



AGENCY: City Council
MEETING DATE: October 24, 2022
DEPARTMENT: Public Works
PRESENTED BY: Alfredo Huerta
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AGENDA ITEM SUMMARY

TITLE:
Receive Report and Consider Adoption of City Council Resolution Approving Amendment No. 2 to the Agreement Between the City of Fort Bragg and Cold Creek Compost, Inc. for Composting Services

ISSUE:
 Cold Creek Compost, Inc. (Cold Creek) is requesting an increase in its tipping fee from \$38.58 per ton to \$60.00 per ton to counter increased costs stemming from changes in laws and regulations, and changing market conditions. The City’s current contract with Cold Creek does not provide a mechanism for a price increase outside of annual adjustments for changes in the San Francisco-Oakland-San Jose CPI-U index.

Cold Creek provides an important local service and it is in Fort Bragg’s best interest that Cold Creek remain in business. The green carts, provided by Redwood Waste Solutions, Inc. (RWS) as part of our solid waste service, collect organic matter such as food and yard waste. That organic material is transported to the Cold Creek composting facility in Potter Valley, where it is recycled into premium soil and compost, which is resold.

The proposed amendment to the current contract, which expires December 31, 2022, would provide for a one-time adjustment in the tipping fee to \$60.00 per ton. Staff is recommending the increase in order to keep this local company viable and in operation.

ANALYSIS:
 The City’s current contract with Cold Creek designates Cold Creek as the service provider to process organic materials under the Franchise Agreement. Cold Creek invoices and is paid by RWS. However, ultimately, Fort Bragg residential and commercial customers pay for the service.

Although the increased price of \$60.00 per ton may be significant, they are still below the average market rate as shown in Table 1 below.

Table 1 – Tip Fee & Feedstock Comparison (provided by Cold Creek)

Company Information	Types of Feedstocks Received	Price Per Ton
City of Sacramento Organics Material Diversion Vendors	Food and green materials	<u>Agromin</u> \$77/ton – Green only \$97/ton – Green & food <u>Sacramento County</u> \$91.51/ton – Green only \$96.51/ton – Green & food <u>Yolo County</u> \$70/ton – Green only \$70/ton – Green & food

ReThink Waste Contract with Recology	Food, green, and wood materials	Jepson Prairie Organics, Vacaville, CA \$69/ton – Green only \$89/ton – Comm source separated organics \$83/ton – Mixed organics
Sonoma County: Zero Waste Sonoma	Food and green materials	<u>Napa Recycling</u> \$48.41/ton <u>Redwood Landfill</u> \$52.40/ton <u>C&S Waste Solutions</u> \$65.00/ton
<i>Cold Creek Compost Ukiah, CA</i>	<i>Agricultural, green, food, and wood materials</i>	\$60.00/ton

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a Resolution to approve Amendment No. 2 to the Agreement between the City of Fort Bragg and Cold Creek Compost, Inc.

ALTERNATIVE ACTION(S):

1. Take no action and continue under the current contract terms, which will keep the price per ton at \$38.58 plus the CPI-U adjustment as of January 1st.
2. Prepare a letter to Cold Creek Compost, Inc. negotiating a reduced increase in price per ton somewhere between \$38.58 and \$60.00.

Selection of either alternate action may result in termination of the contract with Cold Creek at the end of the contract term (December 2022) and require negotiations with another company.

FISCAL IMPACT:

The proposed increase from \$38.58 to \$60.00 per ton is a 55% increase in pricing. The waste diverted to Cold Creek is approximately 20% of all solid waste from Fort Bragg. Assuming the same disposal mix as the 2016 base year, the pass-through impact to Fort Bragg C&S Waste customers is approximately a 2.3% increase. Increased awareness and increased use of the green bin for organic material could reduce the cost of solid waste disposal in Fort Bragg in the future.

CONSISTENCY:

Diverting waste from the landfill and recycling it into high quality compost is consistent with SB1383 regulations, which went into effect at the beginning of 2022.

IMPLEMENTATION/TIMEFRAMES:

The proposed contract amendment would be effective November 1, 2022.

ATTACHMENTS:

1. Resolution
2. Proposed Amendment No. 2
3. Cold Creek Compost Contract
4. Approved Amendment No. 1
5. Rate Increase Letter

NOTIFICATION:

Martin Mileck, Cold Creek Compost
Bruce McCracken, Redwood Waste Solutions, Inc.
Michelle Goodman, Redwood Waste Solutions, Inc.