STAFF REPORT

DATE: June 24, 2019

TO: Natural Resources Commission

FROM: Richard Tsai, Environmental Resources Manager
       Jennifer Gilbert, Conservation Coordinator

SUBJECT: Organics Processing Facility Feasibility Analysis

Recommendations
1. Receive the final Organics Processing Facility Feasibility Analysis and presentation from staff.
2. Based on Commission discussion, consider providing a recommendation to City Council on the next steps.

Background and Analysis
The city contracted with Clements Environmental Corporation (Clements) in June 2017 to conduct an analysis of final destination options for handling organic materials collected from the City of Davis and rank available technologies. The overall goal of the study is to determine the most environmentally sound solution to divert organic waste, while minimizing the cost to City ratepayers. The study examines the environmental, political, technical and economic impacts and features of each option.

The draft Executive Summary of the analysis was presented to the Natural Resources Commission (NRC) at their February 26, 2018 meeting. The commission provided recommended revisions, comments and feedback, which were then provided to Clements. The full draft of the analysis was sent to the NRC Zero Waste Subcommittee mid-March 2018 for review. The Utility Rate Advisory Commission (URAC) also reviewed the Executive Summary of the analysis at their March 21, 2018 meeting.

Edits and comments received from both the NRC and the URAC indicated a desire for more in-depth analysis on several items, including the recent Yolo County organics projects, Recology’s organics facilities, and a more in-depth greenhouse gas (GHG) analysis. Based on this feedback, the City decided to expand the scope of work for the analysis to include these items. City Staff returned to the NRC in April 2018 to receive clarification and direction on the type of GHG analysis to be utilized as part of the expanded scope.

Clements submitted an updated draft to the City in December 2018. After receiving comments and edits from the City, Clements delivered the final analysis to the City in May 2019. This final analysis is provided in Attachment 1.
The NRC’s comments, edits and questions on the first draft of the analysis are included in Attachment 2 along with how they were addressed in the final analysis. A few items were not addressed in the final analysis, as they were not within the original nor the expanded scope of work.

This analysis is only the first step in the process to determine the long-term plan for handling the City’s organics; it is not intended to provide all the data that the City would need to move forward with one of the options discussed. However, it does provide recommendations for narrowing the scope of the next steps in reviewing the long-term strategy for the City’s organics processing.

Clements provided an analysis on five different organics facility options that may be available to the City:

1. Utilizing the Yolo County Central Landfill (YCCL) organics facility (currently in the process of being built)
2. Building an organics facility at the Old City Landfill
3. Building an organics facility at the City’s Wastewater Treatment Plant (WWTP)
4. Working with UCD to build an organics facility near the UCD Anaerobic Digestion Plant
5. Utilizing one of Recology Davis organics facilities

Results
Table 1.1 provides a summary of the five options and shows each option’s technology type, costs, and potential revenues. The processing capacity for options 3 and 4 shown in Table 1.1 are based on the available organics data from both the City of Davis and UC Davis. Alternative feedstock scenarios (i.e., City-only feedstock, four times City feedstock, feedstock without C&D) are assessed in the financial proforma in Appendix E of the analysis. Capital costs include site preparation and purchasing necessary equipment such as material handling equipment (e.g., trommel screen, tub grinder) and technology-specific equipment (i.e. covered aerated static piles (CASP)or anaerobic digestion (AD) systems). The annual operating costs are the combined estimated direct labor and equipment expenditures required.
Reviewing the analyses as conducted, Clements recommends the following next steps, structured by the City’s area of focus:

1. If the City were focusing on options to process organic wastes from Davis only, it is recommended the City pursue building a City-operated static pile composting facility at the City’s Wastewater Treatment Plant (WWTP).

   **OR**

2. If greater air emission control is required by YSAQMD, or desired by the City, and the higher cost associated with the technology is not a deterrent, it is recommended the City pursue building a City-operated CASP composting facility at the City’s WWTP.

   **OR**

3. If the City can get a guarantee of organics from UC Davis, it is recommended that the City pursue building a City-operated CASP composting facility at the City’s WWTP or at a site on the UC Davis campus.

   **AND**
4. If other organics are available, once composting is established and particularly if significant amounts of food waste are received in the future, consider the addition of AD to augment the existing composting.

AND

5. Were the City able to attract organics from the region and increase the project capacity from 25,000 tons per year to 50,000 tons per year, favorable economics of scale could be achieved for both composting and AD alternatives.

Next Steps
Should the City decide to pursue a more in-depth study to build an organics facility, it would take a number of years before one is built and ready to accept materials for processing. In the interim, the City would still need a facility to process the existing organics that are collected by Recology Davis. New State regulations that are being drafted as part of the AB 1383 Short-Lived Climate Pollutants Regulations will require cities to provide CalRecycle with proof (in the form or contracts, agreements or letters of commitment) that an organics processing facility has the capacity for, and will accept, the organics collected from their jurisdiction. As such, it is in the City’s best interest to consider a short-term agreement with either the Yolo landfill or Recology to utilize their organics facilities.

City plans to present the feasibility study to the City Council in July 2019. The NRC is being asked to provide a recommendation on the following two items:
1. That the city should negotiate a short-term agreement (10 years or less) with either the Yolo County Landfill or Recology Davis to formalize the disposition of the City’s organic waste; and
2. To consider which option, of the options suggested by Clements, the NRC recommends pursuing for the next steps of this examination of the long-term plan for the City’s organic wastes, and the overall Solid Waste program.

Attachments
1. Organics Processing Facility Feasibility Analysis
2. Comments received by the NRC on the Draft Feasibility Analysis
3. Facility Permitting Technical Memo