



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 4, 2023

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION AUTHORIZING A GRANT APPLICATION FOR FUNDING FROM THE CALIFORNIA DEPARTMENT OF RECYCLING RESOURCES AND RECOVERY (CALRECYCLE) FOR THE 7TH CYCLE (ORG7) ORGANICS GRANT PROGRAM FISCAL YEARS 2021/22 & 2022/23 IN AN AMOUNT UP TO \$13 MILLION

ISSUE:

Adoption of a Resolution authorizing a grant application and authorizing the City Manager as signature authority for a California Department of Recycling Resources and Recovery (CalRecycle) for the 7th Cycle (ORG7) Fiscal Years (FYs) 2021/22 & 2022/23 Organics Grant Program funding, in an amount up to \$13 million.

RECOMMENDATION:

That the City Council:

Adopt a Resolution authorizing a grant application to CalRecycle for the 7th Cycle (ORG7) FYs 2021/22 & 2022/23 Organics Grant Program in an amount up to \$13 million, and to authorize the City Manager, or designee, to execute necessary documents in furtherance of the grant application.

BACKGROUND:

Public Resources Code sections 48000 et seq. authorize the California Department of Resources Recycling and Recovery (CalRecycle) to administer various grant programs in furtherance of the State of California's efforts to reduce, recycle and reuse solid waste generated in the state thereby preserving landfill capacity and protecting public health and safety and the environment.

CalRecycle offers the competitive Organics Grant Program to further the purposes of the California Global Warming Solutions Act (AB 32) and lower overall greenhouse gas emissions by expanding existing capacity or establishing new facilities in California to reduce organic materials sent to landfills.

As it pertains to CalRecycle, SB 1383 establishes targets to achieve a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75% reduction by 2025. The law grants CalRecycle authority to achieve reduction targets while also establishing an additional target that by 2025 not less than 20% of currently disposed edible food is recovered.

The Public Works Department, Wastewater Division, operates the Regional Water Quality Control Plant (RWQCP) and manages the Sewer Enterprise Fund. In August 2020, City Council approved the Public Works Renewable Resources Management Plan to respond to regulatory demands, pursue efficiencies, and address climate change and sustainability initiatives. The Division has since worked to initiate projects to improve community well-being, foster environmental stewardship, create economic opportunity, enhance infrastructure to advance Renewable Resources Management and enact the *Envision Riverside 2025* Strategic Plan.

In support of its goals and the City Solid Waste Division's compliance with food waste regulations, the RWQCP has pursued grant opportunities for projects which facilitate diversion of food wastes to the RWQCP. Such projects benefit the RWQCP by creating biogas from the digestion of food waste. Biogas can be used to produce renewable energy such as natural gas. In March 2022, the City, in partnership with Burrtec Industries, was awarded a \$3 million grant from CalRecycle to rehabilitate RWQCP's digester No. 5 to receive and process food waste.

In April 2022, the City pre-qualified (RFQ 2144) two potential public-private partners (P3's) to design, build, own, operate, and finance upgrades at the RWQCP for biogas and digestate management upgrading facilities. Proposals were requested from both pre-qualified P3 entities in January 2023, under RFP 2222.

On February 24, 2023, RWQCP staff were notified of the selection of the highest ranked proposer and given authorization to begin negotiations toward a public-private partnership.

DISCUSSION:

- For the benefit of City of Riverside customers, the P3 intends to:
- Establish a partner to design, build, own, operate, and finance upgrades at the Riverside Regional Water Quality Control Plant (RWQCP) for biogas and digestate management upgrading facilities;
- Enhance biogas conditioning and quality upgrading to allow for pipeline injection;
- Retrofit digesters No. 1-4 with high-solids submersible mixers;
- Receive and co-digest of up to 800 tons per day (tpd) of food waste; and
- Manage up to 300 tpd of digestate, including food waste digestate.

Among other benefits, these efforts and improvements will help stabilize sewer rates, create local and regional solutions for SB 1383 waste reduction compliance, and maximize the beneficial reuse of biogas generated from the wastewater treatment process.

The current Organics Grant Program, Cycle 7 opportunity has \$154,960,671 available for eligible projects. The deadline to apply is April 20, 2023. In reviewing proposals received in response to RFP 2222, staff identified project elements likely eligible for up to \$13 million in Organics Grant Program funding.

Although the deadline is fast approaching, considering how well the potential P3 project aligns to the opportunity and the significant funds available, staff felt it warranted to invest all available efforts to meet the submittal deadline and assemble a quality application.

If the grant application is successful, the final project will likely include design and construction of the following:

- Biogas conditioning, upgrading, and metering equipment including interconnection pipeline;
- Upgraded mixers for facility anaerobic digesters;
- Food waste receiving facilities;
- Associated Air Pollution Control Equipment; and
- Biosolids building rehabilitation including dewatering, drying, and handling equipment.

The installation of these equipment units and processes will recover resources and marketable end products from organic waste streams including biosolids and food wastes. Final project components would be shared by the City and its P3 partner.

CalRecycle grant application procedures require an applicant's governing body to declare, by Resolution, authorization to submit a grant application and the identification and empowerment of a designee related to the administration of CalRecycle grants.

STRATEGIC PLAN ALIGNMENT:

This item supports **Strategic Priority 4 – Environmental Stewardship** and **Goal 4.6 – Implement requisite measures to achieve citywide carbon neutrality no later than 2040.** **Strategic Priority 5 – High Performing Government** and **Goal 5.2 – Utilize technology, data, and process improvement strategies to increase efficiencies, guide decisions and ensure services are accessible and distributed equitably citywide.** **Strategic Priority 6 – Infrastructure, Mobility, and Connectivity** and **Goal 6.3 – Identify and pursue funding opportunities to develop, operate, maintain, and renew infrastructure and programs that meet the community's needs.**

This item aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – Management and capitalization of the City's waste streams benefits all City residents, businesses, and visitors by helping to improve environmental quality, stabilize rates, and leverage previous investments in infrastructure.
2. **Equity** – Approval of this action (and subsequent grant award) will benefit all who live in or travel through the City.
3. **Fiscal Responsibility** – Maximizing the benefit of City infrastructure supports Public Works' efforts to minimize inefficiencies, maximize reliability, and stabilize rates.
4. **Innovation** – Public Works' Wastewater Division is focused on implementing the newest technologies to maximize sustainability efforts and lead on resource recovery.
5. **Sustainability & Resiliency** – The City's Regional Water Quality Control Plant has a wealth of opportunity to be a regional leader in leveraging and expanding its existing infrastructure to meet the needs of the present and positioning the City of Riverside to be at the forefront of resource recovery and beneficial reuse efforts nationally.

FISCAL IMPACT:

If a grant is awarded, the total estimated fiscal impact is approximately \$13 million to the CalRecycle 7th Cycle (ORG7) FYs 2021/22 & 2022/23 Organics Grant Program. There are no matching funds required. If successful, the Public Works Department will return to City Council to accept and appropriate the grant award, establish project accounts, and discuss the specific project funded by the award.

Prepared by: Gilbert Hernandez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:
1. Resolution
2. Presentation