



City of Palo Alto

City Council Informational Report

(ID # 2554)

Report Type: Informational Report

Meeting Date: 3/5/2012

Title: Discussion of Value of Composting Permit

Subject: Response to Council Request for Additional Information on the Value of the City's Composting Permit

From: City Manager

Lead Department: Public Works

Recommendation

This is an informational report and requires no Council action.

Executive Summary

Staff has evaluated the value of the City of Palo Alto's (City) current composting permit relative to permitting a new Energy/Compost Facility and has determined that, although there would be some value to having a current permit at the time that a future new facility underwent permitting, it can not be concluded that this would be a significant value. As a result of this conclusion, staff will close the composting facility when enough compost has been produced to meet the landfill closure vegetative soil requirements as directed by Council at the Council meeting on February 6, 2012. **Council approved closure of the composting operation once enough compost had been generated for closure, dependent upon staff determination that maintenance of the existent permit did not have significant future value.** Staff estimates that the composting facility will stop accepting yard trimmings by March 31, 2012, and that the composting operation will be closed by June 15, 2012.

Background

Energy/Compost Facility

On April 5, 2010, Council directed staff to initiate a feasibility study for an Energy/Compost Facility in Palo Alto. On August 2, 2010, Council approved a contract with ARI to conduct the study (CMR:333:10). In October 2011, a Final Feasibility Report was presented to Council (staff report ID# 2037). The Final Feasibility Report recommended that if a site at Byxbee Park becomes available

through the passage of Measure E, the City should take further actions to consider anaerobic digestion and other technologies for managing the City's food scraps, yard trimmings, and biosolids at the site. In November 2011, Palo Alto voters passed Measure E, which undedicated from parkland a 10-acre parcel (mostly on the landfill) for the City to consider an Energy/Compost Facility on the 10-acre parcel or some portion thereof. On February 6, 2012, a contract amendment with ARI was approved by Council to assist the City with developing a plan and timeline for consideration of an Energy/Compost Facility (staff report ID# 2361). This plan and timeline is scheduled to be presented to Council in early June 2012 for further consideration.

Landfill Closure

The Palo Alto Landfill is comprised of 126-acres and is divided into four Phases: I, IIA, IIB, and IIC. Phase I (known as Byxbee Park) was capped and opened to park users in 1991. Phase IIA was capped in 1992 and Phase IIB was capped in 2000. In July 2011, the landfill reached final capacity and closed. Also in the summer of 2011, all of Phase IIA and a large portion of Phase IIB were opened to park users after the environmental control systems were buried and additional clean soil was brought in to bring these settled areas to final design grades. In November 2011, an additional 7 acres of Phase IIB was opened to park users. Approximately 3 acres of Phase IIB is currently being used to stockpile a vegetative soil mixture that will be used to construct the Phase IIC vegetative layer. Phase IIC is 51 acres in size and is the final phase of the landfill to be capped. The City's open windrow composting operation occupies a 7.5 acre section of Phase IIC. The City has been completing closure preparation activities including: 1) importing, placing and compacting clean soil necessary to build the final cover foundation layer; 2) importing clean soil, mixing with compost, screening and stockpiling for the vegetative soil layer; and 3) completing facility closures of the former cogen area and the Recycling Center (now closed).

Capping of Phase IIC was originally scheduled to begin during the 2012 construction season in accordance with the landfill's Closure and Postclosure Maintenance Plan. On February 6, 2012, Council approved deferring capping of Phase IIC to the 2013 construction season. Once capped, all areas of Phase IIB and IIC will be opened to park users with the possible exception of the 10-acre parcel described in Measure E.

Composting Operation

As mentioned above, the landfill reached capacity and stopped accepting refuse in July 2011. The City's open windrow composting facility located on the landfill has continued to accept yard trimmings from the contract hauler (GreenWaste), City crews and City tree trimming contractors so that compost could be produced and mixed with clean soil in order to produce a high quality vegetative soil material. The vegetative soil layer will be used during capping and is being stockpiled on a small portion of Phase IIB and on Phase IIC. Staff is estimating that the quantity of compost needed for closure will be delivered to the site by March 31, 2012.

Discussion

On February 6, Council directed staff to determine whether the existing composting permit has a significant value. The Council discussion indicated that the determination of significant value was to be with respect to the process of obtaining a new permit for a potential future Energy/Compost Facility. Council direction specified that if staff did not determine that the composting permit had significant value, then staff would inform Council of this in an informational CMR and close the composting operation once enough compost has been generated for closure. Council further directed that if staff determined that the existing permit does have a significant value then staff would return to Council with an agenda item for further consideration.

City staff contacted staff from: 1) the Local Enforcement Agency "LEA" (County of Santa Clara, Department of Environmental Health); 2) CalRecycle; 3) The San Francisco Bay Regional Water Quality Control Board (RWQCB); and 4) The Bay Area Air Quality Management District (BAAQMD). Staff at these agencies were asked to render opinions on the advantages and value of keeping the existing composting facility permit active relative to permitting a new Energy/Compost Facility. The LEA and the RWQCB stated that from a permitting perspective, there is no advantage in trying to keep the permit for the composting facility active for the new Energy/Compost Facility permit application. They further indicated that they thought it would neither help nor hinder the permitting of an Energy/Compost Facility. The LEA stated that their response was for both the LEA and CalRecycle since both agencies would approve the same solid waste facility permit application.

Staff from the BAAQMD indicated that there would likely be some benefit in having an existing composting facility permit at the time that a future Energy/Compost Facility is developed. The BAAQMD staff indicated that the City would likely need Precursor Organic Compounds (POC) emission reduction credits in order to obtain a permit for a new Energy/Compost Facility operation. The BAAQMD staff said that the City could obtain credits from the shutdown of the compost operation and transfer them to the Energy/Compost Facility. The credits are based on the last three years before the banking application is submitted, and the price per credit is market driven. The BAAQMD could not estimate the likely value of these credits, but SCS Engineers (the City's consultant) very roughly estimated that this one-time value could be approximately \$160,000.

From a local land use or California Environmental Quality Act (CEQA) process perspective there is likely some convenience value in continuing to compost at the City's facility until permitting of a new Energy/Compost Facility would be completed. This value is largely tied to what baseline to use for the final CEQA analysis. As it is likely that the City would prepare a comprehensive environmental analysis for a new facility, regardless of the selected baseline, this value is also minimal. Therefore, staff is unable to conclude that the convenience value with respect to the CEQA process is a significant one.

In Staff Report ID# 2361 (February 6, 2012 Council Meeting), staff estimated that the short term cost to compost at the City's facility was approximately equal to the cost to transport these materials to the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station) for ultimate composting. In an email to Council (<http://www.cityofpal Alto.org/council/>) on February 6, 2012, staff also estimated that when vehicle and equipment replacement costs are added for a longer term operation, then the City's composting operation would cost at least \$17,000 per month (\$204,000 per year) more than sending the yard trimmings to the SMaRT Station (not including rent or major repairs).

Therefore, staff has concluded that the estimated \$160,000 one-time value of POC credits would be exceeded by expenses (\$204,000/ year) and would therefore not have a positive (or "significant") value. Further, staff is not able to conclude that the value of the existing composting permit from a land use or CEQA perspective is significant. In accordance with Council direction, staff will close the City's composting operation when enough yard trimmings have been

received and processed to meet the closure vegetative soil needs. Staff estimates that the composting facility will stop accepting yard trimmings by March 31, 2012, and that the composting operation will be closed by June 15, 2012. The closure was scheduled to occur in December 2011 and the June 15, 2012 closure date requires no new Council approval or action.

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