

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: EMMA WALTON, DEPUTY DIRECTOR OF WATER REUSE  
OPERATIONS

SUBJECT: EXTENSION OF EXCLUSIVE NEGOTIATION AGREEMENT WITH  
RENEWABLE SONOMA

AGENDA ACTION: MOTION

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RECOMMENDATION

It is recommended by the Water Department and the City Attorney's Office that the Board, by motion, approve a third extension, through December 31, 2021, of the Exclusive Negotiation Agreement with Renewable Sonoma to continue City staff negotiations with Renewable Sonoma regarding potential lease of City property to locate and operate an organics processing facility.

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EXECUTIVE SUMMARY

Renewable Sonoma proposed locating a regional organics processing facility on City-owned land adjacent to the Laguna Treatment Plant. Additionally, Renewable Sonoma proposed to provide operational services under the agreement to compensate the City for the use of the City's land.

In order to facilitate detailed discussions regarding Renewable Sonoma's proposal, the Board of Public Utilities, by motion, approved the execution of an Exclusive Negotiation Agreement (ENA) which ensures that the City will negotiate exclusively with Renewable Sonoma for such use of City-owned land.

The ENA set forth a negotiation period of 180-days, commencing on February 21, 2019, the day in which the contract was executed. On August 15, 2019, the Board approved the First Amendment to the ENA to extend the negotiation period for 180-days. On February 20, 2020, the Board, by motion, approved the Second Amendment to the ENA to extend the negotiation period for an additional 360-days.

## BACKGROUND

The Sonoma County Waste Management Agency, now called Zero Waste Sonoma (“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, the Agency contracted with Sonoma Compost to provide composting services for organic material (primarily vegetative matter, including curb-side collection) at the Sonoma County landfill on Mecham 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 as the Agency seeks another site for a new processing facility.

In May 2017, the Agency 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 the Agency’s efforts and believing there could be mutual benefits from locating such a facility adjacent to the Laguna Treatment Plant (LTP), Santa Rosa Water issued a separate RFP soliciting interest in leasing city property near LTP as the 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 to four proposers on the Agency’s project.

Subsequently, the Agency 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 LTP.

Prior to entering into an agreement with the Agency, Renewable Sonoma must first reach an agreement with the City of Santa Rosa regarding any future use of City-owned property for the facility. The first step of this process was to enter into an Exclusive Negotiation Agreement (ENA) with Renewable Sonoma 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 executed effective as of February 21, 2019 and was amended on August 15, 2019 and February 20, 2020 which facilitated staff’s ability to negotiate with Renewable Sonoma.

The Exclusive Negotiation Agreement and amendments set forth a negotiation period of 720-days. To enable staff to continue to work towards developing and negotiating a site lease and project agreement with Renewable Sonoma, a contract extension is needed to assure adequate time to move to the next step in the negotiation process.

## 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 the Agency.

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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 progress of discussions with Renewable Sonoma.

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

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

On November 11, 2019, the Board heard a Staff Briefing regarding the progress of discussions with Renewable Sonoma.

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

On March 5, 2020, the Board, by motion, approved negotiations with Renewable Sonoma on the lease of land near the Laguna Treatment Plant, a portion of which was occupied by the City's Biosolids Composting Facility, for the purpose of locating a potential Regional Organics Processing Facility.

On November 19, 2020, the Board held a closed session to discuss price and terms of lease payment for 4301 Llano Rd and 1595 Meadow Ln, Santa Rosa. A portion of APNs 134-231-024 and 063-180-025.

### ANALYSIS

With Board approval, Santa Rosa Water has provided Renewable Sonoma with a Letter of Intent to Negotiate regarding locating a solid organic waste processing facility adjacent to LTP in anticipation of mutual benefits derived from synergistic processes between the two facilities. Such benefits remain undefined at this time, but potential benefits are expected to be identified and quantified while formulating a site lease and other agreement(s) between Renewable Sonoma and the City.

### 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 the California Environmental Quality Act (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

The Proposed ENA was presented to the BPU Contract Review Subcommittee on February 4, 2019 for recommendation to the Board. The Contract Review Subcommittee supported the proposed ENA and recommended that the item proceed to the full Board.

### 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
- Attachment 2 – First Amendment to the 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
- Attachment 3 – Second Amendment to the 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
- Attachment 4 – Third Amendment to the 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

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