue formal Notice to Proceed with Full Operations on the entire Project. This punch list does not change the fact that the MRF was effectively operating in Full Operations.

B. Impacts from Decreased Recyclable Revenue

Schedule 7 set forth below summarizes the impacts from decreased recyclable and tip fee revenue received by the MRF including the Processing Fee Revenue Variance (i.e., shortfall) from Budget), during FY 21-22:

Schedule 7-FY 21-22 Recyclable Revenue, Tip Fee & Revenue Requirement Shortfall

FY 21-22	Recyclable Revenue from Partner Jurisdictions & Spot Market	Budgeted Recyclable Revenue from Partner Jurisdictions	Recyclable Revenue Variance (includes spot market impacts)	Processing Fee Variance from Budget (net of Spot Market Benefit)	Revenue Requirement Shortfall
Jul	506,408	586,140	(79,732)	(284,725)	(364,457)
Aug	303,218	586,140	(282,922)	(3,800)	(286,723)
Sep	728,961	586,140	142,821	(20,658)	122,163
Oct	175,610	293,070	(117,460)	16,523	(100,937)
Nov	330,430	586,140	(255,710)	(2,023)	(257,733)
Dec	311,049	586,140	(275,091)	19,115	(255,976)
Jan	320,506	586,140	(265,634)	(17,310)	(282,944)
Feb	437,425	586,140	(148,715)	(66,048)	(214,763)
Mar	322,610	586,140	(263,530)	7,050	(256,480)
Apr	454,616	586,140	(131,524)	(11,527)	(143,051)
May	374,496	586,140	(211,644)	(22,921)	(234,565)
Jun	505,735	586,141	(80,406)	37,071	(43,335)
Totals	4,771,063	6,740,611	(1,969,548)	(349,252)	(2,318,800)
MDA TPY	182,563	\$/Ton Tip Fee	\$10.79	\$1.91	\$12.70

C. Tip Fee Adjustment

Section 10.8 of the Agreement provides that the County should adjust the tip fee in the subsequent contract year based on the shortfall highlighted in the Cash Flow Assistance request if it is likely that the recyclable revenue deficit will continue in the future.

10.8 Cash Flow Assistance

Approximately seventy five percent (75%) of the revenues to finance the Contractor's operations come from the sale of Recyclable Material. The prices for Recyclable Materials vary from month to month and sometimes that variance is significant. Worldwide economic factors may also affect the usual time it takes from Processing and bailing the material to the point at which it is received by the buyer. These conditions can create an unusual, unexpected, and unpredictable amount of demand for cash flow by the Contractor. Contractor shall secure a working capital line of credit in the amount of one million dollars (\$1,000,000) to provide for such a cash flow requirement and the annual cost of the working capital line of credit is provided in Contractor's compensation and, if it is drawn upon and approved by the County, the County will repay the line of credit as part of the Annual Settlement Process described in 10.9 below. **If such conditions create a negative cash flow exceeding the amount of the working capital line of credit, Contractor may request compensation for such unusual demands from County and the County shall provide a complete reimbursement of such negative cash flow not later than thirty (30) days following review and approval of such a request. Additionally, if the economic conditions which caused the negative cash flow are outstanding as of the end of the Contract Year then the County shall increase the Per Ton Processing Rate a sufficient amount in the subsequent Contract Year to avoid a recurrence of such a negative cash flow amount in the subsequent Contract Year. To the extent that the County has available reserves established for the purpose of assisting with Operations described in this Contract, then County may make**

available funds from this reserve on terms to be agreed upon by the Parties. Should the County not have such available reserves or choose not to make them available, then the Contractor may make arrangements to satisfy such a cash flow demand and the actual, reasonable and necessary costs of doing so shall be incorporated in the Annual Settlement Process described in 10.9 below.

(Section 10.8, emphasis added.) The first sentence of Section 10.8 highlights the fact that **75% of the Contractor's revenues come from the sale of recyclable material**. Section 10.8 provides for two examples of how recyclable revenue may be less than anticipated. These two examples were intended to illustrate how recyclable revenue shortfalls could negatively impact Contractor's working capital and the ability to cover the costs of operating the Project. The two examples were not intended to limit the reasons for recyclable revenue shortfalls that could negatively impact the Contractor's ability to cover its costs.

The negotiated intent of the Agreement and Section 10.8 was to confirm that the Contractor was not required to take risk from Recyclable Revenue shortage for any reason. The Recyclable Revenue risk was always intended to be borne by the County and partner jurisdictions and passed through to the ratepayers in the form of an increased tip fee to cover the operating costs of the Project.

This is even more true in the current case where the impacts of Uncontrollable Circumstances caused a decrease in recyclable revenues and an increase in Project operating costs. The COVID pandemic causing permanent and systemic changes to the waste composition resulting in increased Project operating costs due to unforeseen increases in Project Capital Expenditures and operating expenses.

The County has 100% of its available rate stabilization reserve funds to fund a shortfall reimbursing Contractor's operating deficit for FY 21-22 caused partly by the Recyclable Revenue shortfall, the tonnage shortfall and related processing fee (i.e., tip fee) revenue shortfall and partly by the increased operating expenses as a direct result of the Uncontrollable Circumstances described above.

It is anticipated that the Recyclable Revenue Shortfall will continue in FY 22-23 and thereafter, therefore, the tip fee per ton of Minimum Delivery Agreement (MDA) Tonnage should be adjusted by \$10.79 per ton (i.e., \$1,969,548/182,563 MDA tons per year (TPY)). This Tip Fee increase should be effective in FY 22-23 as provided for in Section 10.8 of the Agreement:

"...Additionally, if the economic conditions which caused the negative cash flow are outstanding as of the end of the Contract Year then the County shall increase the Per Ton Processing Rate a sufficient amount in the subsequent Contract Year to avoid a recurrence of such a negative cash flow amount in the subsequent Contract Year..."

D. Section 10.3 Relief

Section 10.8 (Cash Flow Assistance) reflects only part of the intent of the Agreement's Revenue Requirement concept set forth in Section 10.3 (Facility Operations Compensation). The last 4 lines of Section 10.3 provide as follows:

"...The baseline Tonnage of 190,717 shall not be adjusted, except as the result of an Extraordinary Review..."

"...The Per Ton Processing Rate shall not be adjusted for a change in the composition of material delivered to the Contractor for Processing, except as the result of an Extraordinary Review."

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The Per Ton Processing Rate (i.e., Tip Fee) adjustments described above, subject to Extraordinary Review, are provided so that Recyclable Revenue Shortfalls and Baseline Tonnage may be adjusted as circumstances dictate, especially Uncontrollable Circumstances, in order to ensure the Contractor's Revenue Requirement (the amount of money required by Contractor to cover the costs of operating the Project) is provided by the sum of the Tip Fee, Recyclable Revenue and Power Purchase Agreement (PPA) revenue.

The FY 22-23 Revenue Requirement was calculated by the County to be \$16,004,673 (April 4, 2022 email from Gloria Alvarez to Derek Carlson & John Dewey). The \$16,004,673 Revenue Requirement is an amount set forth in the Agreement that has been estimated to cover Contractor's costs of operating the Project based on a County and Contractor agreed upon operating cost budget; Exhibit H-Contractor's Operating Proforma. The FY 21-22 Revenue Requirement was \$15,348,598.

The Revenue Requirement was/is anticipated to be funded by three revenue sources earned by the Project: 1) Per Ton Processing Charge (i.e., Tip Fee); 2) Recyclable Revenue; and 3) Power Purchase Agreement (PPA) Revenue. If any one of these revenue sources is less than proforma, then the Project's operating costs will exceed revenue causing a negative cash flow (i.e., working capital requirement) as the Project's operating costs are nearly 100% fixed (i.e., not variable due to tonnage fluctuations).

The Agreement never intended to have Contractor cover negative working capital requirements on an annual basis for the term of the Agreement. To the contrary, the Agreement was intended to provide relief to Contractor (i.e., Cash Flow Assistance) particularly in the event of revenue shortfalls &/or operating cost increases due to Uncontrollable Circumstances, including but not limited to those caused by the COVID pandemic and/or Alisal Fire described herein.

As noted above, the Project's operating costs are nearly 100% fixed. The same is true for the nearly 100% fixed operating costs of the landfill; and the costs of the Project's Muni-bond debt service are 100% fixed. It is specifically the fixed nature of all three of these costs that compelled the County to execute put-or-pay Minimum Tonnage Delivery Agreements (MDAs) with all of the partner jurisdictions and MarBorg to ensure that all three of the Project's operating costs would be borne by all of the Project's participants and passed through directly to the ratepayers.

The MDAs provide for payment of 100% of the budgeted Per Ton Processing Charge based on a total of 182,563 tons per year (TPY) irrespective of the amount of tons actually delivered to the Project for processing or landfill for disposal or not delivered at all as this budgeted amount of revenue is required by the County's Solid Waste System to cover 100% of the three budgeted costs detailed above (i.e., landfill operating costs, Project bond debt service **and**, most importantly, the Project's operating costs).

The County's refusal to pass through the MDA's put-or-pay benefits to the Project unfairly prejudices Contractor. Indeed, this practice jeopardized the financial solvency and sustainability of the Project in FY 21-22, while also putting the ratepayers and partner jurisdictions at risk of incurring even greater future Project operating cost increases, as the provided revenue does not adequately cover adequate repair and reserve for replacement costs to maintain the MRF, ADF and CMU in good working order.

Schedule 8, set forth below, shows the Budget vs. Actual results for the FY 21-22 Project operations as a result of the Uncontrollable Circumstances described above

Schedule 8 – FY 21-22 Project Operations Revenue & Expense Budget vs. Actual

	FY 21-22 Budget vs. Actual			Actual \$/Ton based on TPY		
	Budget	Actual ¹	Variance	Processed ¹	MDA TPY ²	Ex. H-21-22 ²
Project Revenue				158,331	182,563	190,717
MRF Tip Fee Revenue	6,084,226	6,293,989	209,763	\$39.75	\$34.48	\$33.00
ADF SSO Tip Fee Rev.	160,777	105,888	(54,889)	\$0.67	\$0.58	\$0.56
Recyclable Revenue	7,033,679	4,326,998	(2,706,681)	\$27.33	\$23.70	\$22.69
ADF PPA Revenue	2,069,229	57,325	(2,011,904)	\$0.36	\$0.31	\$0.30
Total Revenue	15,347,912	10,784,200	(4,563,711)	\$68.11	\$59.07	\$56.55
Project Expenses						
MRF Expenses	11,144,001	8,254,574	(2,889,427)	\$52.13	\$45.21	\$43.28
ADF/CMU Expenses ³	4,204,598	4,039,505	(165,093)	\$25.51	\$22.13	\$21.18
Total Expenses	15,348,599	12,294,079	(3,054,520)	\$77.65	\$67.34	\$64.46
Net Income (Loss)	(688)	(1,509,879)	(1,509,191)	-\$9.54	-\$8.27	-\$7.92
¹ - Includes 10,914 Tons from Spot Market customers (City of Santa Maria and UCSB), County and partner jurisdictions deliveries totaled 147,416 Tons; 34,417 tons less than the MDAs total commitment of 182,563 TPY. The FY 21-22 MRF Tip Fee Revenue from the County and the partner jurisdictions was only \$4,826,402. The difference of \$1,467,587 included in MRF Tip Fee Revenue above included \$655,064 in SSR Tip Fees paid to the MRF and \$812,523 paid to MarBorg Industries as a reimbursement for its transportation costs of the City of Santa Maria SSR and paid to the County for an administrative fee.						
² - The Actual \$/Ton applied against the MDA TPY 7/or the 6 Am. Exhibit H-Contractor proforma for FY 21-22 is only accurate if such tonnage was used in a put-or-pay structure. The current case where the Ex. H FY 21-22 \$ Per Ton Processing Charge was applied against the proforma tonnage of 190,717 TPY but only 158,331 were delivered to the Project is partly responsible for the significant Net Loss (i.e., negative working capital) for FY 21-22) which must be funded by Cash Flow Assistance.						
³ - ADF/CMU Operating Expenses were funded by ~\$2.1M of MRF Net Income and Expense passthroughs in addition to Contractor's Working Capital Loans and accounts payable balances described above.						

In FY 21-22, Total Project Revenue from all sources was \$10,784,200, including approximately \$1,500,000 in processing fee revenue from the City of Santa Maria spot market SSR processing Fees including transportation and administrative cost reimbursements. Total FY 21-22 Operating Costs for the Project were \$12,294,079, for a net loss of \$1,509,729.

Total Revenue passed through from the MRF to the ADF by MarBorg Recovery was \$2,111,120, including \$981,567 passed through for budgeted expenses for the ADF assuming 100% of the MRF's expenses for its energy and compliance costs and repair and maintenance costs related to the energy infrastructure on the South side of the MRF. Also, included in the MRF revenue passthrough to the ADF was \$954,268 out of a budgeted \$1,973,904 MRF Net Income passthrough. The MRF was not able to fully fund the MRF Net Income passthrough to the ADF due to the shortage in Recyclable Revenue and Tip Fee Revenue described above. As a result, the ADF was not able to fund its \$3,278,174 of operating expenses except by drawing \$72,584 on its line of credit as of June 30, 2022 and having an accounts payable balance of \$3,025,173 as of June 30, 2022.

This is in addition to Contractor having incurred \$2,924,080 of ADF commissioning, start-up and acceptance costs funded by Working Capital Loan contributions totaling \$2,271,144 (an excess of \$806,144 over Contractor's budgeted working capital loan responsibility of \$1,465,000).

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Additionally, due to the shortfall in recyclable and tip fee revenue, the MRF was only able to fund \$485,701 of its budgeted MRF repair expense & replacement reserve budget of \$1,286,486. Further, the ADF was not able to fund any of its budgeted ADF Repair & Replacement reserve of \$323,367. These unfunded repair and replacement reserve shortages have the potential to increase Project operating costs in the future due to deferred maintenance. This is a risk to the Project and its financial sustainability.

Contractor's proposed revisions described herein to the FY 22-23 Per Ton Processing Rate, including the passthrough of the MDAs put-or-pay provisions, are designed to address the detrimental, inequitable impacts of the current inadequate and prejudicial Agreement provisions.

The shortage of delivered tonnage and related negative impact on Tip Fee revenues paid to the Project are set forth in the Schedules 9 & 10 below.

Schedule 9-FY 21-22 Tonnage Delivered and Budget Shortfall

FY 21-22	Tonnage from Partner Jurisdictions	Budgeted Tonnage from Partner Jurisdictions	Tonnage Shortfall	Spot Market Tonnage (UCSB & SM)	Total Tonnage Shortfall
Jul	5,383	15,214	(9,831)	768	(9,063)
Aug	13,653	15,214	(1,561)	937	(624)
Sep	13,130	15,214	(2,084)	941	(1,142)
Oct	6,909	15,214	(8,304)	730	(7,574)
Nov	13,784	15,214	(1,430)	895	(535)
Dec	14,169	15,214	(1,044)	1,037	(7)
Jan	13,213	15,214	(2,000)	951	(1,049)
Feb	11,938	15,214	(3,276)	835	(2,441)
Mar	13,767	15,214	(1,446)	1,055	(391)
Apr	13,442	15,214	(1,772)	923	(849)
May	13,136	15,214	(2,078)	900	(1,178)
Jun	14,891	15,214	(322)	942	620
Totals	147,416	182,563	(35,147)	10,914	(24,232)

Also, as previously described in our February 5, 2021 FY 21-22 Budget Revision Request the lack of a put-or-pay provision in the Agreement that would pass through the partner jurisdictions' MDAs commitments & economic benefits has proven to be an economically unsustainable provision. This was demonstrated with the FY 21-22 financial results and will only be worse in FY 22-23 if not immediately addressed.

In FY 21-22 the economically unsustainable Minimum Delivery Tonnage floor of 143,038 TPY (i.e., 75% of the Contract Tonnage of 190,717 TPY) resulted in a Tip Fee revenue shortage of \$1,004,316 based on a delivered tonnage shortfall of 35,147 tons. Fortunately, 10,914 of spot market tons (from UCSB & the City of Santa Maria) reduced the Tip Fee revenue shortage to \$349,252 for FY 21-22. Unfortunately, as described below the City of Santa Maria did not renew their spot market agreement due to the County's mishandling of the opportunity. The 75% tonnage floor led to losses by the Contractor in FY 21-22 that should be reimbursed by the County as the Contractor is not able to cover its fixed costs of the operating the Project (i.e., the intent of the Contractor's Revenue Requirement provision in Section 10.3 of the Agreement).

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Contractor has also learned that the County’s prior indication that the 75% Contract Tonnage Floor provision imposed on Contractor was required by the City of Santa Barbara to participate in the Project was not accurate. The lack of such a requirement has been confirmed as the City of Santa Barbara and all of the participating jurisdictions each entered into Minimum Tonnage Delivery Agreements (MDAs) with contractually required tonnage commitments totaling 182,563 Tons Per Year (TPY) on a put-or-pay basis (i.e., guaranteed fixed amount of revenue per year irrespective of the tonnage delivered to the Project).

Schedule 10- FY 21-22 Tip Fee Revenue and Budget Shortfall

FY 21-22	Tip Fee Revenue from Partner Jurisdictions	Budgeted Tip Fee Revenue from Partner Jurisdictions	Tip Fee Shortfall	Spot Market Tip Fee Revenue (UCSB & SM)	Total Tip Fee Revenue Shortfall
Jul	176,238	507,019	(330,781)	46,055	(284,725)
Aug	446,998	507,019	(60,021)	56,221	(3,800)
Sep	429,874	507,019	(77,145)	56,486	(20,658)
Oct	226,215	253,510	(27,294)	43,817	16,523
Nov	451,287	507,019	(55,732)	53,709	(2,023)
Dec	463,908	507,019	(43,111)	62,226	19,115
Jan	432,610	507,019	(74,409)	57,100	(17,310)
Feb	390,835	507,019	(116,184)	50,135	(66,048)
Mar	450,744	507,019	(56,275)	63,325	7,050
Apr	440,081	507,019	(66,938)	55,411	(11,527)
May	430,067	507,019	(76,952)	54,032	(22,921)
Jun	487,544	507,019	(19,475)	56,546	37,071
Totals	4,826,402	5,830,719	(1,004,316)	655,064	(349,252)

Furthermore, Contractor is concerned that during FY 21-22 it appears that County received a total of more than 185,000 Tons, respectively, while only delivering 158,331 TPY to the Project. If this was in fact the case, the County may have diverted 35,147 or more tons of MSW away from the Project and to the landfill during FY 21-22. This would have the effect of providing as much as \$6,000,000 in financial benefit to the County and partner jurisdictions while reducing revenues to the Project by at least \$3,000,000 of the amount needed to cover Project operating costs for financial sustainability.

Thus, the Annual Settlement Statement to be provided to the participating jurisdictions by the County’s Public Works Department Resource Recovery and Waste Management Division (RRWMD) for FY 21-22 may likely show more than \$5,000,000 of reserve accumulation during the period. Such accumulated reserve is sorely needed to cover the Project’s recyclable and tip fee revenue shortfalls and increased Project operating costs as a result of the Uncontrollable Circumstances described herein.

The Revenue Requirement for FY 21-22 of \$15,348,598 was agreed by the parties prior to the execution of the 6th Amendment between the County, its consultant, HF&H, and Contractor, however, County declined to include the \$15,348,598 amount in the 6th Amendment—which is particularly troubling in light of the County’s subsequent letters indicating that it does not intend to cover Contractor’s costs of operating the Project.

Additionally, the Contractor has been placed at a disadvantage by the loss of certain financial opportunities available to the County’s solid waste system, through no fault of Contractor. For

example, the County recently had the opportunity to renew a spot market Single Stream Recyclables (SSR) processing agreement with the City of Lompoc that would have provided more than \$1,000,000 per year of badly needed revenue to the Project to meet its working capital needs (i.e., Revenue Requirement). It is our understanding that the County could have renewed the contract for 1 to potentially 5 years at a market competitive tip fee of ~\$130/ton which included ~\$30/ton to the County for admin fees as there was zero cost burden on the landfill for these tons as any residue from the City of Lompoc's ~1,000 tons per month of SSR deliveries was transported by MarBorg back to the City of Lompoc's landfill for disposal.

Unfortunately, the County requested a \$20/ton increase of the proposed administrative fee to \$50/ton on this spot market opportunity, resulting in a loss of the opportunity to the Project, as the City determined that the fee was not competitive and decided to execute a 5-year contract with Waste Connections in San Luis Obispo for the 12,000 TPY of SSR material instead of contracting with the County.

This loss of revenue of approximately \$5,000,000 has directly impacted the jurisdictions participating in the Project, as they will have to pay an increased tip fee by the same amount in order for the Project to break even over the same 5-year period. Although new North County SSR tonnage of approximately 7,000 TPY has been delivered to the Project as of July 1 for FY 22-23 and beyond replacing potentially 60% of the lost Santa Maria revenue, the 5-year loss of the City of Santa Maria will have a direct impact on funding the Project's Revenue Requirement with an increase in the Tip Fee.

At this point, Contractor believes there is only one possible solution to fund the Revenue Requirement needed to cover the Project's operating costs on an annual, economically sustainable basis, with the intended level of tip fee revenue to fix what was in FY 21-22 and what will be a structural, chronic, recurring operating deficit created by the 75% floor. Specifically, the solution would be to compensate the Contractor on a put-or-pay basis as originally proposed by Contractor and consistent with the terms of all of the MDA's entered into by all of the partner jurisdictions.

There is no rational justification for the Contactor's economic Tip Fee revenue to be materially inferior to the MDAs structure between the County and the partner jurisdictions. In fact, the County's rationale for convincing the partner jurisdictions to enter into the MDAs with put-or-pay terms requiring them to pay to the Project the agreed-upon tip fee revenue annually based on their MDA tonnage amount (and irrespective of delivered tonnage, which could be less than the MDA tonnage commitment amount) is to be sure that the Project has sufficient funds on an annual basis to cover the costs of the Project's bond debt service, the cost of operating the landfill and the cost of operating the Project (i.e., the agreed upon Revenue Requirement; \$15,348,598 for FY 21-22).

It is plainly inequitable for the County to require the Contractor to operate the Project for less than the Revenue Requirement amount annually despite the County's collection of such revenue from the partner jurisdictions, and these circumstances will doom the Project to insolvency. Contractor wishes to avoid that result, and thus requests reasonable relief as set forth herein.

E. Decreased PPA Revenue Impacts (Actual & FY 22-23 Budget)

As discussed in our July 15th response to the LD's Letter, we are experiencing materially decreased biogas production as a result of the decreased bulk density, persistent Pandemic Plastic Effect contamination and the AD physical capacity constraints requiring 5 digester fillings per week in order to process 100% of the OFMSW generated by the MRF (i.e., 20 fillings per month vs. 16 fillings per month = 125% of design spec. effectively shortening the residence time

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in each digester from 28 days to 22 days). Bekon estimated that this would decrease biogas from the previously estimated 550 SCFM to 440 SCFM (i.e., 550/1.25 = 440). This has been confirmed based on our last 4 weeks of 5 fillings per week in order to process 100% of the organics. The biogas CH4% also decreased from the 52% design spec to ~42% which also negatively impacts PPA revenue.

The impact of the decreased Power Purchase Agreement revenue resulting from the Uncontrollable Circumstance of the increased plastic contamination is estimated and summarized in Schedule 11 below.

**Schedule 11-Estimated Biogas Yields, PPA Revenue & Assumptions-
Prior Estimates & Actuals**

PPA Revenue Estimate Date:	10/23/17	9/8/21	8/15/22	5/31/22	8/15/22
	2nd Amend.	6th Amend. Exhibit H (21-22)	Actuals 7/15-8/15 - 2	Stabilized Ops Est. (4 fillings/wk.)	Revised Ops Est. (5 fillings/wk.)
~SCFM Biogas/Engine (@52% CH4)	360	324	300	275	220
Total SCFM Biogas	720	648	300	550	440
SCFM LFG			50	50	50
Total SCFM Biogas & LFG			350	600	490
MW/AD CHP Engine	1.137	1.137	1.137	1.137	1.137
# of engines	2	2	1	2	2
Estimated Load (Biogas)	100.0%	90.0%	86.0%	76.4%	61.1%
Estimated Parasitic Load (LFG)			14.3%	8.3%	10.2%
Estimated Total Load (Gross)			100.3%	84.7%	71.3%
Net Export (Gross-Parasitic)			86.0%	76.4%	61.1%
Estimated uptime	95%	95%	95%	95%	95%
Total Effective kW/hr.	2,160	1,944	929	1,650	1,320
Total Effective kW/Day	51,847	46,662	22,294	39,606	31,684
Days/Year	365	365	365	365	365
Effective Operating Hours	8,322	8,322	8,322	8,322	8,322
Total Est. kWh/year	18,924,228	17,031,805	8,137,418	14,456,008	11,564,806
Parasitic Load (~110 Kw -> ~66Kw)	915,420	915,421	549,252	549,252	549,252
Total Net. kWh/year	18,008,808	16,116,384	7,588,166	13,906,756	11,015,554
PPA Revenue (\$0.127/kWh)	\$2,309,229	\$2,069,229	\$963,697	\$1,766,158	\$1,398,975
PPA Revenue/Mo	\$192,436	\$172,436	\$80,308	\$147,180	\$116,581
Shortfall vs. Budget			(\$1,105,532)	(\$303,071)	(\$670,254)
Tip Fee Increase Required to Cover Operating Costs -1			\$6.06	\$1.66	\$3.67
1-Based on MDA tonnage	182,563	TPY			
2-Current Biogas @ ~42% CH4					

As the volume of organics delivered to the AD is not anticipated to decrease in the future, a tip fee increase of \$3.67/ton (based on MDA tonnage of 182,563 TPY) is warranted for FY 22-23 and thereafter.

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Attached as Appendix 3 to this Attachment A is a proposed Exhibit H – Contractor Operating Proforma for FY 22-23 reflecting anticipated operating income and expenses for the MRF, ADF & CMU including a comparison to the Exhibit H – Contractor Operating Proforma FY 21-22 set forth in Appendix 1 to this Attachment A.

As a result of the above-described Uncontrollable Circumstances the Contractor hereby respectfully requests the following:

- 1) Reimbursement of its increased working capital required for Commissioning, Start-up and Acceptance delays and increased negative working capital from operations due to decreased Recyclable Revenue and Tip Fee revenue combined with increased operating costs during FY 21-22 in a total amount of \$3,000,000 (i.e., in order to pay Contractor's Accounts Payable balance in the amount of \$3,025,173 as of June 30, 2022); and,
- 2) An increase in the Per Ton Processing Fee for FY 22-23 as follows:

Fiscal Year 2022-2023 Budget Impacts from COVID-19, Change-in-Law and Regulatory Compliance					
#	Description	Change/Reason	P&L Impact	\$/Ton-¹	Contract Provision
1	Tip Fee Revenue	Est. '22-'23 TPY Decr.	(349,252)	(1.91)	Uncontrollable Circumstance-COVID
2	Recyclable Rev.	Est. '22-'23 TPY Decr.	(2,262,635)	(12.39)	Uncontrollable Circumstance-COVID
3	PPA Revenue	Est. '22-'23 TPY Decr.	(670,324)	(3.67)	Uncontrollable Circumstance-COVID
4	ADF/CMU Payroll	Increase from 8->20 staff	(1,208,269)	(6.62)	Uncontrollable Circumstance-COVID
5	Equipment Debt Service	Increased \$2.1M Mobile Equipment for ADF/CMU	(599,714)	(3.28)	Uncontrollable Circumstance-COVID
6	Equipment O&M	Increase due to \$2.1M	(257,550)	(1.41)	Uncontrollable Circumstance-COVID
Budget Increase Adjustments Sub-Total			(\$5,347,674)	(29.29)	
7	MRF Payroll	Savings over Budget	1,275,688	6.99	
8	MRF Fuel Costs	Savings over Budget	193,367	1.06	
9	MRF Other Costs	Savings over Budget	649,924	3.56	
Budget Savings Adjustments Sub-Total			\$2,118,979	17.69	
Net Budget Adjustments			(\$3,228,695)	(\$17.69)	Uncontrollable Circumstance-COVID
	Tip Fee Revenue		\$9,834,654	\$53.87	
	Recyclable Revenue		4,771,044	26.13	
	PPA Revenue		1,398,975	7.66	
	Revenue Requirement		\$16,004,673	\$87.67	
	MRF Operating Cost		\$10,020,931	\$54.89	
	ADF/CMU Operating Cost		5,983,742	32.78	
	Project Operating Cost Budget		\$16,004,673	\$87.67	
¹ – Based on 182,563 TPY MDA Annual Minimum Delivery Requirement. This also assumes the Tip Fee is structured on a put-or-pay basis.					

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Appendices to Attachment A

Appendix 1	Contractor Operating Proforma (actuals for FY 21-22) with a comparison to existing Exh. H (Am. 6)
Appendix 2	Proposed amended Exh. I – Amended Development Cost Detail schedule
Appendix 3	Proposed amended Exh. H – Proposed Contractor Operating Proforma (FY 22-23) with a comparison to the Exh. H – Contractor Operating Proforma in App. 1 to Att. A

ATTACHMENT B FOURTH AMENDED EXHIBIT H - CONTRACTOR'S PROFORMA YEAR 2 (JULY 1, 2021 - JUNE 30, 2022)
Attachment 16 - MSB August 15, 2022 CFA Request

ATTACHMENT A - Appendix 1

TAJIGUAS RESOURCE RECOVERY PROJECT Table 1 - MRF Operating P&L	Revised	Increase	Previous	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 21-22			
				1	2	3	4	5	6	7	8	9	10	11	12				
50000 Accounting Fees (Compliance)	13	32.74	2.141%	26,263	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	22,436	(3,828)
50010 Advertising & Promotion				-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,553	7,553
50020 Deprec./Amort. Expense/Operating Contingency	14			-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,984	18,984
50030 Computer Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,183	58,183
50040 Consulting Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50050 Bank Charges/Credit Card Processing Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	150	150
50060 Dues & Subscriptions				-	-	-	-	-	-	-	-	-	-	-	-	-	-	377	377
50070 Legal Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,820	8,820
50080 Management Fee	15	\$5.25/Ton	185,807 t/a	975,989	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	975,989	850,073	(125,916)
50090 Meals - 100%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	311	311
50100 Meals - 50%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50110 Office Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,702	37,702
50120 Other Misc. Expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50130 Pension Fee Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50140 Postage				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50150 R & M - Buildings				-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,019	14,019
50160 R & M - Office Equipment				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50170 Rent Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50180 Telephone Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,841	4,841
50190 Travel Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50200 Utilities				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50210 Permitting Costs	16			26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	-	(26,264)
50220 Monitoring & Other Compliance Costs	16			562,264	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	562,264	96,056	(466,208)
Total Overhead Expenses				1,590,780	132,565	132,565	132,565	132,565	132,565	132,565	132,565	132,565	132,565	132,565	132,565	132,565	1,590,780	1,119,505	(471,275)
Total Operating Expenses				10,999,847	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	\$ 916,654	10,999,847	8,156,033	(2,843,814)
60000 Charitable Donations				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60010 Contributions				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60020 Gain/Loss - Asset Disposal				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60030 Gain/Loss - Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60040 Interest Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,317	16,317
60050 Discounts from Vendors				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Misc Income & Adjustments				-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,317	16,317
70000 Working Capital Amortization				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70010 Mustang Management				144,154	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	144,154	169,565	25,411
70020 Taxes				-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,224	82,224
Total Taxes & Other				144,154	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	12,013	144,154	251,789	107,635
NET OPERATING INCOME				1,973,904	164,492	164,492	164,492	164,492	164,492	164,492	164,492	164,492	164,492	164,492	164,492	164,492	1,973,905	2,229,482	255,577

ATTACHMENT B FOURTH AMENDED EXHIBIT H - CONTRACTOR'S PROFORMA YEAR 2 (JULY 1, 2021 - JUNE 30, 2022)
Attachment 16 - MSB August 15, 2022 CFA Request

ATTACHMENT A - Appendix 1

TAJIGUAS RESOURCE RECOVERY PROJECT				Jul 1	Aug 2	Sep 3	Oct 4	Nov 5	Dec 6	Jan 7	Feb 8	Mar 9	Apr 10	May 11	Jun 12	FY 21-22			
Table 5 - ADF Operating P&L				21-'22 FY CPI	2.141%												Budget	Actual	Variance
Revenue	Footnote	Assumptions		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$				
10000 Processing Fee Revenue	1	\$32.74/Ton	4,910 t/a	160,777	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	13,398	160,777	105,888	(54,889)	
10010 Electricity Sales	2			2,069,229	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	2,069,229	57,325	(2,011,904)	
10020 Compost Sales - Good Quality				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10030 Compost Sales - Fair Quality				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10040 Waste Brokering				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10220 Recyclable Revenue Pass Through	3			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10230 Miscellaneous Income				-	-	-	-	-	-	-	-	-	-	-	-	-	150	150	
Total Revenue				2,230,006	185,834	185,834	185,834	185,834	185,834	185,834	185,834	185,834	185,834	185,834	185,834	2,230,006	163,363	(2,066,643)	
Expenses																Budget	Actual	Variance	
20030 Cost of Goods Sold - Compost	4	-\$6.41/Ton	14,631 t/a	95,754	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	95,754	95,754	(95,754)	
20040 MSW Pre-Treatment	5	\$1.07/Ton	46,274 t/a	50,475	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	50,475	50,475	(50,475)	
20050 Compost Processing & Transportation	6	\$3.20/Ton	73,800 t/a	241,500	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	241,500	540,716	299,215	
20060 Disposal Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	151,795	151,795	
Total Fees				387,729	24,331	24,331	24,331	24,331	24,331	24,331	24,331	24,331	24,331	24,331	24,331	387,729	692,511	304,782	
30000 Wages	7		2018 CPI	391,905	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	391,905	477,696	85,792	
30010 Overtime			2018 CPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30020 Holiday, Vacation, Sick & Float Pay	8		2018 CPI	36,831	3,069	3,069	3,069	3,069	3,069	3,069	3,069	3,069	3,069	3,069	3,069	36,831	36,831	(36,831)	
30030 Bonus Pay			2018 CPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30040 Payroll Taxes	8		2018 CPI	38,586	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	38,586	38,586	(38,586)	
30050 Pension Contribution	8		2018 CPI	31,353	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	31,352	31,352	(31,352)	
30060 Medical/Life Insurance	8		2018 CPI	87,382	7,282	7,282	7,282	7,282	7,282	7,282	7,282	7,282	7,282	7,282	7,282	87,381	57,116	(30,265)	
30070 Insurance - Workers' Comp	8		2018 CPI	52,429	4,369	4,369	4,369	4,369	4,369	4,369	4,369	4,369	4,369	4,369	4,369	52,429	52,429	(52,429)	
30080 Employee Expenses - Education				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30090 Employee Expenses - Medical				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30100 Employee Expenses - Misc.			246,581	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Employee Wages & Benefits				638,486	53,207	53,207	53,207	53,207	53,207	53,207	53,207	53,207	53,207	53,207	53,207	638,484	534,812	(103,672)	
40000 CHP supplemental LFG	9			66,423	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	66,423	66,423	(66,423)	
40010 Finance Cost - Rolling Stock	10	5%	6 YrAmo	682,750	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	682,750	161,392	(521,359)	
40020 Equipment Rental				-	-	-	-	-	-	-	-	-	-	-	-	-	100,736	100,736	
40030 Insurance - Property/Liability	11	0.00%	47,768,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40040 Insurance - Umbrella				21,010	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	21,011	194,360	173,349	
40042 Insurance - Pollution				31,517	2,626	2,626	2,626	2,626	2,626	2,626	2,626	2,626	2,626	2,626	2,626	31,516	31,516	(31,516)	
40050 Insurance - Vehicle/Mobile Equipment				79,842	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	79,841	79,841	(79,841)	
40060 O&M CHP (WES contract)	12			408,149	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	408,149	408,149	(408,149)	
40070 Safety Equipment				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40080 Consumables				173,339	14,445	14,445	14,445	14,445	14,445	14,445	14,445	14,445	14,445	14,445	14,445	173,339	157,796	(15,544)	
40090 R & M - ADF Plant & Equipment				125,986	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	125,986	461,571	335,586	
40100 R&M - Replacement Reserves				85,990	7,166	7,166	7,166	7,166	7,166	7,166	7,166	7,166	7,166	7,166	7,166	85,990	-	(85,990)	
40110 Temporary Labor - Operations				-	-	-	-	-	-	-	-	-	-	-	-	-	6,271	6,271	
40120 Uniforms				-	-	-	-	-	-	-	-	-	-	-	-	-	1,170	1,170	
40130 Vehicle Licenses				-	-	-	-	-	-	-	-	-	-	-	-	-	1,087	1,087	
40140 Process Electricity			2018 CPI	-	-	-	-	-	-	-	-	-	-	-	-	-	134,405	134,405	
40150 Fuel	13	\$3.27/Gal	67,739 Gal/Yr	221,665	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	221,665	109,237	(112,429)	
40160 Oil			2018 CPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40170 R & M - Rolling Stock	14	6.8%	\$ 3,177,000	237,377	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	237,377	237,377	(237,377)	
40180 Shop Supplies			323,367	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40190 Tire Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40200 Trailer Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40210 O&M Performance Bond	15			79,841	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	79,841	79,841	(79,841)	
Operational Expenses				2,213,889	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	\$ 184,491	2,213,889	1,328,024	(885,866)	

ATTACHMENT A - Appendix 1

ATTACHMENT B FOURTH AMENDED EXHIBIT H - CONTRACTOR'S PROFORMA YEAR 2 (JULY 1, 2021 - JUNE 30, 2022)
Attachment 16 - MSB August 15, 2022 CFA Request

TAJIGUAS RESOURCE RECOVERY PROJECT				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 21-22		
Table 5 - ADF Operating P&L				1	2	3	4	5	6	7	8	9	10	11	12			
50000 Accounting Fees (Compliance)	16		26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	31,192	4,929
50010 Advertising & Promotion			-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,023	6,023
50020 Deprec./Amort. Expense/Operating Contingency	17		77,293	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	77,294	761,330	684,036
50030 Computer Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,877	5,877
50040 Consulting & Engineering Fees			-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,060	43,060
50050 Bank Charge & Credit Card Processing Fees			-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,246	4,246
50060 Dues & Subscriptions			-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,311	5,311
50070 Legal Fees			-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,881	5,881
50080 Management Fee			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50090 Meals - 100%	18	\$4.11/Ton	82,000/ta	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	344,577	210,000	(134,577)
50100 Meals - 50%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50110 Office Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000	30,000
50120 Other Misc. Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50130 Pension Fee Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50140 Postage			-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,745	3,745
50150 R & M - Buildings			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50160 R & M - Office Equipment			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50170 Rent Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50180 Telephone Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50190 Travel Expense			-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,920	52,920
50200 Utilities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50210 Permitting Costs	19		26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	-	(26,264)
50220 Monitoring & Other Compliance Costs	19		290,264	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	290,264	180,917	(109,347)
Total Overhead Expenses			764,662	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	\$ 37,345	764,661	1,340,501	575,840
Total Operating Expenses			4,004,765	299,374	299,374	299,374	299,374	299,374	299,374	299,374	299,374	299,374	299,374	299,374	299,374	4,004,764	3,895,849	(108,916)
60000 Charitable Donations			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60010 Contributions (U.S.C.C./other)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60020 Gain/Loss - Asset Disposal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60030 Gain/Loss - Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60040 Interest Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60050 Discounts from Vendors			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Misc Income & Adjustments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000 Working Capital Amortization		10 Yrs	1,465,000	149,637	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	149,637	-	(149,637)
70010 Mustang Management			50,196	4,183	4,183	4,183	4,183	4,183	4,183	4,183	4,183	4,183	4,183	4,183	4,183	50,196	116,481	66,285
70020 Taxes			-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,042	26,042
Total Taxes			199,833	16,653	16,653	16,653	16,653	16,653	16,653	16,653	16,653	16,653	16,653	16,653	16,653	199,832	142,523	(57,310)
NET OPERATING INCOME			(1,974,592)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(130,193)	(1,975,454)	(3,875,008)	(1,899,554)

ATTACHMENT B FOURTH AMENDED EXHIBIT H - CONTRACTOR'S PERFORMA YEAR 2 (JULY 1, 2021 - JUNE 30, 2022)
Attachment 16 - MSB August 15, 2022 CFA Request


ATTACHMENT A - Appendix 1

TAJIGUAS RESOURCE RECOVERY PROJECT			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 21-22		
Table 8 - MRF & ADF Consolidated Operating P&L			1	2	3	4	5	6	7	8	9	10	11	12	Budget	Actual	Variance
Revenue	Footnote	Assumptions	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
10000 Processing Fee Revenue			6,245,004	520,417	520,417	520,417	520,417	520,417	520,417	520,417	520,417	520,417	520,417	520,417	6,245,004	6,293,989	48,985
10010 Recyclable Material Sales	1		7,033,679	586,140	586,140	586,140	586,140	586,140	586,140	586,140	586,140	586,140	586,140	586,140	7,033,679	4,326,998	(2,706,681)
10020 Compost Sales			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10030 Electricity Sales			2,069,229	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	172,436	2,069,229	57,325	(2,011,904)
Total Revenue	2		15,347,912	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	1,278,993	15,347,912	10,678,312	(4,669,599)
20030 ADF COGS - Compost	3		95,754	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	7,979	95,754	-	(95,754)
20040 MRF Operating Fees			50,475	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	4,206	50,475	-	(50,475)
20050 Compost Processing, Transportation & Disposal Cost			241,500	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	20,125	241,500	1,505,122	1,263,622
20060 COGS- Ewaste, Uwaste, HHW		-\$20/Ton 1,102 t/a	22,516	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	22,516	-	(22,516)
20070 COGS- Misc. Bulky Items		-\$10/Ton 2,634 t/a	26,901	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	26,901	-	(26,901)
Total Fees			437,147	36,429	36,429	36,429	36,429	36,429	36,429	36,429	36,429	36,429	36,429	36,429	437,147	1,505,122	1,067,976
30000 MRF Wages	4		2,979,813	248,318	248,318	248,318	248,318	248,318	248,318	248,318	248,318	248,318	248,318	248,318	2,979,813	3,261,713	281,900
30010 ADF Wages			391,905	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	32,659	391,905	477,696	85,791
30020 MRF Benefits	5		2,489,164	207,430	207,430	207,430	207,430	207,430	207,430	207,430	207,430	207,430	207,430	207,430	2,489,164	1,024,426	(1,464,738)
30030 ADF Benefits	6		246,581	20,548	20,548	20,548	20,548	20,548	20,548	20,548	20,548	20,548	20,548	20,548	246,581	57,116	(189,465)
Total Employee Wages & Benefits			6,107,463	508,955	508,955	508,955	508,955	508,955	508,955	508,955	508,955	508,955	508,955	508,955	6,107,463	4,820,951	(1,286,511)
40000 CHP supplemental grid gas			66,423	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	66,423	-	(66,423)
40010 MRF Finance Cost - Rolling Stock			715,204	59,600	59,600	59,600	59,600	59,600	59,600	59,600	59,600	59,600	59,600	59,600	715,204	454,486	(260,718)
40020 ADF Finance Cost - Rolling Stock			682,750	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	56,896	682,750	262,128	(420,622)
40030 MRF Insurance			115,651	9,638	9,638	9,638	9,638	9,638	9,638	9,638	9,638	9,638	9,638	9,638	115,651	67,648	(48,003)
40040 ADF Insurance			132,369	11,031	11,031	11,031	11,031	11,031	11,031	11,031	11,031	11,031	11,031	132,369	194,360	61,991	
40045 O & M - LFG CHP Expenses (condensate + siloxane)			481,140	40,095	40,095	40,095	40,095	40,095	40,095	40,095	40,095	40,095	40,095	40,095	481,140	39,110	(442,030)
40050 ADF Process Electricity			-	-	-	-	-	-	-	-	-	-	-	-	-	134,405	134,405
40055 Electricity/LFG CHP Fuel Expense			318,497	26,541	26,541	26,541	26,541	26,541	26,541	26,541	26,541	26,541	26,541	26,541	318,497	299,336	(19,161)
40060 MRF Fuel			507,093	42,258	42,258	42,258	42,258	42,258	42,258	42,258	42,258	42,258	42,258	42,258	507,093	178,358	(328,735)
40070 ADF Fuel			221,665	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	18,472	221,665	109,237	(112,428)
40080 ADF O&M CHP (WES contract)			408,149	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	34,012	408,149	-	(408,149)
40085 ADF - R&M Plant & Equipment, Consumables, Reserves			385,316	32,110	32,110	32,110	32,110	32,110	32,110	32,110	32,110	32,110	32,110	32,110	385,316	627,895	242,579
40090 MRF - R & M - MRF Equipment			1,083,558	90,296	90,296	90,296	90,296	90,296	90,296	90,296	90,296	90,296	90,296	90,296	1,083,558	429,303	(654,255)
40100 MRF - R & M - Rolling Stock	10		202,886	16,907	16,907	16,907	16,907	16,907	16,907	16,907	16,907	16,907	16,907	16,907	202,886	57,098	(145,788)
40110 ADF - R & M - Rolling Stock			237,377	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	19,781	237,377	412,439	(175,062)
40120 MRF Consumables (Baling Wire)			261,789	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	261,789	-	(261,789)
40130 MRF O&M Performance Bond			204,855	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	204,855	-	(204,855)
40140 ADF O&M Performance Bond			79,841	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	6,653	79,841	-	(79,841)
Operational Expenses			6,104,561	508,713	508,713	508,713	508,713	508,713	508,713	508,713	508,713	508,713	508,713	508,713	6,104,561	3,265,802	(2,838,759)
50000 MRF Accounting Fees (Compliance)			26,263	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,263	22,436	(3,827)
50010 ADF Accounting Fees (Compliance)			26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	31,192	4,929
50020 MRF Operating Contingency Incl. Deprec & Amort			-	-	-	-	-	-	-	-	-	-	-	-	-	150,940	150,940
50030 ADF Operating Contingency Incl. Deprec & Amort			77,293	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	6,441	77,293	918,393	841,099
50040 MRF - Management Fee	11		975,989	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	975,989	850,073	(125,916)
50050 ADF - Management Fee			344,578	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	28,715	344,578	210,000	(134,578)
50055 MRF-Utilities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50055 ADF-Utilities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50060 MRF Permitting Costs			26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	-	(26,264)
50070 ADF Permitting Costs			26,264	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	26,264	-	(26,264)
50080 MRF Monitoring & Other Compliance Costs			562,264	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	46,855	562,264	96,056	(466,208)
50090 ADF Monitoring & Other Compliance Costs			290,264	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	290,264	180,917	(109,347)
Total Overhead Expenses			2,355,441	196,287	196,287	196,287	196,287	196,287	196,287	196,287	196,287	196,287	196,287	196,287	2,355,441	2,460,006	104,565
Total Operating Expenses			15,004,612	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	1,250,384	15,004,612	12,051,882	(2,952,730)
Total Misc Income & Adjustments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000 Working Capital Amortization (ADF Only)			149,637	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	149,637	-	(149,637)
70010 Mustang Management Taxes			194,350	16,196	16,196	16,196	16,196	16,196	16,196	16,196	16,196	16,196	16,196	16,196	194,350	286,046	91,696
Total Misc			343,987	28,666	28,666	28,666	28,666	28,666	28,666	28,666	28,666	28,666	28,666	28,666	343,987	394,312	50,324
NET OPERATING INCOME			(688)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(688)	(1,767,881)	(1,767,193)

EXHIBIT I
Attachment 16 - MSB August 15, 2022 CEA Request
RESOURCE CENTER CAPITAL COST

Detailed Construction Cost Budget	Source	Revised Project Capital Cost with Approved Changes-CO #6			Revised Project Capital Cost with Approved Changes-CO #7			Variance		
		MRF	ADF/CMU	Total	MRF	ADF/CMU	Total			
Permits & Entitlements	Mustang	MSB/Design Team	2,353,000	3,599,000	5,952,000	MSB/Design	2,353,000	3,599,000	5,952,000	-
Design & Engineering	Mustang	MSB/Design Team	2,058,000	3,608,000	5,666,000	MSB/Design	2,058,000	3,608,000	5,666,000	-
General Conditions & Site Work	Diani	DBC	8,433,000	9,813,000	18,246,000	DBC	8,433,000	9,813,000	18,246,000	-
Building	Diani	DBC	21,210,000	14,049,000	35,259,000	DBC	21,210,000	14,049,000	35,259,000	-
Plant Equipment & Construction	VDRS/Diani/Bekc	VDRS/DBC	26,400,000	21,466,000	47,866,000	VDRS/DBC	26,400,000	21,466,000	47,866,000	-
Solar Energy Facility	Mangan/Diani	DBC	1,900,000	-	1,900,000	DBC	1,900,000	-	1,900,000	-
Steel Tariff Increase		DBC	772,000	1,184,000	1,956,000	DBC	772,000	1,184,000	1,956,000	-
DBC Discount Based on CPI Maximum Allowed Amount			(247,000)	(247,000)	(494,000)		(247,000)	(247,000)	(494,000)	-
Contingency	Diani		820,000	520,000	1,340,000		820,000	520,000	1,340,000	-
EPC Wrap	Diani		1,190,000	920,000	2,110,000		1,190,000	920,000	2,110,000	-
Insurance (Construction & Startup)	AJG		490,500	490,500	981,000		490,500	490,500	981,000	-
Start-up & Acceptance	MarBorg & NP		125,000	175,000	300,000		125,000	175,000	300,000	-
Development Fee	Mustang		1,750,000	1,340,000	3,090,000		1,750,000	1,340,000	3,090,000	-
SCE Interconnect			-	1,150,000	1,150,000		-	1,150,000	1,150,000	-
Contract Administration	County		50,000	50,000	100,000		50,000	50,000	100,000	-
LFG Project by County (Optional)	County/(Diani)		-	9,275,000	9,275,000		-	9,275,000	9,275,000	-
Project Scope Changes			2,539,625	1,118,194	3,657,819		6,024,584	4,118,194	10,142,778	6,484,959
Additional Contingency			1,614,308	1,635,692	3,250,000		1,614,308	1,635,692	3,250,000	-
Total Costs			71,458,433	70,146,386	141,604,819		74,943,392	73,146,386	148,089,778	6,484,959
Mustang Budget			MRF	ADF/CMU	Totals	MRF	ADF/CMU	Totals	Variance	
Permits & Entitlements			2,353,000	3,599,000	5,952,000	2,353,000	3,599,000	5,952,000	-	
Design & Engineering		10,898,000	2,058,000	3,608,000	5,666,000	2,058,000	3,608,000	5,666,000	-	
Development Fee			1,750,000	1,340,000	3,090,000	1,750,000	1,340,000	3,090,000	-	
Mustang Budget			6,161,000	8,547,000	14,708,000	6,161,000	8,547,000	14,708,000	-	
TOTAL COST LESS MSB BUDGET					126,896,819			133,381,778	6,484,959	
Diani Budget			MRF	ADF/CMU	Totals	MRF	ADF/CMU	Totals		
GC & Site Work			8,433,000	9,813,000	18,246,000	8,433,000	9,813,000	18,246,000	-	
Building			21,210,000	14,049,000	35,259,000	21,210,000	14,049,000	35,259,000	-	
Plant Equipment & Construction			-	18,966,000	18,966,000	-	18,966,000	18,966,000	-	
LFG Project			-	9,275,000	9,275,000	-	9,275,000	9,275,000	-	
Solar Energy Facility			1,900,000	-	1,900,000	1,900,000	-	1,900,000	-	
Steel Tariff Increase			772,000	1,184,000	1,956,000	772,000	1,184,000	1,956,000	-	
DBC Discount Based on CPI Maximum Allowed Amount			(247,000)	(247,000)	(494,000)	(247,000)	(247,000)	(494,000)	-	
Contingency			32,068,000	53,040,000	85,108,000	32,068,000	53,040,000	85,108,000	-	
EPC Wrap			2,434,308	2,155,692	4,590,000	2,434,308	2,155,692	4,590,000	-	
			1,190,000	920,000	2,110,000	1,190,000	920,000	2,110,000	-	
			3,624,308	3,075,692	6,700,000	3,624,308	3,075,692	6,700,000	-	
Project Scope Changes			2,539,625	1,118,194	3,657,819	6,024,584	4,118,194	10,142,778	6,484,959	
Diani Budget			38,231,933	57,233,886	95,465,819	41,716,892	60,233,886	101,950,778	6,484,959	
VDRS Budget			26,400,000	2,500,000	28,900,000	26,400,000	2,500,000	28,900,000		
Diani + VDRS					124,365,819			130,850,778	6,484,959	
SCE Interconnection					1,150,000			1,150,000	-	
Insurance, start-up and acceptance, contract admin, currency hedge			665,500	715,500	1,381,000	665,500	715,500	1,381,000	-	
County - MSB Investors WSA Contract Amount					126,896,819			133,381,778	6,484,959	

**Attachment 16 - MSB EXHIBIT I
August 15, 2022 CFA Request
RESOURCE CENTER CAPITAL COST**

<p align="center">DIANI BUILDING CORP. TRRP MRF BUILDING - OPTION 3 TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA</p> 					
**** BASE BID ****					
	DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
VISITOR CENTER & MRF OFFICES					
1	VISITOR AREA - THREE STORY WITH 2 EACH ENCLOSED STAIRWAYS	\$ -	\$ 1,705,239	\$ -	\$ 1,705,239
MRF AREA & BUILDING					
1	STRUCTURAL EXCAVATION	\$ 6,211	\$ 11,600	\$ -	\$ 17,811
2	MAT SLAB CONCRETE - 12" THICK	\$ 415,929	\$ 78,697	\$ 712,469	\$ 1,207,095
3	FOOTINGS, PILES AND GRADE BEAMS	\$ 197,356	\$ 1,925,309	\$ 276,867	\$ 2,399,533
4	REINFORCING STEEL	\$ -	\$ 1,195,368	\$ -	\$ 1,195,368
5	PUSH WALLS, VAULTS, LOADING DOCK, RETAINING WALLS AND TRANSFER AREA	\$ 67,367	\$ 2,419,321	\$ 55,000	\$ 2,541,688
6	DOORS AND HATCHES	\$ 9,675	\$ 3,500	\$ 298,750	\$ 311,925
7	PRE-ENGINEERED METAL BUILDING	\$ 41,465	\$ 4,039,549	\$ -	\$ 4,081,014
8	PAINTING AND COATINGS	\$ -	\$ 137,830	\$ -	\$ 137,830
	TOTAL MRF AREA & BUILDING				\$ 11,892,264
BIOFILTER AREA					
1	STRUCTURAL EXCAVATION	\$ 1,242	\$ 2,320	\$ -	\$ 3,562
2	MAT SLAB CONCRETE - 6" & 12" THICK	\$ 69,412	\$ 20,470	\$ 79,561	\$ 169,443
3	WALLS - 8" THICK	\$ 229,066	\$ 26,729	\$ 92,099	\$ 347,893
4	REINFORCING STEEL	\$ -	\$ 102,956	\$ -	\$ 102,956
5	BIOFILTER MATERIAL	\$ 137,160	\$ 326,833	\$ 53,000	\$ 516,993
6	BIOFILTER HUMIDIFIER AND DUST COLLECTION SYSTEM	\$ -	\$ 1,395,807	\$ -	\$ 1,395,807
7	BIOFILTER AREA PRE-ENGINEERED COVER	\$ -	\$ -	\$ -	\$ -
8	PAINTING AND COATINGS	\$ -	\$ 35,200	\$ -	\$ 35,200
	TOTAL BIOFILTER AREA				\$ 2,571,855
PURGING/VENTILATION/UTILITIES					
1	MRF AREA VENTILATION SYSTEM	\$ -	\$ 1,582,774	\$ -	\$ 1,582,774
ELECTRICAL, GROUNDING AND CONTROLS					
1	MRF AREA ELECTRICAL REQUIREMENTS	\$ -	\$ 1,353,298	\$ 15,000	\$ 1,368,298
MISCELLANEOUS					
1	FIRE SPRINKLER SYSTEM AND MISTING SYSTEM	\$ -	\$ 414,873	\$ -	\$ 414,873
	TOTAL	\$ 1,174,882	\$ 16,777,674	\$ 1,582,746	\$ 19,535,302
	COLUMN TOTALS	\$ 1,174,882	\$ 16,777,674	\$ 1,582,746	\$ 19,535,302
0.0%	UNCERTAINTY/LIVING WAGE INCREASE (7/1/2016)	\$ 330,000	\$ -	\$ -	\$ 330,000
6.0%	DBC MARK-UP	\$ 90,293	\$ 1,006,660	\$ 94,965	\$ 1,191,918
0.738%	BOND - IF REQUIRED	\$ 11,774	\$ 131,269	\$ 12,383	\$ 155,426
	TOTAL BASE BID AMOUNT	\$ 1,607,000	\$ 17,916,000	\$ 1,690,000	\$ 21,210,000
		8%	84%	8%	100%

TARIFF INCREASE CALCULATION - MATERIAL ONLY			MATERIAL
REINFORCING STEEL			\$ 701,095
DOORS AND HATCHES			\$ 298,750
PRE-ENGINEERED METAL BUILDING			\$ 2,301,614
FIRE SPRINKLER SYSTEM AND MISTING SYSTEM			\$ 224,031
			\$ 3,525,491
TARIFF INCREASE CALCULATION - MATERIAL ONLY MRF	20.5%		\$ 722,726

EXHIBIT I
Attachment 16 MSB August 15, 2023 CFA Request
RESOURCE CENTER CAPITAL COST


DIANI BUILDING CORP. TRRP AD FACILITY - OPTION 3 TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA				
**** BASE BID ****				
DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
TECHNOLOGY BUILDING				
CHP, WATER TREATMENT, GAS AND ELECTRICAL ROOMS	\$ -	\$ 683,693	\$ -	\$ 683,693
CONTROL & CONFERENCE ROOM 2ND FLOOR	\$ -	\$ 126,574	\$ -	\$ 126,574
TOTAL TECHNOLOGY BUILDING	\$ -	\$ 810,267	\$ -	\$ 810,267
PERCOLATION TANK - 1 EACH 40' DIA X 24' HIGH & 1 EACH 46' DIA X 31' HIGH WITH 16' DIA INNER TANK				
STRUCTURAL EXCAVATION	\$ 1,242	\$ 2,320	\$ -	\$ 3,562
MAT SLAB CONCRETE - 18" THICK	\$ 26,418	\$ 12,791	\$ 46,541	\$ 85,750
WALLS - 12" THICK	\$ 246,527	\$ 42,817	\$ 113,206	\$ 402,550
RAISED SLAB CONCRETE - 12" THICK	\$ 87,690	\$ 30,815	\$ 43,394	\$ 161,898
REINFORCING STEEL	\$ -	\$ 118,432	\$ -	\$ 118,432
INSULATION AND SIDING	\$ 80,862	\$ 15,783	\$ 77,747	\$ 174,392
DOORS AND HATCHES	\$ 10,366	\$ -	\$ 27,225	\$ 37,591
PAINTING AND COATINGS	\$ -	\$ 8,756	\$ -	\$ 8,756
TOTAL PERCOLATION TANK	\$ 453,105	\$ 231,713	\$ 308,113	\$ 992,932
DELIVERY AND MIXING AREAS				
STRUCTURAL EXCAVATION	\$ 1,863	\$ 3,480	\$ -	\$ 5,343
MAT SLAB CONCRETE - 12" THICK	\$ 152,989	\$ 91,485	\$ 243,442	\$ 487,916
PUSH WALLS - 16" THICK	\$ 634,325	\$ 108,219	\$ 373,114	\$ 1,115,658
REINFORCING STEEL	\$ -	\$ 691,339	\$ -	\$ 691,339
DOORS AND HATCHES	\$ 8,293	\$ 3,000	\$ 7,500	\$ 18,793
DELIVERY AND MIXING AREAS PRE-ENGINEERED METAL BUILDING	\$ 47,266	\$ 1,224,251	\$ 28,317	\$ 1,299,834
PAINTING AND COATINGS	\$ -	\$ 67,596	\$ -	\$ 67,596
TOTAL DELIVERY AREA	\$ 844,736	\$ 2,189,370	\$ 652,373	\$ 3,686,480
BIOFILTER AREA				
STRUCTURAL EXCAVATION	\$ 1,863	\$ 3,480	\$ -	\$ 5,343
MAT SLAB CONCRETE - 6" THICK	\$ 33,354	\$ 5,510	\$ 29,200	\$ 68,065
WALLS - 8" THICK	\$ 154,494	\$ 16,082	\$ 61,990	\$ 232,566
REINFORCING STEEL	\$ -	\$ 52,047	\$ -	\$ 52,047
BIOFILTER MATERIAL	\$ 74,532	\$ 48,000	\$ 28,800	\$ 151,332
BIOFILTER HUMIDIFIER	\$ -	\$ 444,022	\$ -	\$ 444,022
BIOFILTER AREA PRE-ENGINEERED COVER	\$ -	\$ -	\$ -	\$ -
PAINTING AND COATINGS	\$ -	\$ 17,280	\$ -	\$ 17,280
TOTAL BIOFILTER AREA	\$ 264,244	\$ 586,421	\$ 119,990	\$ 970,654
DIGESTER AREA				
STRUCTURAL EXCAVATION	\$ 3,727	\$ 6,960	\$ -	\$ 10,687
MAT SLAB CONCRETE, DRAINAGE & SUMPS - 24" THICK	\$ 340,384	\$ 130,882	\$ 793,852	\$ 1,265,118
WALLS - 12" THICK	\$ 1,417,233	\$ 249,389	\$ 720,527	\$ 2,387,150
RAISED SLAB CONCRETE - 24" THICK	\$ 868,549	\$ 166,003	\$ 690,275	\$ 1,724,828
REINFORCING STEEL	\$ -	\$ 1,332,105	\$ -	\$ 1,332,105
MISCELLANEOUS STEEL STAIRS, HANDRAILS AND PIPING COVER	\$ -	\$ 77,881	\$ 91,425	\$ 169,306
INSULATION AND ROOFING	\$ 120,802	\$ 88,530	\$ 108,156	\$ 317,487
PAINTING AND COATINGS	\$ -	\$ 41,725	\$ -	\$ 41,725
TOTAL DIGESTER AREA	\$ 2,750,695	\$ 2,093,476	\$ 2,404,235	\$ 7,248,406
TOTAL CONSTRUCTION WORKS	\$ 4,312,780	\$ 5,911,247	\$ 3,484,712	\$ 13,708,739
MECHANICAL SYSTEM DETAIL				
PNEUMATICS				
COMPRESSORS AND REGULATOR PANELS	\$ 15,120	\$ -	\$ 11,002	\$ 26,122
EBRO VALVES AND AIR SERVICE	\$ 27,510	\$ -	\$ 117,616	\$ 145,126
PERCOLATE AIR SYSTEM	\$ 17,640	\$ -	\$ 57,949	\$ 75,589
DIGESTER DOOR AIR SYSTEM	\$ 10,808	\$ -	\$ 2,601	\$ 13,409
BEKON COMPRESSED AIR	\$ -	\$ -	\$ 53,450	\$ 53,450
TOTAL PNEUMATICS	\$ 71,078	\$ -	\$ 242,619	\$ 313,697
BIOGAS				
ATTIC AREA	\$ 107,415	\$ -	\$ 62,086	\$ 169,501
CLEANING SYSTEM	\$ 39,060	\$ -	\$ 25,356	\$ 64,416
ENGINE ROOM	\$ 10,815	\$ -	\$ 5,538	\$ 16,353
FLARE PIPING	\$ 50,610	\$ 1,800	\$ 28,599	\$ 81,009
CONDENSATE COLLECTION	\$ 19,530	\$ -	\$ 6,871	\$ 26,401
ZTOF FLARE SYSTEM - 5' x 50'	\$ -	\$ 35,000	\$ 242,750	\$ 277,750
CARBON FILTER AND ACID SCRUBBER	\$ -	\$ 10,000	\$ 50,000	\$ 60,000
BEKON BIOGAS MATERIAL PRICING	\$ -	\$ -	\$ 199,478	\$ 199,478
TOTAL BIOGAS	\$ 227,430	\$ 46,800	\$ 620,677	\$ 894,907
HEATING/COOLING				
DIGESTER PEX SYSTEM	\$ 360,045	\$ 8,500	\$ 98,023	\$ 466,568
PERCOLATE TANK 1 AND 2 PEX SYSTEM	\$ 85,995	\$ -	\$ 19,532	\$ 105,527
ENGINE ROOM	\$ 103,320	\$ 25,000	\$ 76,356	\$ 204,676
BEKON HEATING SYSTEM	\$ -	\$ -	\$ 272,264	\$ 272,264
TOTAL HEATING/COOLING	\$ 549,360	\$ 33,500	\$ 466,174	\$ 1,049,034
PERCOLATE				
MAIN PIPING SYSTEM WITH PUMP	\$ 97,440	\$ -	\$ 103,127	\$ 200,567

DIANI BUILDING CORP. TRRP AD FACILITY - OPTION 3 TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA				
**** BASE BID ****				
DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
FLOW STATION AND FILTRATION SYSTEM (EXCLUDES FILTERS)	\$ 22,260	\$ -	\$ 21,502	\$ 43,762
DIGESTER SPRAY AND SUMP SYSTEM	\$ 162,540	\$ -	\$ 75,282	\$ 237,822
BEKON PERCOLATE SYSTEM	\$ -	\$ -	\$ 274,250	\$ 274,250
TOTAL PERCOLATE	\$ 282,240	\$ -	\$ 474,160	\$ 756,400
PURGING/VENTILATION				
DIGESTER VENTILATION SYSTEM	\$ 188,324	\$ 46,000	\$ 508,871	\$ 743,195
MIXING AREA VENTILATION SYSTEM	\$ 199,997	\$ 5,750	\$ 186,088	\$ 391,835
DELIVERY AREA VENTILATION SYSTEM	\$ 77,700	\$ 5,750	\$ 111,275	\$ 194,725
PAPER DRYING HEATING SYSTEM	\$ -	\$ -	\$ -	\$ -
GENERATOR BREECHINGS	\$ 12,700	\$ 2,150	\$ 19,500	\$ 34,350
VENTILATION SYSTEM	\$ -	\$ -	\$ 346,302	\$ 346,302
TOTAL PURGING/VENTILATION	\$ 478,721	\$ 59,650	\$ 1,172,036	\$ 1,710,407
HYDRAULIC DOOR SYSTEM				
HYDRAULIC DOOR INSTALLATION, SUPPLY AND INSTALL GATES	\$ 33,172	\$ 64,000	\$ 2,000	\$ 99,172
PUMP, TUBING, CONTROLLERS AND HOSES	\$ -	\$ -	\$ -	\$ -
HYDRAULIC CYLINDERS	\$ -	\$ -	\$ -	\$ -
BEKON DIGESTER DOORS	\$ -	\$ -	\$ 560,000	\$ 560,000
TOTAL HYDRAULICS	\$ 33,172	\$ 64,000	\$ 562,000	\$ 659,172
ELECTRICAL, GROUNDING AND CONTROLS				
DELIVERY AND MIXING AREA GENERAL ELECTRICAL REQUIREMENTS	\$ -	\$ 429,446	\$ -	\$ 429,446
BIOFILTER AREA GENERAL ELECTRICAL REQUIREMENTS	\$ -	\$ 43,913	\$ -	\$ 43,913
CONTROLS, WIRING AND GROUNDING	\$ 343,750	\$ 56,250	\$ 311,569	\$ 711,569
UTILITY CONNECTION COSTS	\$ -	\$ -	\$ -	\$ -
ELECTRICAL AND CONTROL SYSTEM INCLUDING LICENSES	\$ -	\$ -	\$ 583,257	\$ 583,257
TOTAL ELECTRICAL	\$ 343,750	\$ 529,609	\$ 894,826	\$ 1,768,184
MISCELLANEOUS				
GE JENBACHER ENGINE (INCLUDES INSTALL, STACKS, EXHAUST AIR TREATM	\$ -	\$ 672,025	\$ 2,223,450	\$ 2,895,475
GE JENBACHER BEARING REPLACMENT PER GE GUIDANCE	\$ -	\$ -	\$ 238,362	\$ 238,362
FIRE SPRINKLER SYSTEM	\$ -	\$ 142,422	\$ -	\$ 142,422
MISCELLANEOUS STEEL EMBEDS	\$ -	\$ 155,700	\$ 124,300	\$ 280,000
BEKON ADD ADF SPARE PARTS INVENTORY - OPERATIONAL REQ	\$ -	\$ -	\$ 80,000	\$ 80,000
TOTAL MISCELLANEOUS	\$ -	\$ 970,147	\$ 2,666,112	\$ 3,636,259
TOTAL	\$ 6,298,531	\$ 7,614,953	\$ 10,583,316	\$ 24,496,800
COLUMN TOTALS	\$ 6,298,531	\$ 7,614,953	\$ 10,583,316	\$ 24,496,800
UNCERTAINTY/LIVING WAGE INCREASE (7/1/2016)	\$ 340,000	\$ -	\$ -	\$ 340,000
DBC MARK-UP	\$ 398,312	\$ 456,897	\$ 634,999	\$ 1,490,208
BOND - IF REQUIRED	\$ 46,490	\$ 56,207	\$ 78,117	\$ 180,814
TOTAL BASE BID AMOUNT	\$ 7,083,000	\$ 8,128,000	\$ 11,296,000	\$ 26,508,000
	27%	31%	43%	100%
CONTINGENCY	\$ -	\$ -	\$ -	\$ -
TRAVEL COSTS, INSURANCES, BONDS	\$ -	\$ -	\$ -	\$ -
DESIGN/ENGINEERING - CA TEAM (in Pre-Dev Budget)	\$ -	\$ -	\$ -	\$ -
DESIGN/ENGINEERING - BEKON (in Pre-Dev Budget)	\$ -	\$ -	\$ -	\$ -
BEKON LICENSE FEE, Supply, commissioning	\$ -	\$ -	\$ -	2,684,144
Total Design, Engineering & BEKON Fees	\$ -	\$ -	\$ -	2,684,144
TOTAL PRICE (USD)	\$ -	\$ -	\$ -	\$ 29,190,000

PER DOLLAR COSTS
\$ 0.21

TARIFF INCREASE CALCULATION - MATERIAL ONLY	% OF TOTAL	MATERIAL	LINE ITEM ALLOCATION
REINFORCING STEEL	29%	\$ 1,184,719	\$ 242,867.47
INSULATION AND SIDING	2%	\$ 77,747	\$ 15,938.19
DOORS AND HATCHES	1%	\$ 34,725	\$ 7,118.63
DELIVERY AND MIXING AREAS PRE-ENGINEERED METAL BUILDING	17%	\$ 701,449	\$ 143,797.10
MISCELLANEOUS STEEL STAIRS, HANDRAILS AND PIPING COVER	2%	\$ 91,425	\$ 18,742.19
BEKON DIGESTER DOORS	14%	\$ 560,000	\$ 114,800.07
MISCELLANEOUS STEEL EMBEDS AND EXHAUST STACKS	4%	\$ 184,300	\$ 37,781.52
BEKON SUPPLIED STEEL MATERIALS	30%	\$ 1,225,744	\$ 251,277.67
FIRE SPRINKLER SYSTEM	2%	\$ 76,908	\$ 15,766.16
	100%	\$ 4,137,017	\$ 848,089.00
TARIFF INCREASE CALCULATION - MATERIAL ONLY ADF	20.5%	\$ 848,089	

EXHIBIT I
Attachment 16 - MSB August 15, 2022 CFA Request
RESOURCE CENTER CAPITAL COST

DIANI BUILDING CORP.					
COUNTY OF SANTA BARBARA - LANDFILL GAS GENERATORS - 2 EACH					
TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA					
					
**** BASE BID ****					
	DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
LANDFILL GAS GENERATORS - 2 X 420 (GE Jen)					
1	CHP, FLARE AND ELECTRICAL SWITCH GEAR PAD	\$ -	\$ 196,858	\$ -	\$ 196,858
2	LF GAS PIPING TO ENGINES FROM COUNTY POC (COASTAL ZONE)	\$ 16,223	\$ -	\$ 12,398	\$ 28,620
3	LFG CONDENSATE/SILOXANE REMOVAL SYSTEM PIPING	\$ 32,445	\$ -	\$ 24,795	\$ 57,240
4	FLARE PIPING	\$ 75,915	\$ 2,700	\$ 64,027	\$ 142,642
5	ZTOF FLARE SYSTEM - 7' x 50', WITH FENCED ENCLOSURE - 1	\$ -	\$ 59,000	\$ 257,750	\$ 316,750
6	CONDENSATE COLLECTION (CHP CONTAINERS)	\$ 29,295	\$ -	\$ 15,383	\$ 44,678
7	CONTROLS, WIRING AND GROUNDING	\$ 128,906	\$ 21,094	\$ 116,838	\$ 266,838
8	CONTAINERIZED GE JENBACHER ENGINE (INCLUDES, EXHAUST AIR T	\$ -	\$ 953,071	\$ 3,455,460	\$ 4,408,531
9	SITE ELECTRICAL	\$ -	\$ 1,412,143	\$ -	\$ 1,412,143
10	ELECTRICAL DESIGN ALLOWANCE	\$ -	\$ 70,000	\$ -	\$ 70,000
	TOTAL	\$ 282,784	\$ 2,714,866	\$ 3,946,650	\$ 6,944,299
	COLUMN TOTALS	\$ 282,784	\$ 2,714,866	\$ 3,946,650	\$ 6,944,300
5.0%	UNCERTAINTY	\$ 14,139	\$ 135,743	\$ 197,333	\$ 347,215
6.0%	DBC MARK-UP	\$ 17,815	\$ 171,037	\$ 248,639	\$ 437,491
0.75%	BOND - IF REQUIRED	\$ 2,134	\$ 20,484	\$ 29,777	\$ 52,395
	TOTAL BASE BID AMOUNT	\$ 317,000	\$ 3,042,000	\$ 4,422,000	\$ 7,781,000

Revised Diani LFG Budget at 10/12/17

CHP Engines - Containerized GE 416 & GE 412 (incl. CEMS & Condensate &	1	4,939,957
Flare (John Zink) 1 @ 7' X50' 1,300 SCFM capacity	1	354,933
Site Work/Slabs (Diani)	1	220,588
Mechanical/Piping (Diani)	1	306,110
Site Electrical (switch gear/transformers/line to ADF)	1	1,582,370
Controls, Wiring and Grounding (Diani)	1	299,004
Electrical Design	1	78,438
Total DBC LFG Scope		7,780,000
Piping, valves, etc. for LFG to AD		75,000
LFG supply, compress & pretreat	In DBC	-
CEMS Adder	In DBC	-
SCE interconnect		600,000
SCE transmission lines & meter upgrade (part of interconnect)		300,000
permitting, excl. ERCs		120,000
plan, engineer, commission		300,000
SBC staff		100,000
Sub-total County Scope		1,495,000
Total LFG Project		9,275,000

EXHIBIT 1
Attachment 16 - MSB August 15, 2022 CFA Request
RESOURCE CENTER CAPITAL COST

DIANI BUILDING CORP.
COMPOSTING MANAGEMENT UNIT - OPTION 3
TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA



**** BASE BID ****					
	DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
SITE WORK					
1	GRADING, AC PAVING AND FENCING	\$ -	\$ 1,729,167	\$ -	\$ 1,729,167
2	SITE UTILITIES - WATER, STORM DRAIN, TANKS	\$ -	\$ 1,112,629	\$ -	\$ 1,112,629
3	STORM WATER PREVENTION RUN OFF COLLECTION	\$ -	\$ 73,500	\$ -	\$ 73,500
4	STATIONARY TARP STORAGE SYSTEM	\$ -	\$ -	\$ 392,000	\$ 392,000
5	DIGESTATE CONVEYOR FROM ADF TO CMU (BEKON)		\$ 275,000		\$ 275,000
	TOTAL	\$ -	\$ 3,190,296	\$ 392,000	\$ 3,582,296
	COLUMN TOTALS	\$ -	\$ 3,190,296	\$ 392,000	\$ 3,582,296
0.0%	UNCERTAINTY	\$ -	\$ -	\$ -	\$ -
6.0%	DBC MARK-UP	\$ -	\$ 191,418	\$ 23,520	\$ 214,938
0.74%	BOND - IF REQUIRED	\$ -	\$ 24,961	\$ 2,893	\$ 27,854
	TOTAL BASE BID AMOUNT	\$ -	\$ 3,407,000	\$ 418,000	\$ 3,825,000

Diani Building Corp. Contract Budget	Prior	Revised	Variance
General Conditions & Site Work	\$ 17,696,000	\$ 18,246,000	\$ 550,000
MRF Building	\$ 21,030,000	\$ 21,210,000	\$ 180,000
ADF Building & Systems	\$ 28,990,000	\$ 29,190,000	\$ 200,000
CMU Development Cost	\$ 3,824,000	\$ 3,825,000	\$ 1,000
Solar Energy Facility	\$ 1,900,000	\$ 1,900,000	\$ -
LFG CHP Engines - 2 Each	\$ 9,275,000	\$ 9,275,000	\$ -
Tariff Increase - Steel Material only	\$ -	\$ 1,956,000	\$ 1,956,000
Discount based on CPI Maximum Allowed Amount		\$ (494,000)	\$ (494,000)
Sub-Total Diani Budget (Hard Cost)	\$ 82,715,000	\$ 85,108,000	\$ 2,393,000
Contingency	\$ 1,340,000	\$ 1,340,000	\$ -
EPC Wrap	\$ 2,110,000	\$ 2,110,000	\$ -
Total Diani Budget (Hard & Soft Cost)	\$ 86,165,000	\$ 88,558,000	\$ 2,393,000

EXHIBIT 1
 Attachment 16 - MSF August 13, 2022 CFA Request
RESOURCE CENTER CAPITAL COST

DIANI BUILDING CORP.
MRF/ADF - GENERAL CONDITIONS AND SITE WORK - OPTION 3
TAJIGUAS LANDFILL, SANTA BARBARA, CALIFORNIA



**** BASE BID ****					
	DESCRIPTION	LABOR	EQUIPMENT/SUB	MATERIALS	TOTAL
GENERAL CONDITIONS					
1	GENERAL CONDITIONS	\$ 1,466,214	\$ 356,090	\$ 102,500	\$ 1,924,804
2	PRECONSTRUCTION SERVICES	\$ 57,700	\$ -	\$ 18,750	\$ 76,450
3	QUALITY CONTROL & TESTING	\$ 94,567	\$ 116,301	\$ -	\$ 210,868
4	13 MOS CARRY (MAR 2017-MAR 2018)-ADJUSTED - \$250,000	\$ 437,148	\$ 1,950	\$ 21,840	\$ 460,938
5	8 MOS CARRY (APRIL 2018-NOV 2018)	\$ 422,209	\$ 1,200	\$ 13,440	\$ 436,849
					\$ 3,109,910
SITE WORK					
1	CLEARING, EXCAVATION, GRADING AND CONC/AC PAVING	\$ -	\$ 4,378,485	\$ -	\$ 4,378,485
2	SITE UTILITIES - TANKS, SEWER, WATER AND STORM DRAIN	\$ 55,000	\$ 3,980,650	\$ 256,755	\$ 4,292,404
3	RETENTION AREA AND STORM WATER RUN OFF COLLECTION	\$ -	\$ 141,960	\$ -	\$ 141,960
4	EXTERIOR CHILLER PADS - ON CHP ROOF	\$ -	\$ -	\$ -	\$ -
5	SITE CONCRETE, SOG, RETAINING WALLS	\$ 101,489	\$ 1,821,988	\$ 40,825	\$ 1,964,302
6	REINFORCING STEEL	\$ -	\$ 782,917	\$ -	\$ 782,917
7	SITE ELECTRICAL	\$ -	\$ 2,421,843	\$ -	\$ 2,421,843
					\$ 13,981,912
	TOTAL	\$ 2,634,328	\$ 14,003,384	\$ 454,110	\$ 17,091,822
	COLUMN TOTALS	\$ 2,634,328	\$ 14,003,384	\$ 454,110	\$ 17,091,822
0.0%	UNCERTAINTY	\$ -	\$ -	\$ -	\$ -
6.0%	DBC MARK-UP	\$ 158,060	\$ 840,203	\$ 27,247	\$ 1,025,510
0.75%	BOND - IF REQUIRED	\$ 19,876	\$ 105,655	\$ 3,426	\$ 128,957
	TOTAL BASE BID AMOUNT	\$ 2,812,000	\$ 14,949,000	\$ 485,000	\$ 18,246,000

GCC Delay Costs


\$ 466,000

Carry adjustment excluding DBC markup & Bond

234,114

TARIFF INCREASE CALCULATION - MATERIAL ONLY		MATERIAL
REINFORCING STEEL		\$ 422,775
		\$ 422,775
TARIFF INCREASE CALCULATION - MATERIAL ONLY SITEWORK	20.5%	\$ 86,669

EXHIBIT 1
Attachment 16 - MSB August 15, 2022 CFA Request
RESOURCE CENTER CAPITAL COST


 DIANI BUILDING CORP. TAJIGUAS RESOURCE RECOVERY PROJECT JOB NO. 216010				
APPROVED PROJECT CHANGES-5TH AMENDMENT CO				
LINE ITEM	DESCRIPTION	CONTRACT AMOUNT (7/16/2020)	MRF	ADF/CMU
131	MRF equipment fire sprinklers	45,692.00	45,692.00	
132	Extra MRF Hydrant	47,767.00	47,767.00	
133	Organics Bunker	42,901.00	42,901.00	
134	Water Well 5 Power Refeed	38,243.00		38,243.00
135	Second MRF Scale	54,505.00	54,505.00	
136	MW-10 Replacement	5,000.00	5,000.00	
137	Water Tank Connection	4,061.00	4,061.00	
138	John Kular Added Design Costs	40,000.00	40,000.00	
139	MEP install scaffolding	75,000.00	75,000.00	
140	Extend LFG Vent Piping	12,398.00		12,398.00
141	LFG System Changes	987,829.00	987,829.00	
142	LCRS 5 Power	15,934.00	15,934.00	
143	Diani Rain Delay - GENERAL CONDITIONS	245,489.00	122,744.50	122,744.50
144	Diani Force Majeure - GENERAL CONDITIONS	490,000.00	245,000.00	245,000.00
145	IEM – Tariff	350,000.00	254,545.45	95,454.55
146	Smith MEP - Tariff	325,000.00	220,646.26	104,353.74
147	Anderson – Tariff	400,000.00		400,000.00
149	BEKON – Tariff	100,000.00		100,000.00
	DIRECT PAYMENT SUBTOTAL	3,279,819.00	2,161,625.21	1,118,193.79
148	VDRS - Tariff	378,000.00	378,000.00	
	DIRECT PAYMENT SUBTOTAL	3,657,819.00	2,539,625.21	1,118,193.79
150	Contingency	2,100,000.00	1,039,307.63	1,060,692.37
	CONTINGENCY SUBTOTAL	2,100,000.00	1,039,307.63	1,060,692.37
	GRAND TOTAL	5,757,819.00	3,578,932.84	2,178,886.16
	DIRECT PAYMENT SUBTOTAL	3,279,819		
	CONTINGENCY SUBTOTAL	2,100,000		
	TOTAL CHANGE ORDER AMOUNT	5,379,819		

3rd Amendment, 9/18/2018

119,989,000

5th Amendment July 2020**125,368,819**

EXHIBIT 1
Attachment 16 - MSB August 15, 2022 CFA Request
RESOURCE CENTER CAPITAL COST

 DIANI BUILDING CORP. TAJIGUAS RESOURCE RECOVERY PROJECT JOB NO. 216010				
APPROVED PROJECT CHANGES-6TH AMENDMENT CO				
LINE ITEM	DESCRIPTION	CONTRACT AMOUNT (9/3/2021)	MRF	ADF/CMU
131	MRF equipment fire sprinklers			
132	Extra MRF Hydrant			
133	Organics Bunker			
134	Water Well 5 Power Refeed			
135	Second MRF Scale			
136	MW-10 Replacement			
137	Water Tank Connection			
138	John Kular Added Design Costs			
139	MEP install scaffolding			
140	Extend LFG Vent Piping			
141	LFG System Changes			
142	LCRS 5 Power			
143	Diani Rain Delay - GENERAL CONDITIONS			
144	Diani Force Majeure - GENERAL CONDITIONS			
145	IEM – Tariff			
146	Smith MEP - Tariff			
147	Anderson – Tariff			
149	BEKON – Tariff			
DIRECT PAYMENT SUBTOTAL		-	-	-
148	VDRS - Tariff			
DIRECT PAYMENT SUBTOTAL		-	-	-
150	Contingency-COVID & Other Delay Costs	1,150,000.00	575,000.00	575,000.00
CONTINGENCY SUBTOTAL		1,150,000.00	575,000.00	575,000.00
GRAND TOTAL		1,150,000.00	575,000.00	575,000.00
DIRECT PAYMENT SUBTOTAL		-		
CONTINGENCY SUBTOTAL		1,150,000		
TOTAL CHANGE ORDER AMOUNT		1,150,000		
5th Amendment July 2020		125,746,819		
6th Amendment CO September 2021		1,870,000		
6th Amendment September 2021		127,616,819		
Less MSB Portion of 6th Amendment CO		720,000		
Total Cost Net of MSB Budget		126,896,819		

3000000

Attachment 16 - MSB August 15, 2022 CFA Request

DIANI BUILDING CORP. TAJIGUAS RESOURCE RECOVERY PROJECT JOB NO. 216010 MRF BIOFILTER REBUILD							
APPROVED PROJECT CHANGES-7TH AMENDMENT CO							
LINE ITEM	DESCRIPTION	LABOR	EQUIPMENT/ SUB	MATERIALS	CONTRACT AMOUNT (6/10/2022)	MRF	ADF/CMU
	GENERAL CONDITIONS						
151	ADMINISTRATION AND SUPERVISION COMPLETE	257,800.54			257,800.54		
152	GC'S, AND SITE MAINTENANCE COMPLETE	17,682.62	56,560.00	15,850.00	90,092.62		
153	PERMITTING, INSPECTION, and RE-DESIGN FEES	71,390.37	61,260.00	20,156.00	152,806.37		
	SITE WORK						
154	MISCELLANEOUS SITE WORK	33,240.99	79,004.00	8,692.00	120,936.99		
	BIOFILTER AREA						
155	DEMOLITION AND STRUCTURAL EXCAVATION	76,006.57	252,024.00	25,793.00	353,823.57		
156	SLAB CONCRETE	39,704.31	9,999.40	20,828.34	70,532.05		
157	REINFORCING STEEL		30,579.77		30,579.77		
158	BIOFILTER EQUIPMENT AND DUST COLLECTION SYSTEM	34,293.56	298,941.05	591,042.55	924,277.16		
	GENERAL ELECTRICAL, DATA AND CONTROLS						
159	GENERAL ELECTRICAL REQUIREMENTS	1,428.90	215,198.60	25,041.00	241,668.50		
	TOTAL	531,547.86	1,003,566.82	707,402.89	2,242,517.57		
	COLUMN TOTALS	531,548.00	1,003,567.00	707,403.00	2,242,518.00		
160	UNCERTAINTY	53,155.00	100,357.00	70,740.00	224,252.00		
161	DBC MARK-UP	58,470.00	110,392.00	77,814.00	246,676.00		
162	BOND-IF REQUIRED	6,541.00	12,350.00	8,705.00	27,596.00		
	REBUILD BASE AMOUNT	649,714.00	1,226,666.00	864,662.00	2,741,042.00		
163	MRF BIOFILTER EVALUATION OF THE ALISAL FIRE DAMAGE				63,047.00		
164	MRF 500 MCM WIRE REPLACEMENT FROM MSWB TO BIOFILTER				102,666.00		
165	MRF AREA RELACEMENT OF TRANSFORMERS				78,204.00		
	MRF BIOFILTER REBUILD AMOUNT				2,984,959.00	-	-
166	ISLAND MODE BACKUP GENERATOR AND TRANSFER SWITCH				500,000.00		
	TOTAL AMOUNT				3,484,959.00	3,484,959.00	-
	MRF BIOFILTER REBUILD				2,984,959		
	ISLAND MODE BACKUP GENERATOR				500,000		
	TOTAL CHANGE ORDER AMOUNT				3,484,959		
	6th Amendment September 2021				127,616,819		
	DBC 7th Amendment CO-MRF Biofilter Repairs & Replacement				3,484,959		
	MSB 7th Amendment CO-FY 21-22 Cash Flow Assistance				3,000,000		
	7th Amendment October 2022				134,101,778		
	Less MSB Portion of 7th Amendment CO				3,000,000		
	Total Cost Net of MSB Budget				131,101,778		
	DBC-MSB Contract Amount, Construction Agreement Amendment No. 2, 10/22/2018				88,558,000		
	5th Amendment Change Order Amount				5,757,819		
	DBC-MSB Contract Amount, Construction Agreement Amendment No. 6				94,315,819		
	6th Amendment Change Order Amount				1,150,000		
	Revised DBC-MSB Contract Amount at 6th Amendment				95,465,819		
	7th Amendment Change Order Amount				3,484,959		
	Revised DBC-MSB Contract Amount at 7th Amendment				98,950,778		
	7th Amendment Change Order Amount-DBC				3,484,959	3,484,959	
	7th Amendment CO Amount-MSB Eng & Design				3,000,000		3,000,000
	7th Amendment Change Order Amount-Total				6,484,959	3,484,959	3,000,000

FIFTH AMENDED EXHIBIT H - CONTRACTOR'S PROFORMA YEAR 3 (JULY 1, 2022 - JUNE 30, 2023)
Attachment 16 - MSB August 15, 2022 CFA Request

ATTACHMENT A - Appendix 3

TAJIGUAS RESOURCE RECOVERY PROJECT				Revised	Increase	Previous	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 22-23	FY 21-22		
Table 1 - MRF Operating P&L				53.87	2.603%	32.74													Budget	Budget	Variance	
Revenue	Footnotes	Assumptions		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$				
10000 Processing Fee Revenue		\$53.87/Ton	182,563 t/a	9,834,729			819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	9,834,729	6,084,227	3,750,503	
10010 Material Sales - OCC	100%	\$97/Ton	12,127 t/a	1,170,644			97,554	97,554	97,554	97,554	97,554	97,554	97,554	97,554	97,554	97,554	97,554	97,554	1,170,644	993,865	176,779	
10020 Material Sales - ONP (SS)	100%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	207,587	(207,587)	
10030 Material Sales - Mixed Paper (SS)	50%	\$12/Ton	6,487 t/a	79,658			6,638	6,638	6,638	6,638	6,638	6,638	6,638	6,638	6,638	6,638	6,638	6,638	79,658	383,526	(303,868)	
10040 Material Sales - Mixed Paper	50%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10050 Material Sales - Glass	100%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	250,243	(250,243)
10060 Material Sales - Mixed Glass	100%	\$68/Ton	8,666 t/a	590,743			49,229	49,229	49,229	49,229	49,229	49,229	49,229	49,229	49,229	49,229	49,229	49,229	590,743	137,263	453,480	
10070 Material Sales - Wood and Misc. C&D	100%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10080 Material Sales - Misc (waste/u/waste)	100%			-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10081 Material Sales - Misc (Bulky Items)	100%			-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10090 Material Sales - Steel (Tin Cans)	0%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,479	(88,479)
10100 Material Sales - Aluminum Cans	50%	\$4,562/Ton	119 t/a	544,062			45,339	45,339	45,339	45,339	45,339	45,339	45,339	45,339	45,339	45,339	45,339	45,339	544,062	1,118,723	(574,661)	
10110 Material Sales - Aluminum Scrap	50%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	203,162	(203,162)
10120 Material Sales - Scrap Metal	0%	\$135/Ton	1,871 t/a	252,442			21,037	21,037	21,037	21,037	21,037	21,037	21,037	21,037	21,037	21,037	21,037	21,037	252,442	640,777	(388,334)	
10130 Material Sales - HDPE - Natural	100%	\$1,277/Ton	288 t/a	367,684			30,640	30,640	30,640	30,640	30,640	30,640	30,640	30,640	30,640	30,640	30,640	30,640	367,684	666,166	(298,482)	
10140 Material Sales - HDPE - Color	100%	\$550/Ton	327 t/a	179,603			14,967	14,967	14,967	14,967	14,967	14,967	14,967	14,967	14,967	14,967	14,967	14,967	179,603	229,582	(49,980)	
10150 Material Sales - LDPE (A)	100%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,537	(50,537)
10160 Material Sales - LDPE (C)	100%	\$0/Ton	0 t/a	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,971	(72,971)
10170 Material Sales - PET	100%	\$2,017/Ton	1,080 t/a	2,177,316			181,443	181,443	181,443	181,443	181,443	181,443	181,443	181,443	181,443	181,443	181,443	181,443	2,177,316	1,637,495	539,821	
10180 Material Sales - Plastics - Mix	100%	\$52/Ton	67 t/a	3,466			289	289	289	289	289	289	289	289	289	289	289	289	3,466	353,302	(349,837)	
10181 Material Sales - PP	100%	\$305/Ton	413 t/a	125,907			10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	125,907	-	125,907	
10190 Waste Brokering				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10220 Recyclable Revenue Pass Through (City of SM)				(720,482)			(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(60,040)	(720,482)	-	(720,482)	
10230 Miscellaneous Income				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	SSR Tons	33,446	100.0%	14,605,773			1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	1,217,148	14,605,773	13,117,906	1,487,867	
	101%	151.73	31,445 t/a	4,771,044															4,771,044	7,033,679	(2,262,635)	
Expenses																			Budget	Budget	Variance	
20000 Disposal Fees				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20010 Disposal Fees - Hazardous Waste				-			-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
20020 Processing Fees				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20030 COGS- Ewaste, U/waste, HHW	2	-\$20/Ton	1,102 t/a	23,090			1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	23,090	22,516	574	
20040 COGS- Misc. Bulky Items	3	-\$10/Ton	2,634 t/a	27,587			2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	27,587	26,901	686	
Total Fees			3,736 t/a	50,677			4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	50,677	49,418	1,259	
30000 Wages	4			1,781,690			148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	1,781,690	2,979,813	(1,198,123)	
30010 Overtime				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30020 Holiday, Vacation, Sick & Float Pay	5			232,126			19,344	19,344	19,344	19,344	19,344	19,344	19,344	19,344	19,344	19,344	19,344	19,344	232,126	226,237	5,889	
30030 Bonus Pay				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30040 Payroll Taxes	5			296,055			24,671	24,671	24,671	24,671	24,671	24,671	24,671	24,671	24,671	24,671	24,671	24,671	296,055	288,544	7,511	
30050 Pension Contribution	5			120,479			10,040	10,040	10,040	10,040	10,040	10,040	10,040	10,040	10,040	10,040	10,040	10,040	120,479	117,422	3,057	
30060 Medical/Life Insurance	5			1,347,553			112,296	112,296	112,296	112,296	112,296	112,296	112,296	112,296	112,296	112,296	112,296	112,296	1,347,553	1,313,366	34,187	
30070 Insurance - Workers' Comp	5			557,743			46,479	46,479	46,479	46,479	46,479	46,479	46,479	46,479	46,479	46,479	46,479	46,479	557,743	543,593	14,150	
30080 Employee Expenses - Education				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30090 Employee Expenses - Medical				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30100 Employee Expenses - Misc.				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Employee Wages & Benefits				4,335,647			361,304	361,304	361,304	361,304	361,304	361,304	361,304	361,304	361,304	361,304	361,304	361,304	4,335,647	5,468,976	(1,133,329)	
40000 Finance Cost - Rolling Stock	6	5%	4 YrAmo	533,821			44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	533,821	715,205	(181,384)	
40010 Equipment Rental				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40020 Insurance - Property	7	0.00%	\$ 66,780,000	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40030 Insurance - Liability/Umbrella				34,271			2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	34,271	33,402	869	
40040 Insurance - Mobile Equipment				14,327			1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	14,327	13,964	363	
40042 Insurance - Pollution				70,063			5,839	5,839	5,839	5,839	5,839	5,839	5,839	5,839	5,839	5,839	5,839	5,839	70,063	68,285	1,778	
40050 O & M - LFG CHP Expenses (condensate + siloxane)				493,664			41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	493,664	481,140	12,524	
40060 Repairs to Customers' Property				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40070 Safety Equipment				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40080 Electricity/LFG CHP Fuel Expense				211,787			17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	211,787	318,497	(106,710)	
40090 Temporary Labor - Operations				-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40100 Uniforms				-			-	-	-</													

TAJIGUAS RESOURCE RECOVERY PROJECT		Revised	Increase	Previous	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 22-23	FY 21-22	
Table 1 - MRF Operating P&L		53.87	2.603%	32.74	1	2	3	4	5	6	7	8	9	10	11	12			
50000 Accounting Fees (Compliance)	13			26,947	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	26,947	26,264	683
50010 Advertising & Promotion				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50020 Amortization Expense/Operating Contingency	14			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50030 Computer Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50040 Consulting Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50050 Credit Card Processing Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50060 Dues & Subscriptions				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50070 Legal Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50080 Management Fee				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50090 Meals - 100%	15	\$5.28/Ton	182,563 1/a	963,287	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	963,287	975,989	(12,702)
50100 Meals - 50%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50110 Office Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50120 Other Misc. Expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50130 Pension Fee Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50140 Postage				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50150 R & M - Buildings				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50160 R & M - Office Equipment				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50170 Rent Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50180 Telephone Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50190 Travel Expense				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50200 Utilities				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50210 Permitting Costs	16			26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	26,382	26,264	119
50220 Monitoring & Other Compliance Costs	16			579,440	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	579,440	562,264	17,176
Total Overhead Expenses				1,596,056	133,005	133,005	133,005	133,005	133,005	133,005	133,005	133,005	133,005	133,005	133,005	133,005	1,596,056	1,590,780	5,276
Total Operating Expenses				9,705,931	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	\$ 808,828	9,705,931	10,999,847	(1,293,916)
60000 Charitable Donations				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60010 Contributions				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60020 Gain/Loss - Asset Disposal				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60030 Gain/Loss - Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60040 Interest Income				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60050 Discounts from Vendors				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Misc Income & Adjustments				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000 Working Capital Amortization				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70010 Mustang Management				147,907	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	147,907	144,154	3,753
70020 Penalties				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Taxes				147,907	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	147,907	144,154	3,753
NET OPERATING INCOME				4,751,935	395,995	395,995	395,995	395,995	395,995	395,995	395,995	395,995	395,995	395,995	395,995	395,995	4,751,935	1,973,905	2,778,031

Table 2 - Estimated MRF Employees & Labor Cost				4.99% 2017 CPI	3.94% 2018 CPI	8.93% Combined CPI							
MRF	Day MSW	2nd MSW/SS	3rd	Total	Hourly Wage	Annual Wage	Total Annual Wage	0 Hours ove	1	OT	Benefits	Total Unit Cost	Total Labor Cost
MRF Manager	1	-	-	1	\$ 49.02	101,962	101,962				58%	\$ 160,894	160,894
Line Supervisor	1	1	-	2	\$ 27.23	56,645	113,291	N			71%	\$ 96,807	193,615
FE Loader/Forklift Operator	4	4	1	9	\$ 21.79	45,316	407,846	N			82%	\$ 82,603	743,423
Sorter	18	18		36	\$ 15.00	31,200	1,123,200	N			100%	\$ 62,407	2,246,650
Spotter	2	-	-	2	\$ 15.00	31,200	62,400	N			100%	\$ 62,407	124,814
Litter Crew	2	-	-	2	\$ 15.00	31,200	62,400	N			100%	\$ 62,407	124,814
Mechanic	1	1	1	3	\$ 22.88	57,098	171,295				69%	\$ 96,578	289,733
Maint & Equip Cleaning	2	2	2	6	\$ 15.00	37,440	224,640				85%	\$ 69,209	415,251
Mechanic Helper	1	1	1	3	\$ 16.34	40,785	122,354				87%	\$ 76,351	229,052
Electrician/Instrumentation	1	-	-	1	\$ 27.23	76,471	76,471				57%	\$ 120,004	120,004
					\$ 12.50	31,200					105%	\$ 63,824	-
Total FTE's	33	27	5	65			2,465,859						4,648,250
MRF Management/Administration													
	Day	2nd	3rd	Total	Hourly Wage	Annual Wage	Total Annual Wage				Benefits	Total Unit Cost	Total Labor Cost
General Manager	1	-	-	1	\$ 65.36	135,949	135,949				51%	\$ 205,931	205,931
Compliance/Safety	1	-	-	1	\$ 32.68	67,974	67,974				63%	\$ 111,012	111,012
Office Manager/Marketing	1	-	-	1	\$ 32.68	67,974	67,974				63%	\$ 111,012	111,012
HR	1	-	-	1	\$ 32.68	67,974	67,974				63%	\$ 111,012	111,012
Administrative/Collections	1	-	-	1	\$ 21.79	54,379	54,379				71%	\$ 93,207	93,207
Total FTE's	5	-	-	5			394,251						632,174
Total	38	27	5	70			2,860,110						5,280,424

Table 3 - Estimated MRF Employee Benefits Cost

MRF													
Pension	Total	Medical	Total	Sick/Vac/Hol	Total	PR Tax	Total	Work Comp	Total	Benefits Exp	Total	Total Unit Cost	% Wage
8,157	8,157	18,235	18,235	14,510	14,510	10,482	10,482	7,548	7,548	58,932	58,932	160,894	58%
4,532	9,063	18,235	36,471	4,357	8,715	5,490	10,980	7,548	15,095	40,162	80,324	96,807	71%
3,625	32,628	18,235	164,119	3,486	31,373	4,392	39,530	7,548	67,928	37,286	335,577	82,603	82%
-	-	18,235	656,476	2,400	86,400	3,024	108,864	7,548	271,711	31,207	1,123,450	62,407	100%
-	-	18,235	36,471	2,400	4,800	3,024	6,048	7,548	15,095	31,207	62,414	62,407	100%
-	-	18,235	36,471	2,400	4,800	3,024	6,048	7,548	15,095	31,207	62,414	62,407	100%
4,568	13,704	18,235	54,706	3,660	10,980	5,468	16,405	7,548	22,643	39,479	118,438	96,578	69%
-	-	18,235	109,413	2,400	14,400	3,586	21,514	7,548	45,285	31,769	190,611	69,209	85%
3,263	9,788	18,235	54,706	2,614	7,843	3,906	11,718	7,548	22,643	35,566	106,698	76,351	87%
6,118	6,118	18,235	18,235	4,357	4,357	7,275	7,275	7,548	7,548	43,533	43,533	120,004	57%
-	-	18,235	-	3,700	-	3,141	-	7,548	-	32,624	-	63,824	105%
\$79,458		\$1,185,303		\$188,178		\$238,863		\$490,589		2,182,391			
MRF Management/Administration													
Pension	Total	Medical	Total	Sick/Vac/Hol	Total	PR Tax	Total	Work Comp	Total	Benefits Exp	Total	Total Unit Cost	% Wage
10,876	10,876	18,235	18,235	19,347	19,347	13,977	13,977	7,548	7,548	69,982	69,982	205,931	51%
5,438	5,438	18,235	18,235	5,229	5,229	6,588	6,588	7,548	7,548	43,038	43,038	111,012	63%
5,438	5,438	18,235	18,235	5,229	5,229	6,588	6,588	7,548	7,548	43,038	43,038	111,012	63%
5,438	5,438	18,235	18,235	5,229	5,229	6,588	6,588	7,548	7,548	43,038	43,038	111,012	63%
4,350	4,350	18,235	18,235	3,486	3,486	5,208	5,208	7,548	7,548	38,827	38,827	93,207	71%
\$ 31,540		\$ 91,177		\$ 38,519		\$ 38,949		\$ 37,738		\$ 237,923			
\$ 110,998		\$ 1,276,480		\$ 226,697		\$ 277,813		\$ 528,326		\$ 2,420,314			

TAJIGUAS RESOURCE RECOVERY PROJECT ESTIMATED MRF PROCESSING HOURS 152,361 MSW + 33,446 CSSR + 4,910 SSOW = 190,717 Total							
Weeks	52	52	52	52	52	52	52
Days per week	5	5	5.5	5.5	6	5.5	6
Holidays	6	6	6	6	6	6	6
Operating days per year	254	254	280	280	306	280	306
Hours per Day	16	20	16	20	16	14.5	20
Breaks paid	0.5	0.75	0.5	0.75	0.5	1.0	0.75
Breaks not paid	1	1	1	1	1	1.0	1
Paid hours	15	19	15	19	15	13.5	19
Paid hours per year	3,810	4,826	4,200	5,320	4,590	3,780	5,814
Processing Hours per Day	14.5	18.25	14.5	18.25	14.5	12.5	18.25
Reserve for downtime	8%	8%	8%	8%	8%	8%	8%
Available processing hours	3,388	4,265	3,735	4,701	4,082	3,220	5,138

Hour
Breaks
Net Ava

Net Proce
Net Proce

	Incoming TPY	Processing capacity			Processing Hours Required			Hours Per Day 280 Days
		Low end	Average	High end	Worst	Average	Best	
SS	33,446	20.0	35.0	30.0	1,672	956	1,115	3.4 HPD
COMM dry	0	28.0	32.0	36.0	0	0	0	
Res & Comm wet	132,361	50.0	70.0	70.0	2,647	1,891	1,891	6.8 HPD
Self-Haul	20,000	40.0	70.0	60.0	500	286	333	1.0 HPD
Spot Market	0	40.0	70.0	60.0	0	0	0	- HPD
Total	185,807				4,820	3,132	3,339	11.2 HPD

Table 4 - MRF Rolling Stock Cap Ex Budget

Equipment Finance						1st 2nd 3rd	MRF Equipment				
	Interest Rate	Par (M)	Term (Years)	Start Year	Payment						
Equipment	5.00%	\$2,325,000	4	2021	655,678			CAT 980M	2	608,000	1,216,000
	5.00%	\$2,441,250	4	2025	688,461			CAT 938K	1	106,000	106,000
	5.00%	\$2,563,313	4	2029	722,884			CAT 906H	1	305,000	305,000
Total	5.00%	\$4,766,250			1,344,139			CAT M322D	1	352,000	352,000
							CAT 2P6000	3	45,000	135,000	
							Utility Truck (Ford F350XL)	1	40,000	40,000	
							Pickup Trucks (Ford F250 4WD)	2	30,000	60,000	
							Mechanics Tools	1	45,000	45,000	
							Sweeper (Tennant 800)	1	66,000	66,000	
										2,325,000	
							Estimated Steel Tariff Based Price Increase				0.0%
MRF1st	Beg Principal	Principal	Interest	Payment	End Principal		Prior Rolling Stock Budget				2,325,000
2022	\$2,325,000	539,428	116,250	655,678	1,785,572		Revised Budget				2,325,000
2023	1,785,572	566,399	89,279	655,678	1,219,174		Increase due to Steel Tariff Increase				-
2024	1,219,174	594,719	60,959	655,678	624,455		Prior Payment				655,678
2025	624,455	624,455	31,223	655,678	-		Revised Payment				655,678
2026	-	-	-	-	-		Increase due to Steel Tariff Increase				-
2027	-	-	-	-	-						
2028	-	-	-	-	-						
2029	-	-	-	-	-						
2030	-	-	-	-	-						
2031	-	-	-	-	-						
MRF 2nd	Beg Principal	Principal	Interest	Payment	End Principal						
2026	\$2,441,250	566,399	122,063	688,461	1,874,851						
2027	1,874,851	594,719	93,743	688,461	1,280,132						
2028	1,280,132	624,455	64,007	688,461	655,678						
2029	655,678	655,678	32,784	688,461	-						
2030	-	-	-	-	-						
2031	-	-	-	-	-						
2032	-	-	-	-	-						
2033	-	-	-	-	-						
2034	-	-	-	-	-						
2035	-	-	-	-	-						
MRF 3rd	Beg Principal	Principal	Interest	Payment	End Principal						
2030	\$2,563,313	594,719	128,166	722,884	1,968,594						
2031	1,968,594	624,455	98,430	722,884	1,344,139						
2032	1,344,139	655,678	67,207	722,884	688,461						
2033	688,461	688,461	34,423	722,884	-						
2034	-	-	-	-	-						
2035	-	-	-	-	-						
2036	-	-	-	-	-						

TPY **190,717**
 \$/Ton Tip Fee Impact **-**

TAJIGUAS RESOURCE RECOVERY PROJECT				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Table 5 - ADF Operating P&L				1	2	3	4	5	6	7	8	9	10	11	12
Revenue	Footnote	Assumptions		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10000 Processing Fee Revenue	1	\$36.18/Ton 4,910 t/a	177,668	14,806	14,806	14,806	14,806	14,806	14,806	14,806	14,806	14,806	14,806	14,806	14,806
10010 Electricity Sales	2		1,398,975	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581
10020 Compost Sales - Good Quality			-	-	-	-	-	-	-	-	-	-	-	-	-
10030 Compost Sales - Fair Quality			-	-	-	-	-	-	-	-	-	-	-	-	-
10040 Waste Brokering			-	-	-	-	-	-	-	-	-	-	-	-	-
10220 Recyclable Revenue Pass Through	3		-	-	-	-	-	-	-	-	-	-	-	-	-
10230 Miscellaneous Income			-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue			1,576,643	131,387	131,387	131,387	131,387	131,387	131,387	131,387	131,387	131,387	131,387	131,387	131,387
Expenses															
20030 Cost of Goods Sold - Compost	4	-\$6.57/Ton 14,631 t/a	98,194	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183
20040 MSW Pre-Treatment	5	\$1.10/Ton 46,274 t/a	51,761	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313
20050 Compost Processing	6	\$3.29/Ton 73,800 t/a	247,655	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638
20060 Disposal Fees			-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fees			397,610	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951	\$ 24,951
30000 Wages	7		1,199,815	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985
30010 Overtime			-	-	-	-	-	-	-	-	-	-	-	-	-
30020 Holiday, Vacation, Sick & Float Pay	8		94,947	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912
30030 Bonus Pay			-	-	-	-	-	-	-	-	-	-	-	-	-
30040 Payroll Taxes	8		116,529	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711
30050 Pension Contribution	8		95,985	7,999	7,999	7,999	7,999	7,999	7,999	7,999	7,999	7,999	7,999	7,999	7,999
30060 Medical/Life Insurance	8		217,867	18,156	18,156	18,156	18,156	18,156	18,156	18,156	18,156	18,156	18,156	18,156	18,156
30070 Insurance - Workers' Comp	8		130,720	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893
30080 Employee Expenses - Education			-	-	-	-	-	-	-	-	-	-	-	-	-
30090 Employee Expenses - Medical			-	-	-	-	-	-	-	-	-	-	-	-	-
30100 Employee Expenses - Misc.		656,048	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Employee Wages & Benefits			1,855,862	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655	\$ 154,655
40000 CHP supplemental LFG	9		66,423	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535
40010 Finance Cost - Rolling Stock	10	6% 4 YrAmo	1,225,638	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137
40020 Equipment Rental			-	-	-	-	-	-	-	-	-	-	-	-	-
40030 Insurance - Property/Liability	11	0.00% 47,768,000	-	-	-	-	-	-	-	-	-	-	-	-	-
40040 Insurance - Umbrella			21,557	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796
40042 Insurance - Pollution			32,337	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695
40050 Insurance - Vehicle/Mobile Equipment			81,920	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827
40060 O&M CHP (WES contract)	12		418,773	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898
40070 Safety Equipment			-	-	-	-	-	-	-	-	-	-	-	-	-
40080 Consumables			177,852	14,821	14,821	14,821	14,821	14,821	14,821	14,821	14,821	14,821	14,821	14,821	14,821
40090 R & M - ADF Plant & Equipment			258,531	21,544	21,544	21,544	21,544	21,544	21,544	21,544	21,544	21,544	21,544	21,544	21,544
40100 R&M - Replacement Reserves			88,229	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352
40110 Temporary Labor - Operations			-	-	-	-	-	-	-	-	-	-	-	-	-
40120 Uniforms			-	-	-	-	-	-	-	-	-	-	-	-	-
40130 Vehicle Licenses			-	-	-	-	-	-	-	-	-	-	-	-	-
40140 Process Electricity		0	-	-	-	-	-	-	-	-	-	-	-	-	-
40150 Fuel	13	\$3.35/Gal 67,739 Gal/Yr	227,427	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952
40160 Oil		0	-	-	-	-	-	-	-	-	-	-	-	-	-
40170 R & M - Rolling Stock	14	6.8% \$ 5,290,369	362,383	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199
40180 Shop Supplies			-	-	-	-	-	-	-	-	-	-	-	-	-
40190 Tire Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
40200 Trailer Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
40210 O&M Performance Bond	15		81,919	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827
Operational Expenses			3,042,988	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582	\$ 253,582

TAJIGUAS RESOURCE RECOVERY PROJECT				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Table 5 - ADF Operating P&L				1	2	3	4	5	6	7	8	9	10	11	12
	21-'22 FY CPI	2.141%													
	22-'23 FY CPI	2.603%													
50000 Accounting Fees (Compliance)	16		26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199
50010 Advertising & Promotion			-	-	-	-	-	-	-	-	-	-	-	-	-
50020 Amortization Expense/Operating Contingency	17		79,305	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609
50030 Computer Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50040 Consulting Fees			-	-	-	-	-	-	-	-	-	-	-	-	-
50050 Credit Card Processing Fees			-	-	-	-	-	-	-	-	-	-	-	-	-
50060 Dues & Subscriptions			-	-	-	-	-	-	-	-	-	-	-	-	-
50070 Legal Fees			-	-	-	-	-	-	-	-	-	-	-	-	-
50080 Management Fee	18	\$4.22/Ton	82,000 t/a	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447
50090 Meals - 100%			-	-	-	-	-	-	-	-	-	-	-	-	-
50100 Meals - 50%			-	-	-	-	-	-	-	-	-	-	-	-	-
50110 Office Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50120 Other Misc. Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-
50130 Pension Fee Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50140 Postage			-	-	-	-	-	-	-	-	-	-	-	-	-
50150 R & M - Buildings			-	-	-	-	-	-	-	-	-	-	-	-	-
50160 R & M - Office Equipment			-	-	-	-	-	-	-	-	-	-	-	-	-
50170 Rent Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50180 Telephone Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50190 Travel Expense			-	-	-	-	-	-	-	-	-	-	-	-	-
50200 Utilities			-	-	-	-	-	-	-	-	-	-	-	-	-
50210 Permitting Costs	19		26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199
50220 Monitoring & Other Compliance Costs	19		297,819	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818
Total Overhead Expenses			783,248	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254	\$ 38,254
Total Operating Expenses			6,079,708	471,443	471,443	471,443	471,443	471,443	471,443	471,443	471,443	471,443	471,443	471,443	471,443
60000 Charitable Donations			-	-	-	-	-	-	-	-	-	-	-	-	-
60010 Contributions (U.S.C.C./other)			-	-	-	-	-	-	-	-	-	-	-	-	-
60020 Gain/Loss - Asset Disposal			-	-	-	-	-	-	-	-	-	-	-	-	-
60030 Gain/Loss - Other			-	-	-	-	-	-	-	-	-	-	-	-	-
60040 Interest Income			-	-	-	-	-	-	-	-	-	-	-	-	-
60050 Discounts from Vendors			-	-	-	-	-	-	-	-	-	-	-	-	-
Total Misc Income & Adjustments			-	-	-	-	-	-	-	-	-	-	-	-	-
70000 Working Capital Amortization	10 Yrs	1,465,000	153,532	12,794	12,794	12,794	12,794	12,794	12,794	12,794	12,794	12,794	12,794	12,794	12,794
70010 Mustang Management			51,502	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292
70020 Penalties			-	-	-	-	-	-	-	-	-	-	-	-	-
Total Taxes			205,034	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086
NET OPERATING INCOME			(4,708,100)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)	(357,142)

ADF & CMU Employees & Labor Cost

ADF & CMU Employees	Total	\$/Hr	Annual Wage	Total Annual Wage	2	Benefits	Total Cost/Employee	Total Labor Cost
Supervisor/System Monitor	1	\$57.69	120,000	120,000	OT	47%	176,443	176,443
Wndrw Specialist/Loader Ops	3	\$27.23	60,886	182,659	Y	53%	93,415	280,246
Loader Operators	3	\$24.00	53,664	160,992	Y	57%	84,402	253,205
Laborer/Litter Collections	4	\$20.00	44,720	178,880	N	64%	73,240	292,959
Residue Roll-off Truck Driver	2	\$22.00	49,192	98,384	N	60%	78,821	157,642
Organics Transfer Driver	2	\$25.00	55,900	111,800	N	56%	87,192	174,385
Maintenance Mechanics	3	\$35.00	78,260	234,780	N	47%	115,098	345,293
Compliance Manager	1	\$32.00	66,560	66,560		52%	100,885	100,885
Compliance Assistant	1	\$22.00	45,760	45,760		63%	74,805	74,805
Total FTE's	20		Total Wage Cost	\$1,199,815			\$656,048	\$1,855,862
16 Positions Filled as of 6/30/22			Benefits Cost	656,048				
4 Open Positions as of 7/31/22			Total Comp \$/Year	\$1,855,862				
			Total Comp \$/Mo	154,655				
			Increase over FY 21/22 Budget	\$1,208,269				
MDA TPY	182,563	\$/Ton Tip Fee Impact		\$6.62				

Table 9 - Estimated ADF Employee Benefits Cost

Pension	Total	Medical	Total	Sick/Vac/Hol	Total	PR Tax	Total	Work Comp	Total	Benefits Exp	Total	Total Unit Cost	% Wage
9,600	9,600	10,893	10,893	17,077	17,077	12,337	12,337	6,536	6,536	56,443	56,443	56,443	47%
4,871	14,613	10,893	32,680	4,357	13,070	5,872	17,616	6,536	19,608	32,529	97,587	32,529	53%
4,293	12,879	10,893	32,680	3,840	11,520	5,175	15,526	6,536	19,608	30,738	92,213	30,738	57%
3,578	14,310	10,893	43,573	3,200	12,800	4,313	17,251	6,536	26,144	28,520	114,079	28,520	64%
3,935	7,871	10,893	21,787	3,520	7,040	4,744	9,488	6,536	13,072	29,629	59,258	29,629	60%
4,472	8,944	10,893	21,787	4,000	8,000	5,391	10,782	6,536	13,072	31,292	62,585	31,292	56%
6,261	18,782	10,893	32,680	5,600	16,800	7,547	22,642	6,536	19,608	36,838	110,513	36,838	47%
5,325	5,325	10,893	10,893	5,120	5,120	6,451	6,451	6,536	6,536	34,325	34,325	34,325	52%
3,661	3,661	10,893	10,893	3,520	3,520	4,435	4,435	6,536	6,536	29,045	29,045	29,045	63%
\$ 95,985		\$ 217,867		\$ 94,947		\$ 116,529		\$ 130,720		\$ 656,048			
30654		85434		36010		37726		51260		241084			

Table 7 - ADF Rolling Stock Cap Ex Budget

Equipment Finance					
	Interest Rate	Par (M)	Term (Years)	Start Year	Payment
Equipment	5.00%	\$3,177,000	6	2021	625,924
	5.00%	\$3,335,850	6	2027	657,221
	5.00%	\$3,502,643	6	2033	690,082
Total	5.00%	\$6,512,850			1,283,145

AD 1st	Beg Principal	Principal	Interest	Payment	End Principal
2022	\$3,177,000	467,074	158,850	625,924	2,709,926
2023	2,709,926	490,428	135,496	625,924	2,219,497
2024	2,219,497	514,950	110,975	625,924	1,704,548
2025	1,704,548	540,697	85,227	625,924	1,163,851
2026	1,163,851	567,732	58,193	625,924	596,119
2027	596,119	596,119	29,806	625,924	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-

AD 2nd	Beg Principal	Principal	Interest	Payment	End Principal
2028	\$3,335,850	490,428	166,793	657,221	2,845,422
2029	2,845,422	514,950	142,271	657,221	2,330,472
2030	2,330,472	540,697	116,524	657,221	1,789,775
2031	1,789,775	567,732	89,489	657,221	1,222,043
2032	1,222,043	596,119	61,102	657,221	625,924
2033	625,924	625,924	31,296	657,221	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-

AD 3rd	Beg Principal	Principal	Interest	Payment	End Principal
2034	\$3,502,643	514,950	175,132	690,082	2,987,693
2035	2,987,693	540,697	149,385	690,082	2,446,996
2036	2,446,996	567,732	122,350	690,082	1,879,264
2037	1,879,264	596,119	93,963	690,082	1,283,145
2038	1,283,145	625,924	64,157	690,082	657,221
2039	657,221	657,221	32,861	690,082	-
2040	-	-	-	-	-
2041	-	-	-	-	-
2042	-	-	-	-	-
2043	-	-	-	-	-

AD/CMU Equipment		\$/Unit	Budget	Actual
Liebherr 566 Loaders	2	305,000	610,000	856,000
Liebherr 550 Loaders	1	305,000	305,000	303,000
Backhus A55 Windrow Truner	1	450,000	450,000	451,797
Peterson 2750 Chipper-Grinder	1	550,000	550,000	654,670
Contingency	1	250,000	250,000	0
Tractor Freightliner	2	207,000	414,000	0
Trailers Western	2	55,000	110,000	0
Tractor Freighliner	2	194,000	388,000	0
Trailers Globe End Dump	2	50,000	100,000	0
Total			\$3,177,000	
Additional AD/CMU Equipment				
Doppstadt Screens	2	581,190		1,162,380
Electrical Install Screen in AD Hall	1	64,523		64,523
Volvo L110 Loader	1	330,445		330,445
Residue Rolloff Trucks	2	120,070		240,139
Rolloff Bins	8	10,464		83,712
Utility Vehicles	2	16,983		33,967
Fuel Truck	1	20,836		20,836
Water Truck	1	43,000		43,000
Vacuum Truck	1	58,000		58,000
Boom Lift	1	39,900		39,900
Skidsteer	1	26,000		26,000
Sweeper	1	150,000		150,000
Telehandler	1	75,000		75,000
OFMSW Xfer Tractors & Trailers	2	250,000		500,000
CMU Irrigation System	1	125,000		125,000
Misting Systems	1	40,000		40,000
Residue Bunkers Blocks	1	32,000		32,000
Total Actual AD/CMU Equipment				\$5,290,369
CapEx Actual vs. Budget				\$2,113,369
Debt Service - Budget	5.00%	6	625,924	\$/Year
Debt Service - Actual	6.23%	4	\$/Year	1,225,638
Debt Service Actual vs. Budget				\$599,714
182,563 MDA TPY			\$/Ton Tip Fee Impact	\$3.28

TAJIGUAS RESOURCE RECOVERY PROJECT			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Table 8 - MRF & ADF Consolidated Operating P&L			1	2	3	4	5	6	7	8	9	10	11	12
Revenue	Footnote:	Assumptions	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10000 Processing Fee Revenue			9,834,729	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561	819,561
10010 Recyclable Material Sales	1		4,771,044	397,587	397,587	397,587	397,587	397,587	397,587	397,587	397,587	397,587	397,587	397,587
10020 Compost Sales			-	-	-	-	-	-	-	-	-	-	-	-
10030 Electricity Sales			1,398,975	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581	116,581
Total Revenue	2		16,004,748	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729	1,333,729
20030 ADF COGS - Compost	3		98,194	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183	8,183
20040 MSW Pre-Treatment			51,761	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313
20050 Compost Processing			247,655	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638	20,638
20060 COGS- Ewaste, Uwaste, HHW		-\$20/Ton 1,102 t/a	23,090	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924
20070 COGS- Misc. Bulky Items		-\$10/Ton 2,634 t/a	27,587	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299
Total Fees			448,287	37,357	37,357	37,357	37,357	37,357	37,357	37,357	37,357	37,357	37,357	37,357
30000 MRF Wages	4		1,781,690	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474	148,474
30010 ADF Wages			1,199,815	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985	99,985
30020 MRF Benefits	5		2,553,957	212,830	212,830	212,830	212,830	212,830	212,830	212,830	212,830	212,830	212,830	212,830
30030 ADF Benefits	6		656,048	54,671	54,671	54,671	54,671	54,671	54,671	54,671	54,671	54,671	54,671	54,671
Total Employee Wages & Benefits			6,191,509	515,959	515,959	515,959	515,959	515,959	515,959	515,959	515,959	515,959	515,959	515,959
40000 CHP supplemental grid gas			66,423	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535	5,535
40010 MRF Finance Cost - Rolling Stock			533,821	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485	44,485
40020 ADF Finance Cost - Rolling Stock			1,225,638	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137	102,137
40030 MRF Insurance			118,661	9,888	9,888	9,888	9,888	9,888	9,888	9,888	9,888	9,888	9,888	9,888
40040 ADF Insurance			135,814	11,318	11,318	11,318	11,318	11,318	11,318	11,318	11,318	11,318	11,318	11,318
40045 O & M - LFG CHP Expenses (condensate + siloxane)			493,664	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139	41,139
40050 ADF Process Electricity			-	-	-	-	-	-	-	-	-	-	-	-
40055 Electricity/LFG CHP Fuel Expense			211,787	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649	17,649
40060 MRF Fuel			316,020	26,335	26,335	26,335	26,335	26,335	26,335	26,335	26,335	26,335	26,335	26,335
40070 ADF Fuel			227,427	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952	18,952
40080 ADF O&M CHP (WES contract)			418,773	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898	34,898
40085 ADF - R&M Plant & Equipment, Consumables, Reserves			395,346	32,945	32,945	32,945	32,945	32,945	32,945	32,945	32,945	32,945	32,945	32,945
40090 MRF - R & M - MRF Equipment			1,368,270	114,023	114,023	114,023	114,023	114,023	114,023	114,023	114,023	114,023	114,023	114,023
40100 MRF - R & M - Rolling Stock	10		208,167	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347
40110 ADF - R & M - Rolling Stock			362,383	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199	30,199
40120 MRF Consumables (Bailing Wire)			262,973	21,914	21,914	21,914	21,914	21,914	21,914	21,914	21,914	21,914	21,914	21,914
40130 MRF O&M Performance Bond			210,188	17,516	17,516	17,516	17,516	17,516	17,516	17,516	17,516	17,516	17,516	17,516
40140 ADF O&M Performance Bond			81,919	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827	6,827
Operational Expenses			6,637,273	553,106	553,106	553,106	553,106	553,106	553,106	553,106	553,106	553,106	553,106	553,106
50000 MRF Accounting Fees (Compliance)			26,947	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246
50010 ADF Accounting Fees (Compliance)			26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199
50020 MRF Operating Contingency			-	-	-	-	-	-	-	-	-	-	-	-
50030 ADF Operating Contingency			79,305	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609	6,609
50040 MRF - Management Fee	11		963,287	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274	80,274
50050 ADF - Management Fee			353,359	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447	29,447
50055 MRF-Utilities			-	-	-	-	-	-	-	-	-	-	-	-
50055 ADF-Utilities			-	-	-	-	-	-	-	-	-	-	-	-
50060 MRF Permitting Costs			26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199
50070 ADF Permitting Costs			26,382	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199	2,199
50080 MRF Monitoring & Other Compliance Costs			579,440	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287	48,287
50090 ADF Monitoring & Other Compliance Costs			297,819	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818
Total Overhead Expenses			2,379,305	198,275	198,275	198,275	198,275	198,275	198,275	198,275	198,275	198,275	198,275	198,275
Total Operating Expenses			15,656,374	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698	1,304,698
Total Misc Income & Adjustments			-	-	-	-	-	-	-	-	-	-	-	-
70000 Working Capital Amortization (ADF Only)			153,532	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470
70010 Mustang Management			199,409	16,617	16,617	16,617	16,617	16,617	16,617	16,617	16,617	16,617	16,617	16,617
Total Misc			352,941	29,087	29,087	29,087	29,087	29,087	29,087	29,087	29,087	29,087	29,087	29,087
NET OPERATING INCOME			(672)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)

Tajiguas Resource Recovery Project
MRF electrical & maintenance cost breakdown

Mustang Renewable Power Ventures V2015.029.02								
Plant throughput	Per year	@ Cap/hr	Operating hours/Year	Baleable				
Tons input MSW	152361 Tpy	70 Tph	3,291	25%				
Tons input SS	33446 Tpy	30 Tph	1,115	75%				
Tons through the baler	63175 Tpy	17 Tph	3,716					
Skilled Repair labor cost	\$100.00							
Energy cost	\$0.14 per kw							
Maintenance & Replacements	Equipment replacements per shift/yr	Labor hrs required per shift/yr	units	# of hours operating	Equipment replacement cost	Labor for maintenance & repairs	Total	R&M per hour
<i>Double line MSW System</i>								
Size reducer	\$140,000	520	2	2177	\$277,020	\$102,893	\$379,913	\$2.49
Trommels	\$20,000	104	2	3291	\$59,836	\$31,115	\$90,951	\$0.60
AWS screens	\$50,000	208	4	3291	\$299,223	\$124,477	\$423,700	\$2.78
Walair	\$7,500	26	2	3291	\$22,442	\$7,780	\$30,222	\$0.20
Magnets	\$2,500	26	5	3291	\$18,701	\$19,449	\$38,151	\$0.25
Eddy current	\$7,500	104	2	3291	\$22,442	\$31,119	\$53,561	\$0.35
Ballistics separators	\$10,000	104	4	3291	\$59,845	\$62,238	\$122,083	\$0.80
Bunkers	\$2,000	12	14	3291	\$41,891	\$25,135	\$67,026	\$0.44
Titechs	\$2,500	26	10	3291	\$37,403	\$38,899	\$76,302	\$0.50
Film separation	\$5,000	52	1	3291	\$7,481	\$7,780	\$15,260	\$0.10
Dust collection	\$10,000	52	1	3291	\$14,961	\$7,780	\$22,741	\$0.15
Chain conveyors	\$3,500	52	8	3291	\$41,891	\$62,238	\$104,130	\$0.68
Slider / Throughed conveyors	\$1,500	12	55	3291	\$123,429	\$98,744	\$222,173	\$1.46
Sorting conveyors	\$2,500	12	8	3291	\$29,922	\$14,363	\$44,285	\$0.29
RBD Paper Dryer	\$35,000	40	1	3291	\$52,364	\$5,984	\$58,348	\$0.38
Controls	\$30,000	52	1	3291	\$44,883	\$7,780	\$52,663	\$0.35
Total MSW System					\$1,153,735	\$647,774	\$1,801,509	\$11.82
<i>RSS & CSS Front end system</i>								
OCC screen	\$5,000	52	1	1115	\$2,534	\$2,635	\$5,169	\$0.15
Slider / Throughed conveyors	\$1,500	12	15	1115	\$11,402	\$9,122	\$20,524	\$0.61
Sorting conveyors	\$2,500	12	3	1115	\$3,801	\$1,824	\$5,625	\$0.17
Total SS System					\$17,737	\$13,581	\$31,318	\$0.94
<i>HBC-120S Baling System :</i>								
Baler	\$15,000	208	1	3716	\$25,337	\$35,135	\$60,472	\$0.96
Chain conveyors	\$2,500	52	3	3716	\$12,669	\$26,351	\$39,020	\$0.62
Total Baling system					\$38,006	\$61,486	\$99,492	\$1.57
Estimated total MRF Equipment R&M/year & /ton					\$1,209,478	\$722,841	\$1,932,318	\$10.40
VDRS Recommended Repairs & Maintenance Budget								
			Year 1	35%	423,317	289,136	\$712,453	40% Outside Labor
			Year 2	70%	846,634	180,710	\$1,027,345	25% Outside Labor
			Year 3	100%	1,209,478	108,426	\$1,317,904	15% Outside Labor
<i>Organics cleanup System (ADF/CMU Budget)</i>								
Slider / Throughed conveyors	\$1,500	12	8	2000	\$10,909	\$8,727	\$19,636	\$0.59
Organics screens	\$30,000	60	3	2000	\$81,818	\$16,364	\$98,182	\$2.94
Dtable	\$30,000	20	1	2000	\$27,273	\$1,818	\$29,091	\$0.19
Total Organics System					\$120,000	\$26,909	\$146,909	\$3.71
Estimated total MRF & CMU Equipment R&M/year & /ton					\$1,329,478	\$749,750	\$2,079,227	\$11.19

Electrical	Total System HP	Nominal kw per hour	# of hours operating	Total kw cons	Demand Charge	Total energy cost	Energy cost per ton processed
Double line MSW System	2,000	1500	3291	4,937,179	\$48,000	\$739,205	4.85
RBD (1 unit)	220	165	2177	359,137	\$48,000	\$98,279	0.65
Dtable (1 units)	100	70	2000	140,000	\$48,000	\$67,600	0.44
RSS & CSS Front end system	300	200	1115	222,973	\$6,000	\$37,216	1.11
HBC-120S Baling System :	200	150	3716	557,424	\$14,400	\$92,439	1.46
Total System energy consumption				6,216,713	\$164,400	\$1,034,740	5.57

Baling wire	Baleable tons	Wire cost per ton	Total Wire cost	Wire cost per incoming ton
Process MSW	38,090	\$3.85	\$146,647	\$0.96
Process SS	25,085	\$3.85	\$96,575	\$2.89
Total system wire cost			\$243,223	\$1.31

Replacements Major Parts		Note	Replacement after x years	Replacement Costs after x years	\$/year
Major Generic / Recurring Plant Replacements			Replacement after year(s): 8	\$300,000	37,500
Minor Generic / Recurring Plant Replacements			Replacement after year(s): 3	\$85,000	28,333
Major CHP replacements			Replacement after year(s): 8	\$800,000	Included in WES Maint. Contract
Minor CHP replacements			Replacement after year(s): 3	\$180,000	Included in WES Maint. Contract
Major machinery replacements			Replacement after year(s): 6		to be determined by MSB
Minor machinery replacements			Replacement after year(s): 8		to be determined by MSB
Windrow turner	0	250,000 €	Replacement after year(s): 10	\$0	
Wheelloader	0	175,000 €	Replacement after year(s): 7	\$0	
Shredder	0	250,000 €	Replacement after year(s): 10	\$0	
Sieve	0	150,000 €	Replacement after year(s): 12	\$0	
Bag opener	0	150,000 €	Replacement after year(s): 8	\$0	
AD biofilter media exchange			Replacement after year(s): 5	\$65,000	13,000
...					<u>78,833</u>
...					
Operations / Service and Maintenance					
Biogas	Note	Costs per unit	Costs per year	Sensitivity increase (+); decrease (-)	Sensitivity Interval of changes
Ordinary Maintenance	excl. Replacements	n/a	170,000 \$/y	2.0%	after year(s): 1
Extraordinary Maintenance & Repairs	excl. Replacements	n/a	40,000 \$/y	2.0%	after year(s): 1
CHP		n/a	307,000 \$/y	2.0%	after year(s): 1
Excess Percolate		0.00 \$/gal	0 \$/y	2.0%	after year(s): 1
Utilities	e.g. auxiliary materials	n/a	25,000 \$/y	2.0%	after year(s): 1
Licenses, Testing		n/a	45,000 \$/y	2.0%	after year(s): 1
Plant consumables	Ferric chloride, H2SO4	n/a	100,000 \$/y	2.0%	after year(s): 1
Active Carbon			65,000 \$/y	2.0%	after year(s): 1
Excess Leachate and condensate (scrubber excess, floor washdown)		0.00 \$/gal	0 \$/y	2.0%	after year(s): 1
Compost Screening Ordinary Maint & Repairs		n/a	120,000 \$/y	2.0%	after year(s): 1
					after year(s): 1
TOTAL Operations and Maintenance \$/y			872,000 \$/y		

377,000 \$/y In Budget
 495,000 \$/y Not included in Budget
 78,833 \$/y Replacement Reserves
573,833 \$/y Total Unbudgeted ADF Expenses
 Allocated
 165,000 \$/y Consumables
 78,833 \$/y Replacement Reserves
330,000 \$/y Maintenance & Repairs (35% Year 1, 70% year 2, 100% Year 3+)
495,000 \$/y

Bekon Recommended Repairs & Maintenance Budget	Consumables	Replacement Res	Maint & Repairs	Total
Year 1	165,000 \$/y	78,833 \$/y	115,500 \$/y	359,333 \$/y
Year 2	165,000 \$/y	78,833 \$/y	231,000 \$/y	474,833 \$/y
Year 3+	165,000 \$/y	78,833 \$/y	330,000 \$/y	573,833 \$/y

Attachment B

Request for Extension of Contract Term and Project Development Schedule Time Periods

Attachment A provides information regarding the schedule delays giving rise to this request for extension of the Contract Term and the Project Development Schedule Time Periods. Contractor's July 14, 2022 letter, a copy of which is appended as Appendix 1 to this Attachment B, provides a further explanation regarding the reasons for this request.

Contractor requests that the Agreement be amended to replace existing Exhibit C with the revised Exhibit C-Development Schedule appended as Appendix 2 to this Attachment B.

Contractor further requests an amendment to Section 2.3 of the Agreement extending the initial Contract Term to December 31, 2032.

It is also important to note delays which occurred prior to Contractor commencing construction of the project:

In 2011 when Mustang was selected as preferred vendor to design, build, own and operate the Project, the County represented it would take 3 years to complete the permitting and contracts required to commence construction. Ultimately, it took more than 7 years due to delays of the County and the partner jurisdictions, including over 18 months due to the County's discovery in February 2017 that it had been providing Contractor various maps since the inception of the RFP process in 2009 through 2017 erroneous Coastal Zone boundary line information.

This discovery resulted in 18 months of delay to the construction commencement including an increase in the project's construction cost of more than \$25 million due to inflation from the delays and the cost of relocating the ADF to an alternative location outside of the Coastal Zone.

The \$25 million in increased construction costs did not include an additional nearly \$1.5 million in legal settlement costs paid by the County and Contractor to settle litigation that arose in part due to the County's Coastal Zone boundary error. Unfortunately, the landfill capacity continued to diminish during the County-caused delays to construction commencement from the Coastal Zone Boundary Line mapping error.

Appendices to Attachment B

Appendix 1	Copy of Contractor July 14, 2022 letter to County
Appendix 2	Proposed Exhibit C-Development Schedule



July 14, 2022

Leslie Wells
Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

**RE: Response to your July 5, 2022 letter
Notice of Intent to Assess Liquidated Damages**

Leslie,

In response to your July 5, 2022 letter, MSB requests a meeting to discuss the items the County has referenced in Section 4.3 D and Section 5.8 H of the agreement for the Development and Operation of the Tajiguas Resource Recovery Project and its amendments (the "Agreement"). Furthermore, MSB would also like to discuss the County's stipulation to no longer allow **landfill** disposal of organics from the MRF as of July 15, 2022. The meeting will allow us to discuss in detail and answer questions you may have regarding MSB's position on these matters. The following outlines our understanding of the events that have led to the current status of the project and our continued efforts to achieve the County's final certification for full operations. We look forward to meeting with you at your earliest convenience.

Generally, the timeline your letter references in Section 4.3 D does not take into consideration the delays caused by the Covid-19 Pandemic and the Alisal Fire. These two events, which were Uncontrollable Circumstances completely beyond MSB's control, resulted in over 220 days of delay. They clearly meet the intent of Sections 1.138 and 4.3.D.2 Uncontrollable Circumstances regarding Force Majeure events. Additionally, in several situations the County's review and response time was beyond what was anticipated in the spirit of the Agreement and added an additional 128 days of project schedule delays. In total, we have calculated 349 total days of Uncontrollable Circumstance delay. Below you will find a table that highlights the specific events that resulted in these delays. Attached is supporting documentation related to these delays.

There is another situation that has caused delays in the project reaching full operational status. MSB estimates we are handling in excess of 100% of the ADF's design capacity **due to the lower-than-expected bulk density of the waste we are receiving**. Bekon engineered and designed the plant to the organic waste characteristics and volume specifications stipulated in the Agreement. Adjusting our operations to process the excess **adjusted** capacity has caused delays in our ability to achieve full operational status. Further, it has required MBS to invest more in equipment and facility improvements as well as increasing our operating expenses. **This low density excess** organic waste and related operational adjustments are one of the reasons that a portion of the MRF organics have needed to be disposed of in the landfill.

Additionally, there was a change in the waste characteristics caused by the Covid-19 pandemic. Consumer habits changed and therefore their waste composition changed. A significant increase in film plastic and other packaging materials occurred as consumers' online purchasing dramatically increased. These changes were not part of the project's initial design. The project design relied on several waste composition studies at Grand Central Recycling which determined an organic waste bulk density of 1,250 lbs/cyd. Based on those characteristics, the facility was designed with 16 AD digesters to process that volume of organics at that density level. The pandemic driven change in waste composition resulted in a much lower bulk density which

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decreased the volume of waste each digester can process. The plant was not designed to handle the increased volume of organic waste caused by the lower bulk density resulting from the change in waste characteristics.

With the change in the waste composition and the **related** increase in film plastic contamination, the ADF is accepting organics from the MRF at a bulk density of 650 lbs/cyd resulting in a processing capacity decrease of 48% from its contract design specifications. The MSB ADF contract design spec was based on 73,600 tons per year at the 1,250 lbs/cyd density. But with the increase in film plastic and reduced bulk density, the plant's adjusted annual throughput tonnage is less than 40,000 tons per year.

In order to resolve this issue, MSB consulted with industry experts, our vendors and contractors to improve the efficiency of the project. We have implemented improvements to the organic waste handling procedures as well as ADF operational efforts to increase the organics throughput. Past as well as future efforts are summarized below. As of June 30th, we believe that we have increased the organics processing capacity of the AD to 94% of contracted tonnage (i.e., ~69,000 TPY based on a bulk density of 850 lbs/cyd). This was accomplished by incorporating additional organics screening in the AD delivery hall by installing a 3" trommel screen and sorting bunkers. These efforts required MSB to make a substantial investment in new equipment, facility improvements, and the cost of installation. The new screening process also increased operating costs and complicated the operation of the facility. Additionally, the changeover caused a decrease in biogas yields which are further detailed below.

We look forward to meeting with you to discuss in detail our efforts to overcome these obstacles and our goal to meet all of the organics diversion requirements.

Project Milestone Dates

The project milestone dates you mentioned in your letter (i.e., AD 3rd Fill Cycle 11/5/21; ADF/CMU Acceptance Date 12/21/21; Start-up & Acceptance Test Reqts. 12/21/21; APCD PTO) were established in the Exhibit C Schedule prepared by Mike Diani dated July 22, 2021.

As we have discussed during our bi-weekly calls following the Alisal Fire and at our construction/commissioning update meetings, MSB experienced the following Uncontrollable Circumstance delays impacting the project schedule:

ID	Task	Sched. Date	Actual Date	Delay Days	Cause
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17	AD Beneficial Occupancy	7/23/21	8/23/21	31	Due to County taking 60+ days to provide beneficial occupancy reqts.
18	LFG Connection MRF-ADF	9/16/21	12/1/21	76	Due to County delays in bidding & constructing the LFG pipeline
20	DBC Construction Punchlist	7/23/21	1/7/22	37	Due to COVID-19 delays per Diani
47	Densimetric Table & Conveyors	8/13/21	1/15/22	7	Due to COVID-19 delays per VDRS
44	SCE Commercial Operation Date (COD)	11/29/21	6/24/22	160	Due to Alisal Fire impacts on the AD start-up & commissioning
72	Front Gate & Cameras	10/19/21	7/15/22	21	Due to County IT dept. response delays & COVID-19 per Diani
8	MRF Paper Dryer Acceptance	9/27/21	7/31/22	16	Due to COVID-19 delays per VDRS, AB Energy & Diani
	Total Uncontrollable Delay Days			349	See attached exhibits evidencing the above delays.

Given the above uncontrollable schedule delays caused by Force Majeure events and County processing which impacted the original schedule, MSB & its key sub-contractors have revised the schedule and estimated the completion of key tasks outlined below:

Bekon Acceptance Tests, Availability & Capacity

August 15th

3 Air Quality Source Tests required by APCD:

ADF Biofilter

TBD as APCD source test approval was issued 7/11/22

CMU Windrows

TBD-same as above

MRF Engines

Week of July 25th

Source Test Reports will take at least 30 days to complete, est.

August 31st

Review and approval by APCD, 30 days

September 30th

Application for PTO, 30 days

October 31st

Completion of SCS Engineers Compliance Test Report

September 15th

Completion of Cypress Engineering AD Acceptance Test Report

September 30th

The Exhibit C Schedule dated July 22, 2021 anticipated the Final Acceptance as of 12/21/21. MSB believes the Final Acceptance date should be revised to 12/5/22 in consideration of the 349 days of uncontrollable delays days and providing a 35-day contingency for the above scheduled final testing and acceptance tasks. The testing and acceptance tasks are all performed by MSB subcontractors or permitting agencies. MSB has a limited amount of influence on these third parties to meet these deadlines. However, MSB does all it can to work with its subcontractors and the relevant agencies to meet these schedules.

All of the above final acceptance tests have been scheduled at the earliest available dates. Scheduling these tests requires achieving certain milestone events such as the recently completed SCE Commercial Operations Date. Many of these milestone events were delayed due

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to the Force Majeure events of COVID-19 and the Alisal Fire. The County’s pending assessment of liquidated damages is not appropriate as MSB is entitled to relief in accordance with the Agreement’s Uncontrollable Circumstances, Sections 1.138 and 4.3.D.2, and MSB is entitled to a schedule revision reflecting the above Uncontrollable Circumstance delays.

Section 5.8 H (Environmental Performance and Prevention of Nuisances)

As we have discussed, the purpose of the diesel screen was/and continues to be to work through the stockpile of finished, but unscreened compost to remove the ~40% inert plastics that exacerbates fire hazards from the compost stockpile. County Fire urged us to process and eliminate the stockpile as soon as possible to reduce fire risk at the CMU. Processing of the stockpile with the diesel screen would have/will free up area on the CMU which will allow us to more effectively windrow compost digestate which will more effectively mitigate nuisance odor potential and its associated impacts on the local community.

To assess a punitive penalty of any amount when we were following directions of County Fire and using the screen to specifically comply with environmental permit requirements while also preventing nuisances seems unwarranted. We respectfully request that the County reconsider the imposition of such a penalty.

Organics Disposal

As we have discussed on various occasions over the past few months, the bulk density of the organics recovered from MSW was confirmed to range from 630 to 650 lbs/cubic yard (cyd). This is a direct result of the significant volume of >3” plastics (contaminants) which have ranged from 25% to more than 40% on a daily basis. The bulk density of 650 lbs/cyd is 48% lower than the design basis of 1,250 lbs/cyd which was based on our 3 Grand Central Recycling (GCR), Industry, CA, sampling events in 2015-2016. The ReSource Center system includes a 3” star screen for organics recovery that is good for our 2X higher volume per hour than GCR, but currently allows too many oversize plastics and C&D materials to spear through the screen creating the much lower bulk density than our design basis.

As a result, the AD capacity which is based on the **higher** organics bulk density was greatly reduced. For the past 6 months, although not contractually required to do so, we have worked tirelessly with advice from Bekon and VDRS, expending significant time, energy and financial resources to address the issue.

VDRS has delivered wider stars intended to close up the star screen to reduce spearing and oversize plastic contamination (50 at last count). An additional 100 wider stars are on back order and should arrive within the next month or two (although that date has been pushed back several times). **Marborg and MSB have also discussed additional improvements to the MRF facility that will remove plastics and increase bulk density.**

The table below reflects the AD design capacity of 73,600 tons per year (TPY) based on the 1,250 lbs/cyd GCR test bulk density. This also incorporates Bekon’s recommended feedstock mixture of 60% fresh organics to 40% 28-day old digestate which supports a quick uptake of the bacteria and optimizes biogas production. As of January 31st, when the 650 lbs/cyd actual bulk density was confirmed, the resulting AD capacity of ~38,000 TPY (or ~3,200 Tons per Month which was based on the design capacity of ~9,800 cyds per month) caused us to begin modifying the Bekon design spec operating processes with the goal of increasing cyds and tonnage capacity. The first revision (Feb. 1st) increased the fresh organics/digestate ratio from 60/40 to 2:1 which yielded an 11% increase in cyds capacity.

Table 1-AD Capacity-Operational Revisions Addressing Bulk Density

	Basis of	Actual	Actual	Actual	Actual	Est. as
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In an effort to further increase the ability to process additional tonnage of organics from the MRF we are contemplating adding an additional 2 digester fillings per month (i.e., 2 weeks of 4 fillings per week combined with 2 weeks of 5 fillings per month) to increase tonnage, while decreasing the fresh organics to digestate ratio back to 3:1 in an effort to increase biogas production. This test is ongoing and we should have the results of such by August 31st.

In response to the request for the AD to accept and process 100% of the organics provided by the MRF, we must respond that over the past six months (January to June 2022) we have averaged 104% of the AD Capacity of 3,189 tons per month (~38,000 TPY) based on the bulk density of the organics delivered to the AD from the MRF (based on the AD design capacity of ~9,800 cyds per month).

It is also important to note that the percentage of OFMSW recovered from the MRF over the past 12 months, July 2021 to June 2022, has averaged 53% of processed MSW vs. the design spec of 35%. This 51% increase in organics as a percentage of MSW has imposed additional operational pressure on the ADF & CMU causing increased costs, both in CapEx and OpEx, which we have borne in our effort to respond flexibly and cooperatively due to changes in organic waste composition for which Contractor is not contractually required to do. As these costs have been significant and unanticipated, we intend to provide our request for reimbursement of such as part of the annual true-up process.

Table 2: Contract Year 1 MSW Deliveries-OFMSW Recovery

Tons	MSW	OFMSW	% OFMSW	AD OFMSW	% AD OFMSW	Capacity 650 lbs/CYD	% of Capacity
Jul	2,659	1,063	40%				
Aug	11,099	5,066	46%	931	18%	3,189	29%
Sep	10,662	5,469	51%	431	8%	3,189	14%
Oct	5,579	3,512	63%	313	9%	3,189	10%
Nov	11,246	6,560	58%	2,245	34%	3,189	70%
Dec	11,225	5,952	53%	2,984	50%	3,189	94%
Jan	10,828	5,741	53%	2,698	47%	3,189	85%
Feb	9,769	5,028	51%	3,327	66%	3,189	104%
Mar	11,131	5,548	50%	2,643	48%	3,189	83%
Apr	11,086	5,998	54%	3,130	52%	3,189	98%
May	10,752	6,307	59%	4,065	64%	3,189	127%
Jun	12,321	6,679	54%	3,947	59%	3,189	124%
Totals/Ave	118,356	62,923	53%	22,796	36%	35,083	
Jan-Jun Totals/Ave	65,886	35,301	54%	19,812	56%		104%

As the additional operational improvements undertaken by MSB to increase the tonnage capacity of the AD and the related increase in CapEx and OpEx were not contractually required, MSB should not be penalized for not accepting organics greater than 3,189 tons per month as that represents 100% of the AD design capacity based on the bulk density of the delivered organics. Landfill disposal of any organics in excess of 3,189 tons per month should be the responsibility of the County.

We would like the County to support MSB's efforts to increase the through-put capacity of the AD with the goal of accepting 100% of the organics from the MRF. However, by implementing the processing changes discussed above, there may be financial consequences due to the decreased biogas production and related PPA revenues. MSB would welcome discussions on how to best balance the trade-off between increased through-put and maximizing biogas production. Until

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	Design	1/31	2/28	3/31	4/30	of 8/31
CYDS/Digester-1	1,022	1,022	1,022	1,022	1,022	1,022
OFMSW (CYDS)	613	613	681	818	846	767
Digestate (CYDS)	409	409	341	204	177	256
OFMSW/Dig. Ratio-2	1.5	1.5	2.0	4.0	4.8	3.0
OFMSW CYDS	613	613	681	818	846	767
Bulk Density(lbs/cyd)	1,250	650	650	650	850	850
OFMSW (lbs.)	766,667	398,667	442,919	549,580	719,100	651,667
OFMSW (tons)	383	199	221	275	360	326
Digestate CYDS	409	409	341	204	177	177
LBS/CYD	1,300	1,300	1,300	1,300	1,300	1,300
Digestate (lbs)	531,556	531,556	443,052	265,778	230,100	230,100
Digestate (tons)	266	266	222	133	115	115
Bulk Density(lbs/cyd)	1,250	650	650	650	850	850
# Fills/Mo	16	16	16	16	16	18
Max CYDS/Mo	9,813	9,813	10,903	13,084	13,536	13,800
Max Tons/Mo	6,133	3,189	3,543	4,397	5,753	5,865
Max Tons Per Year	73,600	38,272	42,520	52,760	69,034	70,380
% Design Capacity-cyds		100%	111%	133%	138%	141%
% Design Capacity-tons		52%	58%	72%	94%	96%

Notes:

1 - Digester size: 100' L X 23' W X 12' High fill depth = 27,600 Cubic Feet (CF) / 27 CF/Cubic Yard (CYD) = 1,022 CYDS capacity/Digester

2 - 2:1 max recommended Bekon Design (OFMSW/Digestate Ratio).

Impacts of exceeding 2:1 fill ratio: 1) slower Biogas ramp-up; 2) reduced total biogas/28 days; 3) reduced PPA revenue.

The 2nd revision (March 1st) increased the fresh organics to digestate ratio from 2:1 to 4:1 which yielded a 33% increase in cyds capacity over the design capacity (~13,100 cyds vs. ~9,800 cyds); however, from a tonnage perspective this was still 38% short of design capacity (~53,000 TPY vs. ~74,000 TPY). Unfortunately, an adverse consequence of the increased organics to digestate ratio was a decreased bug uptake (visible in a slower biogas production ramp-up) and decreased overall biogas production.

The 3rd revision as of April 15th was based on our relocation of one of our electric Doppstadt trommel screens into the AD delivery hall in order to screen out >3" plastic contamination in the organics delivered from the MRF. The 3" screen has proven effective at reducing the >3" plastics from the organics effectively increasing the bulk density of the <3" fraction by about 31% which allowed a similar 31% increase in the tonnage capacity over the prior month (~69,000 TPY vs. ~53,000 TPY) with a slight increase (3.4%) in cyds capacity. Although the inert plastic fraction in this scenario was reduced by more than 50% with the 3" screen, we had increased the organics to digestate fill ratio to 4.8:1 in an effort to test the boundaries of biogas production impact while increasing tonnage. We continued to observe reduced biogas ramp-up and decreased overall biogas production similar to March. In other words, there is a negative biogas production (and related PPA revenue) consequence to the decreased amount of digestate used as inoculum.

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such time that this issue can be reconciled between the County and MSB, we respectfully object to any punitive financial efforts regarding organic disposal to the landfill of the excess organics (i.e excess over 3,189 tons per month, which is 100% of the ADF's organics processing capacity based on the delivered organics bulk density). MSB believes the Agreement provides relief from these penalties based on the circumstances.

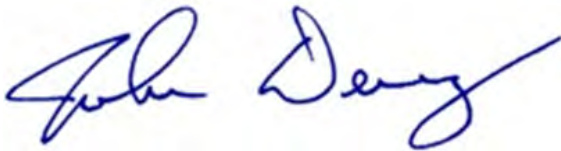
To penalize MSB for going above and beyond its contractual responsibilities in trying to solve problems outside the scope of its contractual responsibilities seems counter-productive and not in the best interests of the parties, the project and the ratepayers. MSB knows any funds paid as penalties would be better utilized towards the continued improvements we are making at the project.

MSB has always strived to find solutions to the numerous obstacles and issues this project has encountered over the last 13+ years. We value our relationship and will continue to fight for the success of this project and its environmental benefits.

We would be willing to meet and discuss a path forward on this issue at the earliest opportunity.

Sincerely,

MSB Investors, LLC



John Dewey
CEO & Managing Member

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CONTRACTOR PROPOSED REVISIONS TO EXHIBIT C – DEVELOPMENT SCHEDULE

Based on the Uncontrollable Circumstance based schedule delays as discussed in Contractor's letter to County dated August 15, 2022, Contractor proposed the following revisions:

Bekon Acceptance Tests, Availability & Capacity	September 15th
---	----------------

3 Air Quality Source Tests required by APCD:

MRF Engines	Week of 9/8
ADF Biofilter	Week of 9/26
CMU Windrows	Week of 10/5

Source Test Reports will take at least 30 days to complete, est.	October 31 st
Review and approval by APCD, 30 days	November 30 th
Application for PTO, 30 days	December 5th

Completion of SCS Engineers Compliance Test Report	September 15th
Completion of Cypress Engineering AD Acceptance Test Report	November 30th

The Exhibit C Schedule dated July 22, 2021 anticipated the Final Acceptance as of 12/21/21. MSB believes the Final Acceptance date should be revised to 12/5/22 in consideration of the Uncontrollable Circumstance delay days for the above scheduled final testing and acceptance tasks. The testing and acceptance tasks are all performed by MSB subcontractors or permitting agencies.

Attachment C Request for Cash Flow Assistance

Contractor hereby requests cash flow assistance pursuant to Section 10.8 of the Agreement in connection with revenue shortfalls caused by impacts of the COVID pandemic on materials received by the MRF and changes in the markets for Recycled Materials.

In particular, Contractor reiterates its request for the County's approval to draw fully on the Contractor's \$1 million line of credit to cover revenue shortfall, as set forth in the Contractor's April 27, 2022 Cash Flow Assistance request, a copy of which is attached as Appendix 1 to this Attachment C. The FY 2021-2022 revenues from Recycled Material are less than half of the amounts projected, due to circumstances outside Contractor's control. The shortfall is caused by impacts of the COVID pandemic on materials received by the MRF as well as changes in the markets for Recycled Materials.

Additionally, as Contractor anticipates recurrence of the negative cash flow experienced this past year, Contractor requests that the County increase the Per Ton Processing Rate to a sufficient amount in the next year to avoid a recurrence of such a negative cash flow. The impacts of the COVID pandemic on materials received by the MRF and changes to markets for Recycled Materials are continuing as of the date of this request and will result in a negative cash flow for FY 2022-2023 unless the Per Ton Processing Rate is increased to address the Project negative cash flow.

While the Full Operations Date has not yet occurred, the MRF has been effectively fully operational since September 2, 2021, the parties have been proceeding on such basis, and the rationale underlying the cash flow assistance provisions in Section 10.8 apply equally to current operations. With respect to the latter, Section 10.8 of the Agreement acknowledges that a substantial portion of revenues from the sale of Recyclable Material finances Contractor's operations, and that volatility in prices for Recyclable Materials and other worldwide economic factors can create unpredictable cash flow needs. These conditions exist when the MRF is fully operational, whether or not a formal Notice to Proceed with Operations has been issued. Additionally, the Agreement contemplates that Cash Flow Assistance may be requested prior to the Full Operations Date. For example, Section 4.9.C of the Agreement provides that Contractor is entitled to compensation in accordance with Section 10 of the Agreement when the Project is in Limited Operations, i.e. when some or all of the Project activities are operating pending Contractor certification that the Project is ready to commence Full Operations.

Furthermore, the County is currently seeking application of the Annual Settlement Process to the same operations – strictly speaking, such process only applies after the Full Operations Date. There should be reasonable consistency in how these various provisions are applied by the parties, *mutatis mutandis*, to the effectively full operations currently underway – in this case, it would be appropriate and consistent to apply the cash flow provisions to current operations. To the extent the County does not believe the conditions to Cash Flow Assistance have been met due to the Project's current operational status, Contractor respectfully requests a waiver of such contractual conditions.

For additional supporting information and analysis in support of this Cash Flow Assistance request, please see Attachment A (Background Information).

Appendices to Attachment C

Appendix 1	Copy of Contractor April 27, 2022 letter to County
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April 27, 2022

Leslie Wells
County of Santa Barbara Public Works Dept.
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

Re: ReSource Center
Cash Flow Assistance-Request for Approval

Leslie,

Attached please find a letter and schedule from Derek detailing the Recyclable Revenue received by the MRF over the past nine months. Actual Recyclable Revenue for the nine-month period from July 2021 through March 2022 was \$3,436,217 vs. budgeted recyclable revenue of \$4,982,190, a shortfall of \$1,545,974 (-31%) (6th Amendment dated 11/2/2021, Exhibit H-Contractor Operating Proforma, Contract Year 1, July 2021-June 2022, Recyclable Revenue of \$7,033,679 / 12 mos = \$586,140 per month X 8.5 mos (-0.5 mos. for Alisal Fire October impact) = \$4,982,190). The recyclable revenue shortfall is partly a result of tonnage processed at the Resource Center of 105,947 vs. budgeted tons of 139,355 for the nine-month period, a shortfall of 33,408 tons (-24%), partly a result of the Alisal fire impact (-4%) and potentially a result of waste composition characteristics (-3%).

As a result, the MRF has not been able to make any payments of its monthly ADF revenue passthrough payment of \$164,492 (as set forth on Exhibit H-Contractor Operating Proforma) to support the ADF operations for the period of January through March, nor has the MRF been able to fund its replacement reserves of \$539,425 for the period from July 2021 through March 2022.

In accordance with the provisions of Section 10.8, Cash Flow Assistance, of our Development & Operation Agreement (Sections 10.8 and 10.9 attached), we plan to draw fully upon our \$1,000,000 line of credit to cover the above shortfall in revenues required to fund the Resource Center operating budget for the period from January to June 2022. As section 10.8 requires the County's approval of such line of credit draw so that it is repaid by the County as part of the Annual Settlement Process, we formally request the County's approval of such draw.

If the recyclable revenue trend continues for the balance of the fiscal year, we may likely need to request funds to cover the additional negative cash flow to fund the unfunded budgeted replacement reserve.

As time is of the essence in order to fund ordinary and necessary ADF operating costs not funded by the MRF since December, we respectfully request your response no later than close of business, Wednesday, May 4th.

Please let me and/or Derek know if you have any questions on the above or the attached.

Sincerely,

MSB Investors, LLC

A handwritten signature in blue ink that reads "John Dewey". The signature is fluid and cursive, with the first name "John" and last name "Dewey" clearly legible.

John Dewey
CEO & Managing Member



April 22, 2022

John Dewey
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660

John,

Please find our revenue summary and request for funds from the Project Working Capital Line of Credit pursuant to Section 7.03B of our Agreement. Section 7.03B states that “the Operator shall draw upon the Project Working Capital Line of Credit as provided for by the Contractor and shall use such proceeds to fund any monthly shortfall below the Amended Baseline Recyclables Revenues...”.

The budgeted Baseline Recyclables Revenues for this year are \$586,140 per month or \$4,982,190 for the nine-month period (we reduced the October budgeted revenue by 50% due to the partial month closure of the facility). Actual revenues were \$3,436,217, which gave us a commodity revenue shortfall of \$(1,545,974) for the first nine months of the fiscal year.

We require these funds for both the ongoing funding of both the MRF and ADF Operating Budgets and to fund the Equipment Replacement Reserves required in our Contract.

MarBorg has used both the cost savings that we had realized as a result of ramping up to our full operational costs, and our Equipment Replacement Reserves to fund the ADF Operating Budget to-date, outside of the commodity revenue generation model in our agreement.

We now need the Working Capital Line to fund both the Equipment Replacement Reserves and provide funding for ongoing MRF and ADF Operations since we can no longer backfill these revenue losses with cost savings.

Our current shortfall in our Equipment Reserves for the first nine months of operations is \$539,424.50. The nine-month ongoing ADF Operations Funding of \$1,480,428, was only able to be funded through December 2021 through cost savings and reallocating budgeted reserves for replacement costs.

It is also important to note that beyond the Commodity Revenue Budget shortfall of \$(1,545,975), we also have a Processing Fee Revenue Budget shortfall of \$(840,951) (also adjusted by 50% for October). This shortfall is reduced to \$(351,876) through the inclusion of the Santa Maria material coming to the facility at \$60/ton.



We look forward to working with you and the County to overcome these funding shortfalls and to meet the budget expectations of our agreement.

Thank you,

Derek Carlson

A handwritten signature in cursive script, appearing to read 'Derek Carlson', written in black ink.

MarBorg Recovery

3151 **10.7 Late Payments**

3152 If amounts due under the Contract between the Parties are not paid by their respective due dates, the
 3153 paying Party shall pay in addition to the amount owed a late payment fee equal to two percent (2%) of
 3154 the amount otherwise owed. The paying Party shall pay an additional two percent (2%) owing on any
 3155 unpaid balance for each following thirty (30) calendar Day period the payment remains unpaid. Late
 3156 payment fee amounts shall not be reimbursable. County may withhold outstanding late payments due
 3157 County from Contractor during the Annual Settlement Process as provided in Section 10.9.

3158 **10.8 Cash Flow Assistance**

3159 Approximately seventy five percent (75%) of the revenues to finance the Contractor's operations come
 3160 from the sale of Recyclable Material. The prices for Recyclable Materials vary from month to month
 3161 and sometimes that variance is significant. Worldwide economic factors may also affect the usual time
 3162 it takes from Processing and bailing the material to the point at which it is received by the buyer.
 3163 These conditions can create an unusual, unexpected, and unpredictable amount of demand for cash
 3164 flow by the Contractor. Contractor shall secure a working capital line of credit in the amount of one
 3165 million dollars (\$1,000,000) to provide for such a cash flow requirement and the annual cost of the
 3166 working capital line of credit is provided in Contractor's compensation and, if it is drawn upon and
 3167 approved by the County, the County will repay the line of credit as part of the Annual Settlement
 3168 Process described in 10.9 below. If such conditions create a negative cash flow exceeding the amount
 3169 of the working capital line of credit, Contractor may request compensation for such unusual demands
 3170 from County and the County shall provide a complete reimbursement of such negative cash flow not
 3171 later than thirty (30) days following review and approval of such a request. Additionally, if the
 3172 economic conditions which caused the negative cash flow are outstanding as of the end of the
 3173 Contract Year then the County shall increase the Per Ton Processing Rate a sufficient amount in the
 3174 subsequent Contract Year to avoid a recurrence of such a negative cash flow amount in the subsequent
 3175 Contract Year. To the extent that the County has available reserves established for the purpose of
 3176 assisting with Operations described in this Contract, then County may make available funds from this
 3177 reserve on terms to be agreed upon by the Parties. Should the County not have such available reserves
 3178 or choose not to make them available, then the Contractor may make arrangements to satisfy such a
 3179 cash flow demand and the actual, reasonable and necessary costs of doing so shall be incorporated in
 3180 the Annual Settlement Process described in 10.9 below.

3181 **10.9 Annual Settlement Process**

3182 **A. General**

3183 The Annual Settlement Process (Process) has the following components related to the just-completed
 3184 Contract Year and to the second following Contract Year:

- 3185 1. Financial Reconciliation. The reconciliation of total compensation due to Contractor for the
 3186 previous Contract Year as provided in this Article 10 (including as the result of an Extraordinary
 3187 Review as described in Section 10.10), net of payments due the County as provided in this Article

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3188 10 (including as the result of an Extraordinary Review as described in Section 10.10), with actual
3189 payments made by the Parties during the Contract Year.

3190 2. Review of Compliance with Performance Guarantees. A review of Contractor's compliance during
3191 the previous Contract Year with each Performance Guarantee contained in Article 9.

3192 3. Plans for Pending Contract Year. County and Contractor discussion of plans for the second following
3193 Contract Year.

3194 As provided in this Section 10.9, the timing of the components varies.

3195 **B. Financial Reconciliation**

3196 Within forty-five (45) Days of the conclusion of each Contract Year, Contractor shall provide County an
3197 Annual Settlement Process statement setting forth the determination of outstanding payments,
3198 amounts due, or financial obligations of the Contractor (including, if applicable, the repayment of the
3199 working capital line of credit described in 10.8 above), and of the County, with respect to the given
3200 Contract Year. The Annual Settlement Process statement shall include a reconciliation of the amount
3201 owed with the amounts actually paid by Contractor and by County with respect to the given Contract
3202 Year.

3203 The Annual Settlement Process statement shall include sufficient documentation to allow the County
3204 and individual Public Participants to verify and reconcile Tonnages of Acceptable Materials delivered by
3205 source, other applicable quantities (such as kilowatt hours of electricity sold), unit prices as applicable,
3206 and all resulting costs and revenues for all payments due to, or by Contractor as provided in Articles 3
3207 and 10. The County will collect from each Public Participant's Collection Contractor, and provide to
3208 Contractor customer base information including total numbers of subscribers by customer class and
3209 subscribed service levels for the previous Contract Year to identify amount of payment received for
3210 processing of materials to be compared against actual number of tons Collection Contractor delivered
3211 to the Facility for each respective jurisdiction.

3212 As a part of the Process, and subject to substantiation by the County, the following shall also be
3213 calculated and paid to the affected Party, as appropriate:

3214 1. Shortfall Charge

3215 The Shortfall Charge shall be levied by the Contractor in the event that any one or more of the
3216 following occur: (1) total Tonnage delivery of Mixed Waste on behalf of the County, including through
3217 its Material Delivery and Service Agreements, during the Contract Year is below one hundred forty
3218 three thousand thirty eight (143,038) Tons as provided in Section 10.3. The Shortfall Charge shall be
3219 calculated by multiplying the Per Ton Processing Rate (\$15.15 per Ton, in Contract Year 1), times the
3220 difference between the amount of Acceptable Materials actually delivered and one hundred forty
3221 three thousand thirty eight (143,038) Tons. Spot Market Material and self-haul materials shall be used
3222 to reduce any Shortfall Charge.

3223 The County will review the Settlement Process statement, identify and discuss any discrepancies with
3224 the Contractor and, within thirty (30) Days of the receipt of the Settlement Process statement, shall

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3225 either confirm the Contractor's calculation of the Shortfall Charge or provide it's calculation of the
 3226 Shortfall Charge and identify the basis for the difference. If there is a difference between the
 3227 Contractor's and County's calculation of the Shortfall Charge, the Parties will meet and confer to
 3228 resolve their differences for a period of not more than thirty (30) Days.

3229 Payment of the Shortfall Charge will be determined by the following steps:

3230 a. Collection Contractors subscription review – The County will analyze the number of subscribers
 3231 by customer class as provided by the Collection Contractors. The Collection Contractors will be
 3232 required to pay the Contractor assumed Tonnages included in the calculation of service rates
 3233 for each subscription level regardless of actual Tonnage delivered.

3234 b. Payment from County – If the County chooses, or the Term of Contract expires before other
 3235 means of resolution, a payment of the undisputed Shortfall Charge (net of any adjustment for
 3236 shared revenues as described in Section 10.9.B.2.) will be made by the County to the Contractor
 3237 within forty-five (45) Days of the issuance of the Annual Settlement Process statement or the
 3238 resolution of any disputed amounts, as the case may be. In this case, no interest payment shall
 3239 be included.

3240 c. Shortfall Charges payable by the County to Contractor may be offset by the Recyclable Revenue
 3241 Adjustment.

3242 Shared Revenues

3243 The Annual Settlement Process statement shall include the calculation of the revenues that are to be
 3244 shared by the Contractor and the County, as provided for in Section 10.4.

3245 Contractor, as appropriate shall pay all known and undisputed amounts within forty-five (45) Days
 3246 after the submission of such Annual Settlement Process statement. To the extent the County in
 3247 balance owes monies to Contractor due to shared revenues the County will make a direct payment (as
 3248 described in 10.9.B.1.c).

3249 If any amount is in dispute or is for other reasons not definitely known at the time the Annual
 3250 Settlement Process statement is due, the Annual Settlement Process statement shall identify the
 3251 subject matter and reasons for such dispute or uncertainty, and include a good faith estimate of the
 3252 amount in question. The affected Party shall review any disputed matter within thirty (30) Days of the
 3253 receipt of the Notice of Dispute and, if the matter cannot be resolved through discussion and
 3254 negotiation, shall refer the matter to dispute resolution as provided in Section 14.12.

3255 As provided in Section 10.7, as part of the Process, County may withhold late payment fees owed by
 3256 Contractor for failure to make payments as scheduled under Section 10.4.

3257 Cash Flow Assistance

3258 The Contractor shall make known to County and County shall review the Contractor's request for
 3259 compensation for the cost of cash flow assistance as described in Section 10.8 above.

3260 C. Review of Compliance with Performance Guarantees

3261 Within ninety (90) Days following the end of each Contract Year, County shall conduct a review of
 3262 Contractor's compliance during the previous Contract Year with each Performance Guarantee
 3263 contained in Article 9. Article 9 specifies damages and costs associated with failure to meet the
 3264 individual Performance Guarantees.

3265 D. Plans for Pending Contract Year

3266 Within ninety (90) Days prior to the end of each Contract Year, County and Contractor shall meet and
 3267 discuss any plans or proposals either Party has regarding the pending Contract Year as long as there is
 3268 no effect on operational costs or revenues. If there is an expected impact on current operational costs
 3269 or revenues, the plans must be submitted as an Extraordinary Review.

3270 10.10 Extraordinary Review**3271 A. Eligible Items**

3272 County or Contractor may seek an "Extraordinary Review" (Review) that may result in adjustment of
 3273 one or more of the applicable future payments owed by, or to Contractor, or changes to Contractor's
 3274 Performance Guarantees. An Extraordinary Review may result from:

- 3275 1. A Contractor failure to meet the Diversion Guarantee, as specified in Section 9.4.
- 3276 2. A County directed and Contractor approved Change in Scope
- 3277 3. A Contractor requested and County approved Change in Scope.
- 3278 4. A Change in Law.
- 3279 5. An Uncontrollable Circumstance.

3280 B. Ineligible Items

3281 Unless expressly agreed to in this Contract, Contractor shall not be compensated for ineligible items
 3282 including, but not limited to the following:

- 3283 1. Increased Operations costs.
- 3284 2. Increased transportation or Processing costs.
- 3285 3. County or Contractor error.

3286 C. Submittal of Request

3287 Request for an Extraordinary Review shall include the following steps:

- 3288 1. The Party initiating a Review shall Notice the other Party, citing the applicable provisions of this
 3289 Article and providing a written summary of the reason for the Review, and its impact on payments
 3290 owed to or from the Contractor or its impact on Contractor's Performance Guarantees. This Notice
 3291 shall be submitted no later than 45 days after the end of the preceding Contract Year to go into

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- 3292 effect the second following Contract Year. For example, if a change is requested, the Notice for an
3293 Extraordinary Review must be submitted by August 15, 2019 to go into effect July 1, 2020.
- 3294 2. If Notice is issued by the County, within thirty (30) calendar Days of receiving the Notice,
3295 Contractor shall prepare and submit a proposal in accordance with the proposal format provided in
3296 Item 4 below.
- 3297 3. If Notice is issued to County by Contractor, Contractor's Notice shall include a proposal in
3298 accordance with the proposal format provided in 10.10.C.4 below.
- 3299 4. Proposal Format.
- 3300 a. Describe the circumstance warranting a Review.
- 3301 b. Describe the impact of the circumstance under Review on payments owed to or from the
3302 Contractor, or on other Contractor Obligations.
- 3303 c. Submit a work plan, as applicable for implementing any change in Contractor's Obligations,
3304 identifying physical changes to the Project Site and related activities, changes in Operating
3305 methods and labor needs, implementation schedules, etc.
- 3306 d. Identify the capital and/or Operating costs or savings related to modifying Contractor's
3307 Obligations as a result of the Review, with full support documentation. Contractor covenants
3308 that it will not propose a cost in excess of the fair Market price for such change in Contractor's
3309 Obligations, whether it implements such changes itself or through a Subcontractor.
- 3310 e. Propose an increase or decrease to one or more of the payments owed to or from the
3311 Contractor, as applicable.
- 3312 f. For the purposes of analyzing cost impacts of Changes in Scope, the Contractor's profit shall be
3313 calculated using an operating ratio of ten percent (10%) for actual reasonable and necessary
3314 Direct Costs.
- 3315 g. Suggest draft language changes to this Contract, as Contractor deems necessary to affect any
3316 changes in payments owed to or from the Contractor, or in Contractor's Performance
3317 Guarantee.
- 3318 h. Such proposal shall be deemed Contractor's offer, and shall be binding for one hundred and
3319 eighty (180) calendar Days, unless the request for a Review is withdrawn subject to Item "i"
3320 below.
- 3321 i. The Party that initiated the Extraordinary Review may withdraw its Notice and its request for a
3322 Review at any time.

3323 **D. County Review**

3324 The County shall review the proposal provided by Contractor as well as any other information it deems
3325 necessary, and may seek clarification or require submittal of additional information as needed.

3326 The County may use the assistance of an Independent Expert(s) to review the proposal. The County
3327 shall be responsible for the cost of Independent Expert(s) if the Extraordinary Review was initiated by

3328 the County. Contractor is solely responsible for all such reasonable costs for an Independent Expert for
 3329 a Contractor-initiated Review. Contractor's refusal to pay its share of the reasonable cost of review of
 3330 an Independent Expert for a Contractor-initiated proposal shall be grounds for County rejection of such
 3331 proposal.

3332 If the Contractor or the County requests a Review, the County, or its agents, shall have the right to
 3333 review any or all financial and Operating records of Contractor, Subcontractors, affiliates, subsidiaries
 3334 or other parties directly or indirectly involved in Development and/or Operation of the Project, and/or
 3335 to conduct an audit as provided in Section 12.4

3336 If the County determines that the Contractor has not met its burden to support its proposal, Contractor
 3337 may request a meeting with County, at which time Contractor may produce additional evidence in
 3338 support of its request. Upon such request, County shall promptly arrange said meeting.

3339 Based on evidence the Contractor submits, and the County's review of the evidence and any other
 3340 information it deems necessary, the County may grant some or all of the requested increase or
 3341 decrease in payments owed to or from Contractor, or in other Contractor's Obligations.

3342 Any dispute regarding compliance with this Section or the validity of the grounds for an Extraordinary
 3343 Review or the outcome of the Extraordinary Review will be resolved through the dispute resolution
 3344 procedures set forth in Section 14.12.

3345 **E. Grant of Request**

3346 If approved by the County, County will issue a Notice to Contractor approving the Extraordinary Review
 3347 and documenting any changes in payments owed to or from Contractor, or in other Contractor's
 3348 Obligations. The changes shall be documented in the form of an amendment to this Contract, which
 3349 shall be approved by the County, as applicable.

3350

ARTICLE 11 PERSONNEL

3351

3352 **11.1 General Personnel Requirements**

3353 **A. Qualified and Experienced Staff**

3354 The Contractor shall provide a qualified and experienced Project staff in accordance with Exhibit T:
 3355 Staffing Plan and Exhibit G: Primary Subcontractors. Contractor shall provide for additional third-party
 3356 support as may be needed to perform Contractor's Obligations. Staffing shall be provided in
 3357 accordance with Exhibit B: Operations and Maintenance Manual and the other requirements of the
 3358 Contract, using Good Industry Practices and meeting all Performance Guarantees. Primary
 3359 Subcontractors and other third parties shall be equally qualified for the particular services to be
 3360 performed. Subcontractors and other third parties shall make no direct claim against the County or
 3361 Public Participants.

Attachment D Request for Extraordinary Review

In accordance with Section 10.10 of the Agreement, Contractor hereby requests an Extraordinary Review to determine adjustments to future payments owed to Contractor as well as changes to Contractor's Performance Guarantees. This request follows the format specified in Section 10.10.C.4 of the Agreement.

- a. **Describe the circumstance warranting a Review.** This request is based on Uncontrollable Circumstances affecting the Project, including the COVID-19 pandemic, the Alisal Fire and requirements imposed on the Project as conditions of governmental approvals. Please refer to Attachment A for additional information.
- b. **Describe the impact of the circumstance under Review on payments owed to or from the Contractor, or on other Contractor Obligations.** Please refer to Attachment A for information regarding the impacts to the Project from the circumstances under Review. Please note that this Request proposes changes to the per Ton Processing Rate as contemplated by Section 10.3, as well as other revisions described in Appendix 1 to this Attachment D (Draft Amendment 7).
- c. **Submit a work plan, as applicable for implementing any change in Contractor's Obligations, identifying physical changes to the Project Site and related activities, changes in Operating methods and labor needs, implementation schedules, etc.** The requirement to provide a work plan is not applicable to this request for Review. As discussed in Attachment A, Contractor has already implemented modifications to the facilities and operating procedures to address changes in bulk density, persistent plastic contamination and the constraints relating to AD physical capacity. The revised pro forma (revised Exhibit H in Appendix 3 to Attachment A) accounts for anticipated labor needs, requirements to address changes in materials conditions and other operating costs relating to the Uncontrollable Circumstances.
- d. **Identify the capital and/or Operating costs or savings related to modifying Contractor's Obligations as a result of the Review, with full support documentation.** For detailed information regarding additional costs, please refer to Attachment A, including Appendices 1 through 3 to Attachment A.

Please be assured that, as stated in Section 10.10.C.4.g, the costs included in said appendices do not exceed fair Market price for such change in Contractor's Obligations, regardless of whether the changes are self-performed or undertaken through a Subcontractor.

- e. **Propose an increase or decrease to one or more of the payments owed to or from the Contractor, as applicable.** For detailed information regarding proposed increased payments, please refer to Attachment A, including Appendices 1 through 3 to Attachment A.
- f. Please be advised that the operating ratio for the Contractor's profit for additional costs due to Changes in Scope does not exceed ten percent (10%) of actual reasonable and necessary Direct Costs.

Attachment 16 - MSB August 15, 2022 CFA Request

- g. Suggest draft language changes to this Contract, as Contractor deems necessary to affect any changes in payments owed to or from the Contractor, or in Contractor's Performance Guarantee.** Please refer to Appendix 1 to this Attachment D (Draft Amendment 7) and documents appended to other Attachments to this letter that are referenced in the draft amendment.
- h. In accordance with Section 10.10.C.4.g of the Agreement, please be advised that the proposal set forth in this request will be binding for one hundred and eighty (180) calendar Days, unless the request for a Review is withdrawn in accordance with the Agreement.

Appendices to Attachment D

Appendix 1	Draft Amendment 7
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**SEVENTH 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**

This Seventh Amendment dated _____ ("Seventh Amendment") is made by and between the County of Santa Barbara, California ("County"), and MSB Investors, LLC, ("Contractor"). This Seventh Amendment, along with the First Amendment dated February 14, 2017, Second Amendment dated November 14, 2017, Third Amendment dated September 18, 2018, Fourth Amendment dated December 17, 2019, Fifth Amendment dated August 25, 2020, and Sixth Amendment dated November 2, 2021, modifies and is incorporated into the Amended Contract between the County of Santa Barbara and MSB Investors, LLC for Development and Operation of the Tajiguas Resource Recovery Project dated November 15, 2016 (the November 15, 2016 Amended Contract is referred to here in as the "2016 Contract"; the 2016 Contract as amended prior to the date of this Seventh Amendment is referred to as the "Contract").

This Seventh Amendment amends the Contract as follows:

1. The definition of "Baseline Revenues" in Section 1.14 (lines 139-142 of the 2016 Contract) is replaced in its entirety by the following:

Section 1.14 Baseline Revenues

"Baseline Revenues" means \$4,711,044 from the sale of Recyclable Materials, \$1,398,975 from the sale of electricity to the public utility, and (\$95,754) from the sale of compost (a potential net annual cost).

2. The definition of "Contract" in Section 1.31 (lines 240-242 of the 2016 Contract) is replaced in its entirety by the following:

Section 1.31 Contract

"Contract" means the Amended Contract dated November 15, 2016, the First Amendment dated February 14, 2017, the Second Amendment dated November 14, 2017, the Third Amendment dated September 18, 2018, the Fourth Amendment dated December 17, 2019, the Fifth Amendment dated August 25, 2020, the Sixth Amendment dated November 2, 2021, and this Seventh Amendment dated _____, 2022, including all exhibits and attachments which are incorporated herein by reference.

3. The definition of "Project Development Schedule" in Section 1.111 (lines 619-621 of the 2016 Contract) is replaced in its entirety by the following:

Section 1.111 Project Development Schedule

"Project Development Schedule" means the Fifth Amended Project Development Schedule for performing and completing all Development activities as specified in Article 4 and Fifth Amended Exhibit C: "Fifth Amended Project Development Schedule," attached as part of this Seventh Amendment. Fifth Amended Exhibit

C: "Fifth Amended Project Development Schedule" supersedes and replaces the Exhibit C "Project Development Schedule" as referenced in all sections of the Contract.

4. The first paragraph of Section 2.3 "Term of Contract" is amended and replaced in its entirety with the following:

Section 2.3 Term of Contract

The Term of this Contract shall commence on the Effective Date and shall remain in effect until the completion of fourteen (14) years and one (1) week (December 5, 2032) from the Effective Date (November 28, 2018), plus any renewals or extensions, unless earlier terminated for cause as provided for in the Contract. This term represents ten years of operations following the issuance of a Notice to Proceed with Operations under Section 4.9.B of the Contract, anticipated for December 5, 2022.

5. Subsection C "Construction and Equipment Costs" of Section 10.2 "Development, Pre-Construction, Construction, and Equipping Compensation" is amended and replaced in its entirety as follows:

Section 10.2 Development, Pre-Construction, Construction, and Equipping Compensation

C. Construction and Equipment Costs

County shall pay Contractor one hundred thirty four million one hundred and one thousand seven hundred and seventy-eight dollars (\$134,101,778) or such lesser amount as the parties may agree in writing, which is an agreed sum based on Contractor's Construction and Equipment Cost budget: Contractor shall be compensated for Constructing and equipping the Facility (but not for purchase of Non-Fixed Equipment, costs related to attorney's fees related to the investment tax credit, interest on the purchase of turbine engines, two years depreciation on the turbine engines, and storage of the turbine engines) in accordance with the periodic payment schedule and payment terms to be included in the public bond financing documents.

6. Subsection A.3.c "Other Adjustments" of Section 10.3 "Facility Operations Compensation" is amended and replaced in its entirety as follows:

c. Other Adjustments. In addition, the Per Ton Processing Rate shall be adjusted for material changes directed by the County and in the event of an Extraordinary Review.

However, the Per Ton Processing Rate shall not be adjusted (except as expressly provided in this Contract) for increased costs of Facility Development or Construction or Operations; Contractor's failure to perform; or changes in Tonnage or composition of material delivered, except where a rate adjustment is expressly authorized by other provisions in this Contract.

i. In Year 3 (FY 22/23), the County adjusted the Revenue Requirement to reflect wage and other adjustments totaling \$3,228,695 per year (\$17.69 per ton) to yield a Per Ton Processing Charge of \$53.87 per ton. In FY 23-24 and thereafter, the above additions will be adjusted in accordance with subsection 10.3.A.3.b. The adjusted Revenue Requirement in Year 2 was calculated to be \$16,004,673 based on the above adjustment and the CPI and other adjustments provided for in Section 10.3.A.3.b.

7. The following changes are made to unnumbered subsections of Section 10.3 "Facility Operations Compensation," starting on line 3074 on page 91 of the 2016 Contract:

7.1 The unnumbered subsection entitled "Baseline Tonnage Adjustment" (lines 3074-3082) is amended to be subsection 4 and replaced in its entirety, as follows:

4. Baseline Tonnage Adjustment

As part of the Annual Settlement Process described in Section 10.9, County shall make payment to the Contractor annually for the difference between actual Tonnage delivered and one hundred eight-five thousand five-hundred and sixty-three (182,563) Tons per year (baseline Tons of 182,563 assumed to be delivered by the Public Participants under the Material Delivery and Service Agreements).

7.2 The heading "No Per Ton Processing Rate Adjustment for Change in Composition" (line 3083) is amended to be numbered as subsection 5, as follows:

5. No Per Ton Processing Rate Adjustment for Change in Composition

8. Subsections A and C of Section 10.4 "Revenue Sharing" are amended and replaced in their entirety as follows:

Section 10.4 Revenue Sharing

A. Additional revenue received greater than projected from the sale of Recyclable Materials (four million seven hundred and eleven thousand and forty-four dollars (\$4,711,044)), as described in 10.3 above, up to nine million four hundred sixty four thousand dollars (\$9,464,000) will all be received by County and not be shared with Contractor. Additional revenue received greater than nine million four hundred sixty four thousand dollars (\$9,464,000) from the sale of Recyclable Materials will be shared with seventy-five percent (75%) being received by the County and twenty-five percent (25%) by Contractor and the MRF Operator up to the point that Contractor and the MRF Operator receive an additional five hundred thousand dollars (\$500,000) in income (i.e., total additional revenue of \$2 million) and thereafter the County will receive ninety percent (90%) and Contractor and the MRF Operator will receive ten percent (10%) of incremental additional revenues above eleven million four hundred sixty-four thousand dollars (\$11,464,000).

C. Additional revenue received greater than projected from the sale of electricity (one million three hundred ninety-eight thousand nine hundred seventy-five dollars (\$1,398,975), as described in 10.3 above, plus reimbursement of one hundred forty six thousand five hundred dollars (\$146,500) for AD startup funding), up to two million two hundred fifteen thousand seven hundred and twenty nine dollars (\$2,215,729) will all be received by County and not be shared with Contractor. Additional revenue received greater than two million two hundred fifteen thousand seven hundred twenty nine dollars (\$2,215,729) from the sale of electricity will be shared with seventy-five percent (75%) being received by the County and twenty-five percent (25%) by Contractor up to the point that Contractor receives an additional five hundred thousand dollars (\$500,000) in income (i.e., total additional revenue of \$2 million) and thereafter the County will receive ninety percent (90%) and Contractor will receive ten percent (10%) of incremental additional revenues above four million sixty nine thousand two hundred twenty nine dollars (\$4,069,229).

9. Subsection C of Section 13.2 "Contractor Security and Bonds" is amended and replaced in its entirety as follows:

Section 13.2 Contractor Security and Bonds

C. Operations Bond

Contractor and/or its Primary Subcontractors shall provide one or more performance bond(s), letters of credit or other surety device as may be reasonably required by the County in the aggregate amount of sixteen million four thousand six hundred and seventy three dollars (\$16,004,673), the estimated full cost of annual Operations and Maintenance of the Project for the Fiscal Year 22-23 of Operations, to secure the Operations and Maintenance of the Project, including ensuring that the Primary Subcontractors receive full payment for services provided, and in a form acceptable to the County as co-beneficiary. Such bond shall be in standard AIA form, and shall be issued by a surety company or companies rated "A" or better per current AM. Best Company ratings and listed in the United States Treasury Department's Circular 570. Such surety shall be an admitted surety in California. Such bond shall be in force as of the Full Operations Date, will be modified as necessary to reflect updated annual cost information as of the Full Operations Date as provided in section 4.9.B, and must remain in force through the Term. As part of the Annual Settlement Process specified in section 10.9, the value of the of the bond will be annually adjusted by CPI-U, or may be modified up or down to reflect changes of greater than ten (10) percent in annual O&M costs.

10. Contractor hereby acknowledges that the adjustments included in the amendments to Section 10.2.C Construction and Equipment Costs, as set forth in this Seventh Amendment, address all costs and compensation due to Contractor arising from the delay in construction included in the amended Project Development Schedule (attached hereto as Fifth Amended Exhibit C), impacts of COVID-19, and any other Unforeseen Circumstances. Upon payment of the amounts stated in Section 10.2.C of the Contract, Contractor relinquishes any additional

Attachment 16 - MSB August 15, 2022 CFA Request

claims for extra compensation related to the design, construction and commissioning of the Project as of the date of the Fifth Amended Exhibit C attached hereto.

11. Amended Exhibit C: "Fourth Amended Project Development Schedule" is replaced in its entirety with the attached, "Amended Exhibit C - Fifth Amended Project Development Schedule," attached hereto as Attachment A.
12. Amended Exhibit H: "Third Amended Contractor's Final Pro Forma," is replaced in its entirety with the attached, "Amended Exhibit H – Fourth Amended Contractor's Final Pro Forma," attached hereto as Attachment B.
13. Amended Exhibit I: "Amended Development Cost Detail," is replaced in its entirety with the attached, "Amended Exhibit I – Fifth Amended Development Cost Detail," attached hereto as Attachment C.
14. Exhibit K: "Secretary's Certificate" is replaced in its entirety with the attached, "Exhibit K Secretary's Certificate," attached hereto as Attachment D.
15. Except as set forth in this Seventh Amendment, the Contract (the Amended Contract dated 11/15/16, the First Amendment dated 02/14/17, the Second Amendment dated 11/14/17, the Third Amendment dated 09/18/18, the Fourth Amendment dated 12/17/19, the Fifth Amendment dated 8/25/20 and the Sixth Amendment dated 11/2/21) is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this Seventh Amendment and the Contract, the terms of this Seventh Amendment will prevail.

///

///

IN WITNESS WHEREOF, the parties have executed this Seventh Amendment to Contract to be effective on the date executed by the COUNTY.

ATTEST:

Mona Miyasato
County Executive Officer
Clerk of the Board

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
Bob Nelson, Chair,
Board of Supervisors

Date: _____

RECOMMENDED FOR APPROVAL:

Santa Barbara County Public Works
Department

CONTRACTOR

MSB INVESTORS, LLC

By: _____
Scott D. McGolpin
Public Works Director

By: _____
Authorized Representative
Name: John Dewey
Title: CEO & Managing Member

APPROVED AS TO FORM:

Rachel Van Mullem
County Counsel

APPROVED AS TO ACCOUNTING FORM:

Betsy Schaffer
Auditor-Controller

By: _____
Deputy County Counsel

By: _____
Deputy

APPROVED AS TO FORM:

Risk Management

By: _____
Risk Management

Attachment 16 - MSB August 15, 2022 CFA Request

LIST OF ATTACHMENTS [to be included prior to execution]:

Attachment A	Fifth Amended Project Development Schedule (Appendix 2 to Attachment B to the August 15, 2022 letter)
Attachment B	Fourth Amended Contractor's Final Pro Forma (Appendix 3 to Attachment A to the August 15, 2022 letter)
Attachment C	Fifth Amended Development Cost Detail (Appendix 2 to Attachment A to the August 15, 2022 letter)
Attachment D	Exhibit K Secretary's Certificate (to be provided)]

ATTACHMENT 17



February 5, 2021

Leslie Wells
County of Santa Barbara
Public Works Department
Resource Recovery & Waste Management Division
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

**RE: Resource Center Proforma update
Extraordinary Review Request**

Leslie,

Having received our final permits to operate the various systems supporting the MRF and ADF last Friday, we were able to complete an assessment of the budget impacts resulting from the more than significant compliance burdens imposed on the ReSource Center by the regulatory agencies having jurisdiction over the Project. MarBorg has also provided us their estimated budget impacts resulting from COVID-19. These items, combined with an updating of the budget reflecting a number of contractual provisions (i.e., CPI and Change In Law) are set forth below and in the attached updated Exhibit H-Contractor's Operating Proforma anticipated for Fiscal Year 2021-2022 (i.e., Contract Year 1). Revisions to the attached Exhibit H reflect:

- 1) The contract provided CPI adjustment effective as of July 1, 2021;
- 2) COVID-19 impacts on estimated 2021-2022 tonnage;
- 3) Change-in-Law impacts (i.e., Minimum Wage reqts. and CPUC impacts on the ADF's BioMAT Power Purchase Agreement-PPA revenue); and,
- 4) Regulatory compliance costs imposed on the ReSource Center by the regulatory agencies having jurisdiction over the site.

1. CPI Adjustment

The MSB-County D&O Agreement (contract) provides for an adjustment to the tip fee based on the provisions of Section 10.3 Facility Operations Compensation, A. Per Ton Processing Rate, 3. Adjustment to Per Ton processing rate, b. CPI Adjustment after Year 1 (applicable as the Financial Close date was November 28, 2018). The applicable language required for calculating the CPI adjustment for the fiscal year commencing July 1, 2021 is set forth below, with the most relevant sections highlighted and underlined:

"Section 10.3 Facility Operations Compensation

A. Per Ton Processing Rate

3. Adjustment to Per Ton Processing Rate
- b. CPI Adjustment After Year 1. Annually, beginning July 1, 2021 ("Year 2"), the Per Ton Processing Rate shall be recalculated using the following steps:
 - i. The Contractor's Year 1 Revenue Requirement of \$14,034,336, as adjusted per the requirements of section 10.3.A.3.a above, shall be increased by \$300,000 for additional repair and maintenance expense to equal \$14,334,336, as adjusted per the requirements of

section 10.3.A.3.a above, that is divided by the 190,717 Tons anticipated to be delivered in accordance with the Material Delivery and Service Agreements to arrive at an adjusted Year 1 per Ton Revenue Requirement of \$75.16, as adjusted by section 10.3.A.3.a above. In addition, the Contractor's Year 1 Revenue Requirement includes the County payment of \$146,500 for the anticipated loss of revenue during the six (6) month startup phase for the AD facility. If the startup phase and the anticipated loss is less than a total of \$1,465,000 then the County shall adjust its annual payment to reflect 1/10th of the total actual cost.

ii. The Contractor's Year 1 per Ton Revenue Requirement of \$75.16, as adjusted by section 10.3.A.3.a above, shall be multiplied by one (1) plus the Annual Percentage Change in the Consumer Price Index, All Urban Consumers (CPI-U) to arrive at the Year 2 per Ton Revenue Requirement.

iii. The annual change in the CPI-U is calculated by subtracting the Average Index Value (the sum of the monthly index values during the 12 month period ending September 30 divided by 12 with the value carried three places to the right of the decimal and rounded to the nearest thousandth) for the 12-month period ending September 30 of the then-current Rate Year from the Average Index Value for the 12-month period ending September 30 of the most-recently completed year and dividing the result by the Average Index Value for the 12-month period ending September 30 of the most recently completed year. For example:

iv. If the Contractor is calculating the Per Ton Processing Rate for Contract Year 2 (Commencing July 1, 2021), the Annual Percentage Change for the CPI-U would be calculated as follows:

v. [(Average CPI-U for October 2019 through September 2020) minus (Average CPI-U for October 2018 through September 2019)] divided by (Average CPI-U for October 2018 through September 2019)].

vi. If Average CPI-U for October 2019 through September 2020 is 235.822 and the Average CPI-U for October 2018 through September 2019 is 230.260, the Annual Percentage Change for the CPI-U would be equal to: $(235.822 - 230.260) / 230.260 = 2.416\%$.

vii. Then, the Contractor's Year 1 per Ton Revenue Requirement of \$75.16 shall be multiplied by 1.02416, yielding a Year 2 per Ton Revenue Requirement of \$76.98, an increase of \$1.81 per Ton.

viii. The Increase in the Contractor's Year 2 per Ton Revenue Requirement shall be added to Contractor's Year 1 Per Ton Processing Rate plus the per ton increase in repair and maintenance expense ($\$300,000/190,717 = \1.57) to arrive at the adjusted Year 2 Per Ton Processing Rate. For example: The Contractor's Year 1 per Ton Revenue Requirement Processing Rate of \$28.79 plus the per ton increase in repair and maintenance expense of \$1.57 shall be increased by \$1.81, from the example in subsection 2 above to arrive at a Year 2 per Ton Processing Rate of \$32.17.

ix. Annually, steps 1 through 3 will be repeated to arrive at the following year's increase in the per Ton Revenue Requirement which will be added, in accordance with step iii, to the prior year's Per Ton Processing Rate to arrive at the following year's Per Ton Processing Rate. Except the per Ton Revenue Requirement shall reflect an additional increase in repair and maintenance expense ($\$250,000 / 190,717 = \1.31) to arrive at the adjusted Year 3 per Ton Processing Rate of \$33.48 ($\$32.17 + \1.31). Thereafter, the per

Ton Revenue Requirement shall not be adjusted further for any additional increase in repair and maintenance expense but shall be adjusted for the CPI adjustment.

- c. **Other Adjustments.** In addition, the Per Ton Processing Rate shall be adjusted for material changes directed by the County and in the event of an Extraordinary Review.
 ...”

The calculation of the Tip Fee adjustment based on the above CPI provisions is set forth in the table below:

CPI Adjustment per D&O Agreement, 3rd Amendment (9/18/2018), Section 10.3.A.1.a, pp. 4-6:					
LA-Riv-OC, CA					
		CPI-U	% Change		
	Sep-18	252.439	LA CPI-U September 2018		
	Sep-19	276.054	LA CPI-U September 2019		
	Sep-20	279.366	LA CPI-U September 2020		
	Average 2018-2019	264.247			
	Average 2019-2020	277.710			
Index Change	12 Mos	13.464	5.095%	CPI Adj.	
					190,717 TPY
Contractor's Year 1 Revenue Requirement		\$14,034,336			\$75.16/ton
O&M Expense Adjustment		300,000			<u>1.57/ton</u>
Contractor's Year 1 Revenue Requirement		\$14,334,336			\$76.73/ton
Adjustment to Year 1 Revenue Requirement.		105.095%	CPI Adj.		
Year 1 Adjustment Amount-CPI		730,342	5.095%		<u>3.83/ton</u>
Year 1 Revenue Requirement Adjusted by CPI		\$15,064,678			\$80.56/ton

2. Estimated COVID-19 Impacts

Set forth on the following page is a schedule that shows:

- 1) Minimum Annual Delivery Commitments to the ReSource center based on the Material Delivery Agreements (MDA’s) executed by the jurisdictions and the County;
- 2) Actual Results for the 2019/2020 Fiscal year as set forth in the County’s Material Delivery Requirement Reconciliation sent to the jurisdictions and MarBorg in August 2020;
- 3) Actual MarBorg Calendar Year 2019 franchise collections including estimated tonnages for self-haul and Waste Management collections;
- 4) Actual MarBorg Calendar Year 2020 franchise collections including estimated tonnages for self-haul and Waste Management collections (4.5% decline vs. 2019);
- 5) Estimated 2021/2022 Fiscal Year franchise collections including estimated tonnages for self-haul and Waste Management collections;

Based on the actual 2020 MarBorg franchise collection totals compared to 2019 and the 2019/2022 fiscal year results, MarBorg and MSB have estimated that fiscal year 2021/2022 are likely to reflect a 5% reduction from the MDA’s Minimum Annual Delivery Commitment tonnage of 182,563, or 173,435 TPY. This is 1,314 tons greater than actual 2020 calendar year TPY.

MDA's Minimum Tonnage vs. Actual Tonnage
Fiscal 2019-2020, Calendar 2019 & Calendar 2020
Estimated Fiscal Year 2021-2022 Tonnage

Minimum Annual Delivery Commitment							
	Buellton	County-SB	Goleta	Santa Barbara	Solvang	Total	
MSW	4,064	40,474	22,074	59,224	3,632	129,468	
CSSR	868	9,536	5,618	16,073	-	32,095	
SSOW	-	400	600	-	-	1,000	
Total Franchise	4,932	50,410	28,292	75,297	3,632	162,563	
Total Self-Haul	-	20,000	-	-	-	20,000	
Total Minimum Tonnage	4,932	70,410	28,292	75,297	3,632	182,563	
Actual Results							
1. Fiscal Year 2019-2020							
	Buellton	County-SB	Goleta	Santa Barbara	Solvang	Total	
MSW	4,736	37,075	22,681	55,255	3,435	123,182	
CSSR	-	6,760	2,698	10,154	-	19,612	
SSOW	-	14	2	2,829	-	2,846	
Total Franchise	4,736	43,849	25,381	68,238	3,435	145,639	
Total Self-Haul	-	29,760	-	-	-	29,760	
Total Actual Tonnage	4,736	73,609	25,381	68,238	3,435	175,399	
Tonnage processed at other to go to RC	1,004	4,080	3,143	6,173	1,010	15,409	
Total Tonnage	5,740	77,689	28,523	74,411	4,445	190,807	
Surplus Above Minimum Tonnage	808	7,279	231	(887)	813	8,244	
2. Calendar Year 2019							
	Buellton	County-SB	Goleta	Santa Barbara	Solvang	Total	
MSW	4,666	31,789	23,118	56,358	3,435	119,366	
CSSR	1,078	9,349	6,348	16,988	-	33,763	
SSOW	3	299	107	-	-	409	
Total Franchise	5,748	41,437	29,572	73,345	3,435	153,538	
Total Self-Haul	-	25,000	-	-	-	25,000	
Total Actual Tonnage	5,748	66,437	29,572	73,345	3,435	178,538	
Tonnage processed at other to go to RC	-	-	-	3,369	-	3,369	
Total Tonnage	5,748	66,437	29,572	76,714	3,435	181,906	
Surplus Above Minimum Tonnage	816	(3,973)	1,280	(1,952)	(197)	(657)	
		Est.			Est.		
3. Calendar Year 2020							
	Buellton	County-SB	Goleta	Santa Barbara	Solvang	Total	
MSW	4,510	31,948	21,258	54,047	3,435	115,197	
CSSR	1,060	8,816	5,626	15,960	-	31,462	
SSOW	1	336	124	-	-	461	
Total Franchise	5,571	41,101	27,007	70,007	3,435	147,120	
Total Self-Haul	-	25,000	-	-	-	25,000	
Total Actual Tonnage	5,571	66,101	27,007	70,007	3,435	172,120	
Tonnage processed at other to go to RC	-	-	-	2,202	-	2,202	
Total Tonnage	5,571	66,101	27,007	72,209	3,435	174,322	
Surplus Above Minimum Tonnage	639	(4,309)	(1,285)	(5,290)	(197)	(8,241)	
		Est.			Est.		
Variance from MDSA Minimum Tonnage						-4.5%	
4. Est. Fiscal Year 2021-2022							
	Buellton	County-SB	Goleta	Santa Barbara	Solvang	Total	
MSW	3,861	38,450	20,970	56,263	3,450	122,995	
CSSR	825	9,059	5,337	15,269	-	30,490	
SSOW	-	380	570	-	-	950	
Total Franchise	4,685	47,890	26,877	71,532	3,450	154,435	
Total Self-Haul	-	19,000	-	-	-	19,000	
Total Actual Tonnage	4,685	66,890	26,877	71,532	3,450	173,435	
Tonnage processed at other to go to RC	-	-	-	(0)	-	(0)	
Total Tonnage	4,685	66,890	26,877	71,532	3,450	173,435	
(Shortfall) Below MDSA Minimum Tonnage	(247)	(3,521)	(1,415)	(3,765)	(182)	(9,128)	
Estimated 2021-2022 TPY				Decline from MDA tonnage	-5.0%	173,435	
Estimated 2021-2022 vs. Actual 2020	(885)	789	(130)	1,525	15	1,314	

It is undisputable that the impacts of the COVID-19 global pandemic on the Project's financial sustainability are force majeure (i.e., uncontrollable circumstances) impacts for which MarBorg/MSB should not be held responsible.

The primary COVID-19 impact is to the tonnage estimated to be delivered to the facility in 2021-2022 which is tied to the Contract tonnage on which the tip fee is based. The intent of the Contract Facility Operations Compensation provisions (Section 10.3) has always been to provide adequate revenue to the Operator so that the agreed upon break-even budget (Exhibit H-Contractor Proforma) is achieved when the Contract tonnage is delivered to and processed at the MRF and ADF/CMU facilities. The contract tonnage of 190,717 TPY specified in Section 10.3 and other provisions of the Contract was set in early 2016 prior to the finalization of the Material Delivery Agreements (MDA's) with the jurisdictions and MarBorg in December 2016.

The final MDA's minimum annual delivery commitment tonnage agreed by the County, the jurisdictions and MarBorg is 182,563 TPY, as set forth in the Annual Settlement Statements provided to the jurisdictions and MarBorg in August 2020. The Contract tonnage of 190,717 TPY and the tip fees calculated thereon should have been revised to reflect the mutually agreed MDA's tonnage of 182,563 TPY. As such, the estimated tonnage for Fiscal Year 2021-2022 is based on a 5% decline from the MDA tonnage of 182,563 TPY, or 173,435 TPY.

Although the Contract provides for a minimum delivery tonnage of 143,038 TPY (i.e., 75% of the Contract Tonnage of 190,717 TPY), this amount has been determined by MarBorg/MSB to be an economically unsustainable floor that would lead to a complete financial failure of the Project as it would cause an annual operating loss of more than \$4,000,000. This is a result of the unavoidable fixed costs of operation that are not able to be scaled down with declining volume.

For example, MarBorg determined that the estimated 5% decline of volume anticipated for Fiscal Year 2021/2022 of 173,435 TPY would allow them to reduce MRF operational hours by 2 overtime hours for an operating cost savings of \$139,000 per year (based on a payroll & benefits budget of \$5.2 million per year). Unfortunately, California's 2016 legislation mandating a \$15/hour minimum wage effective in 2022 effectively offset these labor cost savings.

Considering the County and the jurisdictions MDA's tonnage commitment of 182,563 TPY combined with the nature of the fixed operating costs of the Project, it would be appropriate to revise the Contract minimum annual delivery commitment tonnage to be consistent with the MDA's tonnage commitment as intended in Section 10.3A. This would be a fair and equitable approach to have the Contract reflect the jurisdictions' commitment to the Project's economic sustainability and it would insure that MarBorg/MSB do not incur unsustainable operating losses likely to occur as a result of the uncontrollable circumstance of the COVID-19 impacted tonnage decline. Importantly however, 182,563 TPY however, does not take into account the estimated COVID-19 impacted Fiscal Year 2021-2022 tonnage of 173,435 TPY.

Failure to address the Contract's inadequate (negligent) minimum annual delivery requirement will lead to a chronic, exacerbating misalignment of interests rendering the Contract impossible to perform as a result of anticipated COVID-19 force majeure impacts.

The individual and cumulative impacts of the COVID-19 reduced tonnage for Fiscal Year 2021/2022 are set forth on the schedule below. The schedule also reflects the MRF's share of regulatory agency compliance costs imposed on the Project by the various regulatory agencies in excess of the amounts previously budgeted. The regulatory compliance cost impacts are described in detail on pages 10-12.

ReSource Center MRF
2021-2022 Fiscal Year Budget Adjustments
from COVID-19, Change in Law & Regulatory Compliance Reqts.

Item #	Location	Description	Change	Reason	Impact	Prior \$	Current \$	Adjustment	\$/Ton - 1	Contract Provision
1	Row 4	Processing Fee Revenue	Reduced tonnage by 5% from MDSA TPY of 181,563 TPY MSW & SSR	Franchise tonnage flow has decreased by 5% and with continued lockdown measures these impacts will continue to be felt in 2021.	This will reduce processing fee revenue by \$383,593	5,350,052	4,966,459	(383,593)	\$ (2.10)	Force Majeure-COVID 19
2	Rows 5-21	Commodities	Reduced tonnage by 5% from MDSA TPY of 181,563 TPY MSW & SSR	Franchise tonnage flow has decreased by 5% and with continued lockdown measures these impacts will continue to be felt in 2021. 2. We have not updated the pricing to reflect Berg Mill's November price quotes. I have added a tab at the end of the worksheet with this information. Berg Mill's pricing is slightly improved over the Contract Exhibit H. The most recent pricing gives us a per ton value of \$84.95 vs \$83.55 originally budgeted. However, the 5% volume decrease vs. MDSA TPY still leaves us with a revenue gap of \$311,684.	This will reduce commodity revenue by \$311,684	6,233,679	5,921,995	(311,684)	\$ (1.71)	Force Majeure-COVID 19
3	Row 36	Wages	Reduce overtime pay by 2 hrs, only pay 2 shifts regular hours	To account for reduced flow, overtime pay is eliminated	This will reduce wages by \$138,677	3,415,871	3,277,194	138,677	\$ 0.76	Force Majeure-COVID 19
4	Row 36	Wages	Update lowest wage from \$13.80 to \$15.00	Update wages to reflect upcoming minimum wage requirements	This will increase wages by \$138,321	2,749,898	2,888,219	(138,321)	\$ (0.76)	Change in Law
5	Row 63	MRF Equipment Repairs		Increased per D&O agreement		-	300,000	(300,000)	\$ (1.64)	D&O Agreement, 3rd Amendment, Section 10.3.A.1.a, pp. 4-6
6	Row 79	Management Fee	Reduce tonnage multiplier for management fee by 5%	Franchise tonnage flow has decreased by 5% below MDSA tonnage and with continued lockdown measures these impacts will continue to be felt in 2021.	This will reduce management fees by \$68,510	955,531	887,021	68,510	\$ 0.38	Force Majeure-COVID 19
7	Row 91	Utilities	Increase utility fees to projected	The project is expected to require some electricity from the grid during operations and will need to purchase from SCE	This will increase utility costs by \$97,662	-	97,662	(97,662)	\$ (0.53)	Not known prior to contract
8	Row 93	Compliance Costs	Increased Permit Compliance Costs	Estimated Compliance Costs based on final Agency Permits	An increase of \$1,075,342 over budget of \$25,713	25,713	1,101,055	(1,075,342)	\$ (5.89)	County-Regulatory Agency Req.
9	Row 103	Working Capital Amortization	Include increased working capital amortization expense	Extended start up cost expenses need to be captured and amortized over the 10 year contract term	This will increase working capital amortization costs by \$157,507	-	157,507	(157,507)	\$ (0.86)	Force Majeure-COVID 19

Budget Adjustment Total		(\$2,256,922)	\$ (12.36)
2018 Contract Budget MRF Net Income	\$1,641,515	\$ 8.99	
2020 Updated Budget MRF Net Income	(\$615,406)	\$ (3.37)	
MRF Net Income Difference	(\$2,256,921)	\$ (12.36)	
Excluding contract provided O&M Expense Adjustment	\$300,000	\$ (1.64)	
MRF Net Tip Fee Adjustment Req.	(\$1,956,921)	\$ (10.72)	
1- Based on the MDSA's TPY		182,563	
Sub-total - COVID 19 Impacts	(743,259)	\$4.07	Force Majeure-COVID 19
Sub-total - Change In Law	(138,321)	\$0.76	Change in Law
Sub-total - Compliance Costs	(1,075,342)	\$5.89	County-Regulatory Agency Req
Total MRF Impacts	(\$1,956,922)	\$10.72	

The impacts of the schedule on the prior page are summarized as follows:

Fiscal Year 2021-2022 MRF Impacts from COVID-19, Change-in-Law and Regulatory Compliance					
#	Description	Change/Reason	P&L Impact	\$/Ton- ¹	Contract Provision
1	Tip Fee Revenue	Est. '21-'22 TPY Decr.	(383,593)	(2.10)	Force Majeure-COVID
2	Commodity Rev.	Est. '21-'22 TPY Decr.	(311,684)	(1.71)	Force Majeure-COVID
3	Wages	Reduced OT by 2 Hrs.	138,677	0.76	Force Majeure-COVID
4	Wages	\$15/hr. Min Wage	(138,321)	(0.76)	Change-In-Law
5	Equipment O&M	Contract Provided Incr.	(300,000)	1.64	Section 10.2.A.1.a
6	Mgmt. Fee	Est. '21-'22 TPY Decr.	68,510	0.38	Force Majeure-COVID
7	Utilities	Est. SCE Elec. Costs	(97,662)	(0.53)	Not known at Contract
8	Compliance Costs	Regulatory Cost Incr.	(1,075,342)	(5.89)	Regulatory Scope Chg.
9	Start-up Capital	COVID Delay Cost Incr.	(157,507)	(0.86)	Force Majeure-Covid
Budget Adjustments Total			(\$2,256,922)	(12.36)	
Summary of Impacts by Contract Provision					
Contract Provided O&M Increase			(300,000)	1.64	
Sub-total COVID-19 Impacts			(743,018)	4.07	
Sub-total Change In Law			(138,321)	0.76	
Sub-total Compliance Costs			(1,075,342)	5.89	
Total MRF P&L Impacts			(\$2,256,921)	\$12.36	
¹ – Based on 182,563 TPY MDA Annual Minimum Delivery Requirement					

3. Change-In-Law Impacts

In addition to the minimum wage Change-In-Law impacts to the MRF and ADF wages as set forth in the table below and the ADF Fiscal Year 2021-2022 Impacts schedule on page 9, the most significant Change-In-Law impact that we have discussed previously on a number of occasions is the decrease in BioMAT Power Purchase Agreement (PPA) electricity revenue. The decrease in PPA revenues resulted from the provisions of our PPA (i.e., executed between the County and SCE in January 2020) not allowing for landfill gas as an eligible renewable fuel for the ADF CHP engines in contrast to provisions in the 2014 California Public Utilities Commission (CPUC) Decision Implementing Senate Bill 1122 ([CPUC Decision](#)) allowing landfill gas as an eligible renewable fuel consistent with provisions of the California Energy Commission (CEC) Renewables Portfolio Standards (RPS) [Eligibility Guidebook](#). Section 2.2.3.5 Fuel Source Content and 2.2.4 Fuel Source Monitoring and Verification, pp. 32-33, of the CPUC Decision states:

“2.2.3.5 Fuel Source Content.

...If the generator chooses to use up to 20% fuel not of the designated type, it must use fuel that complies with the requirements set out in this decision for eligibility. The related issues of fuel source eligibility for this and the other categories of bioenergy generation technology are discussed in Section 2.2.4, below.

2.2.4. Fuel Source Monitoring and Verification.

The fuel resource used by a generation facility is relevant to several elements of its participation in the bioenergy FiT [Feed in Tariff]. Most fundamentally, the RPS [Renewable Portfolio Standard] eligibility must be certified by the CEC.⁴⁵

⁴⁵ See Section II of the [Eligibility Guidebook](#) (7th ed.)”

Section II of the Eligibility Guidebook, pp.16-17 and pp. 24-25, defined Biomethane as including both digester gas and landfill gas as eligible renewable fuels. Subsequent to the CPUC Decision and prior to execution of the PPA between the County and SCE, the Investor Owned Utilities (IOU's), including Southern California Edison (SCE) lobbied the CPUC to exclude landfill gas from the BioMAT tariff eligible fuel categories. As a result, the PPA executed between the County and SCE in January 2020 excluded landfill gas as an eligible fuel decreasing the PPA revenue significantly.

On August 27, 2020 the CPUC issued a decision revising the Bioenergy Market Adjusting Tariff (BioMAT) Program ([Revised CPUC Decision](#)). The Revised CPUC Decision now provides that landfill gas is an eligible renewable fuel for anaerobic digesters accessing the BioMAT tariff so long as that fuel is limited to parasitic and site host load uses of the facility (i.e., an estimated 8% of the ADF's potential electric generation load). SCE submitted an advice letter to the CPUC in October 2020 seeking clarification as to specific terms of the Revised CPUC Decision. The CPUC has recently responded to SCE's advice letter. Finalizing SCE's advice letter would allow SCE to issue an amendment to the PPA allowing the use of landfill gas at the ReSource Center ADF to fuel the estimated ~8% parasitic load fuel requirements.

The impact of the decreased PPA revenue resulting from the Change-in-Law discussed above is summarized in the table below and on the schedule on the following page.

Fiscal Year 2021-2022 ADF PPA Change-in-Law Impacts		
	2021-2022 MSB Est. w/ 8% LFG	2021-2022 MSB Est. w/o LFG
Contract PPA Revenue	\$2,309,229	\$2,309,229
Revised PPA Revenue	1,659,515	1,474,776
Estimated PPA Revenue Shortfall	(\$649,714)	(\$834,453)
% Decline	-28%	-36%
\$/ton impact - 1	\$3.56	\$4.57
¹ – Based on 182,563 TPY MDA Annual Minimum Delivery Req't.		

Partially offsetting the decrease in PPA revenue described above is a decrease in the ADF's cost for landfill gas (LFG) purchased from the County. Previously, an estimated 250 SCFM was assumed to be purchased by the ADF for supplemental fuel to the digesters to operate the ADF CHP engines at 100% load. As the Revised CPUC Decision limits LFG as supplemental fuel under the BioMAT tariff for use as parasitic load fuel (estimated at ~50 SCFM; 8% of 100% engine fuel load requirements), the purchased LFG will be reduced by ~80% (i.e., an 80% reduction of the \$300,000 ADF LFG purchase expense of ~\$240,000/year for the reduction from 250 SCFM/year to 50 SCFM/year).

The individual and cumulative impacts of the Change-In-Law PPA revenue decrease and partially offsetting LFG purchase expense reduction for Fiscal Year 2021/2022 are set forth on the schedule on the following page. The schedule also reflects an estimated revenue reduction of \$114,203 from the ADF tonnage decrease, resulting from the City of Santa Barbara's prior decision to exclude its source separated food waste from their MDA tonnage commitment. The schedule also reflects a \$12,057 increase in wages related to the \$15/hour minimum wage Change-In-Law requirement and the ADF's share of regulatory agency compliance costs imposed on the Project by the various regulatory agencies in excess of the amounts previously budget. The regulatory compliance cost impacts are discussed in detail on pages 10-12.

**ReSource Center ADF
2021-2022 Fiscal Year Budget Adjustments
from COVID-19, Change in Law & Regulatory Compliance Reqt.**

Item #	Location	Description	Change	Reason	Impact	Prior \$	Current \$	Adjustment	\$/Ton - 1	Contract Provision
10	Row 4	Processing Fee Revenue	Revised TPY of SSOW from 4,910 TPY to 368 TPY	There is no commitment of SSOW to AD from City of SB	Decrease of Revenues	141,377	27,354	(114,023)	\$ (0.62)	Force Majeure-COVID 19
11	Row 5	Electricity Sales-PPA Revenue	Decreased Power Purchase Agreement Revenue	Due to CPUC-CEC BioMAT Tariff Change in Law only allowing LFG to fuel ADF parastic loads	Decrease of Revenues	2,309,229	1,659,515	(649,714)	\$ (3.56)	Change in Law
12	Row 19	Wages	Update lowest wage from \$13.35 to \$15.00	Update wages to reflect upcoming minimum wage requirements	This will increase wages by \$12,917	624,255	637,172	(12,917)	\$ (0.07)	Change in Law
13	Row 31	CHP Supplemental Fuel	~45-50 SCFM est. LFG purchased by the ADF from the County to fuel AD parastic loads only, per CPUC revised BioMAT PPA. Decreased from 250 SCFM prior assumption.	Due to CPUC-CEC BioMAT Tariff Change in Law only allowing LFG to fuel ADF parastic loads	Decrease of expense	300,000	60,000	240,000	\$ 1.31	Change in Law
14	Row 77	Compliance Costs	Increased Permit Compliance Costs	Estimated Compliance Costs based on final Agency Permits	An increase of \$508,097 over budget of \$25,713	25,713	533,810	(508,097)	\$ (2.78)	County-Regulatory Agency Reqt.

Budget Adjustment Total	(1,044,752)	\$ (5.72)
		\$ -
2018 Contract Budget ADF Net Income	(1,641,515)	\$ (8.99)
2020 Updated Budget ADF Net Income	(2,686,266)	\$ (14.71)
ADF Net Income Difference	(1,044,751)	\$ (5.72)

1- Based on the MDSA's TPY	182,563	
Sub-total - COVID 19 Impacts	(114,023)	\$0.62 Force Majeure-COVID 19
Sub-total - Change In Law	(422,631)	\$2.31 Change in Law
Sub-total - Compliance Costs	(508,097)	\$2.78 County-Regulatory Agency Reqt.
Total ADF Impacts	(1,044,752)	\$5.72

The impacts of the schedule on the prior page are summarized as follows:

Fiscal Year 2021-2022 ADF Impacts from COVID-19, Change-in-Law and Regulatory Compliance					
#	Description	Change/Reason	P&L Impact	\$/Ton ⁻¹	Contract Provision
1	Tip Fee Revenue	Est. '21-'22 TPY Decr.	(114,023)	(0.62)	Force Majeure-COVID
2	PPA Revenue	Est. '21-'22 TPY Decr.	(649,714)	(3.56)	Change-In-Law
3	Wages	\$15/hr. Min Wage	(12,917)	(0.07)	Change-In-Law
4	LFG Expense	Purchase Volume Decr.	240,000	1.31	Change-In-Law
5	Compliance Costs	Regulatory Cost Incr.	(508,097)	(2.78)	Regulatory Scope Chg
Budget Adjustments Total			(\$1,044,752)	(5.72)	
Summary of Impacts by Contract Provision					
Sub-total COVID-19 Impacts			(114,023)	0.62	
Sub-total Change In Law			(422,631)	2.31	
Sub-total Compliance Costs			(508,097)	2.78	
Total ADF P&L Impacts			(\$1,044,752)	\$5.72	
<i>1 – Based on 182,563 TPY MDA Annual Minimum Delivery Requirement</i>					

4. Regulatory Compliance Costs Imposed on the Project by the Regulatory Agencies.

The ReSource Center regulatory compliance burden is imposed by the following regulatory agencies having jurisdiction over the Project and established by the following permits and authorities:

	Regulatory Agency/Jurisdiction	Permit Authority	Date Issued
1	SB County APCD (APCD)	ATC 14500-02 & 07	8/18 & 2/21
2	SB County Environmental Health Services (EHS)	Water System Permit	12/20
3	CC Regional Water Quality Control Board (Board)	Waste Water System Permit	1/21
4	CC Regional Water Quality Control Board (Board)	Recycled Water Permit	1/21
5	CC Regional Water Quality Control Board (Board)	CMU Permit	TBD
6	IGP/SWPPP Stormwater Permit (Board & PW)	Public Works RRWMD	12/20
7	CalRecycle-EHS LEA	TPR	12/20
8	CalRecycle-EHS LEA	IVDR/RCSI	12/20
9	CalEPA-EHS LEA	CUPA CERS/SPCC	12/20
10	Public Works/RRWMD	EIR MMRP	8/18
11	SB County Fire Dept.	Fire Code & Capt. Fidler	1/21

Exhibit H, Contractor's Project Proforma, dated August 30, 2018, attached to the Contract provided for Compliance Budgets of \$25,000 per year each for the MRF and the ADF/CMU, respectively. These budgets were established by HF&H in 2016 prior to the above permits and compliance requirements being established by the regulatory agencies having jurisdictional authority over the Project. The current budget for compliance with the above permit authorities are set forth on the schedule on the following page. The schedule also includes links to the various permits and authorities and the associated budget proposals provided by various sub-contractors to MSB & MarBorg (e.g., SCS Engineers relative to APCD ATC/PTO compliance; Fluid Resource Management (FRM) relative to Waste Water, Recycled Water and Water System Permits, Deep Blue relative to SB County Fire requirements, etc.).

Attachment 17 - MSB February 5, 2021 FY21-22 Extraordinary Review & CFA Request

ReSource Center Regulatory Permit Compliance Requirements

Agency	Permit	Permit Fee/Expense Parameter	Permit Condition	Daily	Weekly	Monthly	Quarterly	Semi-Annual	Annual	Total	Notes	
APCD	Air Permit 14500-02											
		Monitoring, Recordkeeping & Reporting	ATC Mod 14500-02 Conditions 9.C.1-15	X	X	X	X	X	83,328	83,328	Trevor Leiphardt Salary+Benefits X 80%	
		LFG Blowers, SRS & Flares Monitoring, Recordkeeping & Reporting	ATC Mod 14500-02 Condition 9.C.8	X	X	X	X	X	3,000	3,000	SCS RMC System-SCS Proposal-121720	
		LFG Sampling & Analysis	ATC Mod 14500-02 Condition 9.C.8				4,583			18,331	SCS/Acculabs actual billing last 6 quarterly samples & labs	
		Air Permit 14500-02										
		Semi-Annual Compliance Verification Reports	ATC Mod 14500-02 Condition 9.C.16						25,000	25,000	SCS Proposal Estimate-011521	
		Air Permit 14500-02										
		Source Testing-MRF	ATC Mod 14500-02 Conditions 9.C.17-18						100,674	100,674	SCS/Blue Sky Proposal-031720	
		Source Testing-ADF/CMU	ATC Mod 14500-02 Conditions 9.C.17-19						171,465	171,465	SCS/Blue Sky Proposal-031720	
		District Review and Approval of Source Tests and Plans							24,000	24,000	MSB Estimate	
		Air Permit 14500-02										
		CEMS Monitoring & Calibration	ATC Mod 14500-02 Condition 9.C.21			6,651				79,817	CEMTek Proposal-010821	
		Air Permit 14500-02										
		DAS (Data Acquisition Services) Fee, \$2,098 fee per CEMS parameter. Fees required for 6 parameters to determine compliance:(1) NOx lb/hr, (2) NOx ppmv at 15% oxygen, (3) CO lb/hr, (4) CO ppmv at 15% oxygen, (5) Ammonia lb/hr and (6) Ammonia ppmv at 15% oxygen. The annual DAS fee for all four engines is \$50,352 (6 parameters * 4 engines * \$2,098).	ATC Mod 14500-02 Condition 9.C.24						50,352	50,352	Specified in permit-confirmed by Kevin Brown-120120	
		Air Permit 14500-02										
	Process Stream Sampling & Analysis	ATC Mod 14500-02 Condition 9.C.26			7,100	6,050		9,500	118,900	SCS Proposal Estimate-011521		
	Air Permit 14500-02											
	ROC Increment Fees	ATC Mod 14500-02 Condition 9.C.31						36,996	36,996	Specified in permit		
	MRF LFG Blowers, Flare O&M								86,415	SCS Proposal Estimate-020421, SCS Budgets Tab		
	ADF Flare O&M								49,715	SCS Proposal Estimate-020421, SCS Budgets Tab		
	SRS O&M								264,269	SCS Proposal Estimate-020421, SCS Budgets Tab		
	Condensate O&M and Disposal								293,600	SCS Proposal Estimate-020421, SCS Budgets Tab		
Total Air Permit Compliance Costs										1,405,862		
Allocated to MRF										974,735	Allocated to ADF/CMU	
431,127												
EHD	Domestic Water System Permit											
	Operations & Compliance	Specified in Permit			350	350			1,250	23,650	Fluid Resource Management (FRM) Proposal	
	Operations & Compliance (Lab Analysis)	Specified in Permit							6,883	6,883	FRM Proposal-analytical cost excel	
Total Water System Permit Compliance Costs										30,533		
CCRWQCB	Waste Water Treatment System Permit											
	Recycled Water Permit											
	Operations & Compliance	Specified in Permits			450	450			700	29,500	Fluid Resource Management (FRM) Proposal	
	Operations & Compliance (Lab Analysis)	Specified in Permits							23,135	23,135	FRM Proposal-analytical cost excel	
Total Waste Water Treatment System Permit Compliance Costs										52,635		
CCRWQCB	CMU Permit-TBD											
CMU Permit Compliance Costs										7,000	John Kular Estimate-010421-CMU Tab	
CCRWQCB/SBC PI	IGP/Stormwater Permit											
IGP/Stormwater Permit Compliance Costs										41,475	John Kular Estimate-010421-IGP-SWPPP Tab	
CalRecycle/EHD	TPR	Including SB 1383 Compliance Costs										
TPR Compliance Costs										24,000	MarBorg/MSB Estimate	
CalRecycle/EHD	IVDR/RCSI											
IVDR/RCSI Compliance Costs										12,000	MarBorg/MSB Estimate	
EHD	CUPA-CERS											
	SPCC											
CUPA/CERS/SPCC Compliance Costs										12,000	MarBorg/MSB Estimate	
SBC P&D/EIR	MMRP Bio											
	Bio Monitoring	Specified in EIR MMRP										
MMRP Bio Compliance Costs										12,800	Padre Proposal-071420	
SBC Fire	Sprinklers, Fire Safety Systems & Methane Monitoring		County Fire Requirements									
	Methane Monitoring System								6,630	11,560	RMS Life Safety Gas Detection Agreement-012821	
	MRF Fire Sprinkler & Alarm Testing/Inspections								5,890	6,630	Deep Blue Integration Proposal-122820	
	ADF Fire Sprinkler & Alarm Testing/Inspections									5,890	"	
	Fire Pump Testing				930					11,160	"	
	2 Sprinkler Systems-Monitoring				65					780	"	
	2 Methane Detection Systems-Monitoring				45					540	"	
Fire-Life Safety Compliance Costs										36,560		
Total Compliance Costs										1,634,865	\$8.96	
Allocated to MRF										67%	1,101,055	Based on above MRF specific compliance costs
Allocated to ADF										33%	533,810	Based on above ADF/CMU specific compliance costs

The impacts of the schedule on the prior page can be summarized as follows:

Fiscal Year 2021-2022 MRF & ADF Impacts from Regulatory Compliance					
#	Description	Change/Reason	P&L Impact	\$/Ton- ¹	Contract Provision
1	Air Permit	APCD Permits	(1,405,862)	(7.70)	Regulatory Scope Chg.
2	Water System	EHS Permit	(30,533)	(0.17)	Regulatory Scope Chg.
3	WW System	CCRWQCB Permit	(26,318)	(0.14)	Regulatory Scope Chg.
4	Recycled Water	CCRWQCB Permit	(26,317)	(0.14)	Regulatory Scope Chg.
5	CMU Permit	CCRWQCB Permit	(7,000)	(0.04)	Regulatory Scope Chg.
6	IGP/SWPPP	RRWMD Reqts.	(41,475)	(0.23)	Regulatory Scope Chg.
7	TPR	CalRecycle-LEA Reqt	(24,000)	(0.13)	Regulatory Scope Chg.
8	IVDR/RCSI	CalRecycle-LEA Reqt	(12,000)	(0.07)	Regulatory Scope Chg.
9	CUPA-CERS/SPCC	CalEPA-LEA Reqt	(12,000)	(0.07)	Regulatory Scope Chg.
10	Public Works	MMRP-Bio	(12,800)	(0.07)	Regulatory Scope Chg.
11	Fire-Life Safety	County Fire Reqts.	(36,560)	(0.20)	Regulatory Scope Chg.
Budget Adjustments Total			(\$1,634,865)	(8.96)	
Summary of Compliance Cost Impacts					
Sub-total MRF Compliance Costs			(1,101,055)	\$6.03	
Sub-total ADF/CMU Compliance Costs			(533,810)	2.92	
Total Compliance Cost P&L Impact			(\$1,634,865)	\$8.96	
1 – Based on 182,563 TPY MDA Annual Minimum Delivery Requirement					

Summary

The cumulative impacts of the above are summarized in the table below:

Fiscal Year 2021-2022 MRF & ADF Combined Impacts from COVID-19, Change-in-Law and Regulatory Compliance					
#	Description	Change/Reason	P&L Impact	\$/Ton- ¹	Contract Provision
1	MRF COVID-19	'21-'22 TPY Decr.	(743,259)	(4.07)	Force Majeure-Covid
2	MRF Change-In-Law	'21-'22 TPY Incr.	(138,321)	(0.76)	Change-In-Law
3	MRF Compliance Costs	Regulatory Costs	(1,075,342)	(5.89)	Regulatory Scope Chg.
4	ADF COVID-19	'21-'22 TPY Decr.	(114,023)	(0.62)	Force Majeure-COVID
5	ADF Change-In-Law	'21-'22 TPY Incr..	(422,631)	(2.31)	Change-In-Law
6	ADF Compliance Costs	Regulatory Costs	(508,097)	(2.78)	Regulatory Scope Chg.
Budget Adjustments Sub-Total			(\$3,001,673)	(16.44)	
Summary of Impacts by Contract Provision					
MRF & ADF COVID-19 Impacts			(857,282)	(4.70)	Force Majeure-COVID
MRF & ADF Change-In-Law			(560,953)	(3.07)	Change-In-Law
MRF & ADF Compliance Costs			(1,583,439)	(8.67)	Regulatory Scope Chg.
Sub-Total MRF & ADF P&L Impacts			(\$3,001,673)	(16.44)	
\$300K/Yr MRF O&M Adjustment			(300,000)	(1.64)	Section 10.3.A.1.a.
Total MRF & ADF P&L Impacts			(\$3,301,673)	(18.08)	
Calculated CPI Adjustment			730,342	4.00	Section 10.3.A.1.a.
Adjustments Net of CPI Increase			(\$2,571,331)	(14.08)	Required to Breakeven
1 – Based on 182,563 TPY MDA Annual Minimum Delivery Requirement					

In order to calculate the impact of the above on the facility processing charge (i.e., Tip Fee) paid to the Project to achieve a breakeven budget requires the following adjustments to the Per Ton Processing Rate (which is presented based on the Contract TPY (190,717) and the MDA's TPY (182,563)):

Fiscal Year 2021-2022 Impacts from COVID-19, Change-in-Law and Regulatory Compliance					
#	Description Change/Reason	Contract TPY		MDA's TPY	
1	Anticipated Tons	190,717		182,563	
2	Year 1 Revenue Requirement	\$14,034,336	73.59	\$14,034,336	76.87
3	\$300K O&M Expense Adjustment	300,000	1.57	300,000	1.64
4	Year 1 Revenue Req. incl. \$300K	\$14,034,336	75.16	\$14,334,336	78.52
5	CPI Adjustment (5.095%)	730,342	3.83	730,342	4.00
6	Year 1 Revenue Req. Adjusted	\$15,064,678	78.99	\$15,064,678	82.52
7	Per Ton Processing Fees/Rate	\$5,491,429	28.79	\$5,491,429	30.08
8	\$300K O&M Expense Adjustment	300,000	1.57	300,000	1.64
9	CPI Adjustment (5.095%)	730,342	3.83	730,342	4.00
10	Per Ton Processing Fees/Rate	6,521,771	34.19	6,521,771	35.72
11	Covid, Compliance Cost, Change-In-Law Adjustments (net of CPI)	2,571,331	13.48	2,571,331	14.08
12	Per Ton Processing Fees/Rate	9,093,102	47.68	9,093,102	49.81
13	Tip Fee Shortfall due to COVID	823,987	47.68	860,790	49.81
14	Tip Fee (173,435 TPY)	8,269,115	47.68	8,232,312	49.81
15	Est. Recyclable Revenue	5,921,995	31.05	5,921,995	32.44
16	Est. PPA Revenue	1,659,515	8.70	1,659,515	9.09
17	Est. Total Revenue	15,850,624	83.11	15,813,822	86.62
18	MRF Operating Costs	11,503,861	60.32	11,503,861	63.01
19	ADF Operating Costs	4,373,135	22.93	4,373,135	23.95
20	Total Project Operating Costs	15,876,996	83.25	15,876,996	86.97
21	Net Profit/(Loss) to Operator	(26,732)	(0.14)	(63,174)	(0.35)

Interestingly, the revised Project operating costs (i.e., breakeven budget) of \$15,876,996 is only \$812,318 more than the contractually provided Year 1 calculated Revenue Requirement irrespective of the \$3,001,673 budget impacts from COVID, Change-in-Law and Compliance Costs.

If order for the Project to achieve breakeven operating costs during Fiscal Year 2021-2022 an adjustment to the base tip fee of \$13.48/\$14.08 (190,717 TPY/182,563 TPY) per ton is required in addition to the contractually required 5.095% CPI and \$300K/year MRF O&M adjustments.

The COVID-19, Change-In-Law and Regulatory Agency Required Compliance Cost budget impacts described above will occur irrespective of the best efforts of the Contractor and its operator subcontractor (i.e., MSB and MarBorg) to mitigate and/or avoid these impacts. In other words, the above described impacts are Uncontrollable Circumstances imposed upon the Project and thereby on MarBorg/MSB and the County.

The proposed Tip Fee adjustments are the only remedy to maintain economic sustainability of the Project in light of these impacts.

Derek and I would be happy to meet with you in person or via zoom in order to walk through each and every one of the identified impacts described herein at your earliest convenience.

Sincerely,

MSB Investors, LLC



John Dewey, CEO & Managing Member

ATTACHMENT 18

ReSource Center Financial Review

FY 21-22

& FY 22-23

March 15, 2023

Fiscal Issues Status (County letter dated February 21, 2023)

1. Notice to Proceed with Operations:

- MSB has requested NTP or LNTP (Notice to Proceed with Limited Operations) as of July 1, 2022
- Met on March 1st identifying outstanding issues that needed to be resolved prior to issuance of NTP or LNTP.
- MSB is addressing the list and requests an early April date to provide an update.
- The cause of commissioning delays are related to uncontrollable circumstances, such as COVID, Alisal Fire of 2021 and to a lesser extent the war in Ukraine and historic January storms

2. FY21/22 Financial Shortfall

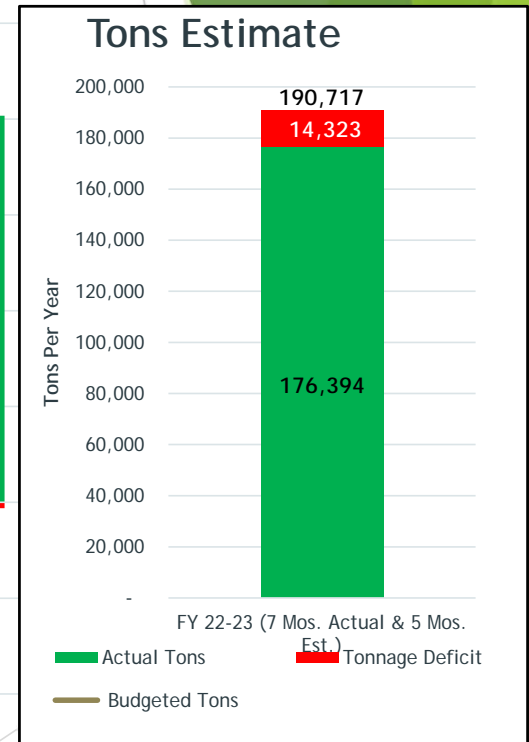
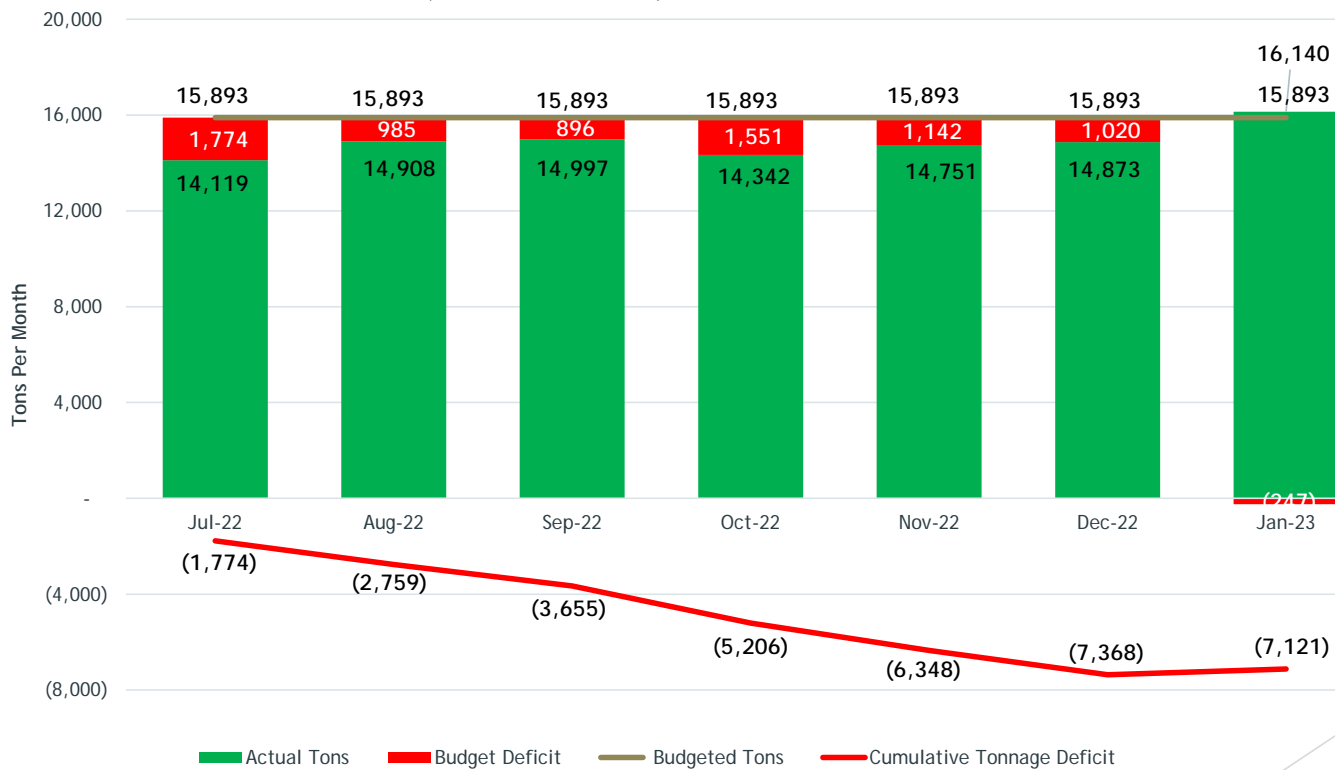
- EY provided requested documentation, MSB/EY are meeting.
- MRF did provide \$1M to ADF/CMU to cover a portion of ADF operating costs & \$1M to cover MRF costs assumed by MSB; and, the ADF still had a \$1.3M operating deficit.
- PPA revenue shortfall related to ADF start-up delays due to Covid and Alisal Fire. PPA revenue agreed adjustment to \$1.4M in FY 22-23 based on exclusion of LFG as eligible fuel source.
- County offered and funded approximately \$700K of \$1.3M request.

Fiscal Issues Status

3. Excess working Capital Cost for ADF start-up, commissioning & acceptance:
 - MSB has requested \$1.3M in additional working capital
 - Under review by County Consultants (EY)
4. Cash Flow Assistance (CFA) for FY22/23 and,
5. Adjustment for Future Year Operational Proforma (FYOP)
 - CFA and FYOP are similar concerns
 - CFA is needed for the current fiscal year
 - FYOP is necessary for ongoing sustainability of the facility and is required by potential new operator.
 - In good faith, the County has funded \$480,871 in CFA
 - Focus of today's discussion:
 - 7 months of unreviewed financials (July 22 to January 23)
 - Projected annual shortfall for FY 22/23

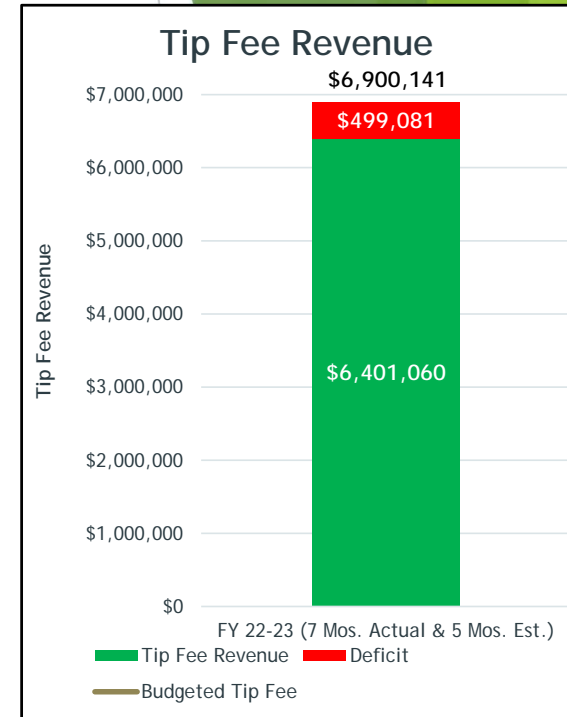
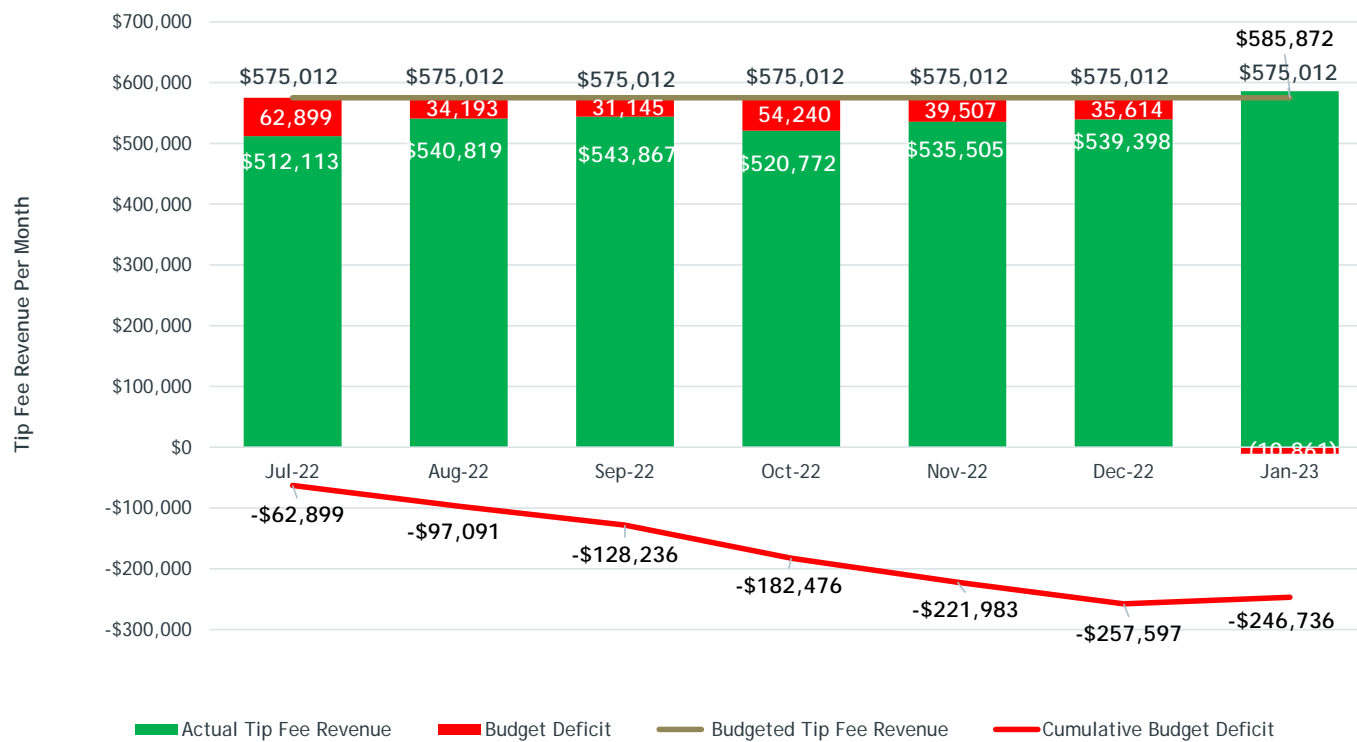
Actual vs. Budget & Cumulative Deficit

Tons (FY 22-23) Actual 7 Mos.



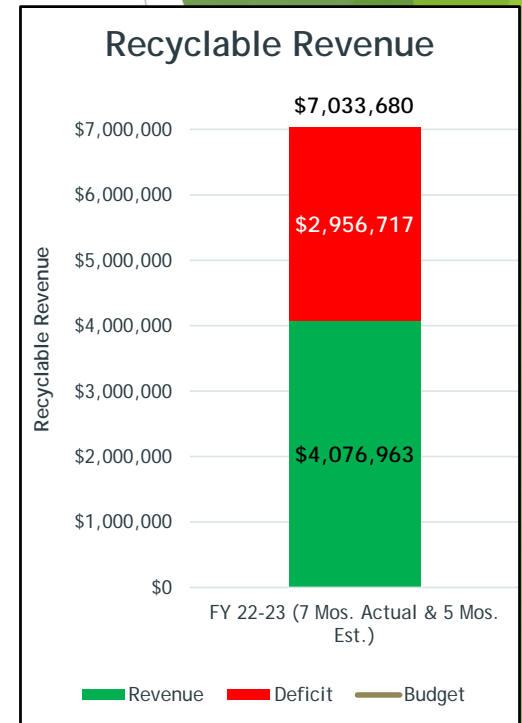
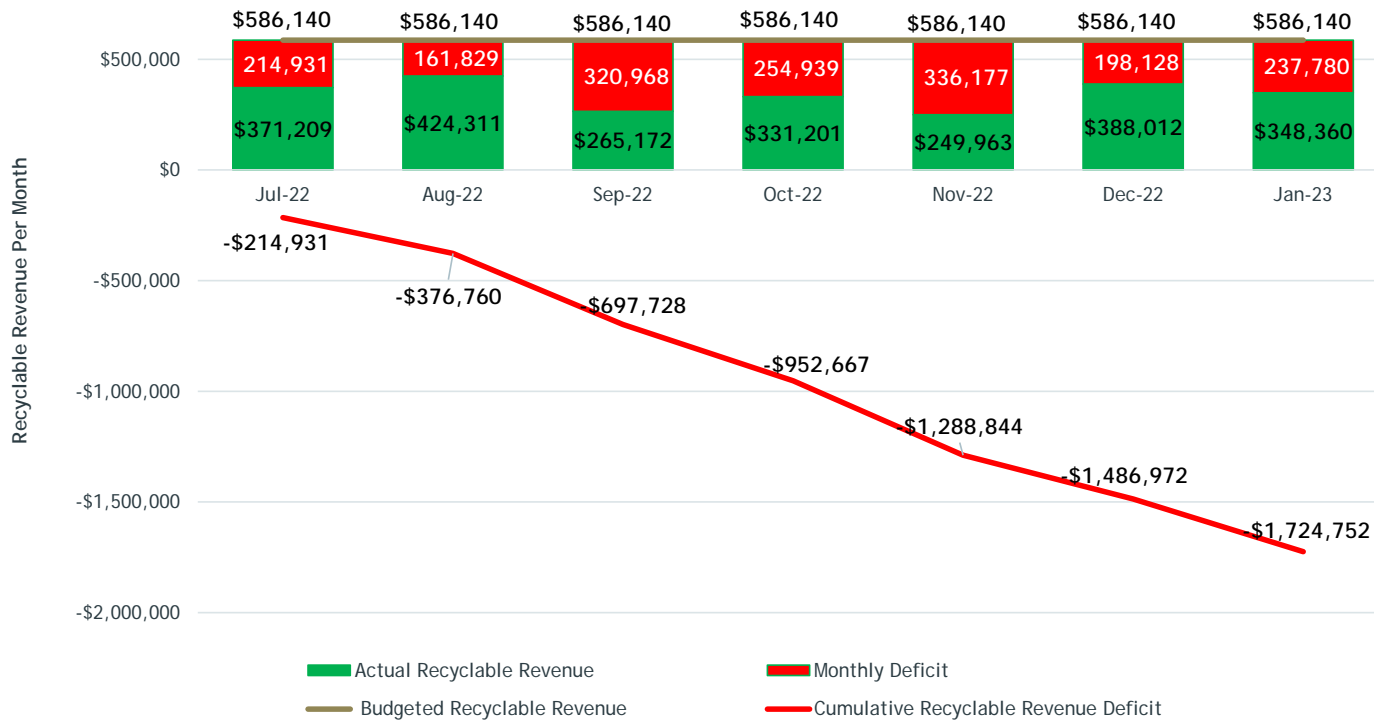
Actual vs. Budget & Cumulative Deficit

Tip Fee Revenue (FY 22-23) Actual 7 Mos.



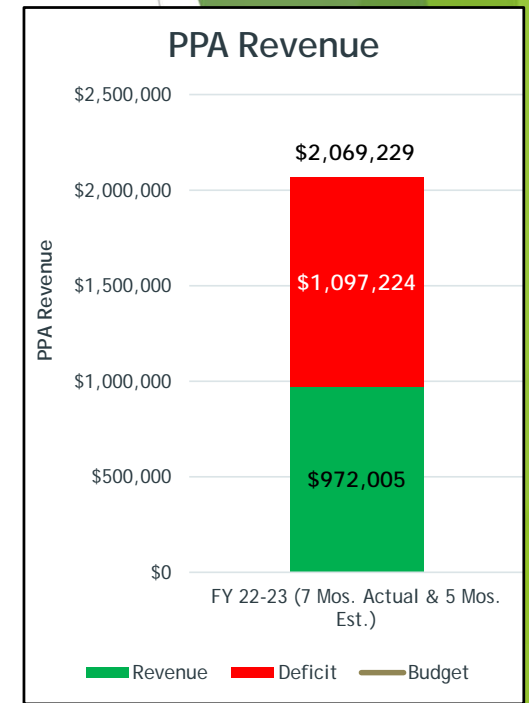
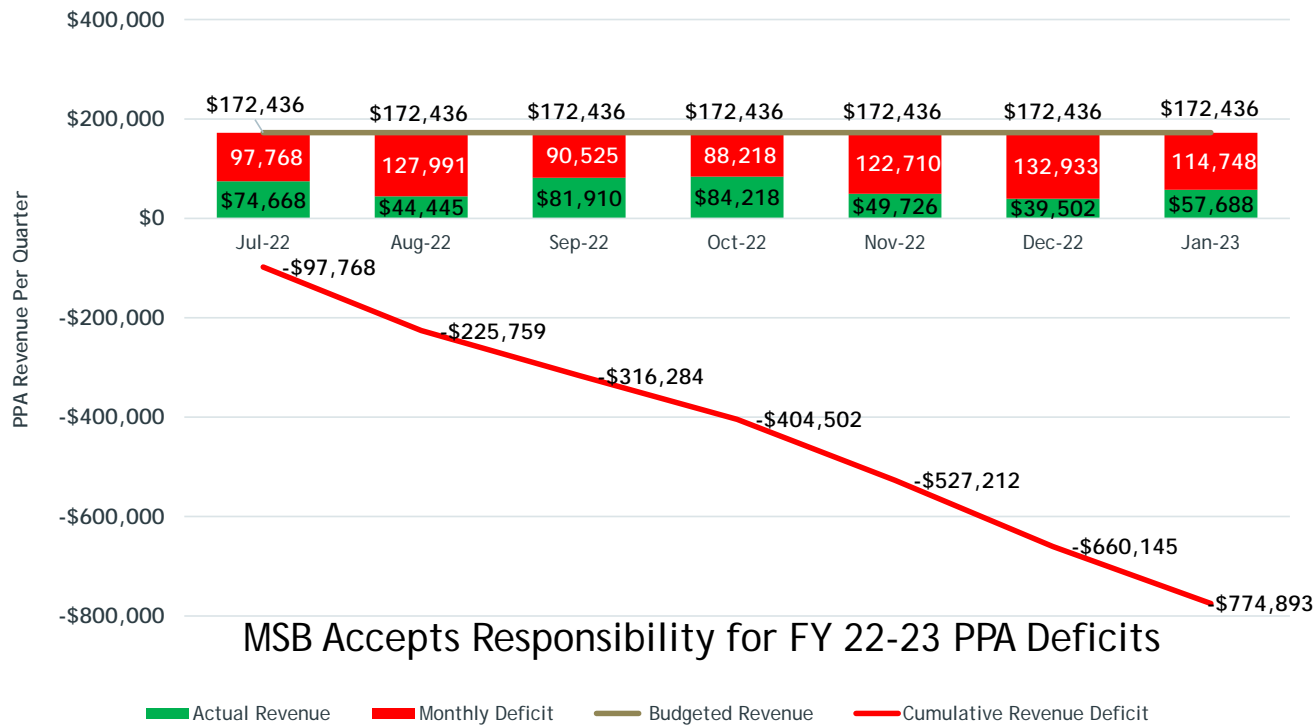
Actual vs. Budget & Cumulative Deficit

Recyclable Revenue (FY 22-23) Actual 7 mos.

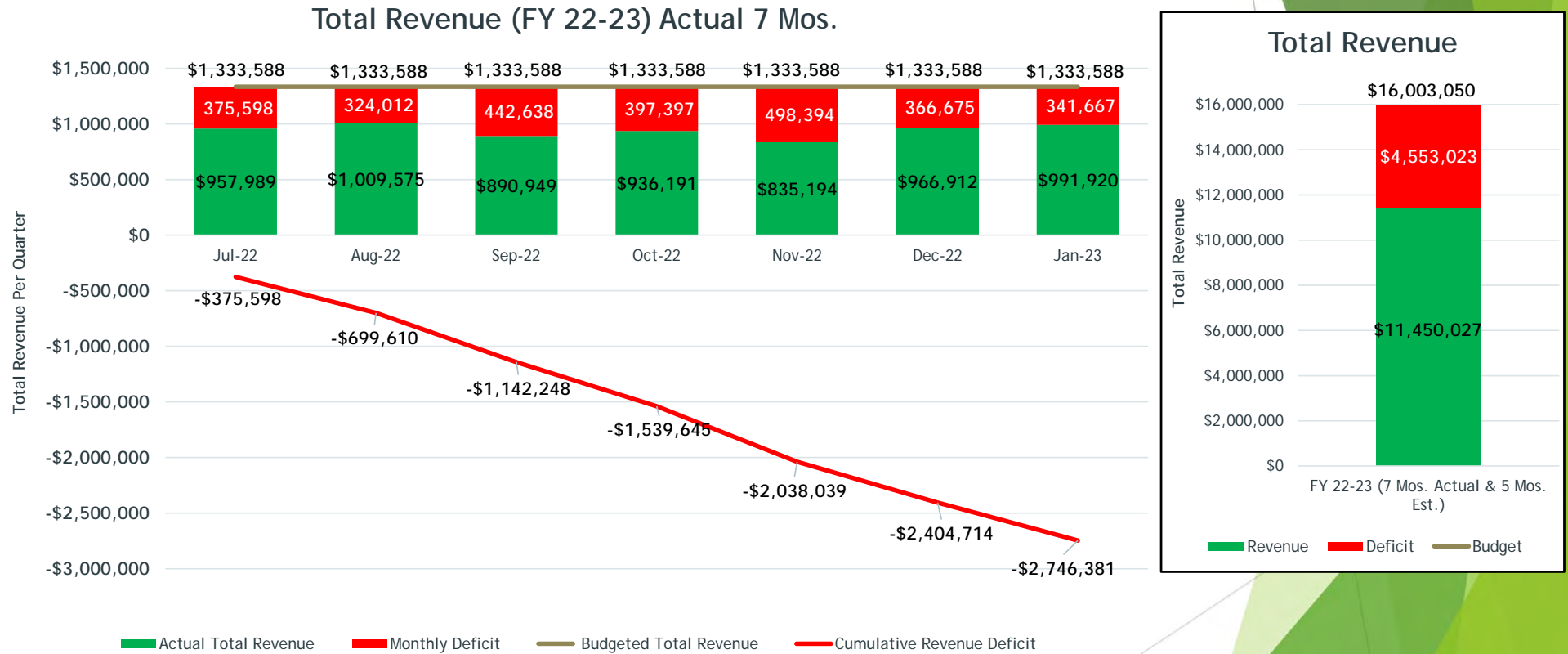


Actual vs. Budget & Cumulative Deficit

PPA Revenue (FY 22-23) Actual 7 Mos.

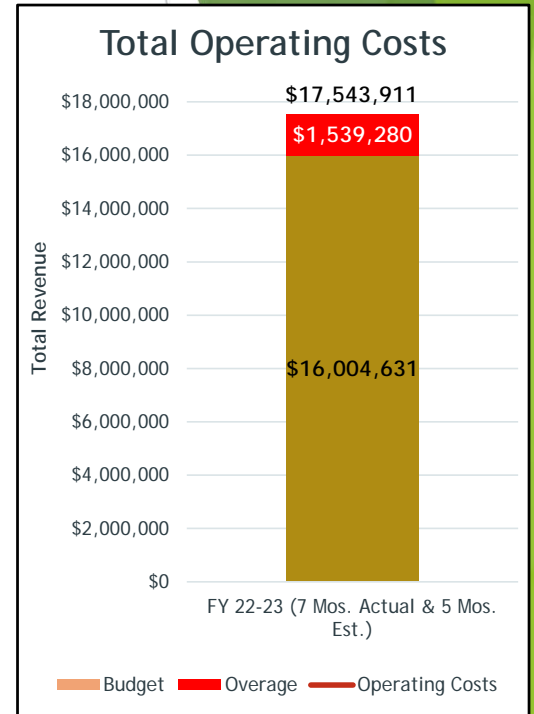
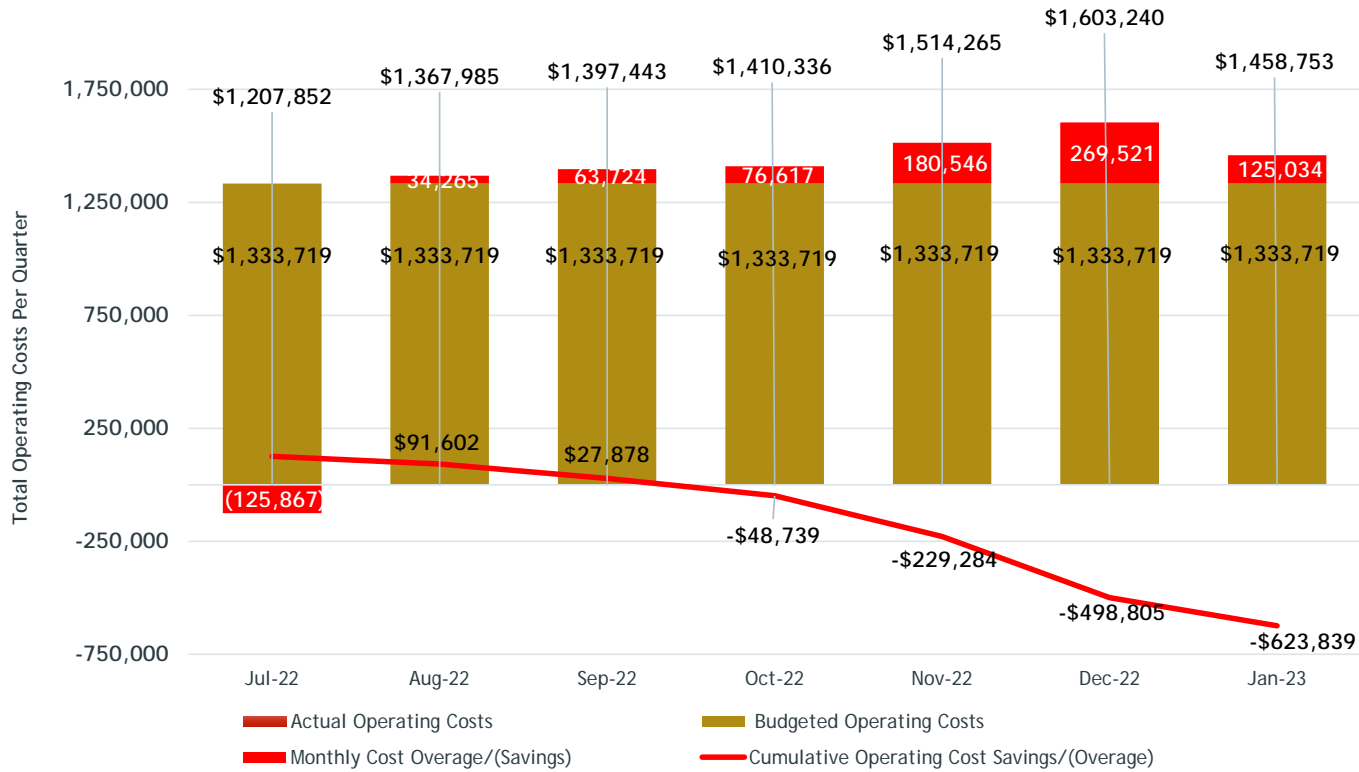


Actual vs. Budget & Cumulative Deficit

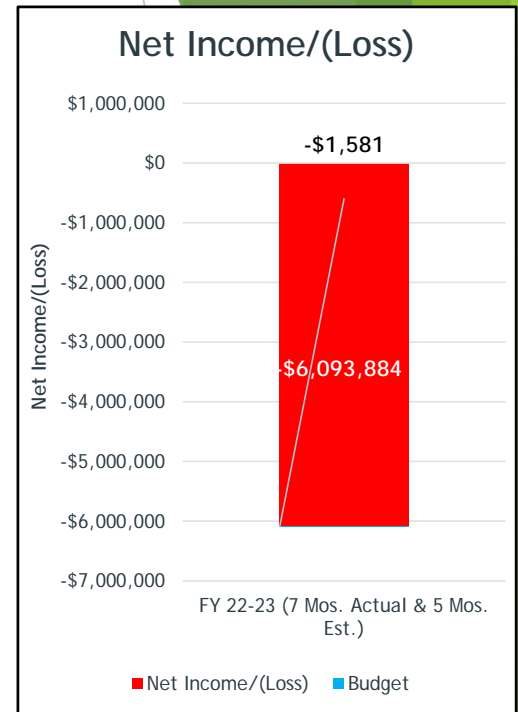
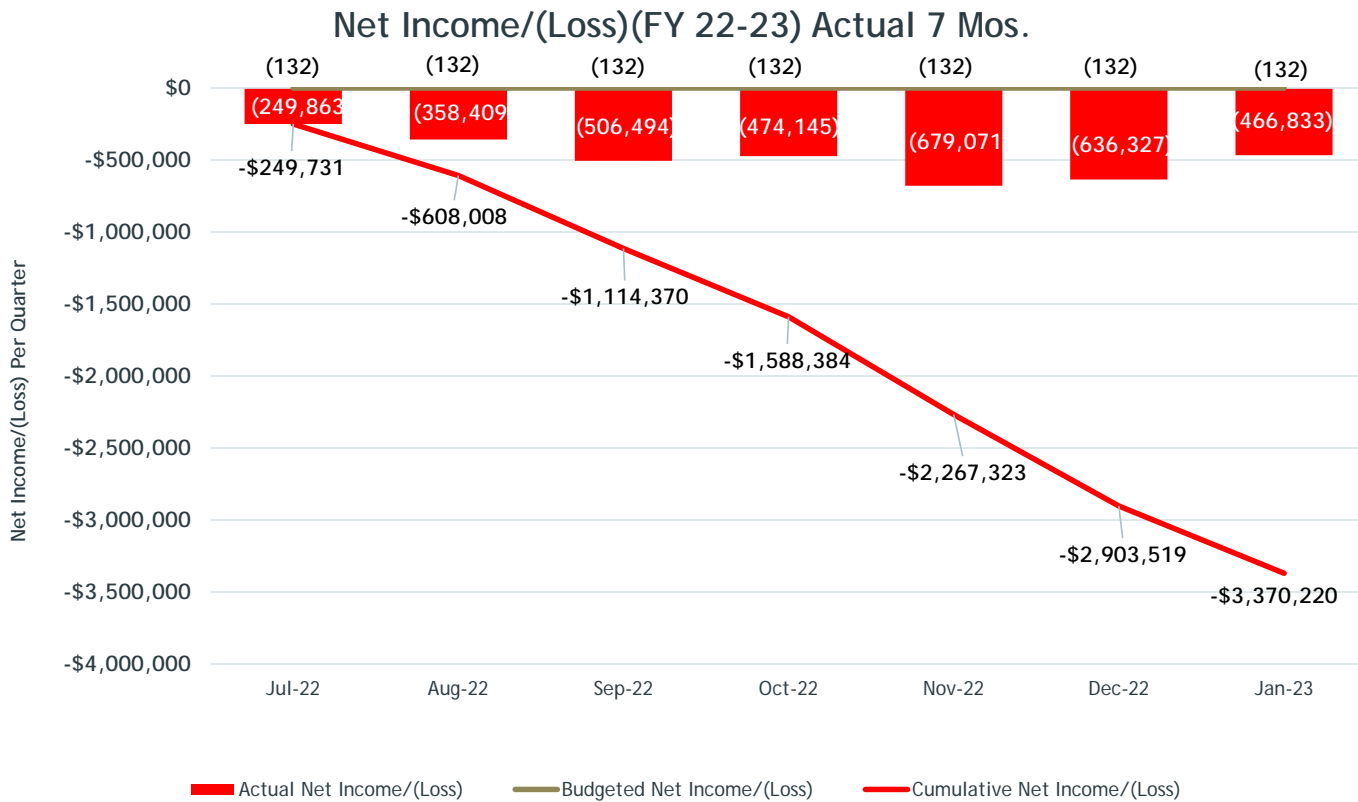


Actual vs. Budget & Cumulative Cost Savings/(Overage)

Total Operating Costs (FY 22-23) Actual 7 Mos.



Actual vs. Budget & Cumulative Net Income/(Loss)



Fiscal Status Summary for 22/23

Funding & Expenditure Shortfall Assumptions

- ▶ While tonnage increased during the first 7 months of the FY, it fell back in February and is an estimated 172,280 TPY (8 months annualized).
- ▶ Recyclable Revenues continue to under perform and will likely continue.
- ▶ PPA revenues are now reaching revised budget levels (\$1.4M) for Feb. Minimal shortfall is expected for the remainder of the year, unless directed to reduce ADF throughput for odor mitigation. MSB Accepts FY 22-23 PPA Revenue Deficit responsibility.
- ▶ Expenditures have increased due to ADF Payroll & equipment requirements, odor mitigation efforts, regulatory compliance response & significant rainfall events.

Fiscal Status Summary for 22/23

Revenue & Operating Cost Deficits

		7 Months Actual Deficits	Estimated Annual Deficits
Revenues			
	Tip Fee	246,736	499,081
	Recyclables	1,724,752	2,956,717
	PPA	<u>774,893</u>	<u>1,097,224</u>
	Total Revenue	\$2,746,381	\$4,553,023
Operating Costs		\$623,839	\$1,539,280
Total Deficit		\$3,370,220	\$6,092,302

Consequences of Chronic Underfunding

- ▶ Landfill Expansion Risk
- ▶ Regulatory Compliance Challenges
- ▶ Litigation Exposure from Various Stakeholders
- ▶ Insufficient Funds to Address Odor Mitigation
- ▶ Eliminates possibility of operator transfer. Any new operator will need a balanced budget.
- ▶ Reserves for Repairs, Replacement & Maintenance will become under funded.
- ▶ Inability to hire full staffing required to operate, maintain, comply and mitigate odors
- ▶ Inability to purchase equipment required to address contamination
- ▶ Not reasonable to expect MSB & its Subcontractors to fund Structural Deficits.
- ▶ Reputational damage to the ReSource Center & County Public Works

Summary of Financial Requests

	MSB Request Update in April	County \$
▶ 1. Notice to Proceed -		
▶ 2. FY21/22 Financial Shortfall	\$1,361,000	\$697,000
▶ 3. Excess Working Capital Cost for ADF	\$1,332,000	
▶ 4. Cash Flow Assistance (CFA) for FY22/23 (less PPA deficit)	\$5,000,000	\$480,000
▶ 5. Adjustment for Current & Future Year Operational Proforma (FYOP)	Balanced Budget	

ATTACHMENT 19

November 6, 2023

Carlyle Johnston
Project Leader
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

RE: Incident Report & Request

Carlyle,

Yesterday morning at 2:00 am, potentially in connection with the time change, the Bekon SCADA ADF operating system went into fault and our operator was locked out of the system. The CHP engine shut down and the biogas was routed to the flare. Biogas and percolate valves were locked in position.

The operator requested support assistance from Bekon to resolve the issue. Bekon refused to provide support citing a lack of payment which is a direct result of the County's delayed payment of Cash Flow Assistance (CFA) for the past 6 months, May-October. As you may recall from our recent budget negotiations, the ADF has an operating budget of more than \$500,000 per month of which the PPA revenue provides nearly \$100,000 leaving an operating deficit of more than \$400,000/month which can only be satisfied with monthly CFA payments.

Bekon has refused to provided critical parts, service and support for more than 90 days due to the County's refusal to provide CFA over the past 6 months.

The potential consequences of a Bekon system software lockout could include:

- Direct venting of biogas to the atmosphere for a prolonged period impacting the AQ community and all operating staff at the landfill and the ADF/CMU
- Percolation drainage failures in the fermenters causing overpressure at fermenter door seals causing door seals to fail and/or fermenter hinge failures as we experienced with F9 earlier this year. Door failures can also lead to uncontrolled releases of biogas.
- Operator injury due to door failures.
- Prolonged partial or full plant shutdown due to multiple door failures.

Fortunately, our local SCADA controls integration & software consultant was available to troubleshoot, diagnose and implement a fix that resolved the system lockout and allowed the operator access to the plant operations controls. The incident was resolved at 9:31 am.

Bekon is not the only critical vendor refusing to provide parts, service support and consumable supplies as a direct result of the County's delayed processing of CFA payments for the past 6 months. Various critical parts and equipment have long lead times. If the ADF operations and maintenance budget is not properly funded on a timely basis, we are prevented from maintaining parts inventories or advanced ordering for equipment replacements. The deficiencies directly caused by inadequate funding could force the plant to shut down for weeks. And in certain circumstances, restarting operations would add even more costs and downtime.

As a result, we must reiterate our urgent request to please immediately fund the July-September CFA request of \$822,648, acknowledged by you as proper, while the May-June CFA request remains pending completion of MSB's audited financials for FY 22-23 which is pending PW finance staff's returning audit confirmations requested by MSB's audit firm as of October 12, 2023.

As you may appreciate, provision of adequate funding for the safe operation and maintenance of the MRF, ADF and CMU facilities (i.e., the Revenue Requirement) is a County Responsibility under the terms of our agreement. Per Section 10.8, CFA is supposed to be provide within 30 days of request.

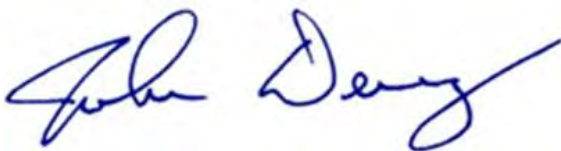
Failure to provide adequate and timely funding for the safe operation and maintenance of the facilities will continue to put our operators health & safety at increasing risk while also increasing the risk of plant operational interruptions and damages.

Yesterday's incident was resolved without damage to the plant or operator injury; however, next time we may not be as fortunate.

Hopefully, your management/engineers will understand and appreciate the increasing risks and potential serious consequences of not providing adequate, timely and consistent funding for the safe operations and maintenance of the ADF.

I would be happy to discuss any aspect of the incident with you and our operator via a Teams meeting at your earliest convenience.

Sincerely,
MSB Investors, LLC



John Dewey
CEO & Managing Member

ATTACHMENT 20

John Dewey

From: John Dewey
Sent: Thursday, November 16, 2023 8:13 AM
To: 'Carlyle Johnston'
Subject: FW: Mustang Renewable Power Ventures October Statement
Attachments: Mustang Renewable Power Venutures.pdf

Carlyle,

As we have discussed, the County's refusal to provide any Cash Flow Assistance (CFA) for the past 6 months has led to now 10 of our critical parts, service and support vendors refusing to provide service. In this instance, SCS Engineers is our flare and siloxane removal system (SRS) O&M subcontractor. Flare and SRS operations are critical for the safe and compliant operations of the landfill gas infrastructure and the CHP engine operations at both the MRF and the ADF.

Refusal to provide CFA to allow us to pay these critical vendors puts the health and safety of all plant operators at risk as well as increasing the risk of plant operational interruptions.

SCS has previously agreed to continue providing services so long as their account is no more than 90 days delinquent. That would require an immediate payment of \$45,637.94.

Please advise as soon as possible how this and other critical financial matters can be resolved.

Sincerely,

John Dewey
CEO
Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660
(805) 259-9499

From: Aguilar, Tony <TAguilar@scsengineers.com>
Sent: Wednesday, November 15, 2023 1:17 PM
To: John Dewey <john@deweygroup.com>; Jeff Bicknell <Jeff@mustangrpv.com>
Cc: Petoyan, Galen <GPetoyan@scsengineers.com>
Subject: FW: Mustang Renewable Power Ventures October Statement

John,
A Stop Work Authority has been issued with Mustang Renewable Power Ventures effective November 13, 2023 due to nonpayment of outstanding invoices for the amount of \$96,950.30. This amount will need to be paid in full in order for SCS to continue services with MSB at Tajiguas Landfill.

Your URGENT response to this matter is greatly appreciated.

Sincerely,

Tony Aguilar

Attachment 20 - MSB November 16, 2023 email re: SCS Engineers Stop Work Notice

Project Manager
SCS ENGINEERS
(562) 208-6035 (C)
taguilar@scsengineers.com

Driven by Client Success

From: Petoyan, Galen <GPetoyan@scsengineers.com>
Sent: Wednesday, November 15, 2023 12:13 PM
To: Aguilar, Tony <TAguilar@scsengineers.com>
Cc: Henriquez (Lance), Bambi <BHenriquez@scsengineers.com>; Legaspi, Robert <RLegaspi@scsengineers.com>
Subject: FW: Mustang Renewable Power Ventures October Statement

Tony: See attached. Please forward as appropriate.

Thanks.

Galen S. Petoyan
Senior Vice President
SCS Field Services
3900 Kilroy Airport Way
Suite 100
Long Beach, CA 90806
Office: (562) 426-9544
Mobile: (562) 233-8997
Email: gpetoyan@scsengineers.com

Statement

SCS Engineers
 3900 Kilroy Airport Way, Suite 100
 Long Beach, CA 90806-6816

November 15, 2023

Mr. John Dewey
 Mustang Renewable Power Ventures, LLC
 17 Corporate Plaza Drive
 Suite 200
 Newport Beach, CA 92660

Outstanding Invoices

Number	Date	Invoiced	Balance Due	
0471457	6/30/2023	150.00	150.00	07220205.00
0473587	6/30/2023	8,298.90	8,298.90	07219041.00
0473588	6/30/2023	14,895.44	14,895.44	07219041.01
0473905	7/31/2023	150.00	150.00	07220205.00
0476355	7/31/2023	15,732.62	15,732.62	07219041.00
0476481	7/31/2023	6,411.88	6,411.88	07219041.01
0477061	8/31/2023	150.00	150.00	07220205.00
0478945	8/31/2023	3,975.84	3,975.84	07219041.00
0478963	8/31/2023	10,666.44	10,666.44	07219041.01
0479577	9/30/2023	150.00	150.00	07220205.00
0480471	9/30/2023	5,278.00	5,278.00	07219041.00
0480475	9/30/2023	8,893.58	8,893.58	07219041.01
0482624	10/31/2023	150.00	150.00	07220205.00
0483492	10/31/2023	9,576.29	9,576.29	07219041.00
0483493	10/31/2023	12,471.31	12,471.31	07219041.01
Statement Totals		96,950.30	96,950.30	

ATTACHMENT 21



Environmental Health Services

225 Camino del Remedio ♦ Santa Barbara, CA 93110
805/681-4900 ♦ FAX 805/681-4901

Mouhanad Hammami, MHA Director
Suzanne Jacobson, CPA Chief Financial Officer
Palge Batson, MA, PHN, RN Deputy Director
Darrin Eisenbarth Deputy Director
Dana Gamble, LCSW Deputy Director
Dr. Noemi Doohan Medical Director

2125 S. Centerpointe Pkwy. #333 ♦ Santa Maria, CA 93455-1340
805/346-8460 ♦ FAX 805/346-8485

Lars Selfert Director of Environmental Health

SENT VIA ELECTRONIC MAIL

January 30, 2023

John Dewey, CEO
MSB Investors, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660

Subject: LEA Approval of Odor Best Management Practices (BMPs) Feasibility Study, Tajiguas Resource Recovery Project & Sanitary Landfill (SWIS 42-AA-0015) Anaerobic Digestion Facility (ADF) and Compost Management Unit (CMU)

Dear Mr. Dewey,

Santa Barbara County Public Health Department, Environmental Health Services Division (EHS) is the designated Local Enforcement Agency (LEA) as defined in Title 14, California Code of Regulations (14 CCR) Section 18011(a)(16). In accordance with this designation, the LEA performs permitting, inspection, and enforcement duties of solid waste facilities including the Tajiguas Resource Recovery Project & Sanitary Landfill (42-AA-0015), including the sites Anaerobic Digestion Facility (ADF) and Compost Management Unit (CMU) operations (Facility).

The ADF and CMU have a site-specific odor impact minimization plan (OIMP) that the operator is required to implement in accordance with 14 CCR Sections 17896.31 and 17863.4, respectively. The plans are to be designed, in part, to establish odor monitoring and complaint response protocols, and to establish design and operational procedures that "minimizes odor impacts so as to not cause a nuisance" (14 CCR Sections 17896.32(a) and 17867(a)(2)).

On the inspection report documenting the LEA's September 21, 2022 inspection dated October 18, 2022, the LEA directed you to prepare and implement an Odor Best Management Practice Feasibility Report in accordance with 14 CCR Sections 17896.31(f) and 17863.4(f) by no later than November 4, 2022, due to ongoing odor impacts despite the implementation of the OIMP.

On November 4, 2022, the LEA received the report prepared by MSB Investors, LLC with assistance from SCS Engineers titled *Santa Barbara County ReSource Center, Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU), Odor Best Management Practices (BMPs) Feasibility Study (BMP Feasibility Study)*. On December 5, 2022, the LEA provided directives in response to the *BMP Feasibility Study* in accordance with 14 CCR Sections 17896.30(d)(2) and 17863.4.1(d)(2), to continue implementation of identified BMPs, evaluate their effectiveness, and revise the document. Revisions to the *BMP Feasibility Study* were submitted to the LEA on December 30, 2022, with further revisions requested on January 23, 2023 by the

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

42-AA-0015 - Odor BMP Feasibility Study
January 30, 2023
Page 2 of 2

LEA in consultation with CalRecycle. On January 26, 2023 MSB Investors, LLC submitted a revised *BMP Feasibility Study* addressing the revisions requested.

In accordance with 14 CCR Sections 17896.30(d)(1) and 17863.4.1(d)(1), the LEA approves the *BMP Feasibility Study* dated January 26, 2023, and hereby directs you to:

1. Fully implement the plan in accordance with the identified schedule or as may otherwise be specified by the LEA to comply with State minimum standards; and
2. Evaluate of the effectiveness of BMPs that have been fully or partially implemented, and provide status updates on the plan's implementation. **This compliance report shall be provided to the LEA at least monthly by no later than the 10th day of the following month.**

Failure to comply with the above directives may result in the LEA issuing a corrective action order to fully implement the plan. If you have any questions please contact Norma Campos Bernal at (805) 681-4942. Written correspondence regarding this matter should be sent to EHS at 225 Camino del Remedio, Santa Barbara, CA 93110 or via email to NCamposBernal@sbcphd.org.

Thank you,



Norma Campos Bernal, REHS
Senior Environmental Health Specialist

cc via electronic mail:

Gina Weber, CalRecycle via SWIS
Leslie Wells, RRWMD Deputy Director
Jeanette Gonzales-Knight, RRWMD Compliance Manager
Jordan Haserot, CCRWQCB

Santa Barbara County ReSource Center
Anaerobic Digestion Facility (ADF) &
Composting Management Unit (CMU)

Odor Best Management Practices (BMPs) Feasibility Study

January 26, 2023

Prepared by
MSB Investors, LLC
with assistance from SCS Engineers

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A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
2/22/2022	Jim Beraldo by text	10:14am	349 deg-Wind Dir, 8 mph-Wind Spd, 48°F-Temp., 57% Rel Humidity	Smell is really strong right now.	Strong	Engine and flare testing during commissioning.	Potential biogas venting.
3/4/2022	Elena Jensen by text	8:51am	23 deg-Wind Dir, 12 mph-Wind Spd, 50°F-Temp., 54% Rel Humidity	now good odor I'd say between a 7-8 with a good strong on shore wind.	Strong	One of the digesters had a chimney valve that got stuck open resulting in biogas leak.	Potential biogas venting.
3/4/2022	Linda Smith by email	5:30pm	338 deg-Wind Dir, 16 mph-Wind Spd, 52°F-Temp., 60% Rel Humidity	Smells this morning and yesterday.	Strong	One of the digesters had a chimney valve that got stuck open resulting in biogas leak.	same as above
3/5/2022	Elena Jensen by text	8:29am	332 deg-Wind Dir, 20 mph-Wind Spd, 48°F-Temp., 63% Rel Humidity	Strong odor this morning at 3:15 with a strong westerly wind	Strong	Engine and flare testing during commissioning.	Potential biogas venting.
3/11/2022	Jim Beraldo by text	6:52pm	236 deg-Wind Dir, 10 mph-Wind Spd, 61°F-Temp., 32% Rel Humidity	Bad Smell now.	Strong	Engine and flare testing during commissioning.	Potential biogas venting.
3/12/2022	Linda Smith by text	6:07pm	321 deg-Wind Dir, 4 mph-Wind Spd, 71°F-Temp., 19% Rel Humidity	Smell on the stronger side by the beach	Strong	Engine and flare testing during commissioning.	Potential biogas venting.
3/14/2022	Linda Smith by text	7:23pm	259 deg-Wind Dir, 5 mph-Wind Spd, 67°F-Temp., 16% Rel Humidity	Really yucky right now	Strong	Engine and flare testing during commissioning.	Potential biogas venting.
3/14/2022	Karli Meyer by email	8:13pm	343 deg-Wind Dir, 4 mph-Wind Spd, 88°F-Temp., 20% Rel Humidity	Mar 12 around 6PM smelt disgusting.	Strong	same as above	same as above
3/15/2022	Linda Smith by text	6:28pm	326 deg-Wind Dir, 23 mph-Wind Spd, 68°F-Temp., 44% Rel Humidity	Stinky	Strong	Flare outage due to high winds.	Potential biogas venting.
3/16/2022	Linda Smith by text	2:04pm	309 deg-Wind Dir, 19 mph-Wind Spd, 72°F-Temp., 22% Rel Humidity	Current smell again	Strong	Flare outage due to high winds.	Potential biogas venting.
3/17/2022	Elena Jensen by text	3:24am	23 deg-Wind Dir, 15 mph-Wind Spd, 51°F-Temp., 36% Rel Humidity	A little bit of a smell around a 2.5 -3, winds blowing nw	Strong	Flare outage due to high winds.	Potential biogas venting.
3/17/2022	Linda Smith by text	7:37pm	326 deg-Wind Dir, 4 mph-Wind Spd, 66°F-Temp., 25% Rel Humidity	been smelling last two hours	Strong	same as above	same as above
3/18/2022	Linda Smith by text	9:11pm	11 deg-Wind Dir, 5 mph-Wind Spd, 67°F-Temp., 21% Rel Humidity	The smell is here again	Strong	Engine and flare testing and faults during commissioning.	Potential biogas venting.
3/21/2022	Linda Smith by text	10:56am	309 deg-Wind Dir, 15 mph-Wind Spd, 64°F-Temp., 18% Rel Humidity	Smell has been intermittent a few days. This morning it was strong for a short time	Strong	same as above	same as above
3/30/2022	Elena Jensen by text	2:45am	17 deg-Wind Dir, 20 mph-Wind Spd, 64°F-Temp., 39% Rel Humidity	Strong odor around an 8 with strong NW winds	Strong	Engine and flare testing and faults during commissioning.	Potential biogas venting.
3/31/2022	Linda Smith by text	9:01pm	28 Deg-Wind Dir, 7 mph-Wind Spd, 52°F-Temp., 68% Rel Humidity	[smell] wasn't strong, but it was there	Moderate	same as above	same as above
4/11/2022	Linda Smith by text	5:24pm	321 deg-Wind Dir, 19 Mph-Wind Spd, 57°F-Temp., 64% Rel Humidity	Plastic debris flying into the ocean. Now and then the smell has made it here, as this morning.	Moderate	Engine and flare testing and faults during commissioning.	Potential biogas venting.
4/16/2022	Jim Beraldo by email	4:05pm	293 deg-Wind Dir, 15 mph-Wind Spd, 61°F-Temp., 51% Rel Humidity	Slight smell this morning.	Moderate	same as above	same as above
4/18/2022	Linda Smith by text	7:19pm	23 deg-Wind Dir, 34 mph-Wind Spd, 63°F-Temp., 22% Rel Humidity	Odor	Strong	same as above	same as above
4/19/2022	Linda Smith by text	10:32am	332 deg-Wind Dir, 34 mph-Wind Spd, 64°F-Temp., 37% Rel Humidity	Still odor on and off this morning. Also bags floating over here right now.	Strong	Electrical testing led to power 30 minute power outage led to flare and engine outage.	Potential biogas venting.
4/23/2022	Linda Smith by text	7:52pm	343 deg-Wind Dir, 9 mph-Wind Spd, 66°F-Temp., 26% Rel Humidity	Smell on lane	Strong	Power outage led to flare and engine outage.	Potential biogas venting.
4/26/2022	Linda Smith by text	5:20pm	321 deg-Wind Dir, 4 mph-Wind Spd, 67°F-Temp., 35% Rel Humidity	Stinky outside	Strong	Engine & flare faults. Electrical cause.	Potential biogas venting.

Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) Composting Management Unit (CMU)
Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study

A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
5/5/2022	Jeff Pion by email	7:13am	101 deg-Wind Dir, 9 mph-Wind Spd, 47°F-Temp., 87% Rel Humidity	Bruce said it smelled bad last night.	Strong	Engine & flare faults.	Potential biogas venting.
5/5/2022	Landon Smith by text	8:51am	141 deg-Wind Dir, 4 mph-Wind Spd, 47°F-Temp., 88% Rel Humidity	Sounds like some stinky days this month.	Strong	same as above	same as above
5/7/2022	Linda Smith by text	4:42pm	28 deg-Wind Dir, 20 mph-Wind Spd, 71°F-Temp., 34% Rel Humidity	We are getting some smell with these winds.	Moderate	Flare outage due to high winds.	same as above
5/11/2022	Linda Smith by text	6:53pm	315 deg-Wind Dir, 42 mph-Wind Spd, 59°F-Temp., 31% Rel Humidity	This morning and last evening I did endure the odor factor.	Strong	Activated carbon media changeout in gas cleaning room	Potential biogas venting.
5/12/2022	Jim Beraldo by text	5:28pm	287 deg-Wind Dir, 16 mph-Wind Spd, 69°F-Temp., 17% Rel Humidity	Smell	Strong	Flare outage due to high winds.	Potential biogas venting.
5/16/2022	Linda Smith by text	7:38pm	28 deg-Wind Dir, 33 mph-Wind Spd, 70°F-Temp., 18% Rel Humidity	We have smells now, this morning and yesterday	Strong	Flare outage due to high winds.	Potential biogas venting.
5/29/2022	Linda Smith by text	8:06am	186 deg-Wind Dir, 17 mph-Wind Spd, 60°F-Temp., 54% Rel Humidity	Last night was smelly	Strong	Digestate bunker unable to be emptied. Dtable had a hydraulic leak that caused shut down around 4pm.	Digestate bunker on CMU
5/31/2022	Linda Smith by text	7:17pm	304 deg-Wind Dir, 6 mph-Wind Spd, 73°F-Temp., 13% Rel Humidity	It still smells over here	Strong	Normal operations	Digestate bunker on CMU
6/14/2022	Elena Jensen by text	2:29am	28 deg-Wind Dir, 12 mph-Wind Spd, 53°F-Temp., 86% Rel Humidity	Definitely an odor this morning. First smell at 1 am but can't distinguish if it's landfill or AD	Moderate	CMU fire on 5/12 damaged a screen required for finished compost processing	Compost
6/16/2022	Linda Smith by text	7:44pm	0 deg-Wind Dir, 10 mph-Wind Spd, 77°F-Temp., 23% Rel Humidity	Smells again	Strong	Commenced transtion of AD fermenter operations from mesophilic (~104°F) to thermophilic (>131°F)	Thermophilic AD operations
6/17/2022	Jim Beraldo by text	11:24am	259 deg-Wind Dir, 9 mph-Wind Spd, 67°F-Temp., 30% Rel Humidity	Smell	Strong	Commenced transtion of AD fermenter operations from mesophilic (~104°F) to thermophilic (>131°F)	Thermophilic AD operations
6/17/2022	Jeff Pion by text	11:44am	315 deg-Wind Dir, 12 mph-Wind Spd, 65°F-Temp., 30% Rel Humidity	It smells really bad this morning. And it isn't even windy.	Strong	Commenced transtion of AD fermenter operations from mesophilic (~104°F) to thermophilic (>131°F)	Thermophilic AD operations
6/17/2022	Jeff Pion by text	8:21pm	321 deg-Wind Dir, 35 mph-Wind Spd, 60°F-Temp., 32% Rel Humidity	Last night there was virtually no wind and I could smell the landfill. Tonight it is howling and I can smell the landfill.	Strong	Commenced transtion of AD fermenter operations from mesophilic (~104°F) to thermophilic (>131°F)	Thermophilic AD operations
6/18/2022	Elena Jensen by text	1:06am	306 deg-Wind Dir, 27 mph-Wind Spd, 69°F-Temp., 62% Rel Humidity	Odor has been really bad all night, wind has been extremely strong as well.	Strong	Engine and Flare Faults due to high winds.	Potential biogas venting.
6/18/2022	Landon Smith by text	10:18am	191 deg-Wind Dir, 5 mph-Wind Spd, 65°F-Temp., 31% Rel Humidity	My mom said it smelled terrible the last couple of evenings and nights	Strong	Engine and Flare Faults due to high winds.	Potential biogas venting.
6/18/2022	Linda Smith by text	11:48am	163 deg-Wind Dir, 5 mph-Wind Spd, 66°F-Temp., 36% Rel Humidity	yesterday I could smell the smell on my early beach walk all the way down. Early morning today (1:30am) too.	Strong	Engine and Flare Faults due to high winds.	Potential biogas venting.
6/18/2022	Jeff Pion by text	8:04pm	11 deg-Wind Dir, 33 mph-Wind Spd, 65°F-Temp., 24% Rel Humidity	It was bad around 6 pm. The winds aren't offshore any longer so at the moment it is fine.	Strong	Engine and Flare Faults due to high winds.	Potential biogas venting.
6/19/2022	Elena Jensen by text	7:42am	270 deg-Wind Dir, 5 mph-Wind Spd, 68°F-Temp., 75% Rel Humidity	It was a little better not quite as pungent but still an odor	Moderate	Thermophilic AD operations	Thermophilic AD operations
7/5/2022	Linda Smith by text	5:06pm	6 deg -Wind Dir, 4 mph-Wind Spd, 73°F-Temp., 42% Rel Humidity	Awful smell	Strong	Mixing Hall sump pump failure led due chmney venting on two fermenters.	Potential biogas venting.

Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) Composting Management Unit (CMU)
Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study

A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
7/6/2022	Jim Beraldo by text	6:12am	11 deg-Wind Dir, 12 mph-Wind Spd, 62°F-Temp., 65% Rel Humidity	Smell	Strong	Engine and Flare Faults.	Potential biogas venting.
7/6/2022	Elena Jensen by text	11:34am	163 deg-Wind Dir, 7 mph-Wind Spd, 82°F-Temp., 51% Rel Humidity	Strong odor, light to mild breeze	Strong	same as above	same as above
7/6/2022	Linda Smith by text	7:45pm	326 deg-Wind Dir, 7 mph-Wind Spd, 75°F-Temp., 42% Rel Humidity	Again PU stinky	Strong	same as above	same as above
7/6/2022	Landon Smith by text	8:19pm	338 deg-Wind Dir, 3 mph-Wind Spd, 70°F-Temp., 47% Rel Humidity	The smell has been really bad.	Strong	same as above	same as above
7/7/2022	Jim Beraldo by text	8:52pm	23 deg-Wind Dir, 12 mph-Wind Spd, 74°F-Temp., 38% Rel Humidity	Smell	Strong	Thermophilic AD operations	Thermophilic AD operations
7/7/2022	Linda Smith by text	9:13pm	23 deg-Wind Dir, 18 mph-Wind Spd, 74°F-Temp., 45% Rel Humidity	We had another smelly awful evening	Strong	same as above	same as above
7/18/2022	Jim Beraldo by text	8:43am	45 deg-Wind Dir, 1 mph-Wind Spd, 60°F-Temp., 84% Rel Humidity	Smell	Strong	same as above	same as above
8/5/2022	Landon Smith by text	7:42pm	23 deg-Wind Dir, 9 mph-Wind Spd, 76°F-Temp., 40% Rel Humidity	Horrible smelling down here.	Strong	Engine and Flare Faults due to compressor failure. Occurred at 7:00 pm on a Friday night	Potential biogas venting.
8/5/2022	Mariah Smith by text	7:43pm	17 deg-Wind Dir, 7 mph-Wind Spd, 73°F-Temp., 52% Rel Humidity	John, it smells awful on Arroyo Quemada	Strong	same as above	same as above
8/5/2022	Linda Smith by text	7:44pm	17 deg-Wind Dir, 7 mph-Wind Spd, 76°F-Temp., 40% Rel Humidity	Again, bad smell. The other late night too.	Strong	same as above	same as above
8/6/2022	Bruce Hendricks by email	5:49pm	332 deg-Wind Dir, 15 mph-Wind Spd, 86°F-Temp., 12% Rel Humidity	Smell started back up from this morning.	Strong	4 attempts at repairs and restarts on Saturday did not work.	Potential biogas venting.
8/6/2022	Mariah Smith by text	5:29pm	332 deg-Wind Dir, 15 mph-Wind Spd, 74°F-Temp., 62% Rel Humidity	John, it smells horrible right now. The smell is getting progressively worse.	Strong	same as above	same as above
8/6/2022	Linda Smith by text	6:33pm	281 deg-Wind Dir, 12 mph-Wind Spd, 85°F-Temp., 29% Rel Humidity	Bad smell again.	Strong	same as above	same as above
8/6/2022	Elena Jensen by text	9:52pm	28 deg-Wind Dir, 16 mph-Wind Spd, 82°F-Temp., 36% Rel Humidity	Strong odor about a 7. There was an odor yesterday as well.	Strong	same as above	same as above
8/7/2022	Linda Smith by text	6:22pm	332 deg-Wind Dir, 15 mph-Wind Spd, 85°F-Temp., 24% Rel Humidity	Bad smell again!	Strong	Intermittent compressor faults.	Potential biogas venting.
8/7/2022	Karli Meyer by email	6:28pm	6 deg-Wind Dir, 21 mph-Wind Spd, 85°F-Temp., 21% Rel Humidity	Smelt like a septic system past two days.	Strong	same as above	same as above
8/7/2022	Mariah Smith by text	6:31pm	6 deg-Wind Dir, 21 mph-Wind Spd, 73°F-Temp., 70% Rel Humidity	John, it smells horrible. This is unbearable.	Strong	same as above	same as above
8/7/2022	Jeff Pion by text	7:37pm	321 deg-Wind Dir, 26 mph-Wind Spd, 84°F-Temp., 16% Rel Humidity	We were sitting outside watching the sunset and had to move inside because the smell and dust was so bad.	Strong	Repaired by factory service rep. on Monday afternoon, 8/8	same as above
8/9/2022	Landon Smith by text	7:30pm	0 deg-Wind Dir, 2 mph-Wind Spd, 82°F-Temp., 19% Rel Humidity	It's bad down here	Strong	Intermittent compressor faults.	Potential biogas venting.
8/9/2022	Linda Smith by text	7:58pm	11 deg-Wind Dir, 16 mph-Wind Spd, 79°F-Temp., 19% Rel Humidity	Yuck!!! Again.	Strong	same as above	same as above
8/10/2022	Linda Smith by text	8:35pm	17 deg-Wind Dir, 10 mph-Wind Spd, 81°F-Temp., 16% Rel Humidity	Smell again	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows &/or thermophilic AD fermenter operations
8/11/2022	Linda Smith by text	7:51pm	315 deg-Wind Dir, 19 mph-Wind Spd, 81°F-Temp., 25% Rel Humidity	Smell	Strong	same as above	same as above
8/12/2022	Linda Smith by text	7:42am	186 deg-Wind Dir, 9 mph-Wind Spd, 82°F-Temp., 60% Rel Humidity	intermittent smell	Moderate	same as above	same as above

A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
8/12/2022	Mariah Smith by text	5:00pm	315 deg-Wind Dir, 4 mph-Wind Spd, 76°F-Temp., 55% Rel Humidity	John, it smells like the compost at AQ	Strong	same as above	same as above
8/15/2022	Jim Beraldo by text	7:03am	0 deg-Wind Dir, 6 mph-Wind Spd, 67°F-Temp., 48% Rel Humidity	Smell. It comes and goes with the swirling of the wind from strong to mild.	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows &/or thermophilic AD fermenter operations
9/13/2022	Linda Smith by text	5:20pm	343 deg-Wind Dir, 12 mph-Wind Spd, 76°F-Temp., 70% Rel Humidity	Smell. Also some late night (10:00 and later) intermittent smell last week, more chemical.	Moderate	same as above	same as above
9/14/2022	Linda Smith by text	4:44pm	321 deg-Wind Dir, 12 mph-Wind Spd, 66°F-Temp., 68% Rel Humidity	Well, we have the smell here again. Last night it lasted at least to 10:00 pm	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows &/or thermophilic AD fermenter operations
9/14/2022	Mariah Smith by email	5:20pm	304 deg-Wind Dir, 12 mph-Wind Spd, 77°F-Temp., 33% Rel Humidity	Linda texted about unbearable odor.	Strong	same as above	same as above
9/15/2022	Linda Smith by text	8:40pm	0 deg-Wind Dir, 15 mph-Wind Spd, 78°F-Temp., 41% Rel Humidity	Well, the lane has smelled at least since 5:30.	Strong	Leaks in purge piping on digester roof and leaks on flare scrubber discovered and immediately repaired by SCS.	Potential biogas venting
9/15/2022	Mariah Smith by email	9:15pm	276 deg-Wind Dir, 19 mph-Wind Spd, 67°F-Temp., 44% Rel Humidity	According to Linda, smells last 3 nights in a row.	Strong	same as above	same as above
9/16/2022	Bruce Hendricks by email	6:53pm	309 deg-Wind Dir, 7 mph-Wind Spd, 62°F-Temp., 39% Rel Humidity	significant and overpowering odor.	Strong	Flare only let 2/3 of the biogas through the scrubber due to blocked flame arrestor.	Potential biogas venting
9/20/2022	Mariah Smith by email	8:52pm	343 deg-Wind Dir, 8 mph-Wind Spd, 65°F-Temp., 54% Rel Humidity	Absolutely disgusting this morning.	Strong	same as above	same as above
9/20/2022	Linda Smith by text	9:53pm	343 deg-Wind Dir, 8 mph-Wind Spd, 62°F-Temp., 53% Rel Humidity	Smell!	Strong	Flare only let 2/3 of the biogas through the scrubber due to blocked flame arrestor.	Potential biogas venting
9/20/2022	Landon Smith by text	9:56pm	45 deg-Wind Dir, 5 mph-Wind Spd, 64°F-Temp., 46% Rel Humidity	Is there a problem with the facility? Really bad down here	Strong	same as above	same as above
9/20/2022	Elena Jensen by text	10:34pm	287 deg-Wind Dir, 6 mph-Wind Spd, 62°F-Temp., 60% Rel Humidity	Good odor at about a 5 light breeze. Some parts of the property it seems the odor is stronger than a 5. Odor is now at about an 8 still a little bit of a breeze.	Strong	same as above	same as above
9/21/2022	Elena Jensen by text	11:40pm	34 deg-Wind Dir, 9 mph-Wind Spd, 61°F-Temp., 39% Rel Humidity	Very Rancid odor at about an 8	Strong	Flare only let 2/3 of the biogas through the scrubber due to blocked flame arrestor.	Potential biogas venting
9/22/2022	Linda Smith by text	8:02am	174 deg-Wind Dir, 2 mph-Wind Spd, 63°F-Temp., 35% Rel Humidity	My house this morning still smelled from later night	Strong	same as above	same as above
9/28/2022	Bruce Hendricks by email	7:31am	315 deg-Wind Dir, 3 mph-Wind Spd, 67°F-Temp., 51% Rel Humidity	SCAQMD Rule 1150-1b(3) explanation.	Strong	same as above	same as above
10/11/2022	Elena Jensen by text	1:30pm	242 deg-Wind Dir, 11 mph-Wind Spd, 71°F-Temp., 32% Rel Humidity	Just a couple of days we had odors. But neither day lasted long enough to text. Can't remember the days but one was around 6-7pm and the other was around 8-9 in the morning. The evening was about a 5 the morning was about a 6.	Moderate	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows
10/2/2022	Linda Smith by text	2:09pm	248 deg-Wind Dir, 20 mph-Wind Spd, 64°F-Temp., 63% Rel Humidity	The odors have been not apparent except for one evening, but it did not last.	Moderate	same as above	same as above
10/3/2022	Mariah Smith by email	7:39am	73 deg-Wind Dir, 5 mph-Wind Spd, 62°F-Temp., 63% Rel Humidity	Smells awful this morning.	Strong	same as above	same as above

A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
10/3/2022	Linda Smith by text	7:06pm	56 deg-Wind Dir, 12 mph-Wind Spd, 57°F-Temp., 68% Rel Humidity	Sorry, smell.	Strong	same as above	same as above
10/3/2022	Karli Meyer by email	7:43pm	39 deg-Wind Dir, 12 mph-Wind Spd, 71°F-Temp., 45% Rel Humidity	Stench brought on by mulching project.	Strong	same as above	same as above
10/4/2022	Mariah Smith by email	7:39am	236 deg-Wind Dir, 2 mph-Wind Spd, 61°F-Temp., 74% Rel Humidity	Smelled horribly of compost .	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows
10/4/2022	Linda Smith by text	7:52am	236 deg-Wind Dir, 2 mph-Wind Spd, 55°F-Temp., 43% Rel Humidity	Smell	Strong	same as above	same as above
10/8/2022	Mariah Smith by email	8:42pm	197 deg-Wind Dir, 4 mph-Wind Spd, 59°F-Temp., 73% Rel Humidity	Smells like compost. Intermittent waves.	Moderate	same as above	same as above
10/8/2022	Elena Jensen by text	11:45pm	197 deg-Wind Dir, 4 mph-Wind Spd, 56°F-Temp., 83% Rel Humidity	Good odor about a 6.	Strong	same as above	same as above
10/10/2022	Elena Jensen by text	11:48am	124 deg-Wind Dir, 4 mph-Wind Spd, 58°F-Temp., 79% Rel Humidity	A pungent odor around between a 3 and 4	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows
10/12/2022	APCD/Jeanette by Odor Complaint Log	9:00am	23 deg-Wind Dir, 7 mph-Wind Spd, 53°F-Temp., 79% Rel Humidity	general compliance of odors since February	Strong	same as above	same as above
10/17/2022	Mariah Smith by email	8:12am	343 deg-Wind Dir, 2 mph-Wind Spd, 62°F-Temp., 65% Rel Humidity	Smells like compost again last night.	Strong	same as above	same as above
10/19/2022	LEA/Aimee Long APCD by Odor Complaint Log	1:00pm	174 deg-Wind Dir, 4 mph-Wind Spd, 89°F-Temp., 13% Rel Humidity	Documentation	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows
10/19/2022	Mariah Smith by email	8:47pm	326 deg-Wind Dir, 8 mph-Wind Spd, 79°F-Temp., 19% Rel Humidity	This compost smell needs to stop.	Strong	same as above	same as above
10/20/2022	Linda Smith by text	8:12am	56 deg-Wind Dir, 6 mph-Wind Spd, 67°F-Temp., 18% Rel Humidity	Smell.	Strong	same as above	same as above
10/23/2022	Mariah Smith by Email	6:35am	17 deg-Wind Dir, 12 mph-Wind Spd, 54°F-Temp., 48% Rel Humidity	Smells horribly of compost here at AQ every night and early morning (est. 10:30PM to 6:30AM).	Strong	same as above	same as above
10/29/2022	Jeff Pion by Email	5:55pm	293 deg-Wind Dir, 12 mph-Wind Spd, 78°F-Temp., 12% Rel Humidity	Smells terrible at AQ now.	Strong	Compost stockpile increased due to only 1 operational screen on the CMU.	Compost stockpile &/or windrows
10/29/2022	Linda Smith by Text	6:05pm	293 deg-Wind Dir, 12 mph-Wind Spd, 78°F-Temp., 12% Rel Humidity	The Smell is really bad again.	Strong	same as above	same as above
10/29/2022	Elena Jensen by text	6:19pm	293 deg-Wind Dir, 12 mph-Wind Spd, 78°F-Temp., 12% Rel Humidity	Strong pungent odor, offshore breeze. Definitely compost.	Strong	same as above	same as above
11/2/2022	Linda Smith by Text	11:39am	321 deg-Wind Dir, 15 mph-Wind Spd, 58°F-Temp., 32% Rel Humidity	Non stop smell	Strong	same as above	same as above
11/3/2022	Jim Beraldo by Text	10:32am	321 deg-Wind Dir, 18 mph-Wind Spd, 51°F-Temp., 38% Rel Humidity	Smell	Strong	same as above	same as above
11/8/2022	Linda Smith by Text	6:19pm	56 deg-Wind Dir, 3 mph-Wind Spd, 47°F-Temp., 78% Rel Humidity	Smell this evening	Strong	same as above	same as above
11/9/2022	Linda Smith by Text	8:21am	304 deg-Wind Dir, 9 mph-Wind Spd, 51°F-Temp., 57% Rel Humidity	Smell this morning	Strong	same as above	same as above
11/9/2022	Mariah Smith by Email	10:41am	248 deg-Wind Dir, 10 mph-Wind Spd, 53°F-Temp., 48% Rel Humidity	Strong smell of compost	Strong	same as above	same as above

A. Gather/Collect - Representative and Correlating Data Associated with Odor Impact(s)							
Date	(1) Odor Impact	(2) Time	(3) Weather (Data from County's On-site Gaviota Coast weather station)	(4) Odor Characteristics	(5) Odor Severity (Based on FIDO)	(6) Operations Descriptions	(7) Potential Sources
11/10/2022	Mariah Smith by Email	6:03pm	326 deg-Wind Dir, 15 mph-Wind Spd, 58°F-Temp., 20% Rel Humidity	Smells like Compost	Strong	same as above	same as above
11/11/2022	Jim Beraldo by Text	5:38pm	17 deg-Wind Dir, 4 mph-Wind Spd, 62°F-Temp., 24% Rel Humidity	Smell	Strong	same as above	same as above
11/12/2022	Bruce Hendricks by Email	5:46pm	315 deg-Wind Dir, 20 mph-Wind Spd, 61°F-Temp., 40% Rel Humidity	Smells Horrible	Strong	same as above	same as above
11/15/2022	Jim Beraldo by Text	5:15pm	28 deg-Wind Dir, 10 mph-Wind Spd, 63°F-Temp., 23% Rel Humidity	Smell	Strong	same as above	same as above
11/16/2022	Linda Smith by Text	5:17pm	304 deg-Wind Dir, 6 mph-Wind Spd, 64°F-Temp., 6% Rel Humidity	ok. Stinky now.	Strong	same as above	same as above
11/17/2022	Linda Smith by Text	4:37pm	287 deg-Wind Dir, 5 mph-Wind Spd, 62°F-Temp., 53% Rel Humidity	Again, Disgustingly odiferous.	Strong	same as above	same as above
11/23/2022	Linda Smith by text	7:52am	276 deg-Wind Dir, 4 mph-Wind Spd, 55°F-Temp., 20% Rel Humidity	As promised, we are in the smell and have been previous mornings and evenings since our last text.	Strong	same as above	same as above
11/24/2022	Mariah Smith by Email	8:43 PM	315 deg-Wind Dir, 6 mph-Wind Spd, 65°F-Temp., 6% Rel Humidity	smells absolutely horrible here at Arroyo Quemada	Strong	same as above	same as above
11/26/2022	Linda Smith by Text	8:38am	231 deg-Wind Dir, 7 mph-Wind Spd, 63°F-Temp., 30% Rel Humidity	Worst yet. 5:30am had to sage smoke the house to handle the smwell	Strong	Same as above	same as above
11/29/2022	Elena Jensen by Text	7:36am	56 deg-Wind Dir, 12 mph-Wind Spd, 46°F-Temp., 49% Rel Humidity	It is really bad this morning at least a 10.	strong	Same as above	same as above
11/29/2022	Jim Belardo by text	6:15pm	186 deg-Wind Dir, 3 mph-Wind Spd, 52°F-Temp., 65% Rel Humidity	Smell	Strong	Same as above	same as above
12/13/2022	Mariah Smith by VM	8:00am	34 deg-Wind Dir, 19 mph-Wind Spd, 45°F-Temp., 45% Rel Humidity	Horrible stench	strong	Same as above	same as above
12/13/2022	Linda Smith by Text	6:30am	28 deg-Wind Dir, 22 mph-Wind Spd, 43°F-Temp., 45% Rel Humidity	Smell	Strong	Same as above	same as above
12/22/2022	Mariah Smith by Email	7:37am	56 deg-Wind Dir, 3 mph-Wind Spd, 59°F-Temp., 30% Rel Humidity	Horrible compost odor	strong	Same as above	same as above

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Attachment 21 - EA January 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study**

B. 1. Identify/Rank - Potential Sources Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled
1	CHP Engines, Flare and Fermenters	<p>Two Jenbacher 1.1 Mw CHP engines are used to combust the biogas produced by the AD Fermenters in order to produce renewable energy. In the event of an unplanned shutdown or fault of the engines (for example, due to an outage on the SoCal Edison power grid, or an unplanned engine shutdown due to mechanical failure of one or more components of the engine, electrical or mechanical or software engine controls), the biogas is designed to automatically flow to the flare and be combusted there as a back-up safety emission control system.</p> <p>In the event of a SoCal Edison grid power outage, there is a back-up emergency generator to provide power to the flare and other plant piping valves, pumps, compressors, controls systems and a scrubber. Failure of any one of a dozen or more plant components can lead to an outage of one or more CHP engines and/or the flare which could lead to a venting of biogas via one or more of the fermenters over-pressure chimney vents. As the AD facility has been commissioned over the past 12 months, one or more of these system components have failed to operate as planned, or have required replacement before the end of their effective lives.</p> <p>The AD operations and maintenance team have learned over the course of nearly 9,000 hours of operating experience how to operate & maintain the plant to avoid unplanned equipment outages of nearly all of the critical components. During March to May, unplanned outages of both the engines and flare due to a compound (2 or more equipment issues) mechanical, electrical or software controls failure were frequent (11, 6, and 5 events per month, respectively); however, in June through October, the frequency of unplanned outages of the engines and flare were reduced (1, 2, 4, 3 and 0, respectively) with odor events nearly entirely related to compost odors or the attempt to achieve thermophilic (>131°F) fermenter operating conditions (from 6/1 through 8/15 when the attempt was terminated due to increased odors and an inability to achieve the higher operating temperature).</p>	Biogas

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Attachment 21 - EIR January 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study**

B. 1. Identify/Rank - Potential Sources Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled
2	Delivery & Mixing Hall	<p>Up to 240 tons per day of the Organic Fraction of Municipal Solid Waste (OFMSW) from the MRF and Source Separated Organic Waste (SSO) from transfer trucks is received in the AD Delivery Hall, generally M-F between the hours of 8:00 am and 4:00 pm. The feedstock material is then delivered into 1 of the 16 fermenters on a daily basis via wheel loader. 4 to 5 fermenters are filled per week with the feedstock material. The anaerobic digestion period in the fermenters is generally 28 days.</p> <p>28-day old material (i.e., digestate) must be unloaded 4-5 days per week before loading with fresh material. Ideally, 40% 28-day old digestate is mixed with 60% fresh material in the Mixing Hall prior to loading into a fermenter. If there is not sufficient fresh feedstock material to fill a fermenter, feedstock is stored in the Delivery Hall overnight and occasionally up to 72 hours (i.e., over a weekend).</p> <p>As the OFMSW and SSO may have been disposed of in a waste collection bin for as many as 7 days prior to delivery to the AD, it has largely started its decomposition process with the potential to produce odors including NH3 (Ammonia) and H2S (Hydrogen sulphide).</p> <p>The AD building ventilation system (covering the Delivery and Mixing Halls) is designed as a negative pressure building with 6-12 air changes per hour with all indoor air sent to the AD Biofilter for emission control.</p> <p>Deliveries of OFMSW and SSO are via two large roll-up doors. The North Door has a fast opening and closing mechanism controlled via an automated remote entry operator. MarBorg's MRF transfer truck driver has the operator to provide fast and easy access. The South Door is not yet equipped with a fast closing mechanism so it is generally left closed 100% of the time.</p>	OFMSW, SSO & Digestate
3	Digestate Conveyor & Bunker	<p>Once digestate is removed from the fermenters it is transferred to the CMU via a decompactor, which fluffs up the densely packed digestate following 28 days in the fermenter and then via an enclosed conveyor to the digestate bunker on the CMU.</p> <p>The digestate bunker is emptied on a daily basis via wheel loader to the windrows. The digestate conveyor and bunker is equipped with a deodorizing misting system to reduce odors.</p> <p>Digestate from the fermenters has been undergoing anerobic digestion in the fermenters which produces biogas including methane, ammonia and hydrogen sulphide. Once the digestate is exposed to outside air containing oxygen it begins a transition to an aerobic composting process in the windrows where the biogas is supplanted with primarily CO2 and water vapor.</p>	Digestate

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
Attachment 21 - LEA January 2023 Odor BMP Study Approval
Odor Best Management Practices (BMPs) Feasibility Study**

B. 1. Identify/Rank - Potential Sources Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled
4	Compost Windrows	<p>Digestate is blended with yard waste/mulch to form a windrow. The blending ratio since March through 10/25 has been 2 buckets of digestate combined with 1 bucket of yard waste/mulch which provides a source of fresh carbon to accelerate the transition from anaerobic conditions to aerobic. The blending ratio of digestate to yard waste/mulch was revised to 1:1 as of 10/26 as an odor mitigation measure. Following blending of the material, the windrows are then turned using our Backhus A-55 windrow turner the same day that it is constructed in order to introduce oxygen to the windrow and to achieve a through blending of fresh mulch to the digestate.</p> <p>The windrows are then managed in accordance with Title 14 requirements. Windrow temperatures are taken daily to confirm a temperature of 131°F or greater. Generally, temperatures of 131°F or greater are achieved within 36-48 hours of the windrow's formation confirming the completion of the transition from anaerobic to aerobic conditions which signals a reduction in odors. Windrows are turned 5 or more times within a minimum of 15 days.</p>	Digestate & Yard Waste/Mulch -> Compost
5	Compost Stockpile (unscreened)	<p>Following achievement of Title 14 requirements to achieve pathogen reduction (i.e., 15 days minimum at temperature of 131°F including a minimum of 5 turns), the compost windrow material is transferred to a stockpile for subsequent screening to remove inert contaminants (i.e., glass, film & hard plastic, stones, wood and metals). Storage in the stockpile is generally for a period not to exceed 2-3 weeks.</p> <p>The compost material transferred to the stockpile has completed the Title 14 windrow process and is considered stable. It is generally considered a reduced source of potential odor emissions than the digestate or the recently constructed windrow material blend of digestate and mulch.</p>	Compost
6	Balance of Plant incl. Percolate Tanks	<p>The AD Facility includes a network of piping and ductwork that transfers biogas from the 16 fermenters to the CHP engines and/or flare. The piping and ductwork also provides for the purging of biogas from the headspace of each fermenter to the CHP engines &/or flare prior to the opening of each fermenter for unloading of digestate and refilling with the feedstock material.</p> <p>All piping and ductwork that contains biogas or purge gas (i.e., a blend of biogas with outside air) is constructed of stainless steel in order to resist corrosion. All piping and ductwork connections include gasket material to prevent any leaking of biogas or purge gas to the atmosphere.</p> <p>Periodic inspections are performed on the entire piping and ductwork network in order to insure that there are no leaks due to leaking gaskets or damaged pipework.</p>	Biogas

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
Attachment 21 - EIR January 2023 - Odor BMP Study Approval
Odor Best Management Practices (BMPs) Feasibility Study**

B. 1. Identify/Rank - Potential Sources Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled
7	Screening Operation (incl. D-Table)	<p>Following the stockpiling of the windrow compost material, it is then processed using a series of 2 trommel screens (5/8" and 3/8") and a Densimetric table to remove the inert contaminants and to produce a finished compost ready for export to market.</p> <p>As the windrow compost material has completed Title 14 requirements in the windrows followed by 2-3 weeks of additional curing in the stockpile, the compost material sent to screening is considered to be more stable and has further reduced potential to emit odors that the windrows or the stockpiled compost material.</p> <p>The screening process removes the inert contaminants which are then sent to the landfill for disposal. The finished compost produced in the screening process is then returned to the CMU to a finished compost bunker for transfer to market or additional storage prior to transfer to market.</p>	Compost
8	Compost Stockpile (screened)	<p>Following completion of the screening process, the finished compost is loaded from the finished compost bunker to trucks to be delivered to market. The current market for the facility's finished compost is comprised of one or more farms or ranches located within Santa Barbara County.</p> <p>Finished compost is also sent to a lab for testing using the US Composting Council Suite of Testing Assurance (STA) protocols to confirm that the compost passes all tests for pathogen reduction and for levels of inert contaminants. Please see attached the most recent compost lab reports confirming that the facility's finished compost passes the requirements for pathogen reduction and for inert contaminant levels (generally less than 0.5% inerts).</p>	Compost
9	Biofilter	<p>All indoor air from the Delivery & Mixing Halls is processed through a biofilter to reduce odors, ammonia, hydrogen sulphide and VOCs. 6-12 air changes per hour of the indoor air are processed via the biofilter.</p> <p>Indoor air generally having a pH of ~9.0 as it is rich in ammonia (NH₃) is processed through a scrubber comprised of a water curtain dosed with sulphuric acid (H₂SO₄) having a pH of ~0.5 in order to neutralize the ammonia. The air is then filtered through a bed of wood chips with a humidity of ~75%. The environment in the biofilter wood chips maintains an active microorganisms which consume and eliminate odors, ammonia, hydrogen sulphide and VOCs.</p> <p>Weekly measurements of the biofilter surface air emissions are taken which have confirmed that emissions of ammonia and hydrogen sulphide remain below air emission limits as set forth in the facility's air permit issued by the Santa Barbara County Air Pollution Control District (SBC APCD).</p>	ADF Delivery & Mixing Hall Indoor Air
10	MRF	<p>The ReSource Center Material Recovery Facility (MRF) receives an average of ~500 tons of MSW and ~180 tons of SSR per day M-F and ~300 tons of MSW per day on Saturday. The MRF is a negative pressure building with indoor air processed via two baghouse filters to remove particulate matter (PM).</p> <p>100% of the MSW is removed from the tip floor area daily with all recovered OFMSW transferred to the AD Facility via trucks with covered belt trailers for further processing via in-vessel anaerobic digestion.</p>	Municipal Solid Waste (MSW) and Source Separated Recyclables (SSR)

Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Attachment 21 - EA January 30, 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study

B. 1. Identify/Rank - Potential Sources Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled
11	Landfill Working Face	The Landfill Working Face is managed by the County of Santa Barbara Public Works Department Resource, Recovery and Waste Management Division (RRWMD). It is permitted as part of the Joint Technical Document (JTD). The Landfill Working Face operations have the potential to emit odors; however, RRWMD has implemented BMPs as set forth in the JTD.	Residue from the MRF, ADF & CMU and bypass MSW
12	Green Waste Pad	The Green Waste operation is managed by the County of Santa Barbara Public Works Department Resource, Recovery and Waste Management Division (RRWMD). It is permitted as part of the Joint Technical Document (JTD). The Green Waste Pad operations have the potential to emit odors; however, RRWMD has implemented BMPs as set forth in the JTD.	Green Waste

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B. 2. Identify/Rank - Potential Sources Not Contributing to Odor Impacts

Rank	Area of On-Site Source	Operations Description	Material Type Handled

**Santa Barbara County Resource Center - Anaerobic Digestion Facility BMPs & Composting Management Unit (CMU)
Attachment 2 - Aerobic Digestion Facility BMPs & Composting
Odor Best Management Practices (BMPs) Feasibility Study**

C. Listing/Analysis - Existing BMP(s) Used to Minimize Odors							
BMP No.	Description	(1) Effectiveness of Reducing Odors	(2) Potential for More Extensive Use	(3) Operationally Practical?	(4) Approx. Cost to Implement	(5) New Permit(s) or permit	(6) Overall Recommendation
1	Stabilized Operations of CHP Engines, Flare & Fermenters	Largely Effective	Yes	Yes	\$22,750	No	Increase maintenance staffing for continuous improvements
2	Mesophilic AD fermenter Operations (vs. thermophilic)	Largely Effective	No	Yes	\$22,750	No	Continue BMP as described/No Change
3	Stabilized Operations of Biofilter	Largely Effective	No	Yes	\$22,750	No	Continue BMP as described/No Change
4	Stabilized Operations of Balance of Plant including leak testing of all biogas piping and ductwork	Largely Effective	No	Yes	\$1,000	No	Continue BMP as described/No Change
5	Keep Delivery Hall roll-up doors closed except when receiving materials using automated door opener	Largely Effective	Yes	Yes	\$20,000	No	80-90% implemented. Goal of 100%
6	Avoid storage of Digestate in Mixing Hall	Largely Effective	Yes	Yes, if windrow space available on CMU	\$22,750	No	80-90% implemented. Goal of 100%
7	Avoid storage of feedstock material in Delivery Hall overnight or on weekends	Moderately Effective	Yes	Yes	\$22,750	No	80-90% implemented. Goal of 100%
8	Delivery & Mixing Hall Misting System	Moderately Effective	Yes	Yes	\$15,600	Yes, APCD ATC 14500-09	Consider potential expansion of system
9	CMU Perimeter Misting System	Moderately Effective	No	Yes	\$37,400	No	Continue BMP as described/No Change
10	Digestate Conveyor & Bunker Misting System	Moderately Effective	No	Yes	\$13,100	No	Continue BMP as described/No Change
11	Empty Digestate Bunker on CMU daily	Moderately Effective	No	Yes	\$22,750	No	Continue BMP as described/No Change
12	Blending ratio of Digestate to Yard Waste/Mulch (recently changed from 2:1 to 1:1)	Moderately Effective	Yes	Yes	\$22,750	No	Evaluate effectiveness of 1:1 blend. Consider further revisions
13	Turning windrow same day as constructed	Largely Effective	Yes	Yes	\$22,750	No	Continue BMP as described/No Change
14	Compost filter blanket applied to newly constructed windrows following turning	Largely Effective	Yes	Yes	\$22,750	No	Continue BMP as described/No Change
15	Compost filter blanket applied to all windrows weekly (currently on Friday)	Largely Effective	Yes	Yes	\$22,750	No	Consider increasing filter blanket application frequency
16	Turning windrows 5X in 15-18 days per Title 14	Largely Effective	No	Yes	\$22,750	No	Continue BMP as described/No Change
17	Turn windrows only when wind direction is onshore	Largely Effective	No	Yes	\$0	No	Continue BMP as described/No Change
18	Irrigation of windrows following turning	Largely Effective	Yes	Yes, depends on water availability	\$100,000	No	Consider increasing irrigation following turning frequency

**Santa Barbara County Resource Center - Anaerobic Digestion Facility BMPs & Composting Management Unit (CMU)
Attachment 2 - EA January 2023 Odor BMP Study Approval
Odor Best Management Practices (BMPs) Feasibility Study**

C. Listing/Analysis - Existing BMP(s) Used to Minimize Odors							
BMP No.	Description	(1) Effectiveness of Reducing Odors	(2) Potential for More Extensive Use	(3) Operationally Practical?	(4) Approx. Cost to Implement	(5) New Permit(s) or permit	(6) Overall Recommendation
19	Minimize stockpiling (both quantity and duration) of windrow compost (unscreened)	Moderately Effective	Yes	Yes	\$22,750	No	Reduce or eliminate stockpile with Powerscreen
20	Minimize stockpiling (both quantity and duration) of finished compost (screened)	Moderately Effective	Yes	Yes	\$22,750	No	Reduce or eliminate stockpile with more frequent deliveries to
21	Relocated Mariah, Landon Smith & 2 daughters to an Airbnb for 3 months. March, April, May	Largely Effective	Yes	Yes	\$24,000	No	Continue BMP as described/No Change

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
Odor Best Management Practices (BMPs) Feasibility Study**

C. Listing/Analysis - Existing BMP(s) Found to be Ineffective

BMP No.	(7) Existing BMPs	Rationale
1	CMU Perimeter Misting System. The volume of deodorant deployed during operations of the misting system seems to be insignificant compared to the size of our facility and mass of the compost and stockpiles.	Effectiveness negligible, not measureable.
2	ADF Mixing Hall Misting System. The mixing hall Misting system does not appear to be significant in its impact on reducing or eliminating odors from the Mixing Hall. The AD Biofilter is the most effective mitigation measure in reducing and eliminating inside the AD building odors.	Effectiveness negligible, not measureable.

**Santa Barbara County Resource Center 21 Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Odor Best Management Practices (BMPs) Feasibility Study**

D. List/Analyze - Potential BMPs not used to Minimize Odor						
BMP No.	Description	(1) Potential to Reduce Odor Impacts	(2) Operationally Practical?	(3) Approx. Cost to Implement	(4) New Permit(s) or permit Changes?	(5) Overall Recommendation & Ranking
1	Addition of a 300-500 gallon water tank to the windrow turner to spray water on the windrows while turning	Yes	No, turner manufacturer said it would cause negative impacts to turner operation	\$5,000	No	Not Applicable
2	Offered to Relocate Mariah, Landon Smith & 2 daughters to an Airbnb for September & October. Mariah declined Offer.	Yes	Yes	\$8,000/mo	No	Not Applicable
3	Offered to install air filtration system and air conditioning system in Mariah & Landon Smith's home. Mariah declined offer.	Yes	Yes	\$30,000	No	Not Applicable
4	Enclosing the entire 5.5 acre composting area in a covered building	Yes	Possibly, feasibility study required to determine practicality of implementation considering prior geotechnical studies indicated the west end of CMU could settle 20' over a 20 year operating term.	TBD	Yes	Not Applicable

Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study

D. List/Analyze - Potential BMPs not yet (or not fully) implemented to Minimize Odor										
BMP No.	Description	(1) Potential to Reduce Odor Impacts	(2) Operationally Practical?	(3) Approx. Cost to Implement	(4) New Permit(s) or permit Changes?	(5) Overall Recommendation & Ranking	Quantity	Duration	Equipment	Implementation
1	Blending ratio of Digestate to Yard Waste/Mulch (recently changed from 2:1 to 1:1). Expand to include 2 buckets digestate with 1 bucket yard waste + 1 bucket compost per CCORP	Yes	Yes	\$22,750	No	Rank 1: Implemented as of 10/31				
2	Turn windrow same day as constructed, thereafter turn 2X/week per CCORP	Yes	Yes	\$22,750	No	Rank 2: Implemented as of 10/31				
3	Compost filter blanket applied to newly constructed windrows following turning per CCORP	Yes	Yes	\$22,750	No	Rank 3: Implemented as of 10/31				
4	Keep Delivery Hall roll-up doors closed except when receiving materials using automated door opener. Add an automated door opener to South door for fast opening and closing when necessary	Yes	Yes	\$20,000	No	Rank 4: 80-90% implemented. Goal of 100%				
5	Stabilized Operations of CHP Engines, Flare & Fermenters	Yes	Yes	\$182,000	No	Rank 5: Increase maintenance staffing for continuous improvements				
6	Avoid storage of Digestate in Mixing Hall	Yes	Yes	\$22,750	No	Rank 6: 80-90% implemented. Goal of 100%				
7	Avoid storage of feedstock material in Delivery Hall overnight or on weekends	Yes	Yes	\$22,750	No	Rank 7: 80-90% implemented. Goal of 100%				
8	Minimize stockpiling (both quantity and duration) of windrow compost (unscreened)	Yes	Yes	\$623,750	No	Rank 8: Reduce or eliminate stockpile with Powerscreen	3,693 CYDS Combined Maximum Storage of Unscreened & Screened Compost	21 Days Maximum Storage of Unscreened & Screened Compost	No Additional Equipment Required	Weekly & Monthly Stockpile Measurements
9	Minimize stockpiling (both quantity and duration) of finished compost (screened)	Yes	Yes	\$22,750	No	Rank 9: Reduce or eliminate stockpile with more frequent deliveries to markets				
10	Delivery & Mixing Hall Misting System Expansion	Yes	Yes	\$25,000	Yes	Rank 10: Consider potential expansion of system				
11	Irrigation of windrows following turning requires drilling of Well #8 and construction of irrigation system on the CMU	Yes	Yes, depends on water availability	\$275,000	Yes, EHD Well Permit	Rank 11: Consider increasing irrigation following turning frequency				
12	Positive Aeration of windrows for the 1st 7 days following windrow development to accelerate transition from anaerobic to aerobic conditions	Yes	Yes	\$700,000	Possibly	Rank 12: Should pursue Pilot Study to evaluate effectiveness and then decide if commercial scale system would be effective at odor emission reduction.				
13	Enclosing the entire 5.5 acre composting area in a covered building or an alternative windrow cover strategy/system(s)	Yes	TBD	TBD	Possibly	Rank 13: Should complete feasibility study to determine if operationally practical.				

Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
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D. List/Analyze - Potential BMPs not yet (or not fully) implemented to Minimize Odor										
BMP No.	Description	(1) Potential to Reduce Odor Impacts	(2) Operationally Practical?	(3) Approx. Cost to Implement	(4) New Permit(s) or permit Changes?	(5) Overall Recommendation & Ranking	Quantity	Duration	Equipment	Implementation
14	Potential relocation of compost following the pathogen reduction process, to allow for stockpiling unscreened material and the screening of compost at another area on the Landfill that is more protected (either topographically and/or physically) than the current location.	Yes	TBD	TBD	Possibly	Rank 14: Should complete feasibility study to determine if operationally practical.				
15	Potential relocation of the screened finished compost stockpile to another location on the landfill that is more protected (either topographically and/or physically) than the current location.	Yes	TBD	TBD	Possibly	Rank 15: Should complete feasibility study to determine if operationally practical.				
15	The covering of stockpiled material via tarps or other inert materials when not being handled and prior to the end of the operational day.	Yes	TBD	TBD	Possibly	Rank 16: Should complete feasibility study to determine if operationally practical.				

**Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
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E. Plan/Implement - Plan & Schedule for Implementing Potential BMPs

BMP No.	Existing & Potential BMPs to be Implemented	Action	Start Date	End Date	Effectiveness
1	Blending ratio of Digestate to Yard Waste/Mulch (recently changed from 2:1 to 1:1). Expand to include 2 buckets digestate with 1 bucket yard waste + 1 bucket compost per CCORP	Implemented by CMU Operations Team. Continue to evaluate results of mix blend changes. Revise mix blend when appropriate based on odor emission impacts, C:N ratio, NH3 levels and respiration rates.	10/31/2022	N/A	Partly Effective. Blend revised to include double ground yard waste/mulch as of 12/13. Increased bulk density should increase C:N ratio while reducing odors.
2	Turn windrow same day as constructed, thereafter turn 2X/week per CCORP	Implemented by CMU Operations Team	10/31/2022	N/A	Partly Effective. Turning is required to accelerate transition of digestate from anaerobic to aerobic conditions and it also releases odors. BMP to mitigate: only turn when winds are onshore.
3	Apply 6" Compost filter blanket applied to newly constructed windrows following turning per CCORP	Implemented by CMU Operations Team	10/31/2022	N/A	Partly Effective. Double ground yard waste/mulch as blending material achieves similar results. Weekly capping consumes 1,400 cyds of finished compost. Experimenting with different thicknesses and results.
4	Keep Delivery Hall roll-up doors closed except when receiving materials using automated door opener. Add an automated door opener to South door for fast opening and closing when necessary	Automated North Door fast closing operator installed in April/May. Automated South Door fast closign operator to be installed in November/December upon receipt of operator parts on order. South Door to remain closed during operating hours until installation of the fast closign operator.	9/15/2022	N/A	Effective. BMP continues.
5	Stabilized Operations of CHP Engines, Flare & Fermenters	Hire two additional Maintenance technicians.	7/1/2022	N/A	Effective. BMP continues.
6	Avoid storage of Digestate in Mixing Hall for more than 24 hours	80-90% implemented as of 10/26/22. Complete 100% implementation as of 12/31/22	10/26/2022	N/A	Effective. BMP continues.
7	Avoid storage of feedstock material in Delivery Hall for more than 24 hours or on weekends	80-90% implemented as of 10/26/22. Complete 100% implementation as of 12/31/22	10/26/2022	N/A	Effective. BMP continues.
8	Minimize stockpiling (both quantity and duration) of windrow compost (unscreened)	Complete screening and removal of unscreened compost to reduce stockpile to within permit limits	10/26/2022	N/A	Effective. BMP continues.
9	Minimize stockpiling (both quantity and duration) of finished compost (screened)	Complete screening and removal of screened compost to reduce stockpile to within permit limits	10/26/2022	N/A	Effective. BMP continues.
10	Delivery & Mixing Hall Misting System Expansion	Evaluate effectiveness of existing system(s) and determine if expansion is warranted	1/2/2023	3/31/2023	
11	Irrigation of windrows following turning requires drilling of Well #8 and construction of irrigation system on the CMU	Complete CEQA approval of Well #8	Completed		
		File drilling permit with EHD	9/1/2022	6/1/2023	
		Contract and schedule with well drilling company	12/1/2022	3/31/223	
		Drill well & Testing with Filiponi Construction	5/1/2023	5/31/2023	
		Engineering & design of connection pipeline	Completed		
		Engineering of SCADA controls for automated operation	4/1/2023	5/31/2023	
		Construct pipeline to connect well	5/1/2023	5/31/2023	
		Update engineering & design of irrigation system	3/1/2023	3/31/2023	
		Rebid Irrigation system construction	2/1/2023	2/28/2023	
		Permitting of Irrigation system with Public Works CEQA memo	6/30/2022	12/31/2022	
		Construct irrigation system including storage tanks	7/1/2023	7/31/2023	
		Commence irrigation system operations	8/1/2023		

**Santa Barbara County Resource Center Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
 Resource Center LEA January 30, 2023 Odor BMP Study Approval
 Odor Best Management Practices (BMPs) Feasibility Study**

E. Plan/Implement - Plan & Schedule for Implementing Potential BMPs

BMP No.	Existing & Potential BMPs to be Implemented	Action	Start Date	End Date	Effectiveness
12	Positive Aeration of windrows for the 1st 7 days following windrow development to accelerate transition from anerobic to aerobic conditions	Solicit proposal from vendors	10/26/2022	11/30/2022	
		Review Permitting Requirements	10/26/2022	1/31/2023	
		Complete feedstock evaluation with vendor labs to determine BMP recommendations for Pilot Study	11/15/2022	12/31/2022	
		Submit APCD Authority to Construct (ATC) application	2/1/2023	2/15/2023	
		Obtain APCD ATC permit/CEQA approval	2/16/2022	4/15/2023	
		Evaluate Proposals for Pilot Study	12/1/2022	12/31/2022	
		Implement Pilot Study	2/1/2023	4/30/2023	
		Review Pilot Study Results	4/1/2023	5/31/2023	
		Seek and Obtain County PW funding for system	6/1/2023	8/31/2023	
		Revise Commercial Scale proposal	6/1/2023	7/15/2023	
		Detailed Design & Engineering	7/1/2023	9/1/2023	
		Procurement of System Components	9/1/2023	11/30/2023	
		Construct System	12/1/2023	1/31/2024	
		Commence Operations of system	2/1/2024		
13	Enclosing the entire 5.5 acre composting area in a covered building or an alternative windrow cover strategy/system(s)	Solicit proposal from vendors	1/2/2023	3/31/2023	
		Review Permitting Requirements	1/2/2023	3/31/2023	
		Review proposals with County PW and LEA	4/1/2023	5/31/2023	
		Seek and Obtain County PW funding for building or system(s)	6/1/2023	8/31/2023	
		Engineering & design of building/system(s)	7/1/2023	9/30/2023	
		Permitting of building/system(s) with County PW &/or B&S	10/1/2023	11/30/2023	
		Procurement of Building Materials/System Components	10/1/2023	12/31/2023	
		Construction/Implementation of building/system(s)	1/1/2024	6/30/2024	
14	Potential relocation of compost following the pathogen reduction process, to allow for stockpiling unscreened material and the screening of compost at another area on the Landfill that is more protected (either topographically and/or physically) than the current location.	Evaluate/Feasibility analysis of alternative sites/locations for stockpiling available on landfill property with County PW staff.	1/1/2023	3/31/2023	
		Evaluate permitting reqts. of such alternative sites/locations	1/1/2023	3/31/2023	
		Seek and Obtain County PW funding for such alternative site	4/30/2023	6/30/2023	
		Construction/Implementation of alterantive sites/locations.	7/1/2023	6/30/2024	
15	Potential relocation of the screened finished compost stockpile to another location on the landfill that is more protected (either topographically and/or physically) than the current location.	Evaluate/Feasibility analysis of alternative sites/locations for screening available on landfill property with County PW staff.	1/1/2023	3/31/2023	
		Evaluate permitting reqts. of such alternative sites/locations	1/1/2023	3/31/2023	
		Seek and Obtain County PW funding for such alternative site	4/30/2023	6/30/2023	
		Construction/Implementation of alterantive sites/locations.	7/1/2023	6/30/2024	
16	The covering of stockpiled material via tarps or other inert materials when not being handled and prior to the end of the operational day.	Evaluate/Feasibility analysis of covering stockpiled materials via tarps or other inert materials when not being handled.	1/1/2023	3/31/2023	

SOIL CONTROL LAB

42 HANGAR WAY
WATSONVILLE
CALIFORNIA
95076
USA


Account #: 2080642-1/1-8357

Group: Sep22A #12

Reporting Date: September 12, 2022

Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660
Attn: John Dewey

Date Received: 31 Aug. 22
Sample Identification: ReSource Center Compost
Sample ID #: 2080642 - 1/1

Nutrients	Dry wt.	As Rcvd.	units	Stability Indicator:			
Total Nitrogen:	1.9	1.4	%	CO2 Evolution	Respirometry		
Ammonia (NH ₄ -N):	2100	1500	mg/kg	mg CO ₂ -C/g OM/day		9.4	
Nitrate (NO ₃ -N):	25	18	mg/kg	mg CO ₂ -C/g TS/day		5.4	
Org. Nitrogen (Org.-N):	1.7	1.2	%	<i>Stability Rating</i>		<i>unstable</i>	
Phosphorus (as P ₂ O ₅):	1.1	0.81	%	Maturity Indicator: Cucumber Bioassay			
Phosphorus (P):	4900	3500	mg/kg	Compost:Vermiculite (v:v)		1:2	
Potassium (as K ₂ O):	1.3	0.95	%	Emergence (%)		100	
Potassium (K):	11000	7900	mg/kg	Seedling Vigor (%)		83	
Calcium (Ca):	4.3	3.1	%	<i>Description of Plants</i>		<i>healthy</i>	
Magnesium (Mg):	0.46	0.33	%	Pathogens	Results	Units	Rating
Sulfate (SO ₄ -S):	560	400	mg/kg	Fecal Coliform	75	MPN/g	<i>pass</i>
Boron (Total B):	66	47	mg/kg	Salmonella	< 3	MPN/4g	<i>pass</i>
Moisture:	0	28.7	%	Date Tested: 31 Aug. 22			
Sodium (Na):	0.78	0.55	%	Physical Contaminants**	% by dry wt		
Chloride (Cl):	0.67	0.48	%	Total Plastic	< 0.1		
pH Value:	NA	8.07	unit	Film Plastic	< 0.1		
Bulk Density :	20	28	lb/cu ft	Glass	< 0.1		
Carbonates (CaCO ₃):	130	89	lb/ton	Metal	< 0.1		
Conductivity (EC5):	11	NA	mmhos/cm	Sharps	ND		
Organic Matter:	57.1	40.7	%	Total	< 0.5		
Organic Carbon:	29.0	20.0	%	Size Distribution			
Ash:	42.9	30.6	%	MM	% by weight		
C/N Ratio	15	15	ratio	> 50	0.0		
AgIndex	3	3	ratio	25 to 50	0.0		
				16 to 25	0.0		
				9.5 to 16	0.0		
				6.3 to 9.5	0.3		
				4.0 to 6.3	2.1		
				2.0 to 4.0	11.8		
				< 2.0	85.8		
				**Greater than 4mm in size (Sharps greater than 2mm)			
Metals	Dry wt.	EPA Limit	units	Analyst: Assaf Sadeh			
Aluminum (Al):	10000	-	mg/kg				
Arsenic (As):	3.5	41	mg/kg				
Cadmium (Cd):	2.3	39	mg/kg				
Chromium (Cr):	32	-	mg/kg				
Cobalt (Co)	4.4	-	mg/kg				
Copper (Cu):	340	1500	mg/kg				
Iron (Fe):	7900	-	mg/kg				
Lead (Pb):	82	300	mg/kg				
Manganese (Mn):	230	-	mg/kg				
Mercury (Hg):	< 1.0	17	mg/kg				
Molybdenum (Mo):	4.1	75	mg/kg				
Nickel (Ni):	43	420	mg/kg				
Selenium (Se):	< 1.0	100	mg/kg				
Zinc (Zn):	470	2800	mg/kg				

*Sample was received and handled in accordance with TMECC procedures.

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.:
2080642 - 1/1 - 8357
Group: Sep22A No. 12

Date Received
Sample i.d.
Sample I.d. No.

31 Aug. 22
ReSource Center Compost
1/1 2080642

INTERPRETATION:

Page one of three

Is Your Compost Stable?

Respiration Rate
9.4 mg CO₂-C/
g OM/day

+++++
< Stable > < Moderately Unstable > < Unstable > < High For Mulch

Is Your Compost Mature?

Ammonia/NitrateN ratio
84 Ratio

+++++
VeryMature> < Mature > < Immature

Ammonia N ppm
2100 mg/kg
dry wt.

+++++
VeryMature> < Mature > < Immature

Nitrate N ppm
25 mg/kg
dry wt.

+++++
< Immature > < Mature

Cucumber Emergence
100.0 percent

+++++
< Immature > < Mature

Is Your Compost Safe Regarding Health?

Fecal Coliform
< 1000 MPN/g dry wt.

+++++
< Safe > < High Fecal Coliform

Salmonella
Less than 3 /4g dry wt.

+++++
<Safe (none detected) > < High Salmonella Count(> 3 per 4 grams)

Metals US EPA 503
Pass dry wt.

+++++
<All Metals Pass > < One or more Metals Fail

Does Your Compost Provide Nutrients or Organic Matter?

Nutrients (N+P₂O₅+K₂O)
4.3 Percent
dry wt.

+++++
<Low > < Average > < High Nutrient Content

AgIndex (Nutrients / Sodium and Chloride Salts) ((N+P₂O₅+K₂O) / (Na + Cl))
3 Ratio

+++++
Na & Cl > < Nutrient and Sodium and Chloride Provider > < Nutrient Provider

Plant Available Nitrogen (PAN) Estimated release for first season
11 lbs/ton
wet wt.

+++++
Low Nitrogen Provider> < Average Nitrogen Provider > <High Nitrogen Provider

C/N Ratio
15 Ratio

+++++
< Nitrogen Release > < N-Neutral > < N-Demand> < High Nitrogen Demand

Soluble Available Nutrients & Salts (EC₅ w/w dw)
11 mmhos/cm
dry wt.

+++++
SloRelease> < Average Nutrient Release Rate > <High Available Nutrients

Lime Content (CaCO₃)
130 Lbs/ton
dry wt.

+++++
< Low > < Average > < High Lime Content (as CaCO ₃)

What are the physical properties of your compost?

Percent Ash
42.9 Percent
dry wt.

+++++
< High Organic Matter > < Average > < High Ash Content

Sieve Size % > 6.3 MM (0.25")
0.3 Percent
dry wt.

+
All Uses > < Size May Restrict Uses for Potting mix and Golf Courses

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.:	Date Received	31 Aug. 22
2080642 - 1/1 - 8357	Sample i.d.	ReSource Center Compost
Group: Sep22A No. 12	Sample I.d. No.	1/1 2080642

INTERPRETATION:

Page two of three

Is Your Compost Stable?

Respiration Rate

9.4 Moderate-selected use mg CO₂-C/g OM/day

The respiration rate is a measurement of the biodegradation rate of the organic matter in the sample (as received). The respiration rate is determined by measuring the rate at which CO₂ is released under optimized moisture and temperature conditions.

Is Your Compost Mature?

Ammonia:NitrateN ratio

84 immature

Ammonia N ppm

2100 immature

Nitrate N ppm

25 immature

Composting to stabilize carbon can occur at such a rapid rate that sometimes phytotoxins remain in the compost and must be neutralized before using in high concentrations or in high-end uses. This step is called curing. Typically ammonia is in excess with the break-down of organic materials resulting in an increase in pH. This combination results in a loss of volatile ammonia (it smells). Once this toxic ammonia has been reduced and the pH drops, the microbes convert the ammonia to nitrates. A low ammonia + high nitrate score is indicative of a mature compost, however there are many exceptions. For example, a compost with a low pH (<7) will retain ammonia, while a compost with high lime content can lose ammonia before the organic fraction becomes stable. Composts must first be stable before curing indicators apply.

Cucumber Bioassay

100.0 Percent

Cucumbers are chosen for this test because they are salt tolerant and very sensitive to ammonia and organic acid toxicity. Therefore, we can germinate seeds in high concentrations of compost to measure phytotoxic effects without soluble salts being the limiting factor. Values above 80% for both percent emergence and vigor are indicative of a well-cured compost. Exceptions include very high salts that affect the cucumbers, excessive concentrations of nitrates and other nutrients that will be in range when formulated to make a growing media.

Is Your Compost Safe Regarding Health?

Fecal Coliform

< 1000 / g dry wt.

Fecal coliforms can survive in both aerobic and anaerobic conditions and is common in all initial compost piles. Most human pathogens occur from fecal matter and all fecal matter is loaded in fecal coliforms. Therefore fecal coliforms are used as an indicator to determine if the chosen method for pathogen reduction (heat for compost) has met the requirements of sufficient temperature, time and mixing. If the fecal coliforms are reduced to below 1000 per gram dry wt. it is assumed all other pathogens are eliminated. Potential problems are that fecal coliform can regrow during the curing phase or during shipping. This is because the conditions are now more favorable for growth than during the composting process.

Salmonella Bacteria

Less than 3 / 4g dry wt. Salmonella is not only another indicator organism but also a toxic microbe. It has been used in the case of biosolids industry to determine adequate pathogen reduction.

Metals

Pass

The ten heavy metals listed in the EPA 503 regulations are chosen to determine if compost can be applied to ag land and handled without toxic effects. Most high concentrations of heavy metals are derived from woodwaste feedstock such as chrome-arsenic treated or lead painted demolition wood. Biosolids are rarely a problem.

Does Your Compost Provide Nutrients or Organic Matter?

Nutrients (N+P₂O₅+K₂O)

4.3 Average nutrient content

This value is the sum of the primary nutrients Nitrogen, Phosphorus and Potassium. Reported units are consistent with those found on fertilizer formulations. A sum greater than 5 is indicative of a compost with high nutrient content, and best used to supply nutrients to a receiving soil. A sum below 2 indicates low nutrient content, and is best-used to improve soil structure via the addition of organic matter. Most compost falls between 2 and 5.

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.:	Date Received	31 Aug. 22
2080642 - 1/1 - 8357	Sample i.d.	ReSource Center Compost
Group: Sep22A No. 12	Sample I.d. No.	1/1 2080642

INTERPRETATION:

Page three of three

AgIndex (Nutrients/Na+Cl)

3 Low nutrient ratio Composts with low AgIndex values have high concentrations of sodium and/or chloride compared to nutrients. Repeated use of a compost with a low AgIndex (< 2) may result in sodium and/or chloride acting as the limiting factor compared to nutrients, governing application rates. These composts may be used on well-draining soils and/or with salt-tolerant plants. Additional nutrients from another source may be needed if the application rate is limited by sodium or chloride. If the AgIndex is above 10, nutrients optimal for plant growth will be available without concern of sodium and/or chloride toxicity. Composts with an AgIndex of above 10 are good for increasing nutrient levels for all soils. Most composts score between 2 and 10. Concentrations of nutrients, sodium, and chloride in the receiving soil should be considered when determining compost application rates. The AgIndex is a product of feedstock quality. Feedstock from dairy manure, marine waste, industrial wastes, and halophytic plants are likely to produce a finished compost with a low AgIndex.

Plant Available Nitrogen (lbs/ton)

11 Average N Provider Plant Available Nitrogen (PAN) is calculated by estimating the release rate of Nitrogen from the organic fraction of the compost. This estimate is based on the respiration rate, ammonia, and nitrate values. Despite the PAN value of the compost, additional sources of Nitrogen may be needed during the growing season to offset the Nitrogen demand of the microbes present in the compost. With ample nutrients these microbes can further breakdown organic matter in the compost and release bound Nitrogen. Nitrogen demand based on a high C/N ratio is not considered in the PAN calculation because additional Nitrogen should always be supplemented to the receiving soil when composts with a high C/N ratio are applied.

C/N Ratio

15 Indicates immaturity As a guiding principal, a C/N ratio below 14 indicates maturity and above 14 indicates immaturity, however, there are many exceptions. Large woodchips (>6.3mm), bark, and redwood are slow to breakdown and therefore can result in a relatively stable product while the C/N ratio value is high. Additionally, some composts with chicken manure and/or green grass feedstocks can start with a C/N ratio below 15 and are very unstable. A C/N ratio below 10 supplies Nitrogen, while a ratio above 20 can deplete Nitrogen from the soil. The rate at which Nitrogen will be released or used by the microbes is indicated by the respiration rate. If the respiration rate is too high the transfer of Nitrogen will not be controllable.

Soluble Nutrients & Salts (EC5 w/w dw - mmhos/cm)

11 High salts This value refers to all soluble ions including nutrients, sodium, chloride and some soluble organic compounds. The concentration of salts will change due to the release of salts from the organic matter as it degrades, volatilization of ammonia, decomposition of soluble organics, and conversion of molecular structure. High salts + high AgIndex is indicative of a compost high in readily available nutrients. The application rate of these composts should be limited by the optimum nutrient value based on soil analysis of the receiving soil. High Salts + low AgIndex is indicative of a compost low in nutrients with high concentrations of sodium and/or chloride. Limit the application rate according to the toxicity level of the sodium and/or chloride. Low salts indicates that the compost can be applied without risking salt toxicity, is likely a good source of organic matter, and that nutrients will release slowly over time.

Lime Content (lbs. per ton)

130 High lime content Compost high in lime or carbonates are often those produced from chicken manure (layers) ash materials, and lime products. These are excellent products to use on a receiving soil where lime has been recommended by soil analysis to raise the pH. Composts with a high lime content should be closely considered for pH requirements when formulating potting mixes.

Physical Properties

Percent Ash

42.9 Average ash content Ash is the non-organic fraction of a compost. Most composts contain approximately 50% ash (dry weight basis). Compost can be high in ash content for many reasons including: excess mineralization (old compost), contamination with soil base material during turning, poor quality feedstock, and soil or mineral products added. Finding the source and reducing high ash content is often the fastest means to increasing nutrient quality of a compost.

Particle Size % > 6.3 MM (0.25")

0.3 Suitable for all uses Large particles may restrict use for potting soils, golf course topdressings, seed-starter mixes, and where a fine size distribution is required. Composts with large particles can still be used as excellent additions to field soils, shrub mixes and mulches.

<p>Appendix: Plant Available Nitrogen (PAN) calculations: $PAN = (X * (\text{organic N})) + ((\text{NH}_4\text{-N}) + (\text{NO}_3\text{-N}))$ X value = If RR < 2 then X = 0.1 If RR =2.1 to 5 then X = 0.2 If RR =5.1 to 10 then X = 0.3 If RR > 10 then X = 0.4 Note: If C/N ratio > 15 additional N should be applied. RR = Respiration rate</p>	<table style="width: 100%; border: none;"> <tr> <td colspan="2" style="text-align: center;">Estimated available nutrients for use when calculating application rates</td> </tr> <tr> <td></td> <td style="text-align: right;">lbs/ton (As Rcvd.)</td> </tr> <tr> <td>Plant Available Nitrogen (PAN)</td> <td style="text-align: right;">10.5</td> </tr> <tr> <td>Ammonia (NH₄-N)</td> <td style="text-align: right;">3.00</td> </tr> <tr> <td>Nitrate (NO₃-N)</td> <td style="text-align: right;">0.04</td> </tr> <tr> <td>Available Phosphorus (P₂O₅*0.64)</td> <td style="text-align: right;">10.3</td> </tr> <tr> <td>Available Potassium (K₂O)</td> <td style="text-align: right;">19.0</td> </tr> </table>	Estimated available nutrients for use when calculating application rates			lbs/ton (As Rcvd.)	Plant Available Nitrogen (PAN)	10.5	Ammonia (NH ₄ -N)	3.00	Nitrate (NO ₃ -N)	0.04	Available Phosphorus (P ₂ O ₅ *0.64)	10.3	Available Potassium (K ₂ O)	19.0
Estimated available nutrients for use when calculating application rates															
	lbs/ton (As Rcvd.)														
Plant Available Nitrogen (PAN)	10.5														
Ammonia (NH ₄ -N)	3.00														
Nitrate (NO ₃ -N)	0.04														
Available Phosphorus (P ₂ O ₅ *0.64)	10.3														
Available Potassium (K ₂ O)	19.0														

SOIL CONTROL LAB

42 HANGAR WAY
WATSONVILLE
CALIFORNIA
95076
USA

Account #: 2090351-1/1-8357

Group: Sep22D #3

Reporting Date: October 5, 2022

Mustang Renewable Power Ventures, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660
Attn: Dylan Ellis

Date Received: 19 Sep. 22
Sample Identification: ReSource Center Compost
Sample ID #: 2090351 - 1/1

Nutrients	Dry wt.	As Rcvd.	units	Stability Indicator:			
Total Nitrogen:	1.8	1.2	%	CO2 Evolution	Respirometry		
Ammonia (NH ₄ -N):	2200	1400	mg/kg	mg CO ₂ -C/g OM/day		8.5	
Nitrate (NO ₃ -N):	14	9.1	mg/kg	mg CO ₂ -C/g TS/day		4.8	
Org. Nitrogen (Org.-N):	1.6	1.1	%	<i>Stability Rating</i>		<i>unstable</i>	
Phosphorus (as P ₂ O ₅):	1.1	0.68	%	Maturity Indicator: Cucumber Bioassay			
Phosphorus (P):	4700	3000	mg/kg	Compost:Vermiculite (v:v)		1:2	
Potassium (as K ₂ O):	1.2	0.74	%	Emergence (%)		93	
Potassium (K):	9800	6200	mg/kg	Seedling Vigor (%)		78	
Calcium (Ca):	4.4	2.8	%	<i>Description of Plants</i>		<i>stunted</i>	
Magnesium (Mg):	0.47	0.29	%	Pathogens	Results	Units	Rating
Sulfate (SO ₄ -S):	540	340	mg/kg	Fecal Coliform	18	MPN/g	<i>pass</i>
Boron (Total B):	64	40	mg/kg	Salmonella	< 3	MPN/4g	<i>pass</i>
Moisture:	0	37.1	%	Date Tested: 19 Sep. 22			
Sodium (Na):	0.75	0.47	%	Physical Contaminants**		% by dry wt	
Chloride (Cl):	0.74	0.47	%	Total Plastic		< 0.1	
pH Value:	NA	8.01	unit	Film Plastic		< 0.1	
Bulk Density :	20	32	lb/cu ft	Glass		< 0.1	
Carbonates (CaCO ₃):	110	72	lb/ton	Metal		< 0.1	
Conductivity (EC5):	10	NA	mmhos/cm	Sharps		ND	
Organic Matter:	56.4	35.5	%	Total		< 0.5	
Organic Carbon:	31.0	19.0	%	Size Distribution			
Ash:	43.6	27.5	%	MM		% by weight	
C/N Ratio	17	17	ratio	> 50		0.0	
AgIndex	3	3	ratio	25 to 50		0.0	
Metals	Dry wt.	EPA Limit	units	16 to 25		0.0	
Aluminum (Al):	7800	-	mg/kg	9.5 to 16		0.0	
Arsenic (As):	3.6	41	mg/kg	6.3 to 9.5		0.2	
Cadmium (Cd):	2.4	39	mg/kg	4.0 to 6.3		2.4	
Chromium (Cr):	30	-	mg/kg	2.0 to 4.0		12.8	
Cobalt (Co)	4.6	-	mg/kg	< 2.0		84.6	
Copper (Cu):	340	1500	mg/kg	**Greater than 4mm in size (Sharps greater than 2mm)			
Iron (Fe):	7300	-	mg/kg				
Lead (Pb):	120	300	mg/kg				
Manganese (Mn):	210	-	mg/kg				
Mercury (Hg):	< 1.0	17	mg/kg				
Molybdenum (Mo):	3.6	75	mg/kg				
Nickel (Ni):	36	420	mg/kg				
Selenium (Se):	< 1.0	100	mg/kg				
Zinc (Zn):	480	2800	mg/kg				

Analyst: Assaf Sadeh



*Sample was received and handled in accordance with TMECC procedures.

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.:
2090351 - 1/1 - 8357
Group: Sep22D No. 3

Date Received
Sample i.d.
Sample I.d. No.

19 Sep. 22
ReSource Center Compost
1/1 2090351

INTERPRETATION:

Page one of three

Is Your Compost Stable?

Respiration Rate
8.5 mg CO₂-C/
g OM/day

+++++
< Stable > < Moderately Unstable > < Unstable > < High For Mulch

Is Your Compost Mature?

Ammonia/NitrateN ratio
160 Ratio

+++++
VeryMature> < Mature > < Immature

Ammonia N ppm
2200 mg/kg
dry wt.

+++++
VeryMature> < Mature > < Immature

Nitrate N ppm
14 mg/kg
dry wt.

+++++
< Immature > < Mature

Cucumber Emergence
93.3 percent

+++++
< Immature > < Mature

Is Your Compost Safe Regarding Health?

Fecal Coliform
< 1000 MPN/g dry wt.

+++++
< Safe > < High Fecal Coliform

Salmonella
Less than 3 /4g dry wt.

+++++
<Safe (none detected) > < High Salmonella Count(> 3 per 4 grams)

Metals US EPA 503
Pass dry wt.

+++++
<All Metals Pass > < One or more Metals Fail

Does Your Compost Provide Nutrients or Organic Matter?

Nutrients (N+P₂O₅+K₂O)
4.0 Percent
dry wt.

+++++
<Low > < Average > < High Nutrient Content

AgIndex (Nutrients / Sodium and Chloride Salts) ((N+P₂O₅+K₂O) / (Na + Cl))
3 Ratio

+++++
Na & Cl > < Nutrient and Sodium and Chloride Provider > < Nutrient Provider

Plant Available Nitrogen (PAN) Estimated release for first season
9 lbs/ton
wet wt.

+++++
Low Nitrogen Provider> < Average Nitrogen Provider > <High Nitrogen Provider

C/N Ratio
17 Ratio

+++++
< Nitrogen Release > < N-Neutral > < N-Demand> < High Nitrogen Demand

Soluble Available Nutrients & Salts (EC₅ w/w dw)
10 mmhos/cm
dry wt.

+++++
SloRelease> < Average Nutrient Release Rate > <High Available Nutrients

Lime Content (CaCO₃)
110 Lbs/ton
dry wt.

+++++
< Low > < Average > < High Lime Content (as CaCO ₃)

What are the physical properties of your compost?

Percent Ash
43.6 Percent
dry wt.

+++++
< High Organic Matter > < Average > < High Ash Content

Sieve Size % > 6.3 MM (0.25")
0.2 Percent
dry wt.

+
All Uses > < Size May Restrict Uses for Potting mix and Golf Courses

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.: 2090351 - 1/1 - 8357
Group: Sep22D No. 3

Date Received: 19 Sep. 22
Sample i.d.: ReSource Center Compost
Sample I.d. No.: 1/1 2090351

INTERPRETATION:

Page two of three

Is Your Compost Stable?

Respiration Rate

8.5 Moderate-selected use mg CO₂-C/g OM/day

The respiration rate is a measurement of the biodegradation rate of the organic matter in the sample (as received). The respiration rate is determined by measuring the rate at which CO₂ is released under optimized moisture and temperature conditions.

Is Your Compost Mature?

Ammonia:NitrateN ratio

160 immature

Ammonia N ppm

2200 immature

Nitrate N ppm

14 immature

Composting to stabilize carbon can occur at such a rapid rate that sometimes phytotoxins remain in the compost and must be neutralized before using in high concentrations or in high-end uses. This step is called curing. Typically ammonia is in excess with the break-down of organic materials resulting in an increase in pH. This combination results in a loss of volatile ammonia (it smells). Once this toxic ammonia has been reduced and the pH drops, the microbes convert the ammonia to nitrates. A low ammonia + high nitrate score is indicative of a mature compost, however there are many exceptions. For example, a compost with a low pH (<7) will retain ammonia, while a compost with high lime content can lose ammonia before the organic fraction becomes stable. Composts must first be stable before curing indicators apply.

Cucumber Bioassay

93.3 Percent

Cucumbers are chosen for this test because they are salt tolerant and very sensitive to ammonia and organic acid toxicity. Therefore, we can germinate seeds in high concentrations of compost to measure phytotoxic effects without soluble salts being the limiting factor. Values above 80% for both percent emergence and vigor are indicative of a well-cured compost. Exceptions include very high salts that affect the cucumbers, excessive concentrations of nitrates and other nutrients that will be in range when formulated to make a growing media.

Is Your Compost Safe Regarding Health?

Fecal Coliform

< 1000 / g dry wt.

Fecal coliforms can survive in both aerobic and anaerobic conditions and is common in all initial compost piles. Most human pathogens occur from fecal matter and all fecal matter is loaded in fecal coliforms. Therefore fecal coliforms are used as an indicator to determine if the chosen method for pathogen reduction (heat for compost) has met the requirements of sufficient temperature, time and mixing. If the fecal coliforms are reduced to below 1000 per gram dry wt. it is assumed all other pathogens are eliminated. Potential problems are that fecal coliform can regrow during the curing phase or during shipping. This is because the conditions are now more favorable for growth than during the composting process.

Salmonella Bacteria

Less than 3 / 4g dry wt. Salmonella is not only another indicator organism but also a toxic microbe. It has been used in the case of biosolids industry to determine adequate pathogen reduction.

Metals

Pass

The ten heavy metals listed in the EPA 503 regulations are chosen to determine if compost can be applied to ag land and handled without toxic effects. Most high concentrations of heavy metals are derived from woodwaste feedstock such as chrome-arsenic treated or lead painted demolition wood. Biosolids are rarely a problem.

Does Your Compost Provide Nutrients or Organic Matter?

Nutrients (N+P₂O₅+K₂O)

4.0 Average nutrient content

This value is the sum of the primary nutrients Nitrogen, Phosphorus and Potassium. Reported units are consistent with those found on fertilizer formulations. A sum greater than 5 is indicative of a compost with high nutrient content, and best used to supply nutrients to a receiving soil. A sum below 2 indicates low nutrient content, and is best-used to improve soil structure via the addition of organic matter. Most compost falls between 2 and 5.

Attachment 21 - LEA January 30, 2023 Odor BMP Study Approval

Account No.:	Date Received	19 Sep. 22
2090351 - 1/1 - 8357	Sample i.d.	ReSource Center Compost
Group: Sep22D No. 3	Sample I.d. No.	1/1 2090351

INTERPRETATION:

Page three of three

AgIndex (Nutrients/Na+Cl)

3 Low nutrient ratio Composts with low AgIndex values have high concentrations of sodium and/or chloride compared to nutrients. Repeated use of a compost with a low AgIndex (< 2) may result in sodium and/or chloride acting as the limiting factor compared to nutrients, governing application rates. These composts may be used on well-draining soils and/or with salt-tolerant plants. Additional nutrients from another source may be needed if the application rate is limited by sodium or chloride. If the AgIndex is above 10, nutrients optimal for plant growth will be available without concern of sodium and/or chloride toxicity. Composts with an AgIndex of above 10 are good for increasing nutrient levels for all soils. Most composts score between 2 and 10. Concentrations of nutrients, sodium, and chloride in the receiving soil should be considered when determining compost application rates. The AgIndex is a product of feedstock quality. Feedstock from dairy manure, marine waste, industrial wastes, and halophytic plants are likely to produce a finished compost with a low AgIndex.

Plant Available Nitrogen (lbs/ton)

9 Average N Provider Plant Available Nitrogen (PAN) is calculated by estimating the release rate of Nitrogen from the organic fraction of the compost. This estimate is based on the respiration rate, ammonia, and nitrate values. Despite the PAN value of the compost, additional sources of Nitrogen may be needed during the growing season to offset the Nitrogen demand of the microbes present in the compost. With ample nutrients these microbes can further breakdown organic matter in the compost and release bound Nitrogen. Nitrogen demand based on a high C/N ratio is not considered in the PAN calculation because additional Nitrogen should always be supplemented to the receiving soil when composts with a high C/N ratio are applied.

C/N Ratio

17 Indicates immaturity As a guiding principal, a C/N ratio below 14 indicates maturity and above 14 indicates immaturity, however, there are many exceptions. Large woodchips (>6.3mm), bark, and redwood are slow to breakdown and therefore can result in a relatively stable product while the C/N ratio value is high. Additionally, some composts with chicken manure and/or green grass feedstocks can start with a C/N ratio below 15 and are very unstable. A C/N ratio below 10 supplies Nitrogen, while a ratio above 20 can deplete Nitrogen from the soil. The rate at which Nitrogen will be released or used by the microbes is indicated by the respiration rate. If the respiration rate is too high the transfer of Nitrogen will not be controllable.

Soluble Nutrients & Salts (EC5 w/w dw - mmhos/cm)

10 High salts This value refers to all soluble ions including nutrients, sodium, chloride and some soluble organic compounds. The concentration of salts will change due to the release of salts from the organic matter as it degrades, volatilization of ammonia, decomposition of soluble organics, and conversion of molecular structure. High salts + high AgIndex is indicative of a compost high in readily available nutrients. The application rate of these composts should be limited by the optimum nutrient value based on soil analysis of the receiving soil. High Salts + low AgIndex is indicative of a compost low in nutrients with high concentrations of sodium and/or chloride. Limit the application rate according to the toxicity level of the sodium and/or chloride. Low salts indicates that the compost can be applied without risking salt toxicity, is likely a good source of organic matter, and that nutrients will release slowly over time.

Lime Content (lbs. per ton)

110 High lime content Compost high in lime or carbonates are often those produced from chicken manure (layers) ash materials, and lime products. These are excellent products to use on a receiving soil where lime has been recommended by soil analysis to raise the pH. Composts with a high lime content should be closely considered for pH requirements when formulating potting mixes.

Physical Properties

Percent Ash

43.6 Average ash content Ash is the non-organic fraction of a compost. Most composts contain approximately 50% ash (dry weight basis). Compost can be high in ash content for many reasons including: excess mineralization (old compost), contamination with soil base material during turning, poor quality feedstock, and soil or mineral products added. Finding the source and reducing high ash content is often the fastest means to increasing nutrient quality of a compost.

Particle Size % > 6.3 MM (0.25")

0.2 Suitable for all uses Large particles may restrict use for potting soils, golf course topdressings, seed-starter mixes, and where a fine size distribution is required. Composts with large particles can still be used as excellent additions to field soils, shrub mixes and mulches.

<p>Appendix:</p> <p>Plant Available Nitrogen (PAN) calculations:</p> $PAN = (X * (\text{organic N})) + ((\text{NH}_4\text{-N}) + (\text{NO}_3\text{-N}))$ <p>X value =</p> <p style="padding-left: 20px;">If RR < 2 then X = 0.1</p> <p style="padding-left: 20px;">If RR =2.1 to 5 then X = 0.2</p> <p style="padding-left: 20px;">If RR =5.1 to 10 then X = 0.3</p> <p style="padding-left: 20px;">If RR > 10 then X = 0.4</p> <p>Note: If C/N ratio > 15 additional N should be applied.</p> <p>RR = Respiration rate</p>	<p>Estimated available nutrients for use when calculating application rates</p> <p style="text-align: right;">lbs/ton (As Rcvd.)</p> <table border="0" style="width: 100%;"> <tr> <td>Plant Available Nitrogen (PAN)</td> <td style="text-align: right;">9.2</td> </tr> <tr> <td>Ammonia (NH4-N)</td> <td style="text-align: right;">2.80</td> </tr> <tr> <td>Nitrate (NO3-N)</td> <td style="text-align: right;">0.02</td> </tr> <tr> <td>Available Phosphorus (P2O5*0.64)</td> <td style="text-align: right;">8.7</td> </tr> <tr> <td>Available Potassium (K2O)</td> <td style="text-align: right;">14.9</td> </tr> </table>	Plant Available Nitrogen (PAN)	9.2	Ammonia (NH4-N)	2.80	Nitrate (NO3-N)	0.02	Available Phosphorus (P2O5*0.64)	8.7	Available Potassium (K2O)	14.9
Plant Available Nitrogen (PAN)	9.2										
Ammonia (NH4-N)	2.80										
Nitrate (NO3-N)	0.02										
Available Phosphorus (P2O5*0.64)	8.7										
Available Potassium (K2O)	14.9										

ATTACHMENT 22



February 21, 2023

Leslie Wells
Deputy Director
County of Santa Barbara Public Works Dept.-RRWMD
130 East Victoria Street, Suite 100
Santa Barbara, CA 93101

**RE: Response to your February 15, 2023 letter
Notice of Intent to Assess Liquidated Damages**

Leslie,

In response to your February 15, 2023 letter, MSB requests a meeting to discuss the item the County has referenced in Section 5.8 of the Agreement for the Development and Operation of the Tajiguas Resource Recovery Project and its amendments (the "Agreement"). The meeting will allow us to discuss in detail and answer questions you may have regarding MSB's position on these matters. The following outlines our understanding of the events that have led to the current status of odor mitigation efforts. We look forward to meeting with you at your earliest convenience.

It's important to acknowledge that the project has always been in 100% compliance with the property boundary Sulphur monitoring requirements required under the terms of our Property Boundary Sulphur Monitoring Plan approved by the SBC APCD as part of our ATC 14500-05. This was confirmed by SCS Engineers Odor Test completed on October 3, 2022, and was consistent with all of our prior property boundary monitoring events since the 1st monitoring event in Q1 2021. The SCS Engineers Odor Test was included as Attachment 10 to the Cypress ADF Acceptance Test Report dated January 31, 2023 that was also submitted to the County on the same date.

At our January 24th, 2023 Teams meeting with the Local Enforcement Agency (LEA) with delegated authority on behalf of CalRecycle to discuss the December 1, 2022 Notice of Violation related to odor issues attended by Lars Seifert, Jason Johnston, Norma Campos-Bernal and Jeanette Gonzales-Knight, Norma confirmed that: 1) the OIMP violation related only to the ADF roll-up door and that if the door were to remain closed except for when deliveries were being made, then the OIMP violation would be removed.

On Norma's January 25th, 2023 ADF monthly inspection visit, the roll-up door was left open for 5 minutes after the organics delivery truck had dropped off a load so that the ADF's vacuum truck could enter the delivery hall and clean out a sump drain that had become clogged. Dylan Ellis, our compliance manager, explained to Norma that the vacuum truck driver did not have a remote roll-up door operator in his vehicle and was intending to close the door manually within 5 minutes of entering the hall. Norma said that 5 minutes was too long, even though it typically takes 6-8 minutes for each belt trailer.

On January 30th, 2023 the LEA approved the requested Odor Best Management Practices (BMP) Feasibility Study which provides for a structured compliance mechanism to address the nuisance odors from the site. Schedule E of the Odor BMP Feasibility Study includes a schedule for the implementation of the LEA approved 16 BMPs. At our January 24th Teams meeting with the LEA, Lars Seifert, the County's Environmental Health Services Department (EHS) Director, advised that the Odor BMP Feasibility Study requires MSB to take good faith steps to implement the Schedule E BMPs in accordance with the schedule set forth therein and to report such progress on a monthly basis. He also advised that as long as we were in compliance with the BMP implementation schedule with such schedule, the LEA would not proceed with any further

enforcement action such as a notice and order. Attached please find our Monthly Compliance Status Report #1 dated February 10th, 2023 evidencing our compliance with implementation schedule set forth in Schedule E.

As the implementation schedule for the likely most effective BMPs such as a windrow aeration system (BMP No. 12) or a Gore-Tex cover system (BMP No. 16) provides for implementation that could take as much as 12 months, it does not make sense to impose LDs on MSB when it is complying with the procedures and schedule approved by the LEA.

Further, LDs are not productive when the LD \$ could be better used by MSB to implement the LEA approved BMPs. This point was emphasized by Arroyo Quemada resident Jeff Pion in our December 20th, 2022 neighborhood meeting when he stated that it made no sense to impose LDs when MSB needed the money to solve the odor problem.

This point is doubly important when MSB has pending cash flow assistance requests under review by County Public Works to address the \$500,000 per month operating deficit the project has been incurring since July 2022 due to the delivered shortfall tonnages, and the related tip fee and recyclable revenue shortfalls detailed in our January 31st, 2023 letter to you.

It is important also to acknowledge, as we have communicated to you recently and as you have confirmed such to the AQ neighbors that the odor issues in January and February 2023 were exacerbated due to the historic rains that left nearly 24" of rain on the composting area resulting in an anaerobic condition that we have worked diligently to remedy over the past 4 weeks.

The Uncontrollable Circumstances nature of the recent historic rains was confirmed by the January 10th, 2023 CA Governor Newsom's request for a Declaration of Emergency and the January 16th, 2023 Federal Disaster Declaration approval for the State.

It should also be acknowledged that MSB grabbed samples of ambient air emissions both on-site and at two AQ residences (#5-Linda Smith & #9-Jeff Pion) from 5:00 pm through 5:00 am (12 hours) on October 11th, 13th, 24th and 28th with the assistance of SCS Engineer's recommended landfill air quality sampling expert consultants, RES Environmental. [RES' lab analysis](#) did not find any exceedances of SCAQMD 1150.1 constituents of concern, methane or total gaseous non-methane organics (TGNMO).

On February 4th, 2023 MSB reiterated its offer to Mariah and Landon Smith and their family to provide for an Airbnb rental at Dustin Smith's guesthouse in Solvang (\$8,000 per month) for as many months as were necessary to complete the implementation of the BMPs that would adequately mitigate any potential nuisance odors. Mariah and Landon are considering the offer. You may recall they accepted the offer for 3 months (March, April, May) in the spring of 2022.

Imposition of LDs on MSB would be counterproductive to its funding of mitigation efforts such as the provision of alternative housing to impacted AQ residents.

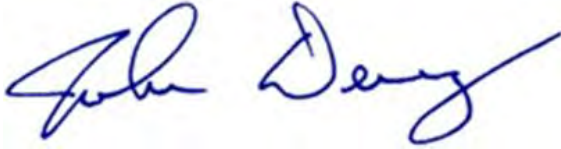
To penalize MSB while complying with the LEA approved Odor BMP Feasibility Study and its additional efforts to mitigate impacts on the AQ residents seems not in the best interests of the parties, the project and the ratepayers. MSB knows any funds paid as penalties would be better utilized towards the BMP implementation and other odor mitigation efforts we are making at the project.

MSB has always strived to find solutions to the numerous obstacles and issues this project has encountered over the last 13+ years. We value our relationship and will continue to fight for the success of this project and its environmental benefits.

Leslie Wells
February 21, 2023
Page 3

Response to February 15th Letter
Notice of Intent to Assess Liquidated Damages

Sincerely,
MSB Investors, LLC



John Dewey
CEO & Managing Member



February 10, 2023

Norma Campos-Bernal, REHS
Senior Environmental Health Specialist
Santa Barbara County Air Pollution Control District
260 N. San Antonio Road, Suite A
Santa Barbara, CA 93110

**RE: Odor Best Management Practices (BMPs) Feasibility Study
Tajiguas Resource Recovery Project & Sanitary Landfill (SWIS 42-AA-0015)
Anaerobic Digestion Facility (ADF) & Composting Management Unite (CMU)**

Norma:

In response to your January 30, 2023 approval of the above referenced Odor BMP Feasibility Study, attached please find the Compliance Status Report #1 dated February 10, 2023 evaluating the effectiveness of the BMPs that have been fully or partially implemented and the status updates on the implementation of the balance of the BMPs listed on Schedule E.

Please review the attached and let me know if you have any questions.

Sincerely,

MSB Investors, LLC

A handwritten signature in blue ink that reads "John Dewey". The signature is fluid and cursive, with the first name "John" and last name "Dewey" clearly distinguishable.

John Dewey

CEO & Managing Member

E. Plan/Implement - Plan & Schedule for Implementing Potential BMPs						
BMP No.	Existing & Potential BMPs to be Implemented	Action	Start Date	End Date	Effectiveness	Status as of 2/10/23
1	Blending ratio of Digestate to Yard Waste/Mulch (recently changed from 2:1 to 1:1). Expand to include 2 buckets digestate with 1 bucket yard waste + 1 bucket compost per CCORP	Implemented by CMU Operations Team. Continue to evaluate results of mix blend changes. Revise mix blend when appropriate based on odor emission impacts, C:N ratio, NH3 levels and respiration rates.	10/31/2022	N/A	Partly Effective. Blend revised to include double ground yard waste/mulch as of 12/13-1/15. Increased bulk density should increase C:N ratio while reducing odors.	Continued implementation.
2	Turn windrow same day as constructed, thereafter turn 2X/week per CCORP	Implemented by CMU Operations Team	10/31/2022	N/A	Partly Effective. Turning is required to accelerate transition of digestate from anaerobic to aerobic conditions and it also releases odors. BMP to mitigate: only turn when winds are onshore.	Continued implementation.
3	Apply 6" Compost filter blanket applied to newly constructed windrows following turning per CCORP	Implemented by CMU Operations Team	10/31/2022	N/A	Partly Effective. Double ground yard waste/mulch as blending material achieves similar results. Weekly capping consumes 1,400 cyds of finished compost. Experimenting with different thicknesses and results.	Continued implementation.
4	Keep Delivery Hall roll-up doors closed except when receiving materials using automated door opener. Add an automated door opener to South door for fast opening and closing when necessary	Automated North Door fast closing operator installed in April/May. Automated South Door fast closign operator to be installed in November/December upon receipt of operator parts on order. South Door to remain closed during operating hours until installation of the fast closign operator.	9/15/2022	N/A	Effective. BMP continues.	Continued implementation.
5	Stabilized Operations of CHP Engines, Flare & Fermenters	Hire two additional Maintenance technicians.	7/1/2022	N/A	Effective. BMP continues.	Continued implementation.
6	Avoid storage of Digestate in Mixing Hall for more than 24 hours	80-90% implemented as of 10/26/22. Complete 100% implementation as of 12/31/22	10/26/2022	N/A	Effective. BMP continues.	Continued implementation.
7	Avoid storage of feedstock material in Delivery Hall for more than 24 hours or on weekends	80-90% implemented as of 10/26/22. Complete 100% implementation as of 12/31/22	10/26/2022	N/A	Effective. BMP continues.	Continued implementation.
8	Minimize stockpiling (both quantity and duration) of windrow compost (unscreened)	Complete screening and removal of unscreened compost to reduce stockpile to within permit limits	10/26/2022	N/A	Effective. BMP continues.	Continued implementation.
9	Minimize stockpiling (both quantity and duration) of finished compost (screened)	Complete screening and removal of screened compost to reduce stockpile to within permit limits	10/26/2022	N/A	Effective. BMP continues.	Continued implementation.
10	Delivery & Mixing Hall Misting System Expansion	Evaluate effectiveness of existing system(s) and determine if expansion is warranted	1/2/2023	3/31/2023	Partially effective. Maintaining closed roll-off doors between deliveries is most effective.	On hold.
11	Irrigation of windrows following turning requires drilling of Well #8 and construction of irrigation system on the CMU	Complete CEQA approval of Well #8	Completed			Completed
		File drilling permit with EHD	9/1/2022	6/1/2023		
		Contract and schedule with well drilling company	12/1/2022	3/31/223		In progress
		Drill well & Testing with Filiponi Construction	5/1/2023	5/31/2023		
		Engineering & design of connection pipeline	Completed			
		Engineering of SCADA controls for automated operation	4/1/2023	5/31/2023		
		Construct pipeline to connect well	5/1/2023	5/31/2023		
		Update engineering & design of irrigation system	3/1/2023	3/31/2023		
		Rebid Irrigation system construction	2/1/2023	2/28/2023		
		Permitting of Irrigation system with Public Works CEQA memo	6/30/2022	12/31/2022		
		Construct irrigation system including storage tanks	7/1/2023	7/31/2023		
Commence irrigation system operations	8/1/2023					

**Santa Barbara County Resource Center - Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU)
Attachment 22 - MSB February 21, 2023 Response to County's February 15, 2023 OIR LD (CMU)
Odor Best Management Practices (BMPs) Feasibility Study**

E. Plan/Implement - Plan & Schedule for Implementing Potential BMPs						
BMP No.	Existing & Potential BMPs to be Implemented	Action	Start Date	End Date	Effectiveness	Status as of 2/10/23
12	Positive Aeration of windrows for the 1st 7 days following windrow development to accelerate transition from anaerobic to aerobic conditions	Solicit proposal from vendors	10/26/2022	11/30/2022		Completed
		Review Permitting Requirements	10/26/2022	1/31/2023		In progress
		Complete feedstock evaluation with vendor labs to determine BMP recommendations for Pilot Study	11/15/2022	12/31/2022		Completed
		Submit APCD Authority to Construct (ATC) application	2/1/2023	2/15/2023		Pilot Approval
		Obtain APCD ATC permit/CEQA approval	2/16/2022	4/15/2023		Pilot Approval
		Evaluate Proposals for Pilot Study	12/1/2022	12/31/2022		Completed
		Implement Pilot Study	2/1/2023	4/30/2023		Commenced
		Review Pilot Study Results	4/1/2023	5/31/2023		
		Seek and Obtain County PW funding for system	6/1/2023	8/31/2023		
		Revise Commercial Scale proposal	6/1/2023	7/15/2023		
		Detailed Design & Engineering	7/1/2023	9/1/2023		
		Procurement of System Components	9/1/2023	11/30/2023		
		Construct System	12/1/2023	1/31/2024		
		Commence Operations of system	2/1/2024			
13	Enclosing the entire 5.5 acre composting area in a covered building or an alternative windrow cover strategy/system(s)	Solicit proposal from vendors	1/2/2023	3/31/2023		In progress
		Review Permitting Requirements	1/2/2023	3/31/2023		In progress
		Review proposals with County PW and LEA	4/1/2023	5/31/2023		
		Seek and Obtain County PW funding for building or system(s)	6/1/2023	8/31/2023		
		Engineering & design of building/system(s)	7/1/2023	9/30/2023		
		Permitting of building/system(s) with County PW &/or B&S	10/1/2023	11/30/2023		
		Procurement of Building Materials/System Components	10/1/2023	12/31/2023		
Construction/Implementation of building/system(s)	1/1/2024	6/30/2024				
14	Potential relocation of compost following the pathogen reduction process, to allow for stockpiling unscreened material and the screening of compost at another area on the Landfill that is more protected (either topographically and/or physically) than the current	Evaluate/Feasibility analysis of alternative sites/locations for stockpiling available on landfill property with County PW staff.	1/1/2023	3/31/2023		Request to PW
		Evaluate permitting reqts. of such alternative sites/locations	1/1/2023	3/31/2023		
		Seek and Obtain County PW funding for such alternative site	4/30/2023	6/30/2023		
		Construction/Implementation of alterantive sites/locations.	7/1/2023	6/30/2024		
15	Potential relocation of the screened finished compost stockpile to another location on the landfill that is more protected (either topographically and/or physically) than the current location.	Evaluate/Feasibility analysis of alternative sites/locations for screening available on landfill property with County PW staff.	1/1/2023	3/31/2023		Request to PW
		Evaluate permitting reqts. of such alternative sites/locations	1/1/2023	3/31/2023		
		Seek and Obtain County PW funding for such alternative site	4/30/2023	6/30/2023		
		Construction/Implementation of alterantive sites/locations.	7/1/2023	6/30/2024		
16	The covering of stockpiled material via tarps or other inert materials when not being handled and prior to the end of the operational day.	Evaluate/Feasibility analysis of covering stockpiled materials via tarps or other inert materials when not being handled.	1/1/2023	3/31/2023		In progress



Environmental Health Services

225 Camino del Remedio ♦ Santa Barbara, CA 93110
805/681-4900 ♦ FAX 805/681-4901

2125 S. Centerpointe Pkwy. #333 ♦ Santa Maria, CA 93455-1340
805/346-8460 ♦ FAX 805/346-8485

Mouhanad Hammami, MHA Director
Suzanne Jacobson, CPA Chief Financial Officer
Palge Batson, MA, PHN, RN Deputy Director
Darrin Eisenbarth Deputy Director
Dana Gamble, LCSW Deputy Director
Dr. Noemi Doohan Medical Director

Lars Selfert Director of Environmental Health

SENT VIA ELECTRONIC MAIL

January 30, 2023

John Dewey, CEO
MSB Investors, LLC
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660

Subject: LEA Approval of Odor Best Management Practices (BMPs) Feasibility Study, Tajiguas Resource Recovery Project & Sanitary Landfill (SWIS 42-AA-0015) Anaerobic Digestion Facility (ADF) and Compost Management Unit (CMU)

Dear Mr. Dewey,

Santa Barbara County Public Health Department, Environmental Health Services Division (EHS) is the designated Local Enforcement Agency (LEA) as defined in Title 14, California Code of Regulations (14 CCR) Section 18011(a)(16). In accordance with this designation, the LEA performs permitting, inspection, and enforcement duties of solid waste facilities including the Tajiguas Resource Recovery Project & Sanitary Landfill (42-AA-0015), including the sites Anaerobic Digestion Facility (ADF) and Compost Management Unit (CMU) operations (Facility).

The ADF and CMU have a site-specific odor impact minimization plan (OIMP) that the operator is required to implement in accordance with 14 CCR Sections 17896.31 and 17863.4, respectively. The plans are to be designed, in part, to establish odor monitoring and complaint response protocols, and to establish design and operational procedures that "minimizes odor impacts so as to not cause a nuisance" (14 CCR Sections 17896.32(a) and 17867(a)(2)).

On the inspection report documenting the LEA's September 21, 2022 inspection dated October 18, 2022, the LEA directed you to prepare and implement an Odor Best Management Practice Feasibility Report in accordance with 14 CCR Sections 17896.31(f) and 17863.4(f) by no later than November 4, 2022, due to ongoing odor impacts despite the implementation of the OIMP.

On November 4, 2022, the LEA received the report prepared by MSB Investors, LLC with assistance from SCS Engineers titled *Santa Barbara County ReSource Center, Anaerobic Digestion Facility (ADF) & Composting Management Unit (CMU), Odor Best Management Practices (BMPs) Feasibility Study (BMP Feasibility Study)*. On December 5, 2022, the LEA provided directives in response to the *BMP Feasibility Study* in accordance with 14 CCR Sections 17896.30(d)(2) and 17863.4.1(d)(2), to continue implementation of identified BMPs, evaluate their effectiveness, and revise the document. Revisions to the *BMP Feasibility Study* were submitted to the LEA on December 30, 2022, with further revisions requested on January 23, 2023 by the

Attachment 22 - MSB February 21, 2023 Response to County's February 15, 2023 Odor LD NOI

42-AA-0015 - Odor BMP Feasibility Study

January 30, 2023

Page 2 of 2

LEA in consultation with CalRecycle. On January 26, 2023 MSB Investors, LLC submitted a revised *BMP Feasibility Study* addressing the revisions requested.

In accordance with 14 CCR Sections 17896.30(d)(1) and 17863.4.1(d)(1), the LEA approves the *BMP Feasibility Study* dated January 26, 2023, and hereby directs you to:

1. Fully implement the plan in accordance with the identified schedule or as may otherwise be specified by the LEA to comply with State minimum standards; and
2. Evaluate of the effectiveness of BMPs that have been fully or partially implemented, and provide status updates on the plan's implementation. **This compliance report shall be provided to the LEA at least monthly by no later than the 10th day of the following month.**

Failure to comply with the above directives may result in the LEA issuing a corrective action order to fully implement the plan. If you have any questions please contact Norma Campos Bernal at (805) 681-4942. Written correspondence regarding this matter should be sent to EHS at 225 Camino del Remedio, Santa Barbara, CA 93110 or via email to NCamposBernal@sbcphd.org.

Thank you,



Norma Campos Bernal, REHS
Senior Environmental Health Specialist

cc via electronic mail:

Gina Weber, CalRecycle via SWIS
Leslie Wells, RRWMD Deputy Director
Jeanette Gonzales-Knight, RRWMD Compliance Manager
Jordan Haserot, CCRWQCB

ATTACHMENT 23

Attachment 23

Communication Timeline for 7th Amendment including FY 22/23 & FY 23/24 Budget including CFA requests and responses

1. February 5, 2021-MSB Request for revised budget due to Covid, Change in Law and regulatory compliance impacts (CFA Request #1)
2. May 6, 2021-County Response to MSB Request
3. April 27, 2022-MSB Request for approval to draw on \$1,000,000 Line of Credit due to Recyclable Revenue declines (CFA Request #2)
4. July 5, 2022-County Response to MSB request for LOC draw
5. August 15, 2022 – MSB submits Cash Flow Assistance (CFA) Request and Request for Extraordinary Review for budget that covers the project’s Operating Costs (CFA Request #3)
6. August 25, 2022 – County requests meeting to review MSB Requests
7. August 29, 2022 – MSB provides summary of requests
8. September 1, 2022 – County, MSB and MarBorg meet to review requests, County Request for Information (RFI) #1 for additional supporting financial information
9. September 2, 2022 – County advises MSB it will need until 10/14/22 to review and respond to MSB requests.
10. September 6, 2022 – MSB responds to RFI #1
11. September 15, 2022 – County RFI #2 and request for meeting 9/16/22
12. September 15, 2022 – MSB initial response to RFI #2
13. September 16, 2022 – Meeting to review RFI #1 and to discuss RFI #2
14. September 19, 2022 – County RFI Request #3 for additional information
15. September 19, 2022 – MSB additional response to RFI #2
16. September 26, 2022 – MSB Request for meeting to review 8/15/22 Requests
17. September 30, 2022 – Meeting to review MSB requests
18. September 30, 2022 – County RFI #4
19. October 5, 2022 – MSB Response to RFI #4
20. October 5, 2022 – Meeting to review RFI #4 response, County RFI #5
21. October 12, 2022 – MSB response to RFI #5
22. October 18, 2022 – County response to MSB August 15, 2022 requests, Request for MSB to complete a Waste Comp Study at the MRF to confirm basis for recyclable revenues, County-MSB Meeting to discuss CFA
23. November 4, 2022 – County advises they intend to retain Ernst & Young to complete a review of the MSB financials and to assist in developing a going forward budget.
24. November 15, 2022 – MSB response to EY engagement
25. November 16, 2023 – MSB request for Cash Flow Assistance for FY 22/23 Jul-Oct (CFA Request #4)
26. December 2, 2022 – Meeting to discuss status & next steps
27. December 8, 2023 – County response to Cash Flow Assistance for FY 22/23 Jul-Oct
28. December 12, 2023 – MSB response to December 5, 2022 status memo
29. December 21-23, 2022 – Waste Comp Study completed by Joe Sloan
30. January 13, 2022 – County provides notice of engaging SCS Engineers to assist with budget & operational review, issues SCS RFI #1
31. January 13, 2022-MSB response to SCS RFI #1
32. January 20, 2022-MSB additional response to SCS RFI #1
33. January 24, 2023 – MSB request for CFA for Jul-Dec 2022 (CFA Request #5)
34. February 14, 2023-SCS RFI #2
35. February 14, 2023-MSB Response SCS RFI #2
36. February 15, 2023-SCS RFI #2

Attachment 23 - 7th Amendment Communications Timeline incl. FY 22-23 & 23-24 CFA Requests

37. February 15, 2023-MSB Response to SCS RFI #2
38. February 17, 2023-MSB additional Response to SCS RFI #2
39. February 21, 2023 – County response to MSB Jul-Dec 2022 CFA Request #5
40. February 21, 2023-MSB-E&Y meeting to kickoff E&Y financial review, E&Y RFI #1
41. February 21, 2023-MSB Response to E&Y RFI #1
42. February 28, 2023-E&Y RFI #2
43. February 28, 2023-MSB Response to E&Y RFI #2
44. March 1, 2023-SCS RFI #3
45. March 2, 2023-MSB Response to SCS RFI #3
46. March 2, 2023-SCS RFI #4
47. March 2, 2023-MSB Response to SCS RFI #4
48. March 2, 2023 – County RFI #6
49. March 2, 2023-E&Y RFI #3
50. March 2, 2023-MSB Response to E&Y RFI #3
51. March 3, 2023-E&Y RFI #4
52. March 3, 2023-MSB Response to E&Y RFI #3
53. March 6, 2023-MSB additional response to SCS RFI #3
54. March 8, 2023-MSB Additional response to SCS RFI #4
55. March 8, 2023-E&Y RFI #4
56. March 9, 2023-MSB Response to E&Y RFI #4
57. March 9, 2023 – MSB response to County RFI #6, MSB-County Meeting to discuss budget review
58. March 14, 2023-County RFI #7
59. March 15, 2023-MSB Response to County RFI #7
60. March 16, 2023-E&Y RFI #5
61. March 17, 2023-MSB Response to E&Y RFI #5
62. March 20, 2023-E&Y RFI #6
63. March 22, 2023-MSB Response to E&Y RFI #6
64. March 22, 2023-County RFI #8
65. March 24, 2023-MSB Response to County RFI #8
66. March 28, 2023-County RFI #9
67. March 28, 2023-MSB response to County RFI #9
68. March 29, 2023-MSB-County Meeting to discuss budget review
69. March 29, 2023-E&Y RFI #7
70. March 30, 2023-MSB Response to E&Y RFI #7, E&Y RFI #8
71. March 30, 2023-MSB Response to E&Y RFI #8
72. April 3, 2023-County Response to CFA Request #5 (Jul-Dec 2022)-Approval
73. April 4, 2023-County RFI #9
74. April 4, 2023-MSB Response to County RFI #9
75. April 6, 2023-E&Y RFI #9
76. April 6, 2023-MSB Response to E&Y RFI #9
77. April 11, 2023-E&Y RFI #10
78. April 11, 2023-MSB Response to E&Y RFI #10
79. April 13, 2023-E&Y RFI #11
80. April 17, 2023-MSB Response to E&Y RFI #11
81. April 18, 2023-E&Y RFI #12
82. April 18, 2023-MSB Response to E&Y RFI #12
83. April 20, 2023-E&Y RFI #13
84. April 21, 2023-MSB Response to E&Y RFI #13, E&Y RFI #14
85. April 21, 2023-MSB Response to E&Y RFI #14
86. April 25, 2023-MarBorg Response to E&Y RFI #14

Attachment 23 - 7th Amendment Communications Timeline incl. FY 22-23 & 23-24 CFA Requests

87. April 27, 2023-E&Y RFI #15
88. April 27, 2023-MSB Response to E&Y RFI #15
89. May 2, 2023-E&Y RFI #16
90. May 2, 2023-MSB Response to E&Y RFI #16
91. May 9, 2023-E&Y RFI #17
92. May 9, 2023-MSB & MarBorg Response to E&Y RFI #17
93. May 15, 2023-County Request for MSB to pay County \$3.4 million for erroneous LFG charges and incorrectly billed residue charges so County would avoid paying CFA Request #5 for Jul-Dec 2022 (\$884,408)
94. May 16, 2023-MSB Response to County's \$3.4 million request for payment
95. May 16, 2023-County agrees with MSB Response and withdraws request for \$3.4 million
96. May 17, 2023-County RFI #10
97. May 17, 2023-MSB Response to County RFI #10
98. May 18, 2023-E&Y RFI #18
99. May 19, 2023-MSB Response to E&Y RFI #18
100. May 22, 2023-E&Y RFI #19
101. May 22, 2023-MSB Response to E&Y RFI #19
102. May 23, 2023-County RFI #11
103. May 23, 2023-MSB Response to County RFI #11
104. May 23, 2023-E&Y RFI #20
105. May 23, 2023-MSB CFA Request #6 (Jan-Apr 2023)
106. May 24, 2023-MSB Response to E&Y RFI #20, E&Y RFI #21
107. May 24, 2023-MSB Response to E&Y RFI #21
108. May 25, 2023-MSB additional Response to County RFI #11
109. May 25, 2023-E&Y RFI #22
110. May 26, 2023-MSB Response to E&Y RFI #22
111. May 31, 2023-E&Y RFI #23
112. May 31, 2023-MSB Response to E&Y RFI #23
113. June 2, 2023-County's additional response to CFA Request #5 (Jul-Dec 2022) & approval of additional Start-up, Acceptance & Commissioning Costs from FY 21-22
114. June 6, 2023-MSB-County Meeting to discuss County's proposed FY 23-24 budget
115. June 8, 2023-MSB reiterates CFA Request #6 (Jan-Apr 2023)
116. June 9, 2023-MSB & MarBorg Response to County FY 23-24 Budget proposal
117. June 15, 2023-MSB-County Meeting to discuss Budget
118. June 15, 2023-County provides "best & final" FY 23-24 Budget
119. June 15, 2023-County Disbursement of CFA Request #5 (Jul-Dec 2022)
120. June 19, 2023-MSB & MarBorg Response to "best & final" FY 23-24 budget
121. June 21, 2023-County Response to CFA Request #6 (Jan-Apr 2023)-Approval
122. June 30, 2023-County Disbursement of CFA Request #6
123. June 30, 2023-MSB Reiteration of CFA Request #3 (FY 21-22)
124. July 14, 2023-County Response to June 30, 2023 CFA Request #3 (FY 21-22)
125. July 24, 2023-MSB CFA Request #7 (May-Jun 2023) \$452,009
126. July 27, 2024-County response to June 19, 2023 MSB & MarBorg Budget counter, reiterates "best & final" offer on FY 23-24 budget
127. July 31, 2023-MSB & MarBorg accept FY 23-24 budget and request draft 7th Amendment
128. August 1, 2023-County advises that it has prepared a 7th Amendment
129. August 15, 2023-MSB Annual Settlement Statement, Request for 7th Amendment
130. August 24, 2023-MSB CFA Request #8 (Jul 2023) \$315,008
131. September 12, 2023-County reiterates request for draft 7th Amendment

Attachment 23 - 7th Amendment Communications Timeline incl. FY 22-23 & 23-24 CFA Requests

132. September 14, 2023-County confirms balance due MSB of \$368,548 for Tip Fees owed for Jul-Sep 2023
133. September 22, 2023-MSB CFA Request #9 (Jul-Aug 2023) \$484,486
134. October 11, 2023-County provides draft 7th Amendment
135. October 16, 2023-County confirms balance of \$542,502 Tip Fee owed to MSB for Jul-Sep 2023
136. October 18, 2023- MSB CFA Request #10 (Jul-Sep 2023) \$822,648
137. November 6, 2023-County Issues Notice of Intent to Terminate Agreement
138. November 29, 2023-MSB CFA Request #11 (Jul-Oct 2023)

ATTACHMENT 24

John Dewey

From: John Dewey
Sent: Tuesday, February 28, 2023 4:18 PM
To: Wells, Leslie; McGolpin, Scott
Cc: Mark Schleich (markschleich805@gmail.com)
Subject: MSB-GreenWaste
Attachments: GreenWaste Presentation Santa Barbara.pdf

Leslie/Scott,

I am pleased to announce that MSB has entered into due diligence with San Jose, CA based GreenWaste Recovery. GreenWaste has expressed an interest in acquiring MSB's interest in our Operating Agreement.

As you may aware, GreenWaste is an experienced owner/operator of an MSW MRF, an SSR MRF, the San Jose AD Facility developed in 2014 with technology (i.e., Kompoferm with design similar to Bekon) provided by Zero Waste Energy Development (ZWED) and Z-Best Composting in Gilroy.

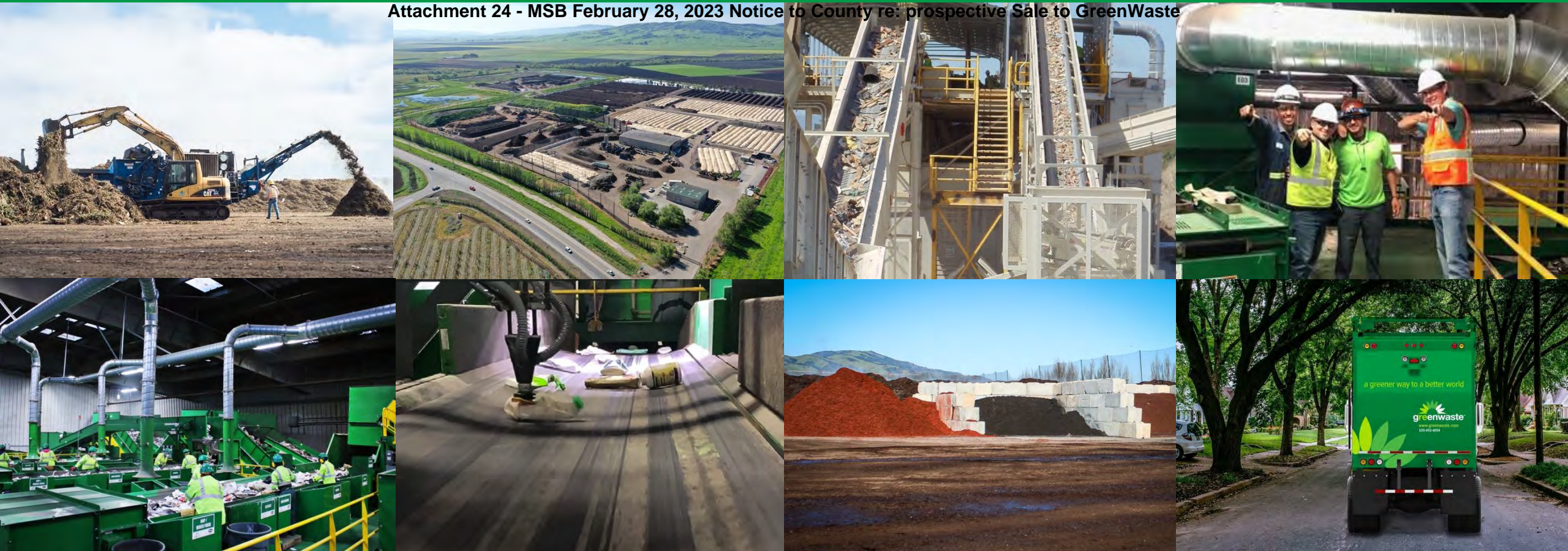
Attached please find a presentation that highlights their capabilities. You may also download a PPT file including videos of their various facilities by clicking on this [link](#).

There was a nice [article in Biocycle magazine in 2021](#) that highlighted their organics processing capabilities with their AD Facility and their composting.

Hopefully, the transition process, including agreement on a breakeven budget, can be smooth and expeditious.

Best Regards,

John Dewey



GreenWaste™

GreenWaste Brand

Welcome to a greener way to a better world.

At GreenWaste, we know that a greener world is within reach.

Because everything we do is focused on helping to recover, recycle and reuse waste materials in the most innovative, environmentally responsible, and reliable ways possible.

Our teams provide clients with unmatched service and value — backed by a passion for what's right, a vision for new ideas, and a commitment to sustainability that's unmatched in our industry, or any industry.

If there's a better way, we use it. If there isn't, we'll invent it. All in the service of communities, customers, employees and, of course, the planet we all share.



Headquartered in San Jose (Approx. 40 Years of Experience)

Processing (Serving 30+ jurisdictions)

Residential and Commercial Recyclables

Municipal Solid Waste

Yard Trimmings

Composting (Z-Best Composting Facility)

Anaerobic Digestion (Zero Waste Energy Development Company)

Construction and Demolition (Zanker-San Jose and Florin Perkins-Sacramento)

Collection (Over 320,000 residential and 6,000 commercial customers)

MRF

Municipal Solid Waste Materials Recovery Facility



- 286,064 tons per year
- Achieving SB1383 compliance with up to 75% recovery rate
- 150,000 tons recovered organics tons per year
- Serving 11 jurisdictions
- Originally pioneered the use of a dual recycling line
- Maximizing revenues and organics from incoming MSW
- Utilizing optic sorters and AI robotics to minimize operational cost and improve material quality

Single Stream Materials Recovery Facility



- 245,944 tons per year
- Up to 85% recovery rate
- Serving 32 jurisdictions (including spot/open market)
- Utilizing optic sorters and AI robotics to improve quality of materials
- Long term commodity relationships
- Innovation pioneer

Renewable Energy



Anerobic Digestion Facility



- Opened in 2014 in San Jose, CA
- First large-scale commercial dry fermentation AD technology in the United States
- Producing clean, green renewable energy, while simultaneously producing a feedstock for composting
- Can process up to 120,000 tons per year of organic waste generating approximately 1.6MW of clean green renewable power

Anerobic Digestion Facility



- 16 Anaerobic Digestion Tunnels
- 4 In-vessel Composting Tunnels
- 15-year exclusive Organics Processing Agreement with the City of San José
- Pre- and post-consumer source separated food waste, residuals from processing wet and dry materials and yard waste
- Source-separated food waste from commercial accounts in Palo Alto and residential food waste mixed with yard trimmings from Palo Alto

Composting

Composting Facility



- Largest Certified Organic Composting Operation in California: 235,000 tpy
- Largest MSW Composting Operation in United States: 226,748 tpy
- Clean MSW Compost
- Serving 41 Jurisdictions



Other Expertise

C&D Recycling, Collections, Markets

Construction and Demolition Facility



- Concrete Recycling
- Wood Recycling
- Wallboard Recycling
- Mixed Construction Waste
- Demolition Debris
- And more...



Collections



314 Collection Vehicles

- All renewable fuels (CNG, renewable diesel, electric)

22 Collection Franchises

- Executing unique and tailored approaches to collecting materials from various sized jurisdictions over many years of service

Over 300 Qualified Trained Drivers

- Over 1,000 employees

Markets



- Landscaping and Agricultural Industries
 - Organic Compost
 - Organic Mulch
 - Soil Amendment
 - Topsoil
- Recyclables
 - Domestic and International

Contact Information

Michael Gross

408.828.4953

michael.gross@greenwaste.com

ATTACHMENT 25

Attachment 25 - County-MarBorg-MSB September 20, 2023 Ops. Meeting Agenda & Minutes

ReSource Center Commissioning, Operations, and Compliance Meeting Agenda & Notes September 20, 2023

In Attendance: Travis Spier, Jeanette Gonzales-Knight, Kevin Brown, Christina Wilder, Ed Dimock, Jamie Reyes, Joey Costa, Dave Poorbaugh, John Dewey, Dylan Ellis, Steve Meyers, Alan Coulter, Elizabeth Simpson,

1. Health & Safety

a. Recent MSB accidents

i. MSB loader vs MSB fuel truck

1. MSB accident report MSB: ETA tomorrow 9/21/23. Radiator liquid spilled, no diesel spilled. No drug/alcohol testing performed. Interviewed personnel involved at time of incident. No sign of impairment from drugs or alcohol. No injuries. Fuel truck partly operational.
2. Preventable vs non-preventable MSB: Dylan – preventable (failure in communication; fuel truck operator failed to communicate he was coming on deck)

ii. MSB loader vs MSB manlift (see photo)

1. MSB accident report MSB: Left manlift in hall after it was used. Possibly due to mechanical failure. Loader operator failed to notice. Poor lighting and loader carrying a digester gate that obstructs driver's view were contributing factors. Dylan will send accident report (August 28, 2023). No injuries. Lift not operational. **Delayed and inadequate funding of Project's O&M costs is a primary factor in delayed implementation of lighting repairs.**
2. Preventable vs non-preventable MSB: Dylan – Preventable.

iii. ADF AW 2 tank (holds biofilter wastewater) overflow (September 15, 2023). Per County MSB

Contract (Section 5.7.B), MSB has 2 days to begin curing; cure must be completed within 15 days of incident. MSB: Dylan - MSB employee manually checks tank daily. MSB took liquid samples from inside tank. Expect results in 30-40 days. MSB doesn't believe the testing occurred on previous day, 9/14/23. Preventable. Operational error in checking tank level, logging and scheduling off-load. County requesting MSB to confirm CUPA requirements for tank, including flow rate & liquid quality. Previous sample results to be distributed by MSB to County staff. Actions to prevent in future (ensure Operations reviews tank level regularly and installing gauges. MSB to follow up with County with Plan.)

1. Agency notifications MSB: Per IGP, liquids left. Rincon directed MSB to not notify Water Board regarding this incident.
2. Hazmat cleanup MSB: Material being temporarily stored in roll-off box.
 - a. Contractor agreement MSB: MSB has agreement in place.
 - b. Start date: MSB: nothing scheduled at this time, MSB will follow-up at end of week with a schedule.
 - c. End date: MSB: No end date provided by MSB for clean up.
3. Other recent accidents. Health & safety issue with contractor Rain for Rent (alleged improper use of equipment needs to be addressed). (i.e., parking of reach lift on slope to secure fused pipe installation/construction in-process. MSB reviewed and confirmed reach lift parking on slope is within lift's operating parameters. No remedial action required.

b. Status on corrosion on fire suppression pipes that's been ongoing for months (approximately four or more months) and is now causing leaks. Per County MSB Contract (Section 5.7.B), MSB has 2 days to begin curing; cure must be completed within 15 days of incident. MSB Cannot confirm as of this date that the ADF fire suppression system is operational. As well, there is no indication the system is not operational. Pressure test and operational status report requested of Deep Blue. Subsequently, Deep Blue confirmed that the system is and has always been fully operational despite 4 drip leaks.

c. .

- i. Contractor agreement in hand MSB: No contract in hand. Deep Blue was on site in June to review and has not provided report/proposal despite repeated requests. Deep Blue's resources are limited,

Attachment 25 - County-MarBorg-MSB September 20, 2023 Ops. Meeting Agenda & Minutes

they are the preferred contractor for this project. As everyone is aware, their focus has been on the paper dryer.

- ii. Construction start date MSB: None
- iii. Construction end date MSB: None
- d. Ongoing safety issues
- e. ADF loading hall – insufficient lighting. Per County MSB Contract (Section 5.7.B), MSB has 2 days to begin curing; cure must be completed within 15 days of incident. **Delayed and inadequate funding of Project's O&M costs is a primary factor in delayed implementation of repairs. MSB began these repairs months ago but they were stopped due to lack of funds and then Smith Electric's limited availability.**
 - 1. MSB County contract requirement regarding safety
 - ii. Contractor agreement in place – yes or no MSB: Santa Maria Electric, contract in hand. MSB will forward proposal to County.
 - 1. Construction start date MSB: None
 - 2. Construction end date MSB: None
 - iii. CMU runoff creating exposure to workers in loading hall. Per County MSB Contract (Section 5.7.B), MSB has 2 days to begin curing; cure must be completed within 15 days of incident. MSB: CMU runoff (wastewater) is flowing on ADF loading hall where MSB operators are working. County's position is that this is unacceptable. MSB is investigating how to rectify this situation. Drainage reflects Bekon approved design and implementation to avoid rapid cooling of heated percolate water which would result in detrimental impact on anaerobic microorganisms. Operators have been advised to avoid direct contact with stormwater runoff collection tank water used for percolate make-up water as anticipated in the project's approved design and permits.
 - iv.
- f. Other safety concerns
 - i. County:
 - ii. MSB: None
 - iii. MarBorg:

2. Compliance

- a. Water Board requirements
 - i. CMU WDR NOV update
 - 1. What is MSB's method for certifying resolved NOVs (Water Board certification required): MSB: MSB has requested a site visit. No visit scheduled to date. Out of 12 items, there are 3 pending items: 1) piping; 2) wastewater management plan; 3) feedstock issue unresolved. Response meeting (not scheduled). Inlet & pipe anchors contract Whittaker. No start date, no end date. Replacement of Baker tank level sensors installed but not powered. Flow meters on CMU outlet pipes, awaiting contract. (No start date, no end date.) Damage to asphalt noted, Ramsey visit on 9/19/23 (awaiting proposal; no start date, no end date). PTO status, ammonia CEMS response submitted 9/12. General IGP MSB & MarBorg staff training, scheduled with Rincon for today 9/20/23. Staff or consultant to perform sampling not yet determined. QISP is currently Caitlyn with Rincon for MSB/MarBorg. SWPPP needs to be updated to reflect Caitlyn. Report spills & SWPPP.
 - ii. Technical Report Revisions to permit static aeration system
 - 1. MSB Update MSB: MSB hasn't discussed Gore technology with Water Board.
- b. APCD requirements
 - 1. PTO application status (includes static aeration system)
 - a. PTO status, ammonia CEMS response: MSB submitted to APCD.
 - b. ATC Mod-10: Kevin: with APCD for review
 - c. ATC Mod-13: Kevin: Gore. Submitted incompleteness response to APCD 9/18/23. County/MSB to work with APCD complete prior to GORE operation.
 - ii. Variance extension request for MRF baghouse filter implementation (Variance expires Oct 2023)
 - 1. County Update Travis: Construction start date November 13, 2023; Construction end date June 2024
 - 2. MSB Update MSB: Variance extension hearing set for 10/4/23
 - iii. Source Test schedule

Attachment 25 - County-MarBorg-MSB September 20, 2023 Ops. Meeting Agenda & Minutes

1. Start date: MSB: Week of October 2, 2023 tentative for AD flare & engines; week of October 16th tentative for MRF flare & engines. Biofilter & windrow plan pending, to be submitted December 2023. May change due to Gore.
 - c. LEA requirements
 - i. Items noted in LEA inspections
 1. MSB: LEA requested MSB to include aging data on unscreened compost pile. MSB states in compliance with all odor plan requirements while working on Gore.
 - ii. Static aeration system procurement (i.e. Gore)
 1. County: County sent out schedule. Coordination meeting has occurred. WW management plan update for Gore a possibility.
 - iii. Revisions to IVDR-RCSI to permit static aeration system
 1. County: Draft with Kevin Brown/County, Kevin to set up meeting with MSB to discuss.
 - d. CUPA requirements
 - i. County: MSB updated business plan to CUPA on September 18, 2023. Site map for ADF needs to be updated if biofilter scrubber discharge determined to be hazardous. MSB to confirm if pH ranging from 6.5-7.5 requires reporting.
 - e. Incidental Take requirements
 - f. Proposed operational change MSB - none
3. Diversion Performance
 - a. Diminishing landfill capacity
 - i. Month of August consumed 15,695 tons or 30,321 CY landfill capacity
 - b. Diversion rate for month of August from ReSource Center is 31.54%**
 - i. Month of August diverted 421 tons of compost and 2,583 tons of recyclables. Total tons received at MRF 13,304 and total tons of SSO received at ADF 321
 - ii. Total tons of residual from ADF and MRF 9,329
 - c. Market value trends (e.g. recyclables, compost, glass from D-table)
 - i. Updates on Pet C-Grade and D-Table Glass?
 4. MRF Operations & Commissioning
 - a. Material throughput (i.e. quantity of materials to date, daily tonnage exceedances)
 - b. Water and wastewater system operation (i.e. volume of water consumed, treated, applied onsite, hauled offsite)
 - c. Engine operation (update on Engine 2 – ETA for repair and full operation) MSB: Operational
 - d. Flare operation (i.e. average flowrate and volume)
 - e. Paper Dryer commissioning timeline MarBorg/Alan: Working with Van Dyk on limited operations of the paper dryer. 7-12% moisture content with limited operations. Currently working on marketing, but nothing out yet.
 - i. Commissioning end date MSB: MSB did not provide a date for final commissioning.
 - f. Evaporator status run time when sharing heat with paper dryer on one engine
 5. ADF Operations
 - a. Decompactor and conveyor upgrades update
 - i. Contractor agreement in hand MSB: MSB did not provide a date for repair on this item.
 - ii. Construction start date MSB: None provided
 - iii. Construction end date MSB: None provided
 - b. Roll-off truck status (use of trucks rather than conveyor belt)
 - i. Roll off repair date MSB: Continuing to use loader
 - c. Digestate throughput and storage status (i.e. quantity of material inbound and outbound and if the floor has been cleared daily)
 - d. Percolate system management (i.e. percolate volume consumption, tank maintenance)
 - i. MSB comments related to available storage volume on October 1, 2023: MSB: 100% of stormwater tank will be available by October 1, 2023, per JD/MSB.
 - e. Temporary percolate storage (i.e. volume of percolate and number of tanks)
 - i. MSB: Will demobilize all by the next two weeks.
 - f. Digestate storage (e.g. volume in loading hall)

Attachment 25 - County-MarBorg-MSB September 20, 2023 Ops. Meeting Agenda & Minutes

- g. Engine operation (i.e. average biogas/electrical production, average load on engine 3 and 4) 1.4 to 1.5 Megawatts for export – source testing still set for week of October 2nd?
 - i. MSB: Engines 300 & 400 both operational. (300 partially operational, plan to be fully operational by today or tomorrow 9/21/23)
 - h. Flare operation (i.e. average flowrate and volume) MSB: Operational
 - i. Loading hall lighting replacement status
 - j. Status on corrosion on fire suppression pipes that's been ongoing for months and is now causing leaks
 - k. Drain status – manhole on ADF loading hall that has steel plate as a temporary fix
 - l.
6. CMU Operations
- a. Windrow turner, power screen, Dobbstat and D-table (i.e. operational status of equipment and quantity of material stockpiled and processed) MSB: All operational, minor motor issue to be repaired soon.
 - i. Status of residual (see picture)
 - ii. Status of D-Table fixes and motors
 - b. Finished compost throughput updates (i.e. quantity of material to market) MSB: Continuing to send finished compost out to market.
 - c. SB-1383 sampling of CMU residual (e.g. previous quarter results, and preview of current results) MSB: 3rd quarter began Monday 9/18/23
 - d. Status of storage capacity in CMU Runoff Collection Tank and Baker Tanks
 - e. Rain Event Action Plan (i.e. when rain is in the forecast)
 - f. CMU drainage system piping replacement (Water Board violation) – Confirm that contractor will construct inlets and pipe anchors. Confirm that work will be completed by EOM.
 - i. Design engineer to certify as-builts MSB: JD stated certified as-builts from John Kular would be provided at project completion
 - ii. Construction end date MSB: No date provided for job completion.
 - g. Odor impact minimization (e.g. Petrix BX application, misting system operation)
 - h. Status of electrical grinder and air knife (i.e. need to free up space and electrical demand)
7. New Items









ATTACHMENT 26



VIA ELECTRONIC MAIL: john@deweygroup.com
kevbrown@countyofsb.org

Return Receipt Requested

July 11, 2023

Mustang Renewable Power Ventures, LLC
John Dewey
17 Corporate Plaza, Suite 200
Newport Beach, CA 92660

FID: 11480
Permit: ATC 14500-05
SSID: 3707

County of Santa Barbara – Public Works
Kevin Brown
130 E. Victoria, Ste. 100
Santa Barbara, CA 93101

Re: Mutual Settlement Offer – 12 Notices of Violation (NOVs 12924, 13195, 13196, 13215, 13255, 13258, 13266, 13310, 13312, 13313, 13315, 13318)

Dear John Dewey and Kevin Brown:

The Santa Barbara County Air Pollution Control District (District) issued Notices of Violation (NOVs) Nos. 12924, 13195, 13196, 13215, 13255, 13258, 13266, 13310, 13312, 13313, 13315, and 13318 (attached) for violations of District Rules 201 and 206, and H&SC Section 42402. According to our records, corrective actions were taken and the facility achieved compliance for these violations.

The District reviewed the NOVs and this letter is an offer of settlement for civil penalties through the District’s Mutual Settlement Program. More information on our program is available here: www.ourair.org/biz/notices-of-violation-and-the-mutual-settlement-program.

The California Health and Safety Code specifies that the penalties for violations may include civil penalties for each day of each violation (*California Health and Safety Code Section 42402 et seq.*). We are proposing a reduced amount from that allowed in the California Health and Safety Code. This reduced amount takes into account the magnitude and severity of the violation, as well as the prior history of violations of a similar nature that have occurred at the facility and by the owner/operator.

In an effort to avoid the time and expense of litigation that would accrue to both parties, the District is willing to settle this matter through our Mutual Settlement Program for the sum of \$18,250, provided you agree to abide by the terms identified in the attached Violation Settlement Agreement.



If you wish to settle the matter on this basis, return the attached Violation Settlement Agreement, signed and dated, along with remittance of **\$18,250**, payable to the Santa Barbara County APCD, by **July 25, 2023**.

Payment may be made by check or credit card, using the Credit Card Authorization Form-01C, available here: <https://www.ourair.org/wp-content/uploads/apcd-01c.pdf>. Please identify the 12 NOVs on the check or credit card authorization form.

If the signed Violation Settlement Agreement is received by the above date, the District will provide you with the final Violation Settlement Agreement, signed by both Parties. If you return a signed Violation Settlement Agreement after the due date, the District reserves the right to decline to settle this matter and may take other appropriate enforcement action.

This letter constitutes an offer of settlement and is not a demand for payment. If you wish to provide additional evidence as to the facts in this case, you may contact me by July 25, 2023.

If I do not hear from you by the due date, the District may take further enforcement actions including referral of the matter to the Santa Barbara County District Attorney's Office for further civil law enforcement action.

If you have any questions, please contact me at (805) 979-8301.

Sincerely,

A handwritten signature in black ink that reads 'Glenn Gazdecki'. The signature is written in a cursive, flowing style.

Glenn Gazdecki, Mutual Settlement Officer
Compliance Division

Attachments: Penalty Spreadsheet
Violation Settlement Agreement
NOVs 12924, 13195, 13196, 13215, 13255, 13258, 13266, 13310, 13312, 13313, 13315, 13318

cc: Electronic Mutual Settlement File – NOVs 12924, 13195, 13196, 13215, 13255, 13258, 13266, 13310, 13312, 13313, 13315, 13318

\\Sbcapcd.org\shares\Groups\Permitted Sources\03707\11480\NOVs\NOV 12924\MS\2023-07-11 Mutual Settlement Cover Letter (12 NOVs - Mustang Renewable Power Ventures).docx

Attachment 26 - APCD-MSB NOV Settlement Agreement

NOV#	Description of Violation	Violation Penalty Subtotal
12924	Rule 206, ATC 14500-05, Permit Condition 9.C.16 - failed to submit the 2H21 CVR by 3-01-2022 deadline. (1st Offense, 1 Count) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed)	\$500
13195	Rule 206, ATC 14500-05, Permit Condition 9.C.17.d.ii - failed to obtain written District approval prior to conducting source testing on the ADF engines. (1st Offense, 1 Count) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed)	\$500
13196	Rule 206, ATC 14500-05, Permit Condition 9.C.17.e.ii - failed to obtain written District approval prior to conducting source testing on the ADF flare. (1st Offense, 1 Count) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed)	\$500
13215	Health and Safety Code Section 42402 - failed to submit monthly reports by the due date for 10 reporting periods as required by Variance Order 2021-12-R. (1st Offense, 10 Counts) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed, \$5,000/Day x 10% = \$500/Day, \$500/Day x 10 Counts = \$5,000)	\$5,000
13255	Rule 206, ATC 14500-05, Permit Condition 9.C.18.c - failed to submit the windrow source test results within 45 days of completion. (1st Offense, 1 Count) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed)	\$500
13258	Rule 206, ATC 14500-05, Permit Condition 9.C.18.c - failed to submit the source test results for MRF Engine 1 and Engine 2 within 45 days of completion. (1st Offense, 2 Counts) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed, \$5,000/Day x 10% = \$500/Day, \$500/Day x 2 Counts = \$1,000)	\$1,000
13266	Rule 201.A - failed to obtain a District permit for the installation of the odor eliminating misting system at the MRF Tipping Area. (Notes: Equipment was a LEA requirement, installed at the beginning of the project. Inspector Long missed it during the SCDP Inspection. NOV 13266 issued on 5-3-2023, and the source applied for ATC 14500-12 the next day on 5-4-2023. On 5-22-2023, the source paid double application filing fees on 5-22-2023.) (Penalty Calculation: H&SC 42402, 10% of Maximum Allowed)	\$500
13310	Rule 206, ATC 14500-05, Permit Condition 9.C.18.a - failed to measure for hydrogen sulfide, acetaldehyde, methanol, naphthalene, ethylbenzene, and perchloroethylene emissions during the windrow source test performed on September 28, 2022. (Source conducted subsequent source testing on April 10, 2023, and demonstrated passing results.) (1st Offense, 6 Counts) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed, \$5,000/Day x 10% = \$500/Day, \$500/Day x 6 Counts = \$3,000)	\$3,000
13312	Rule 206, ATC 14500-05, Permit Condition 9.C.18.a - failed to measure for hydrogen sulfide, acetaldehyde, methanol, naphthalene, ethylbenzene, and perchloroethylene emissions during the Anaerobic Digester Facility Biofilter source test performed on September 27, 2022. (Source conducted subsequent source testing on April 10, 2023, and demonstrated passing results.) (1st Offense, 6 Counts) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed, \$5,000/Day x 10% = \$500/Day, \$500/Day x 6 Counts = \$3,000)	\$3,000
13313	Rule 206, ATC 14500-05, Permit Condition 9.C.18.c - failed to submit the Anaerobic Digester Facility (ADF) biofilter source test results within 45 days of completion. (1st Offense, 1 Count) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed)	\$500
13315	Health and Safety Code Section 42402 - failed to submit monthly reports by the due date for 3 reporting periods as required by Variance Order 2021-12-M1. (2nd Offense, 3 Counts) (Penalty Calculation: H&SC §42402, 15% of \$5,000/Day Maximum Allowed, \$5,000/Day x 15% = \$5,000/Day, \$750/Day x 3 Counts = \$2,250)	\$2,250
13318	Rule 206, ATC 14500-05, Permit Conditions 9.C.3.b.vii and ix - vented ADF exhaust to the atmosphere and failed to vent to the ADF biofilter. (1st Offense, 2 Counts) (Penalty Calculation: H&SC §42402, 10% of \$5,000/Day Maximum Allowed, \$5,000/Day x 10% = \$500/Day, \$500/Day x 2 Counts = \$1,000)	\$1,000
Total Civil Penalty (NOVs 12924, 13310, 13313, 13315, 13318, 13195, 13196, 13215, 13255, 13258, 13266, 13312)		<u>\$18,250</u>

Attachment 26 - APCD-MSB NOV Settlement Agreement
July 11, 2023
VIOLATION SETTLEMENT AGREEMENT

This Notice of Violation Settlement Agreement (hereinafter “Agreement”) is made and entered into by and between the SANTA BARBARA COUNTY AIR POLLUTION CONTROL OFFICER (hereinafter “CONTROL OFFICER” or “DISTRICT”) and Mustang Renewable Power Ventures, LLC (hereinafter “NOV RECIPIENT”). The CONTROL OFFICER and NOV RECIPIENT are collectively referred to herein as the “Parties”.

I. FACTUAL RECITALS

The CONTROL OFFICER pursuant to Health and Safety Code section 40752 enforces the provisions of parts 3 and 4 of Division 26 of the Health and Safety Code; all orders, regulations and rules adopted by the Santa Barbara County Air Pollution Control District Board; all variances and standards prescribed by the Santa Barbara County Air Pollution Control District Hearing Board (Hearing Board); and all permit conditions imposed pursuant to Health and Safety Code sections 42301 and 42301.10

The DISTRICT issued NOV RECIPIENT Notices of Violation Nos. 12924, 13310, 13313, 13315, 13318, 13195, 13196, 13215, 13255, 13258, 13266, and 13312, which are the subject of this settlement. The Parties wish to resolve all disputes with respect to these violations.

II. AGREEMENTS BY THE PARTIES

IN CONSIDERATION of the mutual promises described in this agreement, the Parties agree as follows:

1. NOV RECIPIENT agrees to and shall pay the DISTRICT a civil penalty of \$18,250.
2. NOV RECIPIENT shall submit payment of the civil penalty to the Santa Barbara County Air Pollution Control District at 260 N San Antonio Rd, Ste A, Santa Barbara, CA 93110. NOV RECIPIENT shall submit payment in full with the return of this Agreement signed by NOV RECIPIENT and submitted to the DISTRICT no later than July 25, 2023.
3. Upon full execution of this Agreement by the Parties and payment of civil penalties, pursuant to Health and Safety Code section 42400.7(a), such recovery precludes prosecution under Section 42400, 42400.1, 42400.2, 42400.3, 42400.3.5, or 42400.4 for the offenses identified in the NOV. However, that release does not relieve NOV RECIPIENT from complying with the regulations of other government agencies and it does not address or resolve violations of regulations which may be enforced by any other agency.
4. The DISTRICT reserves the right to prove the alleged violations in connection with any petition for a variance, permit revocation, or abatement order before the Hearing Board, and to rely on the alleged violations in connection with the determination of the appropriate penalty in the event similar Notices of Violation are issued in the future. Similarly, at any such time NOV RECIPIENT may raise any defenses or contrary proof concerning the facts of the alleged violations.

III. ADDITIONAL TERMS OR CONDITIONS

1. Time Is Of The Essence. Time is of the essence for each term and condition of this Agreement.
2. Authorization to Enter Into Agreement. Each Party executing this Agreement represents and warrants that it has been duly authorized to enter into this Agreement, and has full and complete authority to do so. Each Party expressly waives any defense to this Agreement based on any lack of authority to enter into and be bound by the terms of this Agreement.
3. Governing Law. This Agreement shall be interpreted, construed, governed and enforced under and pursuant to the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and/or maintained within the County of Santa Barbara, California.

Attachment 26 - APCD-MSB NOV Settlement Agreement

4. Advice of Counsel. Each of the Parties, by the execution of this Agreement, represents that it has reviewed each term of this Agreement with its legal counsel, or has had the opportunity to do so, and further agrees that it shall not deny the validity of the Agreement on the grounds that it did not have advice of counsel.
5. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties pertaining to resolution of the Notice(s) of Violation. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing and signed by both Parties.
6. No Waiver of Default. Any waiver of default under this Agreement must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement. No delay or omission in the exercise of any right or remedy shall impair that right or remedy or be construed as a waiver. A consent to or approval of any act shall not be deemed to waive or render unnecessary consent to or approval of any other or subsequent act.
7. Effective Date. The Effective Date of this Agreement shall be when fully executed by the Parties.
8. Attorneys' Fees. Each party shall bear its own costs, including attorneys' fees, in connection with the settlement of the Notice(s) of Violation and this Agreement.

CONTROL OFFICER OF SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT

Signature: Glenn Gazdecki DATE: 7-28-2023
By: Glenn Gazdecki
Title: Mutual Settlement Officer

NOV RECIPIENT – Mustang Renewable Power Ventures, LLC

Signature: John Dewey DATE: 7/12/23
Name: John Dewey
Title: CEO & Managing

Attachment 26 - APCD-MSB NOV Settlement Agreement



air pollution control district
SANTA BARBARA COUNTY

Print Form

Credit Card
Authorization Form -01C

Santa Barbara County Air Pollution Control District
260 N. San Antonio Road, Suite A
Santa Barbara, CA 93110-1315

You must complete this authorization form to pay your invoice with your Credit Card. For your convenience you may bring this form to our office or you may mail it to the address listed on your invoice. Payments over the phone are also accepted by calling 805-979-8050. **DO NOT SUBMIT THIS FORM VIA EMAIL. ELECTRONIC SUBMITTALS WILL NOT BE ACCEPTED.**

Contact your credit card company for your account status, billing problems, or declined authorization
These issues can not be resolved by the APCD



Type of Credit Card

Visa

MasterCard

Card Num

Expiration

Cardholder Name	John Dewey
Billing Address	
City	
State, Zip Code	92657
Daytime Phone Number	(805) 259-9499
Authorized Signature	
Fax Number or email if receipt required	john@deweygroup.com

	Invoice # / Description	Amount
1	1st payment for 7/11/23 Nov settlement agreement	\$9,000
2	2nd Payment for " " " "	\$9,250
3		
	Total Payment	\$18,250

Attachment 26 - APCD-MSB NOV Settlement Agreement

SBCAPCD
260 N SAN ANTONIO RD SA
SANTA BARBARA, CA 93110
10/13/2023 15:13:51
MID: XXXXXXXXXXXXX241 TID: XXXXX831

CREDIT CARD

MC SALE

Card # Token XXXXXXXXXXXXX1748
SEQ #: 1
Batch #: 233
INVOICE 1
Approval Code: +2867P
Entry Method: Manual
Mode: Online
Avs Code: NYZ

SALE AMOUNT \$9000.00

I agree to pay above total amount
according to card issuer agreement.
(Merchant agreement if Credit Voucher)

7/11/23
NOV Settlement Agreement
X Payment #1

MERCHANT COPY

SBCAPCD
260 N SAN ANTONIO RD SA
SANTA BARBARA, CA 93110
10/13/2023 15:15:09
MID: XXXXXXXXXXXXX241 TID: XXXXX831

CREDIT CARD

MC SALE

Card # Token XXXXXXXXXXXXX1748
SEQ #: 2
Batch #: 233
INVOICE 2
Approval Code: +9730P
Entry Method: Manual
Mode: Online
Avs Code: NYZ

SALE AMOUNT \$9250.00

I agree to pay above total amount
according to card issuer agreement.
(Merchant agreement if Credit Voucher)

7/11/23
NOV Settlement Agreement
X Payment #2

MERCHANT COPY