



Legislation Text

File #: 23-1319, **Version:** 1

Chief Administrative Office and Environmental Management recommending the Board provide direction on the implementation of means to meet procurement requirements of Senate Bill (SB) 1383. Two options are presented:

- 1) Review Pioneer Energy's Proposal (Attachment A) and Authorize Environmental Management to negotiate a three (3) year contract with Desert View Power, LLC (dba GreenLeaf Power) through Pioneer Energy to obtain SB 1383-compliant biomass attributes to satisfy the 2023 procurement target and allow time to explore other options to procure the additional tons required in 2024 and beyond, or
- 2) Review El Dorado Disposal Proposal (Attachment D) and Authorize Environmental Management to negotiate an agreement between the County and El Dorado Disposal (Waste Connections) Compost Procurement Plan.

FUNDING: TBD 2023, Franchise Fees in future years.

DISCUSSION / BACKGROUND

SB 1383 passed in 2016 as part of California's strategy to combat climate change. Organics such as food scraps, yard trimmings, paper and cardboard make up half of what Californians dump into landfills. This waste releases 20% of the state's methane. SB 1383 requires jurisdictions to reduce landfill organic waste by 75% by 2025.

One component of SB 1383 relates to procurement requirements for local jurisdictions. Jurisdictions have been given annual procurement targets related to compost, mulch, biomass-derived electricity, and renewable gas from anaerobic digestion. Jurisdictions can decide what mix of eligible products they want to procure. Procurement targets are calculated by multiplying the per capita procurement target (0.08 tons of organic waste per California resident per year) by the jurisdiction population. Assembly Bill 1985 allows a tiered approach over the course of three years allowing jurisdictions to procure a percentage (30%, 65%, and 100% respectively) that meets or exceeds its recovered organic waste product procurement target. In 2023, El Dorado County has an estimated procurement target of 3,866 tons of organic products. This target increases to 8,376 in 2024 and 12,886 in 2025 and 2026. Procurement targets will be updated at the beginning of 2027 to reflect population changes. The procurement requirements are designed to build markets for recovered organic waste products to achieve the organic waste diversion targets mandated by SB 1383.

The County is not required to procure recovered organic waste products made from their own organic waste. In fact, organic waste, such as food scraps and yard waste that is sent to a facility that will recycle this organic waste and produce eligible organic waste products does not count towards the procurement target. It is the amount of recovered organic waste product that is either used or donated that counts towards the County's procurement target. The County may acquire products from another entity and use or giveaway these products to count toward their procurement targets.

Option A - GreenLeaf Power

The County could procure eligible electricity through a contract with a biomass power plant generating and exporting electricity to the electric grid. Procurement through a direct service provider requires that the jurisdiction have a written contract with the direct service provider. Greenleaf Power is offering SB 1383 compliant biomass attributes for approximately \$30.74 per ton. Pioneer Community Energy has approached the County, along with several other neighboring jurisdictions including the City of Placerville, Auburn, Colfax, Lincoln, Loomis, Rocklin and Placer County with an opportunity to act as the County representative to negotiate contracts with Greenleaf to purchase these biomass attributes. The benefits of this approach could be that Pioneer would have greater bargaining strength by representing multiple agencies and save County staff time by negotiating on behalf of multiple parties. Each jurisdiction would be required to have their own contract. The County would pay Pioneer an administrative fee to handle the negotiations ranging anywhere from \$4,000 - \$10,000 dollars.

There are limited biomass attributes available from Greenleaf. The County would be able to meet the adjusted 2023 procurement target of 3,866 tons (100%) with these attributes at a cost of approximately \$125,639 plus the administrative fee to Pioneer. In 2024, the County would be able to meet approximately 79% of the goal by procuring 6,587 tons at a cost of \$214,065. The County would still need to procure an additional 1,789 tons through other methods. In 2025 and 2026, the maximum procurement credit available through Greenleaf is 6,587 tons with the County needing to obtain 6,299 additional tons in each of those years through other methods to meet the procurement goal.

The total overall cost for the three-year contract with Greenleaf Power is estimated at \$509,155, which still leaves the County to procure additional attributes to meet the set procurement goals.

Option B - County Compost Project

Alternatively, the county could procure compost by partnering with El Dorado Disposal (Waste Connections) Compost Procurement Plan.

El Dorado Disposal is prepared to procure compost from one or more of its facilities in Northern California to fulfill the requirement set forth in SB-1383. This compost will count towards the 12,866 tons of annual procurement necessary to satisfy the County's goal. The compost would meet or exceed the quality and health standards set forth in the law. The compost would be a tangible benefit to the community and financially beneficial to farmers. The compost will be distributed through a system of direct haul from a facility to a location on the Western Slope. These locations can be individual farms, receiving 22 tons per drop, or a designated community point for residents to take home.

El Dorado Disposal is offering to start compost procurement at \$32.00/ton delivered to the community, which is based on 20 to 24 tons per delivery. The benefits of this compost to the community are increased soil health, decreased need for fertilizers, erosion control, rehabilitates soil in fire scars, increased water retention, decreased watering needs, increased yields to farmers, increased interest in organics waste recycling, and improved public perception of SB 1383.

Distribution would be a collaborative effort with the County and El Dorado Disposal. Direct haul from compost producers lowers costs and allows for large volumes of over 20 tons to be placed at community collection sites, farms, public works departments, parks, or schools. Application rate for

farms is 4-6 tons/acre and should be shallow tilled for best results. Compost can be spread at parks and schools at a lower rate, more frequently. Community collection can be limited to seasonal events (Spring & Fall) or left open to the public year-round with regular delivery.

Compost at El Dorado Disposal and partnered facilities is monitored often for quality, health, and composition of beneficial nutrients. Compost returning from these facilities is screened for impurities and benefits the environment in many ways. Optimal soil qualities lead to healthier land and fauna as well as improved soil retention, clearer rivers, and lakes, and reduces erosion.

Compost has a conversion factor of 0.58 per ton. Due to this conversion, the amount of compost needed in tonnage is reduced. The County would be able to meet the adjusted 2023 procurement target of 2,242 tons (100%) with compost at a cost of approximately \$71,744. In 2024, the County would be able to meet 100% of the goal by procuring 4,858 tons at a cost of \$155,456. In 2025, the County would be able to meet 100% of the goal by procuring 7,474 tons at a cost of \$239,168.

The total overall cost for the three-year period in partnering with Waste Connections is estimated at \$466,368 with no outstanding procurement shortfalls.

If Option 1 is chosen:

Pending the outcome of the Notice of Violation that was issued to GreenLeaf Power from the Environmental Protection Agency, if the energy attributes do not change, staff is recommending that the Board authorize Pioneer Energy to begin negotiations with Greenleaf to purchase the maximum amount of biomass attributes available with a three (3) year contract. This will allow the County to satisfy the 2023 procurement target and allow time to explore other options to procure the additional tons required in 2024 and beyond.

Staff will return to the Board with options to meet the County procurement targets in excess of what can be purchased in biomass attributes. Greenleaf is proposing contracts up to five years, but will consider a minimum three (3) year contract. The County needs time to explore other options to meet its procurement requirements, including rebate and give away programs.

If Option 2 is chosen:

Staff is recommending that the Board authorize a Direct Service Agreement with El Dorado Disposal in providing compost for the County and further develop the program.

Funding for SB 1383 procurement compliance has not been identified. It could be argued that these costs are related to waste management and could be funded through the General Fund from the Franchise Fees collected by the County.

ALTERNATIVES

1) The County could try to negotiate with Greenleaf directly to purchase biomass attributes which may lead to higher prices and additional costs related to staff time.

2) The County could look at other methods of meeting the procurement targets that do not include the purchase of biomass attributes or compost. Due to the limited amount of time remaining in 2023,

this option could lead to the County not meeting its procurement targets which could lead to punitive fines from CalRecycle.

PRIOR BOARD ACTION

8/30/22 - Legistar 22-1188 - Approval of Ordinance 5164 as required for compliance with SB 1383

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel

FINANCIAL IMPACT

Option 1, If Pioneer is successful in negotiations with Greenleaf, costs are estimated at \$135,000 - \$150,000 in 2023.

The costs for 2024 through 2025 are still unknown. If the County contracts with Greenleaf, costs would be approximately \$509,155 for a three-year contract for the purchase of the biomass credits. However, the County would still have unmet procurement targets and would need to procure mulch and/or compost at undetermined prices. Combining both options, El Dorado Disposal could be utilized at a cost of \$32 per ton which would equate to an additional \$32,963 in 2024 and an additional \$116,538 in 2025. This would bring the total cost of the three-year contracted program to approximately \$658,656. However, these are estimates and require additional analysis to provide more specific figures.

If Option 2 is selected, cost is estimated at \$71,744 in 2023. The total cost of the three-year period would be approximately \$466,368.

Funding for either option has not been identified to cover this cost.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Good Governance

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