



AGENCY: City Council
MEETING DATE: January 28, 2019
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
EMAIL ADDRESS: tmiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Resolution Approving Amendment No. 1 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 \$27.36 per ton to \$36.00 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 Waste Management 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 does not expire until December 31, 2022, would provide for a one-time adjustment in the tipping fee to \$36.00 per ton. Staff is recommending the increase in order to keep this local company viable and in operation. The increase will have a small impact on the monthly Waste Management solid waste fees for Fort Bragg customers.

ANALYSIS:

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

Cold Creek's current price per ton for disposal of solid waste is far less costly than disposing of other trash and recycling materials. Under the City's Franchise Agreement with Waste Management, the current cost per ton of waste disposal is set forth below:

Cold Creek Compost	Solid Waste of Willits	Solid Waste of Willits
Yard and Food Waste	Mixed Recyclables	Solid Waste
\$27.36 per ton	\$60 per ton	\$76.76 per ton

Furthermore, the increased price of \$36.00 per ton is less than other composting facilities in California. Cold Creek is also only one of thirty (out of approximately 177) permitted facilities in

California that is allowed to take food waste.

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

Company Information	Types of Feedstocks Received	Price Per Ton
Solid Waste Systems Ukiah, CA	Green and wood materials only <u>NO</u> food materials, soiled paper, etc.	\$45.60/ton – Gate Fee
Quakenbush Mountain Clearlake, CA	Green and wood materials only <u>NO</u> food materials, soiled paper, etc.	\$37.75/ton – Gate Fee
Waste Management - Redwood Novato, CA	Green, food, and wood materials	\$46.50/ton – Recent contract rate for SCWMA
Recology - JPO Vacaville, CA	Green, food, and wood materials	\$65.93/ton – Recent contract rate for SCWMA
City of Napa Compost Facility Napa, CA	Green, food, and wood materials	\$49.00/ton – Recent contract rate for SCWMA
Wes Green Landscape Arcata, CA	Green and wood materials only <u>NO</u> food materials, soiled paper, etc.	\$55.00/ton – Gate Fee
<i>Cold Creek Compost Ukiah, CA</i>	<i>Agricultural, green, food, and wood materials</i>	<i>\$36.00/ton</i>

Waste that is delivered to Cold Creek is diverted from landfills and reduces the production of methane gas. In 2015 alone, more than 39 million tons of food waste was generated, with only 5.3% diverted from landfills and incinerators for composting. The Environmental Protection Agency (EPA) estimates that more food reaches landfills and incinerators than any other single material in our everyday trash, constituting 22 % of discarded municipal solid waste. When food goes to the landfill, it's similar to tying food in a plastic bag. The nutrients in the food never return to the soil. The wasted food rots and produces methane gas.¹

Waste that Cold Creek accepts and can be placed in the green Waste Management cart:

- Agricultural Waste: Including Manures, Packing Shed Waste, Culled Fruit, Spoiled Hay, Almond Hulls, Poultry Mortalities, etc.
- Brewery Waste: Including Spent Grains, Yeast, Waste Water, etc.
- Construction and Demolition Debris
- Food Waste: Including Dairy Products, Meat, Fish, Eggs, Residential Waste, Commercial Waste, Restaurant Waste, etc.
- Grease Trap Waste
- Green waste
- Olive Sludge
- Pond Sludge
- Winery Waste: Including Grape Pomace, Grape Stems, Diatomaceous Earth, etc.

¹ <https://www.epa.gov/sustainable-management-food/sustainable-management-food-basics>

- Wood Ash
- Wood Waste Including: Yard Waste, Trimmings, Stumps, Saw Mill Waste, etc.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a Resolution to approve Amendment No. 1 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 \$27.36 plus the CPI-U adjustment as of January 1st.
2. Provide an increase in price per ton somewhere between \$27.36 and \$36.00.

FISCAL IMPACT:

The proposed increase from \$27.36 to \$36.00 per ton is a 32% increase in pricing. The waste diverted to Cold Creek is approximately 20% of all solid waste from Fort Bragg and makes up 7.3% of Waste Management's expenses for service in Fort Bragg. Assuming the same disposal mix as the 2016 base year, the pass-through impact to Fort Bragg Waste Management 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 City Council Goal 3.0 – Establish Fort Bragg as a leader in sustainable practices.

IMPLEMENTATION/TIMEFRAMES:

The proposed contract amendment would be effective March 1, 2019.

ATTACHMENTS:

1. Resolution
2. Proposed Amendment No. 1
3. Cold Creek Compost Contract
4. Letter addressed to Tom Varga

NOTIFICATION:

Martin Mileck, Cold Creek Compost
 Kayla Rodriguez, Waste Management
 Stephen Shamblin, Waste Management