



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: FEBRUARY 6, 2024
DEPARTMENT: PUBLIC WORKS
FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR
TITLE: ORGANIC MATERIALS DIRECT SERVICE PROVIDER AGREEMENT WITH ATLAS ORGANICS

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the Interim City Manager to execute a contract with Atlas Organics for organic materials in an amount not to exceed \$67,000.

EXECUTIVE SUMMARY:

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 proportionate to its population. To ensure compliance each jurisdiction must provide the California Department of Resources Recycling and Recovery (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. The original Atlas Organics agreement was approved by Resolution 22654 on May 2, 2023.

Over the next two years the City of Salinas will be responsible for achieving 100% compliance with its procurement target. In 2024, the City is responsible for 65% of its procurement allocation, representing either 8330.4 tons of mulch or 4831.45 tons of compost.

The City, through Salinas Valley Solid Waste Authority (SVSWA), secured an SB 1383 Implementation Support grant that covered the associated fees for compliance with the 30% threshold in 2023 with no impact or additional revenue required. There was a second round of the grant which SVSWA applied for on behalf of the member Cities. The grant was awarded and covers the cost of procuring organic material through 2025.

BACKGROUND:

In 2022 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).

On May 2, 2023, City Council approved Resolution 22654, a resolution approving an agreement between the City of Salinas and Atlas Organics.

CalRecycle 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 the 2023 initial procurement costs.

In 2023, with the adoption of AB 1985, the City of Salinas was only responsible for procuring 30% of its overall target which the City achieved through the Atlas Organics agreement. The Atlas Organics agreement ended on December 31, 2023. Staff recommends entering into a new agreement for 2024 to help meet the 65% procurement goal.

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.

2024 Procurement Target of 65%

Member Agency	Procurement Target 65% Totals	
	Mulch (Tons)	Compost (Tons)
Salinas	8330.4	4831.45
Soledad	1271.4	737.1
King City	778.7	451.75
Gonzales	441.35	256.1
Greenfield	956.8	555.1
County (SVR area)	1776.45	1030.25

The 2023 grant funding covered the organic material procurement costs for 2023. CalRecycle released a second round of funding in 2023 and SVSWA applied and received grant fund to help cover the costs of implementation through 2025.

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 estimate 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. Additionally, the City can explore alternative direct service provider agreements where better rates may be available or 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 will also involve communication and discussions with both the Legal and Finance Departments.

FISCAL AND SUSTAINABILITY IMPACT:

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

ATTACHMENTS:

Resolution

Agreement between the City of Salinas and Atlas Organics