



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: MAY 2, 2023

DEPARTMENT: PUBLIC WORKS

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: ADAM SPAULDING, ENVIRONMENTAL RESOURCE PLANNER

TITLE: A RESOLUTION TO APPROVE AN ORGANIC MATERIALS DIRECT SERVICE PROVIDER AGREEMENT BETWEEN THE CITY OF SALINAS, AND ATLAS ORGANICS

RECOMMENDED MOTION:

A motion to approve a resolution to approve an organic materials direct service provider agreement between the City of Salinas and Atlas Organics.

EXECUTIVE SUMMARY:

Service Agreement Revision: After approval of Council, but prior to final execution by Atlas Organics, the previously approved Agreement was requested to be updated to only include the two contractually obligated parties, the City of Salinas and Atlas Organics. Below is a restatement of the Staff Report from the submitted and approved Resolution from April 4, 2023.

In an effort to support the development of organic material recovery and processing facilities throughout the State, a provision in SB 1383 requires that each jurisdiction be responsible for procuring organic material from these vendors (proportionate to its population). To ensure compliance each jurisdiction must provide CalRecycle with a signed Direct Service Provider Agreement with an organic processor for the purchase of these mandated materials or for the associated credits which can be allocated to the jurisdiction.

Over the next three years the City of Salinas will be responsible for achieving 100% compliance with its procurement target. In 2023 however the City is only responsible for 30% of its procurement allocation, representing either 3,844.8 tons of mulch or 2,229.98 tons of compost.

The City, through Salinas Valley Solid Waste Authority secured a SB 1383 Implementation Support Grant that will cover the associated fees for compliance with the 30% threshold in 2023 with no impact or additional revenue required.

BACKGROUND:

Last year the State, acknowledging that since SB 1383 is an unfunded state mandate passed AB 1985 which allowed each jurisdiction up to three-years to fully phase-in organic procurement compliance (30% in 2023, 65% in 2024, and 100% in 2025).

CalRecycle rightfully understood that there would be financial challenges facing jurisdictions in their efforts to comply with SB 1383 implementation, (including organic material procurement purchasing) and established a grant to support SB 1383 adoption. The City, through the Salinas Valley Solid Waste Authority secured grant funding in part to offset these initial procurement costs.

In 2023, with the adoption of AB 1985, the City of Salinas is only responsible for procuring 30% of its overall target which can be achieved through the purchase/allocation of either 3,844.8 tons of mulch or 2,229.98 tons of compost.

The Salinas Valley Solid Waste Authority has worked with Atlas Organics (the organics processor at Johnson Canyon Landfill) to secure reduced pricing for its member agencies at a rate of \$8 per cubic yard of mulch or \$12.50 per cubic yard of compost.

2023 Procurement Target of 30%

	Procurement Target 30% Totals	
Member Agency	Mulch (Tons)	Compost (Tons)
Salinas	3,844.80	2,229.98
Soledad	586.80	340.34
King City	359.40	208.45
Gonzales	203.70	118.15
Greenfield	441.60	256.13
County (SVR area)	819.90	475.54

DISCUSSION:

Current grant funding will cover the organic material procurement costs for 2023. However, since procurement targets are being phased-in : 30% for 2023 and 65% for 2024 and 100% in 2025, the allocated funding for procurement will not sustain the City for full compliance in 2024 or for any years beyond. The City will need to identify either alternative uses for current funding or establish

measures in future solid waste rate adjustments to ensure the ability to comply with the organic material procurement component of SB 1383.

Beginning in 2025, the City will need to budget for the annual costs at the 100% procurement target (i.e. 7,433 tons compost). Those annual procurement costs are currently estimated at approximately \$185,825 (this number only includes the purchase of material, or associated credit but does not include any costs for transportation or labor that would be needed if the City would want to utilize the material for City programs). The City additionally has the ability to explore alternative direct service provider agreements where better rates may be available, or to explore alternative energy procurement that is derived from organics recovery (all of which can be utilized to comply with the procurement target established in SB 1383).

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378.

STRATEGIC PLAN INITIATIVE:

Compliance with SB 1383 and its associated organic material procurement target supports the reduction of greenhouse gas emissions. This effort further supports the City of Salinas 2022-2025 Strategic Plan Goals and Strategies including *Infrastructure and Environmental Sustainability*.

DEPARTMENT COORDINATION:

This agenda item will be coordinated primarily by the Department of Public Works, but future consideration or continuation of this initial Service Agreement (ending in December of 2023) will also involve communication and discussions with both the Legal and Finance Departments.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct impact to the City for FY 23-24, as grant funding will offset any fees or charges the City will incur.

ATTACHMENTS:

1. Resolution
2. Agreement between the City of Salinas and Atlas Organics