



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER: OFFICE OF SUSTAINABILITY

File #: 22-137

Board Meeting Date: 2/22/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Carolyn Bloede, Director, Office of Sustainability

Subject: Grant Agreement with the South Bayside Waste Management Authority for the Organics-to-Energy Pilot Project

RECOMMENDATION:

Adopt a resolution authorizing a grant agreement with the South Bayside Waste Management Authority for the continued implementation of an organics-to-energy pilot project for the term of February 22, 2022 to December 31, 2022 for an amount not to exceed \$500,000.

BACKGROUND:

The South Bayside Waste Management Authority (SBWMA) is a joint powers authority providing services to 12 member agencies located in southern part of San Mateo County, including the south-east portion of the unincorporated County. The SBWMA manages the Shoreway Environmental Center in San Carlos and provides strategic oversight, management, and support of the service providers that collect, process, recycle, and dispose of materials for its member agencies.

One of the projects the SBWMA has undertaken on behalf of its member agencies is the implementation of an organics-to-energy pilot project that involves the use of an Organics Extrusion Press (OREX). The OREX uses specialized equipment to increase the amount of organic waste that can be extracted from garbage collected from residents and businesses. It can also be used to convert this organic waste into a form of slurry which is then sent to be processed by wastewater treatment plants into a gas that can then be used to produce energy. This process significantly reduces the amount of organic waste that is disposed of in landfills and helps the County and other cities within the SBWMA meet its organic waste reduction targets.

Under state legislation such as Senate Bill 1383 (SB 1383), jurisdictions will experience significant increases in the amount of organic material collected due to mandatory recycling of organics from residents and businesses. Therefore, it is imperative that the region build up the needed infrastructure to process this material being diverted from landfills. One way to build up this infrastructure is through projects like the OREX, which can convert organic material into a form that

can be processed into energy.

The OREX Program Pilot is currently designed to serve as a proof-of-concept and, if successful, may lead to the development of a full-scale project that has the potential to process 200,000 tons of organic material per year. This would, in addition to significantly increasing the processing capacity of the region, also reduce the distance that trucks would have to travel to transport organic material, thus reducing greenhouse gas emissions.

Given the benefits of this project for the County, on June 4, 2019, the Board passed Resolution No. 076639 approving a grant agreement with the SBWMA in the amount of \$1 million to partially fund the purchase, installation, and operation of the OREX project. The remaining costs associated with the project were covered by the SBWMA as well as a grant from California Department of Resources, Recycling, and Recovery (CalRecycle) for a total project cost of \$3,421,600.

As part of the initial grant agreement, funds were slated to be disbursed to the SBWMA in a series of four payments once specific milestones were met. Within a few months after the approval of the grant agreement, the first two milestones outlined in the agreement were met: 1) the full execution of the agreement and 2) the commencement of work to purchase and install the OREX. The County then disbursed the initial \$500,000 as described in the grant agreement.

However, during the early phases of 2020, the project ran into barriers resulting from the COVID-19 pandemic that resulted in the temporary suspension of the OREX Pilot Project for more than a year, and in that time, the grant agreement between the County and the SBWMA expired and the second payment of \$500,000 was never disbursed.

DISCUSSION:

In May 2021, the SBWMA restarted the OREX Project Pilot, and the project is currently in operation. Additionally, as the County begins to make progress towards designing and implementing programs to comply with SB 1383, the benefit of the OREX project to the County and other members of the SBWMA is even more clear. To this end, staff recommend the approval of a grant agreement with the SBWMA to authorize an additional payment of \$500,000; this would fulfill the County's previously approved obligation and commitment to the original agreement and would allow the County to receive continued services in the processing of organic waste.

FISCAL IMPACT:

The agreement with the SBWMA will be from February 22, 2022 to December 31, 2022 for an amount not to exceed \$500,000. It will be funded by the AB 939 Fund Account, which is comprised of revenues from fees levied on all waste disposed of at landfills in the county and are specifically designated for waste reduction and diversion projects. Funds have been appropriated in the FY 2020 -21 Adopted Budget. There is no Net County Cost.

ATTACHMENTS:

- A. Previously approved June 4, 2019 agreement with the SBWMA
- B. New agreement with the SBWMA