

**PUBLIC HEARING
ON
POTENTIAL DIVESTITURE
OF COUNTY SOLID WASTE
ASSETS**

September 29, 2009

PRESENTATION OUTLINE

- Purpose of Hearing
- Background/Process
- Public Input
- Response to Comments
- Next Steps

PURPOSE OF PUBLIC HEARING

- Present information on potential divestiture of the County's solid waste assets
- Receive public comment
- Consider execution of the Purchase and Sale Agreement

BACKGROUND/PROCESS

- 2005 – Central ceased landfill operations; waste previously disposed of at Central out-hauled to other Bay Area landfills
- 2006 – Board directed staff to analyze long-term solid waste options including continued out-haul and divesting solid waste assets
- 2007 – Divestiture goals established with public input and process initiated

BACKGROUND/PROCESS

- Republic Services' proposal most closely matched divestiture goals
- October 2008 to present – negotiations with Republic Services
- July 31, 2009 – draft Purchase and Sale Agreement posted on website, with notice to over 300 individuals/agencies and media contacts
- August 5, 2009 – staff presented the terms of the Purchase and Sale agreement and alternatives to the Board and the public for review and input

BACKGROUND / PROCESS

- For today's hearing :
 - Noticed media contacts
 - Legal notice published
 - Noticed all adjacent property owners
 - Posted clean and redline version of revised Purchase and Sale Agreement

PUBLIC INPUT

- August 5, 2009 Workshop
 - Letters received from AB 939 Local Task Force (LTF), Sierra Club and Climate Action Campaign
 - Oral comments received from 15 individuals representing the state, environmental groups, rail and refuse industries, and the public

PUBLIC INPUT

- **Since August 5th Workshop**
 - **Letters received from Resource Recovery Association, Environmental Groups, Sonoma County Waste Management Agency and individuals**
 - **Staff met with Sonoma County Alliance Infrastructure Committee, AB 939 LTF, Climate Action Campaign, city managers, Santa Rosa City Council, and Central Landfill Neighbors**

Public Comment	Response to Comment
<p>The PSA needs to require increased diversion in Sonoma County</p>	<ul style="list-style-type: none"> •Construction of a MRF is required at the Central Landfill and will include a pilot program for wet waste processing
	<ul style="list-style-type: none"> •New provisions added to PSA with diversion goals and incentives which if achieved may increase countywide diversion by as much as 10%
	<ul style="list-style-type: none"> •Minimum 60% diversion requirement for C&D
	<ul style="list-style-type: none"> •Minimum 45% diversion requirement for commercial waste
	<ul style="list-style-type: none"> •Incentives of reduced royalty payments on C&D waste and Redwood Empire Disposal MRF residuals if goals are reached
	<ul style="list-style-type: none"> •Contractual provisions to enforce diversion goals include binding dispute resolution if requirements are not met

Public Comment	Response to Comment
PSA should include incentives to divert rather than landfill	<ul style="list-style-type: none"> •Diversion is less expensive than landfilling in Sonoma County •Diversion incentives added to the PSA as discussed above
Re-open Central Landfill and stop out-haul	<ul style="list-style-type: none"> •The divestiture project will not go forward unless the Central Landfill re-opens
Impacted employees	<ul style="list-style-type: none"> •PSA requires Republic to interview all potentially displaced employees for possible employment

Public Comment	Response to Comment
<p>The public needs more time and opportunity for input</p>	<ul style="list-style-type: none"> • The County must move forward to avoid being forced to permanently close the Central Landfill • Existing out-haul agreements expire August 2010 • New provisions have been added to provide 120 days plus up to an additional 120 days for the Cities to consider the divestiture proposal (used to be 90 days and 30 days) • Republic shall begin re-permitting effort upon execution of the PSA
<p>The County should utilize freight rail to haul refuse to disposal sites</p>	<ul style="list-style-type: none"> • In-county disposal with a MRF is the environmentally preferred option • The use of freight rail is a good back-up plan if re-permitting not successful • There may be freight rail opportunities in the future for shipment of recycled commodities to market

Public Comment	Response to Comment
<p>Divestiture should not impact the small local independent Construction and Demolition (C&D) processors and haulers</p>	<ul style="list-style-type: none"> •The PSA no longer requires local small independent C&D processors and haulers to use the Republic Facilities therefore provisions related to exemptions for the local C&D processors on the flow commitment have been removed
<p>The divestiture agreement should support the continuance of the Composting Program</p>	<ul style="list-style-type: none"> • New provisions are added to the PSA which allow Composting to remain at Central until at least 2012 •Republic has agreed to extend the agreement with the SCWMA thereafter until such time as the current location is needed for their operation such consent may not be unreasonably withheld •Republic required to work cooperatively with the SCWMA to attempt to find a new site for compost at the Central Landfill

Public Comment	Response to Comment
<p>The PSA should incorporate Sonoma County climate action goals</p>	<ul style="list-style-type: none"> •New provisions have been added to reflect the County’s climate action goals
	<ul style="list-style-type: none"> •Republic required to fund a study to identify 1990 baseline GHG emissions
	<ul style="list-style-type: none"> •Republic required to identify a plan to reduce GHG emissions to 25% below 1990 baseline levels
	<ul style="list-style-type: none"> •Requires Republic to safely capture landfill gas produced at Central and convert it to renewable energy

Public Comment	Response to Comment
<p>County should retain public ownership of facilities</p>	<ul style="list-style-type: none">•The County does not have the financial resources to fund the estimated \$70M necessary to re-permit and open the landfill
	<ul style="list-style-type: none">•Public ownership means continued County/City costs for past, present and future liabilities
	<ul style="list-style-type: none">•The PSA creates a public/private partnership within the Community to achieve future goals – County and Cities have input on Diversion, climate change and new programs under the 20 year agreement

Public Comment	Response to Comment
<p>JPA could assume ownership and operation responsibilities of facilities</p>	<ul style="list-style-type: none"> •JPA ownership of facilities wouldn't shield County & Cities from past, present and future liabilities
	<ul style="list-style-type: none"> •Still requires flow control to have secure revenue source
	<ul style="list-style-type: none"> •JPA may not have enough assets to secure bond financing in current market, if flow control is not enough assurance for bonding companies
	<ul style="list-style-type: none"> •JPA may not have assets required to meet financial assurance requirements required for permits

Public Comment	Response to Comment
<p>JPA could assume ownership and operation responsibilities of facilities</p>	<ul style="list-style-type: none"> •2–3 years required to form new JPA structure, and transfer permit and facilities; would likely result in:
	<ul style="list-style-type: none"> •forced closure of the Central Landfill (\$11 million unfunded closure cost)
	<ul style="list-style-type: none"> •Immediate need for contracts for interim disposal capacity at out of county landfills
	<ul style="list-style-type: none"> •Out-haul would continue until new West Canyon permitted and developed (10+years)
	<ul style="list-style-type: none"> •Unlikely to result in rate stability because new JPA would require full cost recovery on an annualized basis.

FY 09/10 BUDGET

Expenses

	<u>Cost</u>
Transfer Station Operations	\$5.6M
Central Landfill Environmental Compliance/Improvements	\$4.6M
Closed Landfill Maintenance	\$1.7M
System Administration	\$2.9M
Other Miscellaneous Expenses (e.g., equipment)	\$1.9M
Transport Refuse out of County	\$5.1M
Bay Area Landfill Disposal Costs	\$8.9M
JPA Fees	\$1.5M
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Total Expense	\$32.2M

Revenues

Tipping Fees (\$100.50/Ton)	\$27.5M
Power Sales	\$2.8M
Misc Revenues; reimbursement JPA, etc.	\$1.1M
Interest Restricted Funds	\$0.3M
Use of Fund Balance (e.g., reserves)	\$0.5M
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Total Revenue	\$32.2M

NEW SERVICES PROVIDED UNDER DIVESTITURE AGREEMENT NOT INCLUDED IN CURRENT COUNTY RATES

- Funding of all engineering and permit documents associated with re-opening of the landfill
- Full funding for future Closure Cost
- Full funding of future Post-Closure maintenance costs in perpetuity
- Installation of MRF in the Central Tipping Building

NEW SERVICES PROVIDED UNDER DIVESTITURE AGREEMENT NOT INCLUDED IN CURRENT COUNTY RATES

- Funding of GHG Reduction Plan for Facilities
- Funding of a residential/commercial wet waste diversion pilot project
- Funding future unanticipated environmental liabilities

DIVESTITURE IS THE BEST ALTERNATIVE TO ACHIEVE GOALS

- Provides the best opportunity for in–county disposal which is the environmentally superior option
- Will reduce green house gas
- Will significantly increase diversion
- Transfers obligations for closure/post closure and existing and future environmental liabilities associated with the Central Landfill and the Transfer Stations
- Provides lowest cost for in–county landfill option

NEXT STEPS

- Hold public hearing and consider execution of the divestiture agreement
- October 2009 through January 2010 – secure City flow commitments and open escrow (Cities have up to 240 days total)
- Spring 2010 – Republic submits permit application(s) to resume landfill operations at Central
- October 2011 – Escrow closes (assuming permits have been obtained)

Republic Comments