



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by:  Date: 5/17/19
General Manager

DATE: May 17, 2019
TO: General Manager
FROM: Director of Engineering & Compliance
SUBJECT: Summary Progress Report on the Collaborative MOU with Salinas Valley Recycles (SVR)

RECOMMENDATION: That the Board accept the Summary Progress Report on the Collaborative Memorandum of Understanding (MOU) with Salinas Valley Recycles (SVR).

BACKGROUND

Discussions to improve the efficiency of the solid waste management system in Monterey County to minimize costs, increase recycling and diversion, and to reduce waste disposal quantities date back several decades. Historically, the focus has often been around the management of waste disposal associated with the larger population concentrations of Salinas, the adjacent Monterey Peninsula, and North County which are in close proximity to Crazy Horse Landfill (now closed) and the Monterey Peninsula Landfill. Considerations of waste management alternatives were made by the City of Salinas and Monterey County in advance of the closing of Crazy Horse Landfill. This predated the formation of the Salinas Valley Solid Waste Authority (SVSWA), also known as Salinas Valley Recycles (SVR). Following their formation in January 1997, SVR assumed the responsibility for the solid waste facilities and disposal needs of over 270,000 people residing in the cities of Salinas, Gonzales, King City, Greenfield, Soledad and the unincorporated areas of eastern Monterey County within their Salinas Valley formation area.

The discussions of improving the efficiencies of Monterey County's solid waste management system continued thru the decade of the 2000's. In 2013-2014, the county's city managers group commissioned a county-wide study to evaluate the solid waste management system. That effort resulted in the publishing of a county-wide study report titled "Evaluation and Analysis of Monterey County's Solid Waste Management System" by R3 Consulting Group, Inc. in July 2015. In 2018, with interests for the implementation of one or more recommendations from the county-wide report, the City of Salinas and Monterey County requested that SVR and the District collaborate on evaluating possible improvements to the solid waste management system in the best interests of Monterey County ratepayers. A Memorandum of Understanding (MOU) was jointly developed by the four entities and respectively executed in November 2018 by the Board of Directors of SVR and MRWMD. A copy of the MOU is attached for your reference.

DISCUSSION

As you know, the City of Salinas and Monterey County are contractually connected with SVR as member agencies through the formation agreement of SVR. Together with the other SVR Member Agencies, they generally control the waste quantities in the SVR Area and provide disposal and recycling services to those communities and other customers. Similarly, Monterey County and the other eight Member Agencies of the District are contractually connected in the formation agreement of the District and they generally control the waste quantities in the District Area and provide disposal and recycling services to those communities and other customers. The MOU provides a guide to the discussions between the two agencies that could result in service agreements between the two agencies.

The purpose of the MOU between SVR and the District is "...to address the potential for beneficial use of existing and planned solid waste and resource recovery infrastructure to improve community services and help control costs for all Monterey County rate-payers". Required local agency compliance with environmental laws and regulations are leading to increases in the cost to manage solid waste for all jurisdictions in the State, including Monterey County. However, to the extent that SVR and the District can achieve efficiencies and collaboratively share resources, then cost increases that will impact all County residents can be minimized.

The MOU identified that there are several opportunities to leverage economies of scale through the sharing of existing facilities and maximize the capacities and use of the solid waste processing and landfill facilities in Monterey County. For all or some of the below to occur, several interagency agreements (or a consolidated agreement) may be considered/developed, and certain actions taken, including, but not limited to, completion of financial and customer rates impact analysis for each opportunity or option considered. The MOU identified the following items for SVR and the District to meet and confer on the feasibility of these interagency activities:

- District utilization of SVR for organics composting services
- SVR utilization of the District-Monterey One Water (M1W), or other entity, for Wet Anaerobic Digester processing of clean, source-separated commercial food waste
- SVR utilization of District for landfill disposal of non-MRF processed wastes
- SVR utilization of District for C&D and Industrial Waste Processing Services
- SVR utilization of District for Commercial/Multi-family Mixed Waste Processing Services
- SVR and District partnership to investigate and demonstrate Waste Recovery Technologies focused on recovery of landfilled waste
- SVR and District shared development of countywide messaging, public outreach materials, and collaborative use of staff for community education efforts
- SVR and District cost sharing for Household Hazardous Waste Collection Services
- SVR and District transfer of displaced employees resulting from any of the listed agreements

Since November 2018, there have been several meetings for the MOU involving representatives from SVR, City of Salinas, and Monterey County. Based on those meetings, the parties have resolved to collaborate on the following items listed below. SVR is preparing a draft agreement template for review by all parties that could ultimately be used as the agreement between the two agencies for the exchange of services.

- District utilization of SVR's new Johnson Canyon Composting (JCC) operations for organics composting services. The District would load and transfer green waste materials to JCC in trucks that had delivered Construction and Demolition (C&D) debris to the District's recycling facility. On the order of 10 to 15 thousand tons per year of green waste materials is anticipated.
- SVR utilization of the District's recycling facility for C&D and Industrial Waste Processing Services. It is contemplated that C&D materials diversion by SVR would occur at SVR's Johnson Canyon Landfill facility and transferred to the District's recycling facility for processing of beneficial reuse materials.
- SVR and District shared development of countywide messaging, public outreach materials, and collaborative use of staff for community education efforts.

The following items have been identified as additional areas of possible collaboration for continued discussions by the four agencies:

- SVR utilization of the District-M1W, or other entity, for Wet Anaerobic Digester processing of clean, source-separated commercial food waste. Joint meetings are planned with M1W this month.
- SVR utilization of District for Commercial/Multi-family Mixed Waste Processing Services in the future should SVR's member agencies need additional recycling and diversion to meet State mandated goals.
- SVR and District partnership to investigate and demonstrate Waste Recovery Technologies focused on recovery and beneficial reuse of landfilled waste materials.

The utilization of the District's disposal capacity for waste disposal was not considered by the collaboration group due to concerns expressed by SVR. Following their review of this progress report, SVR provided the following feedback: "that shifting revenues derived from landfilling waste from SVR's budget to the District's has significant cost implications to our ratepayers and significantly reduces SVR's economies of scale for landfill operations." Because this topic was not discussed by the collaboration group, the related aspects of utilization of the District facilities and the 'pros and cons' for the South County residents regarding preserving disposal capacity at the Johnson Canyon Landfill were not elaborated upon, nor the potential financial impacts to SVR as a result of any change in disposal location.

FINANCIAL IMPACT

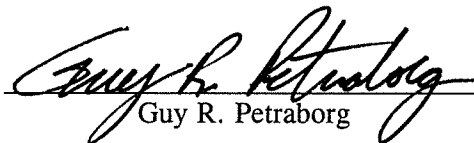
Currently, the extent of the fiscal impact is not well defined. Based on the discussions to date, Staff perceives that the fiscal impact resulting from the collaborations with SVR, City of Salinas, and the County will be relatively small. The quantitative scope of the collaborative activities that have been agreed to is currently being defined and a contractual agreement is being drafted that defines the services to be provided and the responsible party for each service. Future MOU progress reports will provide fiscal impact information once that information has been sufficiently defined.

STRATEGIC PLAN

The District's involvement in collaborative efforts that improve the solid waste management system in the best interests of Monterey County and its ratepayers fits under the five general policy directives cited in the District's "Pillars of Sustainability" plan. Principally under the People, Finance, Community, Environment, and Innovation pillars which speak to the protection of the Public Health and Welfare, and the Environment, whereby the collaborative efforts result in sustainable and efficient operations that minimize cost increases to the ratepayers and result in smaller rates of waste generation and waste disposal, and larger rates of waste diversion, recycling, and beneficial reuse.

CONCLUSION

Staff recommends that the District's Board of Directors accept this summary progress report of the collaborative MOU efforts of SVR and the District in conjunction with the City of Salinas and Monterey County.


Guy R. Petrabor

Attachments:

Collaboration MOU

Item No. 6 of SVR Board Report dated February 21, 2019 and titled "Progress Report on the Collaborative MOU with Monterey Regional Waste Management District (MRWMD)"