



AGENDA NO. 10a-b.
 MEETING DATE February 23, 2010

**TITLE AGREEMENT WITH CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY FOR
 FOOD WASTE PROCESSING**

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTIONS

Authorize an agreement with Central Contra Costa Solid Waste Authority (CCCSWA) for the acceptance and digestion of food waste at the District's Main Wastewater Treatment Plant (MWWTP) for a period of five and one half years with two mutual options to extend the agreement for additional one-year periods. The tipping fee to be paid to the District by CCCSWA will start at \$45 per ton and will increase to \$50 per ton for the subsequent 12 month period (year two) and \$55 per ton for year three. The parties will re-evaluate the tipping fee for contract years four and five.

Authorize payment of \$5,000 to CCCSWA for the District's share of grinder rental costs during food waste pilot implementation.

SUMMARY

The Resource Recovery Program makes beneficial use of excess capacity at the MWWTP through the acceptance of high strength wastes, such as food waste, which can be digested to produce biogas for onsite renewable energy production. CCCSWA and the District began a pilot program in 2007 to provide clean and ground commercial food waste for processing, digestion and conversion to renewable energy at the MWWTP. Based on the success of the pilot program, CCCSWA intends to provide the District with an estimated 15 tons per day of food waste. This partnership provides benefits to both parties. The District will use excess treatment capacity to digest the food waste, which in turn will provide a reliable flow of biogas to the District's new turbine for power generation. CCCSWA will achieve landfill diversion for the largest waste fraction not currently addressed by their diversion programs. In addition, there is the potential additional value in greenhouse gas (GHG) offset credits and renewable energy certificates (RECs) from the diversion of food waste to landfill and the creation of renewable energy.

DISCUSSION

During the pilot program, the District and CCCSWA worked on technical, logistical and cost issues associated with accepting CCCSWA source-separated food waste. Based on the success of the pilot, the

Funds Available FY:		Budget Code: WWO/WAS/943/1003776
DEPARTMENT SUBMITTING WASTEWATER	DEPARTMENT MANAGER or DIRECTOR <i>David R. Williams</i> David R. Williams	APPROVED <i>Steven M. Lee</i> General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

District and CCCSWA entered into contract discussions in the fall of 2009. The contract is based on the following key terms related to contract length, cost, material quality, and capacity, as described below:

- The contract will be effective for a period of five years and six months with two mutual options to extend the agreement for additional one-year periods.
- CCCSWA will pay the District a tipping fee per ton of material delivered, as follows: \$45/ton for March 1, 2010 through August 31, 2011, \$50/ton during year two (September 1, 2011 through August 31, 2012), \$55/ton during year three (September 1, 2012 through August 31, 2013). The tipping fee for years four and five will be based upon a review of program costs. CCCSWA has the option to terminate the contract, subsequent to mediation, for years four and five if the tipping fee exceeds \$61/ton. The current tipping fee for food waste delivered under the pilot program has been \$32.50/ton.
- CCCSWA commits to provide all source-separated food waste material collected to the District. The District will reserve processing and digestion capacity for up to 15 tons per day of source separated and pre-processed food waste from CCCSWA.
- CCCSWA commits to provide material that is ground to a size less than two-inch square (i.e., similar to the material currently being delivered).
- Both parties agree to continue working on alternatives to minimize contamination associated with plastic bags that are currently used to source-separate food waste during the collection process.
- The District retains all food waste-derived electricity revenues.
- The parties will come to agreement on the allocation of cost and revenue associated with GHG offset credits, RECs, or other related instruments associated with CCCSWA food waste at the time the District initiates actions to pursue them.
- This agreement provides for mutual indemnification.

If the re-evaluated tipping fee for years four and after is less than \$55/ton, District staff will bring the proposed tipping fee to the Board for review and approval.

FISCAL IMPACT

At an estimated 15 tons per day of food waste material, this agreement will provide the District with approximately \$1.1 million in tipping fees over a five-year contract period and approximately 0.15 MW of electricity each day, valued at approximately \$45,000 per year (at current electricity prices of approximately \$0.05/kWh), for an additional revenue stream of approximately \$0.25 million. Any additional value from GHG credits or RECs will be shared between CCCSWA and the District according to an allocation method to be mutually determined.

CEQA/ENVIRONMENTAL COMPLIANCE

The Board adopted the Resource Recovery Program Negative Declaration at the March 11, 2003 Board meeting, satisfying the CEQA requirements for this proposed action. Under the adopted CEQA, the Resource Recovery Program can receive up to 100 tons per day of food waste material. Food waste from CCCSWA will not cause the District to exceed this level.

UNION NOTIFICATION

This type of work (collection, hauling, and grinding of food waste) is not performed by District forces and consequently union notification was not provided.

ALTERNATIVES

Delay Action: This alternative is not recommended because CCCSWA has other options for recycling or disposal of the food waste materials, including composting, where the District would then not receive any food waste material. Unnecessary delay could result in loss of this opportunity for the District.

Do Not Enter into an Agreement: This alternative is not recommended because the proposed agreement provides the District and CCCSWA with substantial mutual benefits, including reliable tipping revenues and electricity generation, which are of substantial value to the District.

