

MEMO



Discussion/Action

Item #: 8.g

Meeting Date: June 21, 2024

To: Board of Directors
From: Director of Engineering & Compliance, Guy R. Petraborg
Approved by: General Manager, Felipe Melchor

Subject: Authorize the General Manager to Discuss the Potential Services Needs of San Benito County with their Representatives

Recommendation

That the Board authorize the General Manager to discuss the potential services needs of San Benito County with their representatives.

Background

The John Smith Road Landfill (JSRL) is owned by San Benito County and located northeast of Hollister, CA. JSRL is operated under contract by Waste Connections, a private waste company, as authorized by the Landfill Operating Agreement approved by the San Benito County Board of Supervisors on December 21, 2010. A Second Amendment to the Landfill Operating Agreement was adopted on October 17, 2019. A Third Amendment was adopted on June 8, 2021. The County's Integrated Waste Management Division manages compliance with the Landfill Operating Agreement. Prior to March 30, 2022 JSRL received refuse from jurisdictions outside the County. The Solid Waste Facility Permit's (SWFP) daily limit of receiving refuse for landfill disposal is 1000 tons per day. Prior to March 30, 2022, approximately 80% of 'incoming' tons came from out-of-county communities/customers and 20% of the tons coming from San Benito County communities/customers. As of March 30, 2022, acceptance of out-of-county waste was suspended per the Landfill Operating Agreement as the less than 15 years of in-County waste capacity threshold was reached (Cal. Code Regs. Title 14, § 18755.3). Since April 1, 2022, the JSRL has been operating to receive only in-county wastes for disposal (e.g., the ~20% fraction referenced above).

Two of the out-of-county communities that were being served at JSRL were the cities of Gilroy and Morgan Hill. At ReGen Monterey's March 2022 Regular Board Meeting, the Board approved a limited term disposal agreement with Waste Solutions of San Benito, LLC (local subsidiary of Waste Connections) to receive solid waste collected by the franchise waste collection contracts associated with the cities of Gilroy and Morgan Hill, respectively. Recology of San Benito (Recology) holds the franchise waste collection contracts with these two cities (which are located in Santa Clara County). The term of ReGen's disposal service contract with Waste Connections is set to end on March 30, 2026. That contract also has a month-to-month extension clause with a minimum thirty (30) days termination notice requirement. ReGen receives approximately 60,000 tons per year of waste for disposal from this contract and about \$2,250,000 in Tip Fee Revenues estimated for FY2024-25 for this contract.

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Let's not waste this.



To address San Benito County's issue of having the less than the required 15 years of solid waste disposal capacity, Waste Connections submitted an application to expand the JSRL. Their proposal included a 388.05-acre expansion of the existing 95.16-acre landfill. This expansion would increase the landfill's disposal capacity, expand the total waste footprint, increase the maximum permitted elevation of the final landfill, and increase the maximum daily tonnage accepted at the JSRL. The County circulated a Draft Environmental Impact Report (DEIR) for the landfill expansion project for public review and comment from July 15, 2022 to September 6, 2022. The DEIR is available on the San Benito County website at (<http://www.cosb.us/JSRLexpansion>).

On January 31, 2024, the San Benito County Planning Commission held a public meeting to consider approval of the landfill expansion proposal. Based in part from the public comment received, the Planning Commission voted 4 to 1 to reject the proposal to expand the John Smith Road Landfill. On March 21, 2024, the San Benito County Board received a letter from Waste Connections indicating that Waste Connections would not file an appeal of the Planning Commission's decision against the landfill expansion and that they were withdrawing the application for expanding the JSRL. Information about the formerly proposed expansion of JSRL can be accessed by the following hyperlink below. Based on the withdrawal of the landfill expansion application, San Benito County representatives are now investigating various options to address their communities needs for recycling and disposal services.

<https://www.sanbenitocountyca.gov/departments/resource-management-agency/integrated-waste-management/jsl-landfill-expansion>

Discussion

Without a landfill expansion, San Benito County is obligated to pursue other options to fulfill its requirement to have defined at least 15 years of service capacity for its communities. San Benito County has expressed their interest in discussing their needs for recycling and disposal services with ReGen. San Benito County has several options to address their service needs. One option is to pursue their own plan for facility infrastructure development; either on their own or with a private 3rd-party developer(s). Another option would be to secure long-term contracts (>15 years) for each of their service needs. At this time, San Benito County representatives are exploring those options and are meeting with various parties including, but not limited to, ReGen Monterey.

Staff anticipates that the possible service needs to be discussed may include the following:

- Non-hazardous solid waste (aka Municipal Solid Waste) disposal services
- Processing of non-hazardous solid wastes for recovery of recyclable materials
- Processing of single stream recyclable materials in ReGen's Material Recovery Facility
- Processing of construction and demolition debris for recovery of materials
- Processing of yard debris and/or food scraps at the compost facility

Given San Benito County's interest, ReGen's General Manager is seeking Board authorization to have discussions of potential service needs with San Benito County. There are no commitments expressed nor implied to either party by having such discussions. The discussions are a possible prelude to negotiations for subsequent limited-capacity service contracts at a later date.

**Financial Impact**

The extent of the financial impact for this topic is anticipated to be limited to the staff time that is expended to conduct the discussions of potential service needs with representatives of San Benito County. The scope of the Board's authorization is limited to discussions only, thus there is no income nor revenue, and nominal expenses associated with the Board's authorization to the General Manager to discuss potential service needs of the San Benito County communities.

Strategic Plan

The San Benito County needs for recycling and disposal services are basically the same needs as for any other City or County. Recycling and disposal services are considered a basic public service need. For ReGen Monterey, it provides an opportunity to extend its existing available service capacity to 'do more to waste less' and to foster and inspire a zero waste culture in another community. An opportunity to share the use of ReGen's recycling and disposal facilities with more communities and broaden the customer support of these facilities and ReGen's services. Thus, lessening the proportional responsibility share for every customer including our Member Agency communities. Additionally, with the planned termination of the GreenWaste Recovery San Jose MRF residuals disposal contract by 2037, onboarding a long term disposal contract in advance of that date would align with sound business strategy to mitigate the large anticipated revenue loss associated with the end of the GreenWaste San Jose MRF residuals disposal contract. Approving the General Manager to have discussion with San Benito County representatives is the necessary first step to define those needs in detail before any negotiations and consensus agreements can subsequently be constructed.

Recommendation

That the Board authorize the General Manager to discuss the potential recycling and disposal services needs of San Benito County with their representatives.