



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 19, 2012

TO: Mayor and Councilmembers

FROM: Environmental Services Division, Finance Department

SUBJECT: Workshops Regarding Resource Recovery Project At Tajiguas Landfill

RECOMMENDATION:

That Council receive a report from staff regarding the Resource Recovery Park Project at the Tajiguas Landfill.

DISCUSSION:

At the January 10, 2012 City Council meeting, staff provided an update on the status of the Conversion Technology Project that is currently under consideration by several jurisdictions, including the County of Santa Barbara and the Cities of Santa Barbara, Goleta, Buellton and Solvang. The presentation provided a history of the City's involvement in identifying a regional alternative to disposal at Tajiguas Landfill, a summary of the procurement process to identify vendors and technologies to meet this goal, a summary of the project as it is currently contemplated, and a discussion of the contract terms that would bind the vendor and the participating jurisdictions during the 20-year life of the project.

Since this Council meeting, the County has changed the nomenclature for the former conversion technology project to the "Resource Recovery Project at Tajiguas Landfill," due to the elimination of gasification technology from consideration in the near term. Also since the meeting, staff has worked with the preferred vendor, Mustang Renewable Power Ventures (Mustang), and staff from other participating jurisdictions on several critical elements of the procurement process.

Staff will conduct two workshops with Council; at 10:00 am on June 19th and at 3:00 pm on June 21st. During the workshop, staff will provide an update on the status of the following:

- Analysis of the vendor's financial pro-forma;

- Performance of due diligence on the technical and operational elements of the vendor's proposal, including site visits to facilities employing similar technologies and investigation of alternatives to the project as proposed;
- Review of the draft Notice of Preparation with the Sustainability Committee on April 18, 2012; and,
- Development of a draft a term sheet outlining the issue areas to be negotiated with the vendor during a period of exclusive negotiations.

During the workshops, staff will also outline a series of decision points that Council will be asked to consider in the near future related to the following:

- Defining the final "Project," including the specific technologies to be employed and the scope of project-level alternatives to be evaluated under the California Environmental Quality Act (CEQA);
- Entering into exclusive negotiations with Mustang and the implications to the City of formally signing the Term Sheet with this vendor;
- Adopting a resolution of support for the project, as requested by Mustang, and the implications to the City of such action; and
- Executing a Joint Powers Agreement with the participating agencies, and the implications to the City of such action.

Finally, staff will outline the next steps in the procurement process and will include an estimated schedule for their completion, including when items will be brought to the Sustainability Committee and/or full Council for consideration.

BUDGET/FINANCIAL INFORMATION:

As discussed in the January 10, 2012 Council Agenda Report, the City would pay the vendor a tipping fee for each qualifying ton delivered to the Resource Recovery Facility. Funds to pay the vendor would be generated by applying the tipping fee to residential and business sector trash and recycling rates. Exact tipping fees to be charged by the vendor and the fee impact to residential and business sector customers will be finalized following the period of exclusive negotiations with the vendor, likely in the next two years.

SUSTAINABILITY IMPACT:

Construction of the Resource Recovery Project could significantly increase the City's waste diversion rate and would approximately double the number of years before Tajiguas Landfill reaches its permitted capacity depending upon disposal rates and when the facility became operational. The project would also reduce greenhouse gas emissions when compared to current landfill disposal and would generate renewable energy.

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SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office