

SOUTH SAN FRANCISCO
SCAVENGER
— COMPANY, INC. —

March 2, 2023

South San Francisco / San Bruno Water Quality Control Plant
195 Belle Air Rd
South San Francisco, CA 94080

RE: Request for Proposal – South San Francisco Sludge Hauling

Dear Mr. Schumacker,

We are pleased to submit for your review and consideration our proposal for the redirection of biosolids (sewage sludge) from landfilling to an SB 1383 compliant recycling/composting facility.

Background

SB 1383, signed into law in September 2016, requires a 40% reduction in methane emissions in California by 2030 below the levels emitted in 2013. To achieve the methane emission reductions, the legislation requires a 75% diversion of organics (including biosolids) from landfills by 2025, using 2014 levels as the baseline.

Pursuant to 14 CCR §18982(a)(46) biosolids are now included in the definition of “organic waste”. Biosolids which are anaerobically digested and/or composted and land applied constitute a reduction in landfill disposal; 14 CCR §18983.1(b)(6)(B). All other biosolids treated or managed in alternative ways other than anaerobic digestion and/or composting, including aerobic digestion (unless subsequently composted and land applied), incineration, pyrolysis, surface disposal, etc., is considered landfill disposal; 14 CCR §18983.1(a)(3).

Currently, biosolids from the City of South San Francisco are transported to Potrero Hills Landfill in Suisun City, California and used as Alternative Daily Cover (ADC), (refer to 27 CCR §20690). Pursuant to 14 CCR §18983.1(a)(2) ADC is deemed to constitute landfill disposal, where prior to the enactment of SB 1383 it was not. This means that the current disposal strategy no longer qualifies for diversion/recycling credit for the city.

In 2021 South San Francisco Scavenger, Inc. transported 7,982 tons of biosolids to Potrero Hills Landfill. Also, during the same year, the total landfilled solid waste was approximately 35,400 tons. Under the new law and current disposal strategy, this would mean that the nearly 8 thousand tons of biosolids would increase total landfilled material, and equally reduce diverted material, representing approximately a 23% increase in total landfilled material. It should be noted that total tonnage has trended upward. In 2022 there was 10,800 tons transported, and in earlier years almost 14,000 tons were transported.

If left unchanged this will have a significant negative impact on the diversion goals of the state and the city.

Scope

We propose the discontinuance of the transportation of biosolids to Potrero Hills Landfill for use as ADC, and to route the material to a qualified compost facility where full diversion/recycling credit will be earned, and the distribution of finished product will help the city to reach SB 1383’s procurement target.

Hauling Analysis

There are two viable compost facilities that can process the material and provide for full compliance under the new law, Synagro Technologies and Lystek International. After an in-depth analysis of the two, we believe that Lystek is the better option.

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Lystek's facility is approximately 65 miles from South San Francisco, about the same distance as Potrero Hills. Synagro's facilities are significantly farther, ranging from 120 to 210 miles away. This increased distance would greatly impact the cost of each haul— both in dollars and in carbon footprint, and have a much greater impact to operations for both the hauler and the treatment plant.

Another consideration is that Lystek's facility is open 24 hours a day, whereas Synagro's facilities open at 6am and close at 5pm. Synagro's distance combined with its limited hours provides a very small window during which loads must leave the treatment plant. They also provide little cushion for handling unpredictable challenges caused by road closures, trucking breakdowns, traffic, and weather. A decision to haul to Synagro would therefore require an investment in additional trucks and/or trailers to meet the demands of the longer haul and time constraints.

Additionally, Lystek's facility has an indoor/enclosed receiving area. This is not the case for Synagro's locations where inclement weather can cause significant tipping delays.

Lystek clearly provides a solution that will better fit the needs of both hauler and treatment plant. Aside from the increase in price, the transition from hauling material to Lystek versus the Potrero Hills Landfill will be seamless and in-fact provide for greater flexibility due to accepting material 24 hours a day.

Pricing and Terms

To accommodate this proposed change, the rate per ton will need to be as follows:

Current Rate	\$66.57 per ton
Now – Jun 30, 2023	\$136 per ton (full compliance)
Jul 1 – Dec 31, 2023	\$144 per ton (full compliance)
Jan 1 – Jun 30, 2024	\$154 per ton (full compliance)
Jun 30 – Dec 30, 2024	\$166 per ton (full compliance)

The cost of full compliance for 2023, is from \$136 to \$144 per ton; with all material hauled to an SB 1383 compliant compost facility. However, because compliance is not mandatory for 2023, we suggest a two-step increase for 2023, hauling approximately 40% of the material to the compost facility and 60% to Potrero Landfill until the end of June of 2023. Beginning July 1 through the end of the calendar year 2023, we suggest hauling 75% of the material to the compost facility and 25% to landfill, then beginning January 1st of 2024 hauling all material to the compost facility for full compliance. The rate per ton will need to be as follows to accommodate the proposed two-step increase for 2023:

Now – Jun 30, 2023	\$100 per ton (40% compliance)
Jul 1 – Dec 31, 2023	\$120 per ton (75% compliance)
Jan 1 – Jun 30, 2024	\$154 per ton (full compliance)
Jun 30 – Dec 30, 2024	\$166 per ton (full compliance)

The increase in cost per ton is due primarily to the gate rate at Lystek, which is almost 5 times greater than that of Potrero Hills Landfill. The higher rate covers the costs of recycling/composting which are now required. It also assures that finished product is distributed, used, and tracked in a manner that allows the city to use it toward SB 1383's procurement requirement.

Beginning on January 1st 2025, annual rate increases will be calculated using the change in the Consumer Price Index for All Urban Consumers (CPI-U), San Francisco-Oakland-Hayward (1982-84=100), as published by the U.S. Department of Labor, Bureau of Labor Statistics for the prior twelve (12) months. Any annual price increase shall be limited to a minimum of 2.5% and a maximum of 6%.

Option to Continue

It should be noted that we could continue to dispose of the biosolids at Potrero Hills Landfill and keep the rate structure as it currently is. This would mean that the associated tonnage would no longer count as diversion credit, there would be no finished product helping the city to reach its procurement requirement, and the city would not comply with SB 1383. This is not our recommended plan.

Conclusion

Thank you for the opportunity to submit this proposal. Please let us know if you have any questions or require more information. We look forward to working with you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Doug Button', written over a horizontal line.

Doug Button

3/2/2023