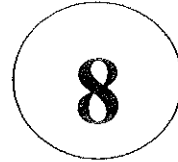




SACRAMENTO REGIONAL
SOLID WASTE AUTHORITY

February 11, 2010

Honorable Board of Directors
Sacramento Regional County Solid Waste Authority
Sacramento, California



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**SUBJECT: GREENCYCLE PROJECT -- FINAL ENVIRONMENTAL
IMPACT REPORT CERTIFICATION AND TENTATIVE
PROJECT APPROVAL**

RECOMMENDATION

It is recommended that the Board:

- 1) Certify the Final EIR as adequate and complete;
- 2) Tentatively approve the GreenCycle project and select the Scott Road site as the preferred facility location; and
- 3) Continue final project approval to the next SWA Board meeting to allow time for preparation of:
 - A site-specific Mitigation Monitoring and Reporting Program (MMRP) and
 - Findings of Fact and Overriding Considerations.

BACKGROUND

The Sacramento GreenCycle project is the development of a local facility to recycle about 100,000 tons per year of residential garden refuse -- roughly half the annual green waste generated by the County and the City of Sacramento. The facility would be operated through a public-private partnership, in which the public sector controls the site and holds the facility permits, and the private sector develops and operates the facility under a long-term contract with the SWA and sells compost products.

The Sacramento GreenCycle project has been in the works for over seven years. SWA staff first brought the need for a local green waste recycling facility to the Board's attention in 2002. At that time, the Board approved our recommendation to budget for design and environmental review of a SWA-sponsored green waste processing facility. An extensive facility siting and outreach process took place in 2004 and 2005. This included the formation of a Project Advisory Committee (PAC)

that included community representatives and members of the Cities/County Solid Waste Advisory Committee (SWAC). This process culminated in a Final Facility Siting Report that included recommendations from the PAC for the four preferred siting alternatives for the GreenCycle facility. The four siting alternatives are:

- Scott Road: near the north end of Scott Road, south of White Rock Road
- Kiefer Landfill: future landfill modules 8 and 9
- Twin Cities Road West: northwest of the intersection of Interstate 5 and Twin Cities Road
- Twin Cities Road East: northeast of the intersection of Interstate 5 and Twin Cities Road

These four siting alternatives are shown on the attached Figure 2-1 from the Final Siting Report. On June 9, 2005, the Board authorized environmental review of the four siting alternatives. The environmental review process has taken over four years, in part due to the need to evaluate the cumulative traffic impacts of three new quarries that have since been proposed for development near the Scott Road GreenCycle siting alternative. Attached is a vicinity map for the Scott Road site showing the preferred GreenCycle facility location, the three new quarries, and the nearby State of California Off-Highway Vehicle Park.

FINAL EIR

A copy of the Final EIR has been provided to Board members. For those with web access, the Final EIR may be found at the following web page:
<http://www.dera.saccounty.net/PublicNotices/SQLView/ProjectDetails/tabid/71/Default.aspx?ProjectID=33529>

The Final EIR identifies the Scott Road site as the environmentally superior facility location. The two Twin Cities Road sites are not preferred due to the significant flood issues in that area. The Kiefer Landfill site is not preferred for three major reasons:

1. The existing air emissions from the landfill and its energy plant will make it extremely difficult to obtain the air quality permit needed for the compost facility.
2. There will be a significant loss of landfill capacity since the compost facility would be built in an area slated to become future landfill space.
3. The proposed Cordova Hills residential development project just north of the landfill raises long-term land-use compatibility concerns for the compost facility.

The EIR identifies the aerated static pile (ASP) method as the environmentally superior composting technology since ASP has less impact than the other composting methods evaluated. The GreenCycle project includes the potential development of a 10,000 ton per year anaerobic digestion (AD) facility to demonstrate the feasibility of this technology in which methane is produced from the biological decomposition of green waste. The methane can then be used to generate electricity or for other energy purposes.

Scott Road Impacts and Mitigation

The major impacts from the Scot Road site are related to traffic and the presence of biological resources.

The Scott Road GreenCycle site is near three new quarries proposed by Teichert, Granite, and DeSilva Gates. The GreenCycle project is estimated to have an initial traffic impact of roughly 230 daily trips in the peak season, which occurs during the fall leaf drop. Daily trips are estimated to increase to about 300 trips per day in the year 2030. The long-term traffic impact for the three quarries is estimated to be as high as roughly 6,000 trips per day once all three quarries are in full operation. Cumulatively, these are very significant impacts to the roadways in the vicinity of Scott Road, White Rock Road, and Grantline Road. To develop and consider road improvement alternatives that would mitigate the impacts of this heavy volume of truck traffic, the County Department of Transportation (DOT) has been meeting for some months with the quarry proponents and representatives of the cities of Folsom and Rancho Cordova, El Dorado County, CalTrans, landowners in the City of Folsom Sphere of Influence, and other interested parties to develop a truck management plan for the area. It is anticipated that this truck management plan will result in a comprehensive set of traffic mitigation measures for the area that will be funded by the various projects, including GreenCycle, on a fair-share basis. The GreenCycle Final EIR lays out two ways to mitigate for GreenCycle project traffic impacts at the Scott Road site:

- 1) Either make significant improvements to Scott Road between the site entrance and White Rock Road; or
- 2) Make a fair share contribution to a comprehensive set of measures to mitigate for the cumulative impacts of the proposed quarries plus GreenCycle.

The EIR also identified the presence of the several biological resources at the Scott Road site. Species investigation protocols for biological resources associated with wetlands require investigation in both wet and dry weather. Wet-weather species investigations will get underway in early spring. The Final EIR establishes a number of measures to mitigate biological resource impacts if their presence is confirmed by these investigations.

Rationale to Move Forward Despite Significant and Unavoidable Impacts

The Final EIR identifies air quality impacts due to compost facility operations as a significant and unavoidable project impact at all four potential facility locations. The EIR also lists cumulative impacts associated with land use, aesthetics, agriculture, traffic and circulation, and biological resources at the Scott Road site.

The following GreenCycle project objectives are the basis for proceeding with the project even though the project may have significant but unavoidable impacts:

- To enhance long-term system stability through stronger local control of garden refuse processing to assure that best management practices are followed.
- To assure AB 939 diversion credits and compliance with state law.

- To avoid or minimize potential nuisance issues through responsible and accountable green waste processing operations. Until now, the SWA member agencies have had to rely completely on privately owned and operated facilities that have often had significant nuisance impacts on the community and that do not provide long-term system stability.
- To shorten the garden refuse haul distances associated with the current practice of trucking most local green waste out of county for processing so as to reduce overall processing and management costs and reduce environmental impacts associated with long-haul trip miles and the resulting air pollution.
- To increase accessibility of compost products to local consumers.
- To assure reliable, cost-effective, and environmentally responsible management of the green waste stream.
- To provide an improved opportunity for public education and awareness in sustainable waste management practices.
- To assure the conversion of green waste into useful products.

GREENCYCLE PROJECT COSTS

There will be a significant capital cost to the SWA to implement the GreenCycle project. Road improvement costs are a good example. Scott Road south of White Rock Road is narrow and has many turns that are inadequate for heavy truck traffic. Thus, the Final EIR calls for significant improvements to Scott Road south of White Rock Road as one way to mitigate traffic impacts. Staff estimates it would cost roughly \$3,000,000 to improve Scott Road.

The Final EIR also identifies a number of mitigation measures for biological resources that may also increase capital costs. We cannot estimate these costs until further site-specific investigation is completed.

In 2003, a Garden Refuse Processing Facility, Phase One report was prepared for the SWA by the consulting firm of CH2M Hill. That report examined the feasibility of developing the GreenCycle facility. The facility was envisioned to be developed as a public-private partnership in which the SWA would be responsible for site acquisition and infrastructure costs while our private-sector partner would be responsible for developing and improving the site. The 2003 feasibility report estimated that for a traditional windrow composting facility, the public-sector capital cost would be about \$1,500,000, while private-sector portion would be about \$5,500,000. This cost estimate did not include access road improvements or any other site-specific costs. In 2003, the SWA Board approved staff's recommendation to move forward with the project by beginning the facility siting effort.

For the FY 2009-10 SWA budget, staff proposed to begin to establish a capital improvement program (CIP) for the GreenCycle project with a \$1,000,000 first-year allocation. For the final FY 2009-10 budget, the Board directed that GreenCycle CIP funding instead be distributed to the

City and County for other purposes. The FY 2009-10 SWA budget calls for roughly 75% of total revenues to be distributed to the City and County. For the FY 10-11 SWA budget, staff expects to discuss a significant GreenCycle CIP funding contribution.

MOVING FORWARD

If the Board approves the staff recommendations by certifying the final EIR and tentatively selecting Scott Road as the preferred facility location, staff will prepare a site-specific Mitigation Monitoring and Reporting Program (MMRP) and Findings of Fact and Overriding Considerations for the Board's consideration at its next meeting. Once the Board approves the MMRP and the Findings, the Board may then consider final approval of Scott Road as the GreenCycle facility location.

Moving Forward with Procurement

Pursuant to Board direction at its October 2009 meeting, staff began the procurement process to select a private-sector partner for the project by issuing a Request for Expression of Interest (REI) to design, finance, build, operate, and maintain the GreenCycle facility. To date, we have received 14 responses to the REI. Respondents include several major waste management companies, established green waste composting companies, and a number of companies interested in developing a facility to demonstrate the use of new technology produce either electricity or fuel from green waste.

If the Board approves today's recommendations, staff will begin the second phase of the procurement process, which will be to distribute a Request for Qualifications (RFQ). Later this summer, once we have received and evaluated RFQ responses, staff plans to report back to the Board for approval of a recommended short list of the most qualified companies who would be selected to receive a Request for Proposals.

Scott Road Site Lease

The existing option to lease the Scott Road site expires in early 2011. It could be 2013 or even later before all necessary entitlements and permits are in hand and our vendor is under contract to build and operate the GreenCycle project. If the Board selects Scott Road as the preferred facility location, staff intends to negotiate an extension and seek Board approval of an extension to the lease-option agreement with the land owner to preserve our rights to the site for the next several years.

ADVISORY COMMITTEE RECOMMENDATIONS

At their February meetings, both the Cities/County Solid Waste Advisory Committee and the Sacramento Environmental Commission adopted motions recommending the SWA Board certify the final EIR and proceed with the project consistent with the EIR findings.

CONCLUSION

We are at a key decision point for the GreenCycle project. In May of 2002, staff first brought to the Board's attention the problems with local green waste processing operations. These problems included facility nuisance impacts, reliability and stability of service, contract and permit enforcement issues, and adherence to the waste management hierarchy established by California regulations. Most of these problems remain with us today.

Today, we recommend that Board certify the Final EIR as adequate and complete. We also recommend the Board give tentative approval to the Scott Road site as the preferred GreenCycle facility location.

If the Board takes these actions today, we would return at the next Board meeting with the site-specific Mitigation Monitoring and Reporting Program (MMRP) and Findings of Fact and Overriding Considerations for the Board's consideration and also recommend that the Board approve Scott Road site as the preferred GreenCycle facility location.

Respectfully submitted,

Paul J. Hahn,
Administrator

By: 

Paul Philleo
Director/Engineer

Attachments:

Figure 2-1 from Final Siting Report

Scott Road Vicinity Map

Link to Final EIR:

<http://www.dera.saccounty.net/PublicNotices/SQLView/ProjectDetails/tabid/71/Default.aspx?ProjectID=33529>

Contact for additional information: Pat Quinn, SWA staff, 875-7082