

Memorandum of Understanding for Central Coast Regional Biosolids Cooperative

This Memorandum of Understanding (“MOU”), effective as of the last date signed below, is by and among the following government entities in the Central Coast region of California: City of San Luis Obispo, City of Paso Robles, City of Santa Maria, City of Atascadero, City of Morro Bay, Cayucos Sanitary District, South San Luis Obispo County Sanitation District, Avila Beach Community Services District, San Miguelito Mutual Water Company, Templeton Community Services District, San Miguel Community Services District, Cambria Community Services District, City of Pismo Beach, City of Santa Barbara, Goleta Sanitary District, and the Nipomo Community Services District. These agencies are individually referred to herein as a “Party,” and collectively as “Parties”.

Whereas, all the Parties operate wastewater treatment systems that generate biosolids. The volume of biosolids each Party generates varies, depending on the size and type of its wastewater system (e.g., ponds systems vs. mechanical treatment processes), but all Parties have a similar need to properly dispose biosolids.

Whereas, biosolids contain pollutants and are closely regulated by the State of California (Central Coast Regional Water Quality Control Board) and U.S. Environmental Protection Agency. The County of San Luis Obispo has a moratorium on land application of biosolids. Landfill regulations recently changed and biosolids may no longer be disposed in landfills. Due to a lack of local disposal options, most Parties haul their biosolids to facilities in Santa Maria or Kern County, where it is mixed with other organic waste streams and composted, then applied to land.

Whereas, the State of California recently required most Parties to test their biosolids for per- and polyfluorinated alkyl substances (PFAS), which are commonly referred to as “forever chemicals” due to their resistance to degradation in the environment. PFAS have been widely used in common household and personal care products for many years. In general, all Parties have low levels of various PFAS species in their biosolids.

Whereas, composting does not break down PFAS, because very high temperatures are required to break the strong carbon-fluorine bonds in PFAS. Consequently, compost derived from biosolids contains PFAS. Compost also contains micro-plastics, which is an emerging concern for local farmers. Existing biosolids receiving facilities do not have plans to address these issues, and rather, are counting on classification as PFAS passive receivers in order to be exempt from liability, which is uncertain.

Whereas, in 2021, representatives of the Cities of Paso Robles and San Luis Obispo began to collectively explore ways to advance the processing of their biosolids and eliminate potential future liabilities associated with PFAS. They discovered new technologies are available, such as high-temperature pyrolysis, which are capable of

eliminating PFAS in biosolids and converting biosolids into valuable products such as biochar. These technologies would be very expensive for any individual Party to install and operate, but may be cost-effective if all wastewater agencies in the region pool their biosolids waste streams and process it all at one regional facility.

In 2022 and 2023, the Parties convened a series of workshops, conducted by a professional facilitator, to explore interest in a regional biosolids cooperative. The Parties learned:

- a. Most of the communities between northern San Luis Obispo County and northern Santa Barbara County already cooperate on a variety of common areas of interest, including water and solid waste management;
- b. Pending regulatory changes at the State and Federal level could lead to a prohibition of land application of biosolids or compost derived from biosolids;
- c. Cooperating would enable a facility to be large enough that it would be economical to install advanced processing equipment;
- d. A local facility would reduce out-of-county truck trips, thus help control long-term costs and reduce greenhouse gas emissions;
- e. Advanced processing would greatly reduce the volume of biosolids and convert the material into valuable products such as renewable natural gas and biochar. These products may be sold to markets and the revenue may be used to offset the cost of an advanced processing facility;
- f. Cooperating increases the likelihood that private enterprises will participate in establishing a new facility, by ensuring the facility receives enough feedstock to justify a large expenditure for advanced equipment;
- g. Several regional biosolids cooperatives are presently forming throughout California;
- h. State Senate Bill (SB) 1383 has created demand for new facilities that divert organic waste streams from landfills and process it into valuable products such as renewable natural gas;
- i. Grant funding is available from the State of California for establishment of new organic waste processing facilities;
- j. There may be potential to further improve the economics of a regional facility by making it large enough to receive and process all organic waste streams, including green waste collected by waste haulers, spoiled packaged food waste, agricultural waste, etc.; and
- k. Additional work is needed, such as evaluating available technologies, visiting model facilities in other areas, and soliciting proposals from professional engineering firms to help with project delivery.

In May and June 2023, representatives of the Parties each stated informally their commitment to participate in a cooperative with the purpose of establishing a regional facility capable of advanced processing of biosolids. The purpose of this MOU is to formalize that commitment and clarify how the Parties will participate.

NOW, THEREFORE, the Parties do hereby agree as follows:

- a. The Parties will support further efforts to plan a regional advanced biosolids processing facility by allowing appropriate staff to participate in any future workshops and providing any non-confidential information about their biosolids reasonably requested.
- b. Parties will, in each Party's reasonable discretion, cooperate on applications to the State and Federal government for grant funding. For example, if any one Party takes the lead on a grant application, the other Parties agree to provide information and timely letters of support as needed.
- c. Grant programs often require "matching funds" in the form of "in-kind" or "cost share," which can be fulfilled by staff time spent working on the funded project. If necessary, Parties agree to the extent reasonably feasible to track and report their staff time spent on the grant-funded activity.
- d. The Parties will endeavor to establish a regional facility that receives and processes biosolids for a fee that is no greater than the average cost of what all Parties are currently paying (e.g., \$70 per ton) for biosolids hauling and disposal. However, the Parties acknowledge that current costs are projected to rise and will take that into consideration when evaluating the cost of a new regional facility. The Parties will also consider the many other less quantifiable benefits of a new regional facility, such as environmental improvements (e.g., reduction of greenhouse gas emissions) and reduction of liabilities associated with pollutants such as PFAS.
- e. Many private entities are well-equipped to efficiently deliver advanced biosolids processing facilities. The Parties or a Party may solicit proposals from private entities to design, build, operate, and finance a new regional advanced biosolids processing facility. This MOU is intended to signal to such private entities that the Parties will commit to supporting the facility by entering into long-term agreements to deliver their biosolids.
- f. This MOU does not include any financial obligations for the Parties other than staff time at this time. However, this MOU may be amended from time-to-time, as needed, to address the evolving needs of the Parties as they explore establishing a regional facility. For example, if funding is needed for planning, siting, or environmental permitting, the Parties may decide to share the costs.
- g. This MOU shall not be changed or amended except upon written consent of the Parties.
- h. This MOU is not intended to and does not create any legally binding obligations, rights or remedies between the Parties. This MOU reflects the good-faith intention of the Parties to cooperate in the manner set forth herein, while recognizing that no Party shall be bound to any action as a result of this MOU.

- i. Each Party represents that each such Party signing this MOU has been duly authorized by that entity to execute this Memorandum of Understanding on its behalf.
- j. Any Party may withdraw from this MOU at any time for any reason. However, the Parties will make their best effort to provide no less than 60 days' notice of a Party's intent to withdraw.
- k. This MOU may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement.
- l. Each Party agrees and acknowledges that this MOU does not commit any agency to take any action, expend any funds, or commit to any specific project. Any future facility will be subject to review pursuant to the California Environmental Quality Act.
- m. This MOU shall become effective on the last date set forth below.

By: _____ Date: _____
 Aaron Floyd
 Utilities Director
 City of San Luis Obispo

By: _____ Date: _____
 Christopher Alakel
 Utilities Director
 City of Paso Robles

By: _____ Date: _____
 Shad Springer
 Utilities Director
 City of Santa Maria

By: _____ Date: _____
 Nick DeBar
 Public Works Director
 City of Atascadero

By: _____ Date: _____
Greg Kwolek
Public Works Director
City of Morro Bay

By: _____ Date: _____
Rick Koon
District Manager
Cayucos Sanitary District

By: _____ Date: _____
Jeremy Ghent
District Administrator
South San Luis Obispo County Sanitation District

By: _____ Date: _____
Brad Hagemann
General Manager
Avila Beach Community Services District

By: _____ Date: _____
Dwayne Chisam
General Manager
San Miguelito Mutual Water Company

By: _____ Date: _____
Jeff Britz
General Manager
Templeton Community Services District

By: _____ Date: _____
Kelly Dodds
General Manager
San Miguel Community Services District

By: _____ Date: _____
Matthew McElhenie
General Manager
Cambria Community Services District

By: _____ Date: _____
Ben Fine
Public Works Director
City of Pismo Beach

By: _____ Date: _____
Clifford Maurer
Public Works Director
City of Santa Barbara

By: _____ Date: _____
Steve Wagner
General Manager
Goleta Sanitary District

By: _____ Date: _____
Ray Dienzo
General Manager
Nipomo Community Services District

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