



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

**AGENDA
Sustainability/Energy Committee
Tuesday, June 9, 2015
8:00 a.m.
Training Resource Center**

(Committee Members: Directors Katz {Chair}, Linney, and Young)

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

DETERMINATION AND DISCUSSION:

1. Food Waste Update (Horenstein)

ADJOURNMENT:

Disability Notice

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Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours.

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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: June 4, 2015

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Bennett K. Horenstein, Director of Wastewater *BH*

SUBJECT: Food Waste Update

SUMMARY

In pursuit of local sustainable organic feedstock for anaerobic digestion and renewable energy generation at the Main Wastewater Treatment Plant (MWWTP), the District has been seeking sources of commercial food waste for the past several years. An update on the District's food waste program was provided at the Sustainability/Energy Committee on May 26, 2015, and the attached memorandum was provided to the Board in advance of that Committee meeting. Due to time constraints, the presentation was not completed and will be continued at the June 9, 2015 Sustainability/Energy Committee meeting.

BKH:JTK

Attachment

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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2015

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Bennett K. Horenstein, Director of Wastewater *BKH*

SUBJECT: Food Waste Update

SUMMARY

In pursuit of local sustainable organic feedstock for anaerobic digestion and renewable energy generation at the Main Wastewater Treatment Plant (MWWTP), the District has been seeking sources of commercial food waste for the past several years. This memorandum provides an update on the District's efforts to secure the City of Oakland's (City) commercial food scraps, as well as to procure a service provider for food waste preprocessing on the MWWTP site. Staff will present more detailed information to the Sustainability/Energy Committee on May 26, 2015.

DISCUSSION

City of Oakland Commercial Food Scraps

The City awarded its Mixed Materials and Organics franchise to Waste Management (WM) in September 2014, and directed that WM contract with EBMUD for commercial organics processing. The prime agreement between WM and the City was signed on February 20, 2015, and WM and the District have been actively negotiating a subcontract.

The District and WM have reached agreement on key terms, and specific language in the subcontract is being finalized, subject to City staff approval. Approaches to key issues are summarized as follows:

- **Scope of Material:** The material to be processed by EBMUD consists of food scraps, which is a subset of commercial organics. The District will have the ability to review determinations of which commercial organic materials are delivered to the District for processing and which are deemed non-food scraps and are delivered to WM facilities.
- **Use of Alternate Facilities:** WM will assume responsibility for managing diversion of material to alternate facilities during the start-up period (from July 1, 2015 to the start of operation of EBMUD's pre-processing facility) and during periods of operational downtime. This alleviates risk to the District associated with securing use of alternate facilities.

- Disposal of Residuals: The District's operation will remove contamination from the material, some of which will need to be disposed of at a landfill. These residuals from Oakland food scraps will be delivered to WM's Altamont Landfill at the competitive gate rate established in WM's agreement with the City.
- Material Quality: If material delivered to the District from routes contains more than 10% contamination, WM must demonstrate that it is fulfilling its requirements to provide outreach and education to customers regarding source separation. The District may require WM to submit a remedial plan to address quality through outreach, and District staff may elect to supplement the outreach and education efforts. Any material pre-processed by WM must meet a quality specification that limits contamination to 5%, or WM will not receive the discounted price for preprocessing the material.

Food Waste Preprocessing and Program Expansion

On February 20, 2015, the District issued a Request for Proposals (RFP) for Food Scraps Preprocessing and Organics Program Development. Through this RFP, the District sought to procure a service-provider to provide food waste preprocessing services on the MWWTP site, with capacity to preprocess Oakland food scraps by July 1, 2016. Additionally, the District invited the companies, on an optional basis, to propose additional sources of food waste for the facility, and to propose additional added value services consistent with the District's objectives for the organics program.

The District received and evaluated two proposals and elected to negotiate with both companies for elements of their proposed scopes of services:

- Harvest Power: Staff is currently negotiating a contract with Harvest Power for organics management services, including pre-processing of Oakland food scraps, sourcing of additional feedstock, dewatering and management of food waste digestate, and conversion of biogas to compressed natural gas for transportation fuel. The parties are currently evaluating contract approaches that would allow for collaborative project financing and construction and equitable allocation of costs, benefits, and risks. One approach under consideration is for Harvest Power to take responsibility for designing, building, and operating new project facilities, with the District contributing a share of capital and operating dollars toward the infrastructure and operations of the facility. The parties would share in the revenue from energy and tip fees. In addition, both parties would benefit from a \$5m grant from the California Energy Commission that Harvest Power is working to transfer to this project.
- Recology: District staff is separately negotiating with Recology regarding a supply of organics sourced from San Francisco's municipal solid waste. Recology secured a \$3m

grant from CalRecycle to support purchase of advanced technology to extrude organics from the mixed material trash stream. The grant funds are contingent on digestion of the organics by EBMUD. Staff is also continuing to talk to Recology and San Francisco Department of Environment staff about delivering other sources of organics, including commercial source-separated material.

FISCAL IMPACT

As negotiations progress, staff is updating the financial model to ensure there is a net value to manage the risks and uncertainties, as well as to provide a rate offset to District customers. Details on the final financial analysis will be provided to the Board at a subsequent meeting.

NEXT STEPS

Staff is continuing to work with the City of Oakland and WM to finalize terms of the subcontract for District organics processing and will bring the proposed subcontract to the Board for consideration.

Staff is also negotiating with Harvest Power and Recology and will bring proposed contracts to the Board for consideration.

BKH:JTK

