

Resolution #2024-73

Meeting 6/25/24

Item #G.3.

Project Title:

*** MULTI-YEAR ***

Project #:

Solid Waste Organics Diversion

542-54021



Project Category:	Community Facilities Improvements
Location:	Solid Waste Transfer Station, 2301 Elkins Way
Project Manager:	C. Wichert
Project Priority:	1B - Mandatory
Est. Completion Date:	2025/26
Future Annual O & M Impact:	TBD
Public Art Requirement:	Exempt
General Plan Policy:	IF 1-1, IF 5-2, IF 5-3, IF 5-4

Description/Justification:

In order to comply with regulatory requirements associated with the passage of AB 1826 and SB 1383, the City will be required to recycle organic wastes and divert them away from landfills. In particular, SB1383 requires a 75% reduction in the disposal of organic waste by 2025. In order to comply with SB 1383 requirements, the City will construct a facility to mechanically separate and recover organic material, digest the organic material to produce biogas, and capture the biogas to generate renewable natural gas which will be sold to generate revenue.

Project Status:

A design-build contract for this project has been finalized and approved by City Council on 01/23/24, by Resolution 2024-08. Design is expected to take approximately 8 months and construction is planned to begin December 2024.

Supplemental Information:

SB 1383 was passed as a means to reduce climate pollution caused by the decomposition of organic waste in landfills. Organic waste includes yard and food waste and wastewater biosolids, among other things. Currently, the City's organic waste is disposed of in local landfills. In order to comply with SB 1383 requirements, the City will have to find alternative means of disposal by 2025. Several options to meet this requirement will be explored, including composting, and extraction, digestion, and energy recovery. Some compliance alternatives have the added benefit of generating energy that can be harnessed and used in various ways. The initial planning and design work is proposed to begin in FY 2023/24 and will be funded by the Solid Waste Enterprise (\$1,167,200) and Wastewater Enterprise (\$291,800). Future funding for this project will come from the Solid Waste and Wastewater Enterprise Funds and the City will actively pursue any grant funding for this project if it becomes available. It is anticipated future funding for this project will come through loan or bond financing, to be repaid with future Solid Waste and Wastewater Enterprise revenues. Renewable energy could generate annual revenue up to \$5.6M from the sale of renewable natural gas; and an additional revenue source estimated at \$1M-\$2M annually may also be available from tipping fees generated by the acceptance of high strength organic waste. This project was included in the City's Strategic Plan for FY 2022/23 - FY 2023/24.

PROJECT FINANCING	CURRENT		PROPOSED				TOTAL
PROJECT EXPENDITURES	Prior	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
70239 Legal		20,000					\$ 20,000
90040 Planning and Design	1,200,000	1,164,000					\$ 2,364,000
90050 Construction		44,200,000	40,675,000				\$ 84,875,000
90070 Project Administration		1,500,000	1,500,000				\$ 3,000,000
TOTAL	\$ 1,200,000	\$ 46,884,000	\$ 42,175,000				\$ 90,259,000
PROJECT FUNDING	Prior	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
47-Var Enterprise	1,200,000	259,000					\$ 1,459,000
Other		46,625,000	42,175,000				\$ 88,800,000
TOTAL	\$ 1,200,000	\$ 46,884,000	\$ 42,175,000				\$ 90,259,000