



AGENDA

Garden Grove Sanitary District
Board of Directors

Tuesday, December 10, 2019

6:30 PM

SPECIAL MEETING - Community
Meeting Center, 11300 Stanford Avenue,
Garden Grove, CA 92840

John R. O'Neill
President
George S. Brietigam
Vice President
Patrick Phat Bui
Member
Steven R. Jones
Member
Stephanie Klopfenstein
Member
Kim B. Nguyen
Member
Thu-Ha Nguyen
Member

Meeting Assistance: Any person requiring auxiliary aids and services, due to a disability, to address the Sanitary District should contact the City Clerk's Office 72 hours prior to the meeting to arrange for accommodations. Phone: 714) 741-5040.

Agenda Item Descriptions: Are intended to give a brief, general description of the item. The Sanitary District may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda.

Documents/Writings: Any revised or additional documents/writings related to an item on the agenda distributed to all or a majority of the Sanitary District Members within 72 hours of a meeting, are made available for public inspection at the same time (1) in the City Clerk's Office at 11222 Acacia Parkway, Garden Grove, CA 92840, during normal business hours; (2) on the City's website as an attachment to the Sanitary District meeting agenda; and (3) at the Council Chamber at the time of the meeting.

Public Comments: Members of the public desiring to address the Sanitary District are requested to complete a pink speaker card indicating their name and address, and identifying the subject matter they wish to address. This card should be given to the City Clerk prior to the start of the meeting. General comments are made during "Oral Communications", and should be limited to matters under consideration and/or what the Sanitary District has jurisdiction over. Persons wishing to address the Sanitary District regarding a Public Hearing matter will be called to the podium at the time the matter is being considered.

Manner of Addressing the Sanitary District: After being called by the President, you may approach the podium, it is requested that you state your name for the record, and proceed to address the Sanitary District. All remarks and questions should be addressed to the Sanitary District as a whole and not to individual Sanitary District Members or staff members. Any person making impertinent, slanderous, or profane remarks or who becomes boisterous while addressing the Sanitary District shall be called to order by the President. If such conduct continues, the President may order the person barred from addressing the Sanitary District any further during that meeting.

Time Limitation: Speakers must limit remarks for a total of (5) five minutes. When any group of

persons wishes to address the Sanitary District on the same subject matter, the President may request a spokesperson be chosen to represent the group, so as to avoid unnecessary repetition. At the Sanitary District's discretion, a limit on the total amount of time for public comments during Oral Communications and/or a further limit on the time allotted to each speaker during Oral Communications may be set.

PLEASE SILENCE YOUR CELL PHONES DURING THE MEETING.

AGENDA

Open Session

6:30 PM

ROLL CALL: MEMBER BUI, MEMBER JONES, MEMBER KLOPFENSTEIN, MEMBER K. NGUYEN, MEMBER T. NGUYEN, VICE PRESIDENT BRIETIGAM, PRESIDENT O'NEILL

1. ORAL COMMUNICATIONS (to be held simultaneously with other legislative bodies)
2. CONSENT ITEMS

(Consent Items will be acted on simultaneously with one motion unless separate discussion and/or action is requested by a Sanitary District Member.)

- 2.a. Approval of Amendment No. 5 to the Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for new green waste recycling processing rate to comply with State Law recycling mandates. (Joint action item with the Garden Grove City Council.)
3. MATTERS FROM THE PRESIDENT, BOARD MEMBERS AND GENERAL MANAGER
4. ADJOURNMENT

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: William E. Murray
Dept.: General Manager/City Manager Dept.: Public Works
Subject: Approval of Amendment No. 5 to the Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for new green waste recycling processing rate to comply with State Law recycling mandates. (Joint action item with the Garden Grove City Council.) Date: 12/10/2019

OBJECTIVE

To obtain approval by the Garden Grove Sanitary District (District) Board and the Garden Grove City Council of Amendment No. 5 to the agreement with Republic Services of Southern California, LLC, dba Garden Grove Disposal for a new residential green waste recycling processing rate as required by state law.

BACKGROUND

Currently, all green waste (yard waste, tree trimmings etc.) is transferred by Republic Services as landfill alternative daily cover (ADC) at the Orange County Landfill system. The Integrated Waste Management Act of 1989 AB 939, allowed jurisdictions to claim ADC as diversion. Assembly Bill (AB) 1594 (Chapter 719, Statutes of 2014) state law requires that as of January 1, 2020, the use of green material as ADC will no longer be considered diversion and will instead be considered disposal in terms of measuring a jurisdiction's annual fifty percent CalRecycle diversion requirement. This is an unfunded mandate. Jurisdictions are required to report to CalRecycle, the state agency that oversees recycling and solid waste, progress toward meeting the requirements of AB 1594. This new law was designed to require the recycling of green waste and help improve air quality by reducing greenhouse gas emissions that are produced in landfills when organic material such as green waste decomposes. Green waste can be recycled as compost or processed through anaerobic digestion. Republic Services proposes to process green waste through composting.

DISCUSSION

In August 2019, Republic Services provided a new green waste recycling residential rate for the City to review. These new rates factored in the tipping fee, transportation costs, transfer costs and contamination costs for this new green waste recycling process, as required by state law. To ensure the rates proposed by Republic Services to process the green waste were fair and reasonable, the City’s solid waste consultant, HF&H Consultants, provided a rate review and completed negotiations on behalf of the District. Based on their final review and negotiations, it resulted in a residential rate payer monthly adjustment of approximately \$2.71 per household, effective January 1, 2020. Therefore, Staff recommends the District Board approve the rate adjustment and amendment for the green waste processing that is required in order for the City to remain in compliance with the State's recycling mandates, including AB 1594.

FINANCIAL IMPACT

There is no impact to the City's General Fund. This new state law is an unfunded mandate.

RECOMMENDATION

It is recommended that the Sanitary District Board:

- Approve Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
- Authorize the General Manager to execute the amendment on behalf of the Sanitary District, and make minor modifications as appropriate thereto.

It is recommended that the City Council:

- Approve Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
-
- Authorize the City Manager to execute the amendment on behalf of the City, and make minor modifications as appropriate thereto.

By: A.J. Holmon III, Streets/Environmental Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Amendment to Agreement	12/3/2019	Agreement	12-10-19_Republic_Svcs_Amendment_No._5_revised.pdf

**AMENDMENT NO. 5
TO AGREEMENT AMONG CITY OF GARDEN GROVE, GARDEN GROVE SANITARY
DISTRICT AND REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
dba GARDEN GROVE DISPOSAL
FOR SOLID WASTE HANDLING SERVICES
(RESIDENTIAL AND COMMERCIAL GREEN WASTE PROCESSING)**

This Amendment No. 5 (“Amendment”) to the Agreement for Solid Waste Handling Services is entered into to be effective as of the ____ day of _____, 2019, by and among the CITY OF GARDEN GROVE, a municipal corporation, the GARDEN GROVE SANITARY DISTRICT, a subsidiary special district formed and existing pursuant to the Sanitary District Act of 1923, California Health and Safety Code Section 6400 et seq., and REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC (“Republic”), a Delaware Limited Liability Company dba GARDEN GROVE DISPOSAL. The City and District are hereby collectively referred to as “City.” The City, District and Republic are hereby collectively referred to as the “Parties.”

R E C I T A L S:

A. Effective July 1, 2010, the Parties hereto entered into the Agreement Between City of Garden Grove, Garden Grove Sanitary District and Republic Services of Southern California, LLC dba Garden Grove Disposal for Solid Waste Handling Services (“Agreement”).

B. Pursuant to Section 8.3.4 of the Agreement, Republic is required to design and present a program to the City to comply with any new requirement imposed upon the City or Republic by CalRecycle, or any Federal, State or Local law or regulation, and the Parties are required to meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth in the Agreement for the implementation of any new program for the collection and processing of any waste material not already covered under the Agreement.

C. In 2014, Governor Brown signed Assembly Bill (AB) 1594 (Williams, Chapter 719, Statutes of 2014), mandating that as of January 1, 2020, the use of green material as alternative daily cover (ADC) at landfills will no longer constitute diversion through recycling and will instead be considered disposal in terms of measuring a jurisdiction’s annual 50 percent per capita disposal rate.

D. Currently, Republic Services delivers green waste collected from the City’s customers to the Orange County Landfill System for use as ADC. The Orange County Landfill System has historically accepted the green waste for use as ADC at no charge to customers. Consequently, the City has determined that with the pending ban on diversion credit for ADC, as outlined in AB 1594, and the negative impact this will have on the City’s state-calculated diversion rate, an alternative final disposition for the City’s green waste is necessary. Final disposition of the green waste will occur at the Agromin composting facility, co-owned by Republic, located in the City of Chino, subsequent to pre-processing of the material at Republic’s CVT Regional Materials Recovery Facility located in the City of Anaheim. The City retains the right, if so desired, under Section 26.1 of the Agreement, Flow Control Option, to have the absolute ability to choose the location for the delivery of green waste, and that the rate paid by the ratepayer will be reduced or increased accordingly if the transportation and processing costs of using such facility are lower or higher than the costs of using the Agromin facility.

F. An amendment to the rate structure of the Agreement is required to incorporate the incremental green waste processing and transportation costs incurred by Republic.

G. The amendment will necessitate a one-time mid-year rate adjustment on January 1, 2020, of \$2.71 per household per month to the service component of the basic residential rate, as shown in Attachment 1 "Detailed Calculations Related to AB 1594 Diversion Compliant Processing" of this amendment including the Franchise Fee per Section 11.3. The amount is based on the calculations as shown in Attachment 1 with the new green waste transportation and processing cost per ton fee of \$82.41 per ton less the current cost per ton of \$37.30 to transfer, process, and dispose of the green waste as ADC. The total cost of \$82.41 per ton includes \$50.50 per ton for composting at the Agromin Facility in the City of Chino.

H. Republic warrants that the proposed tip fee per ton of \$50.50 at the Agromin Facility is the actual cost paid to Agromin upon delivery of green waste materials. Republic warrants that the total cost of \$82.41 per ton is equal to or lower than the amount paid for residential organics processing by any other cities served by the Republic's Anaheim Division. Republic will notify the City in connection with its regular annual rate adjustment effective July 1 of each year if a lower cost option becomes available, or if a lower cost is provided to another jurisdiction served by Republic's Anaheim Division in order to initiate a cost reduction to the City's customers.

I. Pursuant to Recital E of the Agreement, incorporated into the Agreement by reference per Section 1 thereto, the Parties intend that Republic, and not the City, shall be solely responsible for establishing and collecting all charges for Solid Waste Handling Services provided by Republic pursuant to the Agreement.

C O V E N A N T S:

NOW, THEREFORE, for and in consideration of the terms and conditions of this Amendment, the Parties hereby agree as follows:

SECTION 1. The basic residential rate in the "approved Republic Rate Schedule" in Exhibit A of the Agreement is amended and set to \$26.18 commencing January 1, 2020 per Attachment 1 hereto, "Detailed Calculations for AB 1594 Diversion Compliant Processing" which is incorporated herein by reference.

SECTION 2. Except as expressly set forth herein, nothing in this Amendment shall affect or modify any other of the provisions of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

CITY OF GARDEN GROVE

By: _____
Scott C. Stiles, City Manager

APPROVED AS TO FORM:

ATTEST:

City Attorney

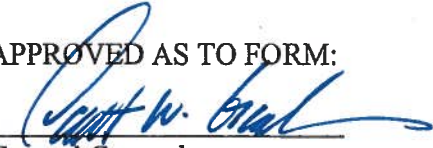
City Clerk

GARDEN GROVE SANITARY DISTRICT

By: _____
Scott C. Stiles, General Manager

APPROVED AS TO FORM:

ATTEST:

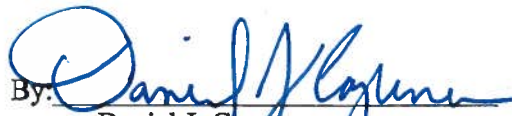


General Counsel



Secretary

**REPUBLIC WASTE SERVICES OF
SOUTHERN CALIFORNIA, LLC dba
GARDEN GROVE DISPOSAL**

By: 

Daniel J. Capener
General Manager

CITY OF GARDEN GROVE
Detailed Calculations for AB 1594 Diversion Compliant Processing

Row	Metric	Rate Buildup for AB 1594 Compliant Program	COMMENTS
1	Total Transfer Cost/Ton	\$ 14.19	From Republic provided Eggleton Quote dated August 29, 2019 for \$14.30 cost per ton to transport allocated to tonnage at 99.2% for \$14.19 per ton.
2	Disposal Cost/Ton to Agromin	\$ 50.50	Tip fee at Agromin.
3	Percentage of each ton to Agromin	99.2%	Upon removal of contamination at the CVT Facility.
4	Total Disposal Cost/Ton	\$ 50.10	Calculation: R2 X R3
5	CVT Processing Cost/Ton (Cleaning/Loading)	\$ 14.84	Verified during HF&H site visit to CVT September 6, 2019.
6	Cost/Ton for Municipal Solid Waste at OC Landfill	\$ 42.58	July 1, 2019 rate per ton to take contamination to OC Landfill at \$35.05 per ton plus \$7.53 per ton for transportation.
7	Percentage of each ton to Landfill	0.8%	Contamination that was removed at the CVT Facility during pre-processing.
8	Residue Cost/Ton	\$ 0.34	Calculation: R6 X R7
9	Subtotal of Cost per Ton Net Disposal Cost	\$ 29.37	Calculation: Sum R1, R5, R8
10	Margin	10%	Margin per Republic's September 4, 2019 submittal.
11	Total Margin Cost per Ton	\$ 2.94	Calculation: R9 X R10
12	Total Cost per Ton to Compost⁽¹⁾	\$ 82.41	Calculation: Sum R1, R4, R5, R8, R11
13	Approximate Annual Green Waste Tons	20,915	Per Republic August 27, 2019 email
14	Percentage to be sent for Composting	100%	Percentage of green waste tons that will be sent for composting.
15	Tons to be Composted	\$ 20,915	Per Republic's August 27, 2019 email.
16	Total Annual Cost for Green Waste Composting	\$ 1,723,535	Calculation: R12 X R15
17	Current Cost Per Ton for Green Waste as ADC ⁽¹⁾	\$ 37.30	Based on City of Anaheim's cost per ton.
18	Tons to be Composted	20,915	From R15
19	Current Cost for Green Waste as ADC	\$ 780,130	Calculation: R17 X R18
20	Annual Incremental Cost to Compost	\$ 943,405	Calculation: R16 - R19
21	Total Residential Single Family Premises	31,143	Based on Republic's 9/4/2019 email.
22	Total Annual Cost to Single Family Premises	\$ 30.29	Calculation: R20 ÷ R21
23	Months per Year	12	
24	Monthly Cost to Single Family Premises	\$ 2.52	Calculation: R22 ÷ R23
25	Franchise Fee Percentage	7.25%	Per Section 1.1.3 of the Franchise Agreement
26	Monthly Cost With Franchise Fee	\$ 2.71	Calculation: R24 X (1+R25)
27	Service Fee Rate Component	\$ 19.27	Per Republic's July 1, 2019 Rate Adjustment Calculations
28	New Service Fee Component	\$ 21.98	Calculation: R26 + R27
29	Landfill Passthrough Rate Component	\$ 4.20	Per Republic's July 1, 2019 Rate Adjustment Calculations
30	New Basic Residential Rate	\$ 26.18	Calculation: R28 + R29

⁽¹⁾ Excludes host city facility fee per ton, which would not impact the net incremental cost as it would be part of both current and proposed costs.