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DEPARTMENT OF
PUBLIC WORKS

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CALIFORNIA

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June 19, 1991

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City Council
Sacramento, California

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Honorable Members in Session:

SUBJECT: REPORT BACK -- FULL SCALE CITY YARD WASTE COMPOSTING PROGRAM

SUMMARY

This report responds to questions of several members of the City Council on the matter of a full-scale, City yard waste composting program. The possible design of a program is reviewed, a fiscal analysis is provided, and various policy issues on the matter are discussed.

BACKGROUND

The City of Sacramento has operated a composting program since 1976. City staff has also had a consultant conduct studies and review its composting methods and production costs. The results of these studies have been presented to Council committees on several occasions, the last report was submitted to joint Budget and Finance/Transportation and Community Development Committee on March 13, 1990.

The City currently collects approximately 70,000 tons of vegetal material per year through its garden refuse collection program. The City's current composting operation is conducted at the 28th Street landfill on approximately 15 acres of land. The program will compost approximately 8,000 tons of materials this current fiscal year.

On May 14, 1991, the City Council authorized a MRF agreement policy, which included vendors' proposals for composting City garden refuse. During the June 5, 1991, Council hearing on the proposed operating budget, members of the City Council requested information on the feasibility and cost of implementing a full-scale, Citywide composting program in FY 1991/92.

Based on the experience and practices of other cities and private companies, including the town of Islip, New York, and the company of Cedar Grove, which does composting for Seattle, Washington, staff believes that 40 acres is needed to provide a true, full-scale composting program for the City of Sacramento. A composting operation requires area for off-road vehicle queuing, buffer from neighboring facilities and vehicle turnaround space. At present, the land area available for this operation at the 28th Street landfill is about 15 acres. Roughly 40% of the City's vegetal materials could be process at this location.

Ultimately, to comply with the mandates of AB 939, the City must compost all of its separately collected garden refuse. However, the implementation of full-scale composting is of such economic magnitude that it is prudent to initiate the program only after all possible cost information is available. Three private vendors may submit their compost program costs to the City on August 2, 1991. A selection committee evaluation of these costs will be completed and submitted to the Council in late September or early October of 1991, after which a City negotiation team can establish definitive comparison costs of the various composting proposals versus the proposed cost of City-operated composting. Thus, a full-scale composting decision choice made in FY 1992/93 could still be implemented to comply with 1995 mandates of AB 939.

FINANCIAL

Exhibit A provides a summary of the costs associated with the implementation of a full-scale, yard waste, composting program. It is assumed that the program would begin on January 1, 1991. Consequently, the FY 1991/92 augmentation represents roughly half the cost of a full year program. The FY 1991/92 costs include labor costs for two Maintenance Worker FTE (one at senior level) at six months each. The FY 1992/93 augmentation includes an increase for the additional six months for these positions, plus a year of one additional Maintenance Worker FTE. The net cost of the program in FY 1991/92 would be \$371,500. This amounts to a \$0.31 per month or 2.2% increase for the typical ratepayer. Additional FY 1992/93 annual program costs are estimated to be \$470,400 or \$0.39 per month for a total program cost of \$860,500 or \$0.86 per month. These figures assume no costs for land acquisition. Because the 28th Street location would be temporary (three to four years), another location will eventually be needed. A 40-acre site would cost approximately \$5.2 million. There are a number of ways to finance this cost, which would result in an additional increase to ratepayers from \$0.15 to \$0.25 per month.

MBE/WBE

This report is for information only and has no MBE/WBE impact.

POLICY CONSIDERATIONS

Should the City Council expand the City compost program prior to receiving competitive proposals from the three private vendors to provide composting services?

Should the Council invest in a capital project at a temporary (three to four years) and limited site of our current landfill?

Should the Council request staff to initiate composting site search and perform a CEQA review of composting before receiving MRF/composting proposals from the three private vendors?

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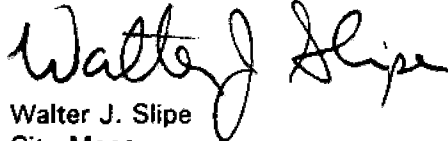
RECOMMENDATION

This report is for information only.

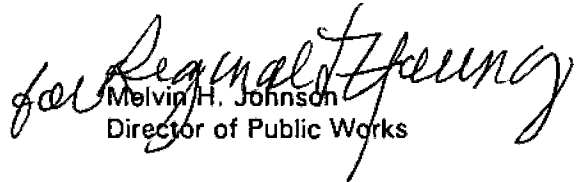
Respectfully submitted,


Reginald Young
Deputy Director of Public Works

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June 19, 1991
All Districts

Full Scale Yard Waste Composting

Fiscal Impact Analysis (in \$000)

	FY 91-92*		FY 92-93	
	Added Costs	Total Cost	Added Costs	Total Cost**
EXPENSES				
Labor	35	35	71	107
	2 FTE		1 FTE	
Services & Supplies	252	252	291	555
Capital (cash)	153	153	161	321
Debt Service	170	170	179	357
Contingencies	61	61	70	134
Total Expenses	\$670	\$670	\$771	\$1,475
REVENUES				
Sale of Material	50	50	52.5	105
Avoided Cost	248.5	248.5	248.5	509
- Gdn Refuse Tipping Fees				
Total Revenues	\$299	\$299	\$301	\$614
NET COST	\$371.5	\$371.5	\$470.4	\$860.5
RATE INCREASE (\$)	\$0.31		\$0.39	
	2.2%			
PROGRAM COST / RATE PAYER (\$)		\$0.31		\$0.86

* Program begins 1/1/92. Six month program in FY90-91 leaves partial augmentation to FY 1991-92.

** Includes adjustments for inflation to FY 90-91 costs.

13-Jun-91

ASSUMPTIONS

- > No provision for cost of land if new location
- > Program to start 1/1/92 - given sole source authority
- > With 1/1/92 start, FY 91-92 includes only 6 months of annual program cost