

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: EMMA WALTON, DEPUTY DIRECTOR OF ENGINEERING
RESOURCES
SUBJECT: APPROVAL TO NEGOTIATE THE RE-USE OF THE CITY'S
BIOSOLIDS COMPOSTING FACILITY FOR THE PURPOSE OF
LOCATING A POTENTIAL REGIONAL ORGANICS PROCESSING
FACILITY

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Water Department that the Board, by motion, approve negotiations with Renewable Sonoma on the lease of land near the Laguna Treatment Plant, a portion of which is currently occupied by the City's Biosolids Composting Facility, for the purpose of locating a potential Regional Organics Processing Facility.

EXECUTIVE SUMMARY

The City of Santa Rosa ("City"), Zero Waste Sonoma ("ZWS"), and Renewable Sonoma, have an interest in understanding if land near the Laguna Treatment Plant ("Plant") can provide a future home to an in-county, Regional Organics Processing Facility. Both the City and ZWS have executed Exclusive Negotiation Agreements ("ENAs") with Renewable Sonoma regarding such a facility. The City has executed an ENA with Renewable Sonoma for the lease of property near the Plant. Through negotiations with Renewable Sonoma, staff has considered two potential sites, one of which is comprised of undeveloped land north of the Plant and one of which is, in part, currently occupied by the City's Biosolids Composting Facility. Staff recommends negotiating with Renewable Sonoma on the re-use of the site currently occupied by the City's Biosolids Composting Facility.

BACKGROUND

ZWS (formerly the Sonoma County Waste Management Agency) is a joint powers authority whose mission is to implement waste diversion programs as required by State law, a cornerstone of which is composting. From 1993 until 2015, ZWS contracted with Sonoma Compost to provide composting services for organic material (primarily vegetative matter, including curb-side collection) at the Sonoma County landfill on Meham Road. However, in 2015 the facility was forced to close due to storm water

run-off issues. Since that time, organic material has been transported to locations outside of Sonoma County (Napa, Mendocino, Marin, and Contra Costa counties) as ZWS seeks another site for a new organics processing facility.

In May 2017, ZWS issued a Request for Proposals (RFP) soliciting responses from parties interested in owning and operating an organics processing facility in Sonoma County. In July of that year, in support of ZWS's efforts and believing there could be mutual benefits from locating such a facility adjacent to the Plant, Santa Rosa Water issued a separate RFP soliciting interest in leasing city-owned property near the Plant as a potential site for the facility. Proposals were received by August 2017, reviewed in October, and in December 2017 the Board approved Letters of Intent to Negotiate ("LOIs") to four proposers on ZWS's project.

Subsequently, ZWS selected Renewable Sonoma as the most responsive proposer for the facility operator. Renewable Sonoma's proposal included locating receiving, composting, and anaerobic digestion facilities adjacent to the Plant, with the preferred site location identified, in-part, as the acreage that is currently occupied by the City's Biosolids Composting Facility.

Prior to executing an agreement with ZWS to provide organics processing, Renewable Sonoma must first obtain approval from the City regarding any potential future use of city-owned property for the facility. The first step of this process was for the City to execute an ENA with Renewable Sonoma (Attachment 1) to establish a mutual understanding of the scope of the potential project and basis to negotiate appropriate agreements, including but not limited to a site lease. The ENA was approved by the Board and effective as of February 21, 2019.

The ENA outlines a phased approach to negotiations with Renewable Sonoma. Phase 1, "Near-Term Biosolids Management Program," was undertaken to identify alternatives to the City's Biosolids Composting Operation to determine if Renewable Sonoma's preferred site location which is comprised, in part, by the acreage currently used to process biosolids, could be an option for the Regional Organics Processing Facility. The City solicited proposals from vendors interested in processing and beneficially re-using the tonnage of biosolids that the City currently composts and has negotiated an agreement with the preferred vendor for the Board's consideration.

Phase 2 of the ENA, "Organics Project," is anticipated to commence as a result of the decision regarding a site location. Phase 2 is further discussed in the "Analysis" section of this Staff Report.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On July 6, 2017, the Board heard a Staff Briefing regarding the status of the City's collaboration with ZWS.

On December 7, 2017, the Board heard a Staff Report and approved four Letters of Intent to Negotiate for location of the organics processing facility.

On October 18, 2018, progress on the selection and siting process was included in a Staff Briefing on biosolids processing.

On January 17, 2019, the Board participated in a Study Session on the progress of discussions with Renewable Sonoma.

On February 21, 2019, the Board, by motion, approved an ENA with Renewable Sonoma.

On August 15, 2019, the Board, by motion, approved the First Amendment to the ENA with Renewable Sonoma.

On September 19, 2019 the Board, by motion, approved release of an RFP for biosolids processing.

On November 21, 2019, the Board heard a Staff Briefing regarding the progress of negotiations with Renewable Sonoma.

On February 20, 2020, the Board, by motion, approved the Second Amendment to the ENA with Renewable Sonoma.

ANALYSIS

Board approval of a site location for Renewable Sonoma's Project will initiate Phase 2 of the ENA. Phase 2, "Organics Project," as outlined in the ENA, includes a general approach for Renewable Sonoma to, at its sole expense, design, develop, finance, build, commission, own, operate, and maintain a Regional Organics Processing Facility for Sonoma County located on city-owned property near the Plant. The general approach outlined in the ENA will be expanded and refined in a Pre-Development Agreement (PDA) with Renewable Sonoma that is anticipated to come before the City Council for consideration in the coming months. The PDA will clearly outline the process through which the potential project will be implemented. Implementation of the project will be a complex, multi-year process through which Renewable Sonoma will need to execute a PDA with ZWS, execute a PDA with the City, develop and design the project, navigate the land-use and entitlement process, comply with the California Environmental Quality Act (CEQA), secure agreements from the members of ZWS for the commitment of organic material to the project, secure a site lease and other project agreements from the City, and obtain all other necessary permits and approvals prior to beginning construction.

FISCAL IMPACT

In addition to staff resources, staff has identified and assembled certain outside services to assist during the negotiation process, including engineering, environmental, and legal services. The current combined total of these outside services is not to exceed approximately \$225,000. The total project costs and staff time have not yet been determined but will be paid for from the Subregional Capital Improvement Program budget, fiscal year 2019-20.

ENVIRONMENTAL IMPACT

This action is exempt from CEQA because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On May 30, 2019, the City Council/Board of Public Utilities (CC/BPU) Liaison Subcommittee was presented information regarding the Potential Regional Organics Processing Facility on city-owned property near the Plant and the Renewable Sonoma Project.

On August 26, 2019, the CC/BPU Liaison Subcommittee was presented information regarding the City's Biosolids Program and recommended that the Board approve release of an RFP for Biosolids Processing for the portion of biosolids that are currently processed at the City's Biosolids Composting Facility. At the same meeting, the subcommittee was presented an update regarding the Renewable Sonoma Project.

On October 24, 2019, the CC/BPU Liaison Subcommittee was updated regarding negotiations with Renewable Sonoma regarding the potential project.

On January 9, 2020, the CC/BPU Liaison Subcommittee was presented information regarding the negotiations with the preferred vendor for biosolids processing as well as information about the status of negotiations with Renewable Sonoma.

The preferred site location was presented to the CC/BPU Liaison Subcommittee on February 27, 2020 for recommendation to the Board. The CC/BPU Liaison Subcommittee supported the preferred site location and recommended that the item proceed to the Board for consideration.

ATTACHMENTS

- Attachment 1 – Exclusive Negotiation Agreement between Renewable Sonoma and City of Santa Rosa regarding Laguna Treatment Plant Biosolids Program Sonoma County Waste Management Agency Organics Processing Project

CONTACT

Emma Walton
ewalton@srcity.org
707-543-4516