



**DATE:** February 11, 2016

**TO:** Programs & Administration Committee

**FROM:** Wendy Sommer, Executive Director

**BY:** Debra Kaufman, Senior Program Manager

**SUBJECT:** Organics Processing Development Reserve Usage & Criteria

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## **SUMMARY**

The Organics Processing Development (OPD) reserve fund was created for the development of in-county organics processing capacity or facilities. The reserve currently has a balance of \$7.1 million. Staff will give a presentation on how the funds have been spent and recommend that the Board direct staff to use the OPD reserve to fund projects that further the agency's goals to divert more organics beyond development of in-county processing facilities.

## **DISCUSSION**

In 1998, the Agency established an Organics Processing Development (OPD) reserve fund for the development or advancement of in-county organics processing capacity or facilities. Of the funds that have been spent, the majority were spent on pursuing a compost facility in 2007 in Sunol which was not approved. Over time, given the absence of viable facilities investigated by the Agency, small amounts of the reserve have been used to promote organics diversion such as grants for businesses to buy indoor organics bins and funds to increase residential organics recovery. The majority of funds, however, remain reserved for in county processing capacity.

The OPD reserve currently has a balance of \$7.1 million. Currently, there are two existing in-county projects going through the permitting process, which will ultimately come to the Authority Board for ColWMP amendments. The first is a green waste windrow composting project in Livermore on Greenville Road, designed to take only plant debris. The other project is a covered aerated static pile (CASP) composting facility planned by Waste Management at the Altamont Landfill site, designed to accept up to 500 tons per day of green and food waste. Additionally, EBMUD is planning a facility in Oakland to handle Oakland's commercial food scraps (more details are provided below). Given this, staff recommends other uses for at least some of the OPD reserve, especially to promote increased participation in existing residential and commercial organics collection programs and to meet new laws related to organics diversion and capacity.

## **EBMUD Project**

In 2008, the Agency negotiated terms with EBMUD to provide them with \$1 million for in-county food scrap processing capacity if they met established criteria, (e.g. new diversion, equitable pricing for all member agencies, acceptance of commercial organics as set out by generators, and prohibiting the landfill disposal of residuals). In eight years, EBMUD was never able to meet these criteria, and recently went on to develop a project for new processing capacity for source separated commercial food waste.

This facility is expected to take commercial food waste from the City of Oakland via their collector, Waste Management, and will be sized to handle 190 tons per day. Agency staff informed EBMUD that the \$1 million would be re-purposed for our own needs since their current project is substantially different than what was originally discussed, doesn't meet Agency criteria, and is the result of a franchise agreement. The WMA has adopted funding guidelines in the past that require participation by multiple agencies and prohibited subsidy of contractually required activity.

## **State Requirements and National Focus on Organics Diversion**

Approximately 30% by weight of Alameda County's residential and commercial garbage is compostable organics. There is an increasing statewide focus on organics given the high percentage continuing to go to landfill, including:

- AB 876 recently was signed into law which requires local governments to identify 15 years of organics processing capacity, which our member Agencies will need to respond to
- The California Air Resources Board is considering phasing organics out of landfills by 2025 as a method to reduce methane production
- The Governor's 2015 Healthy Soils Initiative highlighted the benefits of compost and mulch application

In addition to the attention placed on reducing organics in the landfill via more composting and/or more anaerobic digestion, edible food waste reduction (food that can be donated rather than composted to help those in need), has also received attention. The EPA has partnered with the Ad Council to conduct a \$90 million national campaign to educate consumers on how to avoid wasting edible food. Given this, it is timely for the Agency to consider participating in a food waste reduction outreach campaign or effort of some sort, to help leverage locally the resources that are being applied to address this issue statewide and nationally. At the state level, the Governor's office is interested in laws, programs, and policies that the state can put into place to reduce the amount of edible food wasted. Californians Against Waste, is working with NRDC on state legislation to reform product date requirements (e.g., use by, sell by, best by dates).

## **OPD Criteria**

To help evaluate possible uses/projects for the OPD reserve, Agency staff propose using the same set of criteria for assessing and prioritizing the Agency's product decisions target projects. Possible organics projects that could be considered include efforts to increase the quantity and quality of participation in existing residential and commercial organics collection programs, efforts to increase edible food donation and reduce edible food waste, and helping member agencies meet planning

capacity requirements of AB 876. After using the approved criteria to assess project ideas, staff would return during the FY 16-17 budget process with project suggestions to use some portion of the OPD reserve. The remainder of the OPD fund could be repurposed for other Agency priorities or reserved for future organics related projects.

The proposed criteria are contained within the memo in this packet related to Product Decisions Targets.

## **RECOMMENDATION**

Staff recommends that the Committee direct staff to budget OPD reserve funds for organics diversion projects that go beyond in-county processing capacity, using the proposed product decisions criteria.