



# COUNCIL REPORT

**DATE:** June 11, 2024

**CATEGORY:** Consent

**DEPT.:** Public Works

**TITLE:** **CalRecycle Grant Funding and Santa Clara County Food Recovery Program—Various Actions**

## **RECOMMENDATION**

1. Authorize the City Manager or designee to accept a one-time Senate Bill 1383 program grant in the amount of \$224,560 from the California Department of Resources Recycling and Recovery (CalRecycle).
2. Appropriate \$224,560 from the CalRecycle grant to the Public Works operating expenditure budget for Senate Bill 1383 program activities. (Five votes required)
3. Authorize the City Manager or designee to execute a Memorandum of Understanding (MOU) with local public agencies in Santa Clara County for Food Recovery Program costs, which constitutes a binding and enforceable mechanism to effectuate Senate Bill 1383 as mandated by the California Code of Regulations Title 14, Division 7, Chapter 12, Section 18981.2 and Mountain View City Code Chapter 16, Article VI.

## **BACKGROUND**

In 2016, California adopted into law Senate Bill 1383 (SB 1383) to reduce methane emissions and other short-lived climate pollutants produced from organic or compostable materials in landfills. To support this, the regulations include provisions to be met by 2025 to reduce the amount of organic materials sent to landfills by 75% and recover at least 20% of edible food that would otherwise be sent to landfills, and redistribute it to feed people in need.

On [December 14, 2021](#), Council adopted an ordinance and added City Code Chapter 16, Article VI, Mandatory Organic Waste Disposal Reduction, including Division 2, Edible Food Recovery, to implement the California Department of Resources Recycling and Recovery (CalRecycle) regulations.

## CalRecycle SB 1383 Grant Funding

CalRecycle’s SB 1383 Local Assistance Grant Program provides noncompetitive funding to help jurisdictions with the implementation of these regulatory requirements. During the first grant cycle for Fiscal Year 2021-22, CalRecycle awarded the City \$117,739 to fund three separate initiatives. On [June 13, 2023](#), Council authorized acceptance of this one-time payment and appropriation of the grant funds to the Public Works operating expenditure budget to fund SB 1383 activities.

## Food Recovery Program Memorandum of Understanding

To meet SB 1383 requirements, the City may delegate its authority for certain regulatory provisions. Since food recovery services cross jurisdictional boundaries, and to take advantage of economies of scale, in 2021, the City partnered with the County of Santa Clara (County) and other jurisdictions within the County to develop and implement a Countywide Food Recovery Program. This was performed through the County Recycling and Waste Reduction Commission’s (RWRC) Technical Advisory Committee (TAC). The TAC is comprised of representatives from the 15 jurisdictions in the County, the County, and other solid waste industry experts. The TAC hired Joint Venture Silicon Valley (JVSV) to run the Food Recovery Program and assist with compliance requirements for the following two tiers of commercial edible food generators:

- Tier One—Grocery stores (over 10,000 square feet), supermarkets, wholesale food vendors, and food distributors (17 Tier One businesses identified in the City).
- Tier Two—Restaurants (over 5,000 square feet), hotels (with 200 or more rooms and on-site food facilities), health facilities (with at least 100 beds and on-site food facilities), large venues or events, and education agencies with on-site food facilities (114 Tier Two businesses identified in the City).

JVSV provides the following services:

- Provides outreach and technical assistance to Tier One and Tier Two food generators;
- Maintains a compliance website;
- Conducts inspections and refers noncompliant generators to the cities for enforcement;  
and
- Gathers the required data for jurisdictions to report back to CalRecycle.

Initially, the TAC funded the Food Recovery Program using the Solid Waste Planning Fee (SWPF) of \$0.78 per ton of waste sent to landfills. However, the efforts to reduce organics in landfills driven by SB 1383 are slowly reducing disposal tonnage, resulting in declining SWPF revenue. The combination of additional recovered edible food from generators, reduced disposal tonnage, and the decline in SWPF revenues necessitated a new source of funding.

In 2023, the TAC developed a Memorandum of Understanding (MOU) to fund the Food Recovery Program for one fiscal year (Fiscal Year 2023-24), specifying that the 15 Santa Clara County jurisdictions pay for their share of the program. The City paid \$20,831 of the program cost using CalRecycle SB 1383 grant funding. The grant funds covered the program's base expenditures and infrastructure enhancements, such as grants to food recovery organizations to increase their operational capacity and food waste prevention courses with tips and best practices tailored for specific sectors.

To confirm the MOU is the appropriate approach going forward, the TAC hired a consultant to evaluate multiple long-term funding mechanisms and organizational structure options within the County. The consultant determined that the existing funding mechanism and organizational structure under an MOU was the most cost-effective and efficient infrastructure for participating jurisdictions to jointly administer and fund the program. The TAC also determined that an MOU continues to be the most appropriate governance document to memorialize the terms of each jurisdiction's commitments.

## **ANALYSIS**

### **CalRecycle SB 1383 Grant Funding**

In fall 2023, the City applied for \$156,220 from the CalRecycle SB 1383 Local Assistance Grant Program and in February 2024 was awarded and provided a larger grant amount of \$224,560. The three initiatives for use of grant funds include:

- Food Recovery Program costs in Fiscal Years 2024-25 and 2025-26;
- Food Recovery Program enhancements in Fiscal Year 2024-25; and
- Compost procurement to meet the City's SB 1383 organic waste product procurement target in 2024 and 2025.

Staff will use the additional funds of \$68,340 to fund the Food Recovery Program enhancements in Fiscal Year 2025-26 and to further support reaching the City's SB 1383 organic waste product procurement target of 6,625 tons per year. Staff recommends Council accept the grant funds as

a one-time payment and appropriate the funds to the Public Works operating expenditure budget.

### Food Recovery Program Memorandum of Understanding

The existing MOU with the County and the 15 partner agencies to manage the Food Recovery Program will expire on June 30, 2024. The Contracting Agent, TAC Administrator, and Program Manager have successfully managed the program since 2021 and have been responsive to the needs of the businesses and agencies. Given this reliable performance and efficiency of a Countywide effort to run and fund the program, staff recommends authorizing a long-term MOU with the TAC partner agencies. Continuing participation in an MOU provides consistency and cost savings to the City for the program.

The main terms of the MOU include:

- Partner agency definitions and their roles (i.e., jurisdictions, TAC Administrator, Contracting Agent, Program Manager).
- The City of Morgan Hill as the TAC Administrator is responsible for preparing a biennial (every two-years) budget with all program costs. The biennial budget will be approved according to the TAC's annual work plan and budget process.
- The City of Morgan Hill as Contracting Agent for the program is responsible for executing contracts with the Program Manager based on the approved program budget.
- The Program Manager, JVSV, will provide outreach and technical assistance to regulated food generators, maintain a compliance website, conduct and provide inspection reports to agencies, and gather necessary CalRecycle reporting data.
- Each jurisdiction must annually fund its proportional share of program costs, calculated by the number of food generators within the jurisdiction.
- Jurisdictions may voluntarily contribute additional funding for program enhancements.
- Any jurisdiction wishing to withdraw may not do so until on or after July 1, 2025 and must provide notice by January 15 of each year.

### FISCAL IMPACT

The City received \$224,560 from the CalRecycle SB 1383 Local Assistance Grant Program. An increase in appropriation of \$224,560 is being requested for the three initiatives described in this

report related to SB 1383 activities. Staff recommends the grant funding be appropriated to the Public Works operating expenditure budget.

The City’s portion of the Countywide Food Recovery Program has been funded through a previous CalRecycle SB 1383 grant. The City’s estimated contribution for its portion of the Countywide Food Recovery Program for Fiscal Years 2024-25 and 2025-26 is \$33,377 and \$40,018, respectively. Funding for these two years of the program will be through the CalRecycle SB 1383 grant received in February 2024. For Fiscal Year 2026-27 and beyond, the program will be funded from the Solid Waste Fund, and staff will continue to look for available grant funding opportunities, including those by CalRecycle.

**ALTERNATIVES**

1. Do not authorize acceptance and appropriation of the grant funds and direct staff to return the funds to CalRecycle.
2. Do not authorize the City Manager or designee to execute a Memorandum of Understanding for the Countywide Food Recovery Program. Mountain View would then need to implement its own food recovery program to comply with SB 1383 requirements.
3. Provide other direction.

**PUBLIC NOTICING**—Agenda posting.

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