

MEMORANDUM

TO: Board of Commissioners

FROM: Sarah Reeves, Dan Goossen, Josh Tyler

DATE: February 26, 2020

RE: ODF Operations: Efficiencies and Expansion

Vermont's Universal Recycling Law (Act 148) takes a phased-in approach to banning organics for landfill disposal. On July 1, 2020 the final phase becomes effective. In order to accommodate expected growth in the amount of material managed at CSWD's compost facility, District staff has worked diligently for the past four years to identify operational efficiencies and prioritize economic optimization for long term stability. Economic optimization was the first step and is well under way with the business model shift made in the 4th Quarter of FY 2019, continuing into FY 2020 (July 1, 2019).

Staff is presenting an operational optimization plan and a cost benefit analysis to move toward a robust and stable economic model for the CSWD Organics Diversion Facility (ODF). The presentation is broken into two parts. Staff is recommending a site expansion, capital equipment purchase plan and additional organic diversion alternatives to meet the service needs of our community as our residents and businesses come into full compliance with the requirements of Act 148, and to continue to adhere to the direction given by the CSWD Board of Commissioners at the Board/Staff compost retreat.

DECISION FACTORS/BOARD DIRECTIVES:

- Continue to operate a food scrap compost operation
- Continue to produce a soil amendment product available for sale
- Continue to use the current Redmond Road location
- Reduce the District's subsidized support of the compost operation
- Increase operational efficiencies
- Reduce overall expenses
- Utilize best industry practices

STAFF ACTIONS TO DATE:

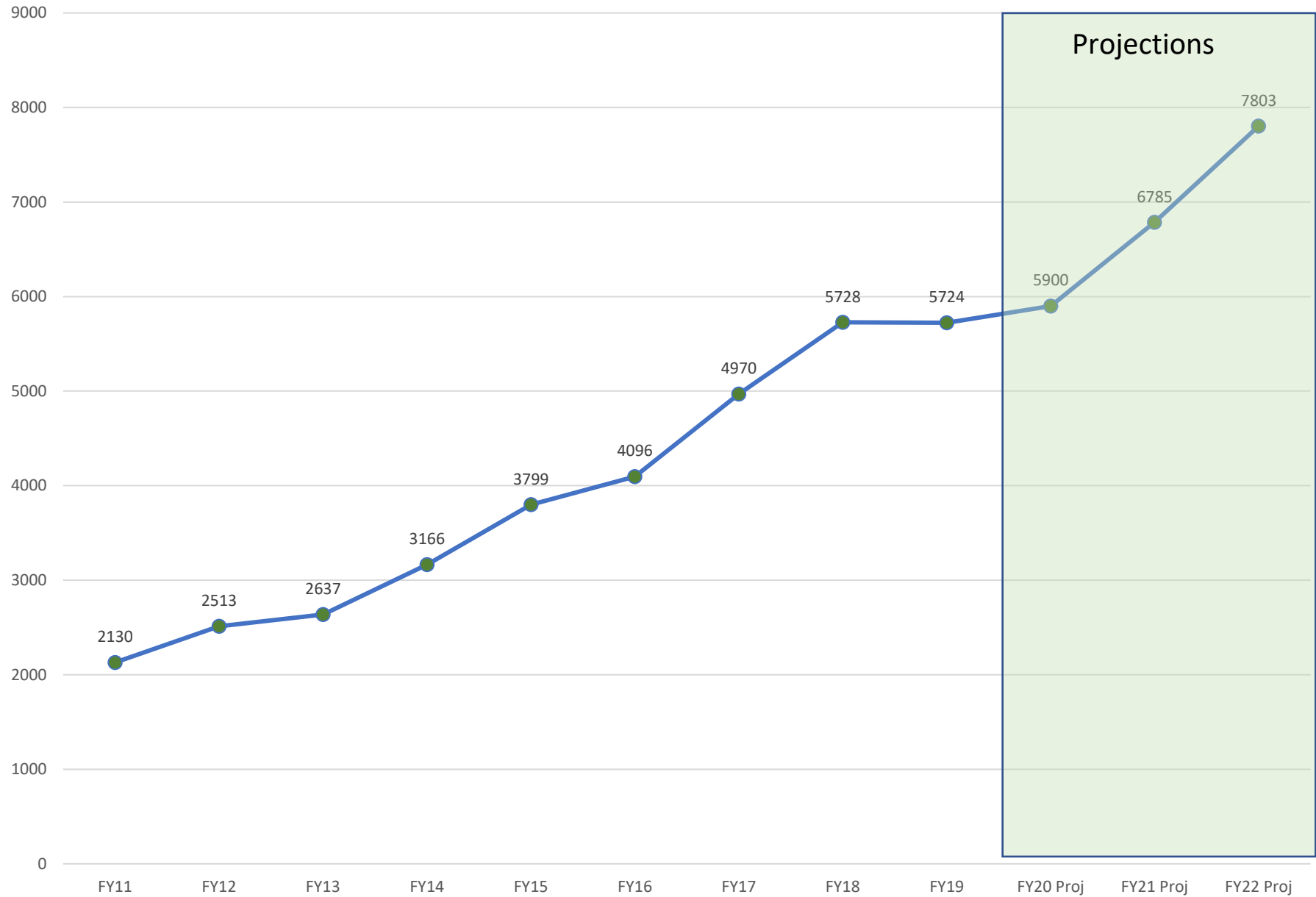
- Worked with three industry consultants to identify inefficiencies and opportunities for operational and economic improvement
- Identified best industry practices
- Eliminated bagging operation in March 2019

- Reduced staff by two FTEs (eliminated one position, electing to not fill a second vacancy) and removed seasonal hires from the budget
- Identified optimal food scrap tonnage to match the steady supply of leaf and yard waste (matching our “greens” with our “browns”)
- Secured an ANR grant of \$500,000 to support operational expansion needs

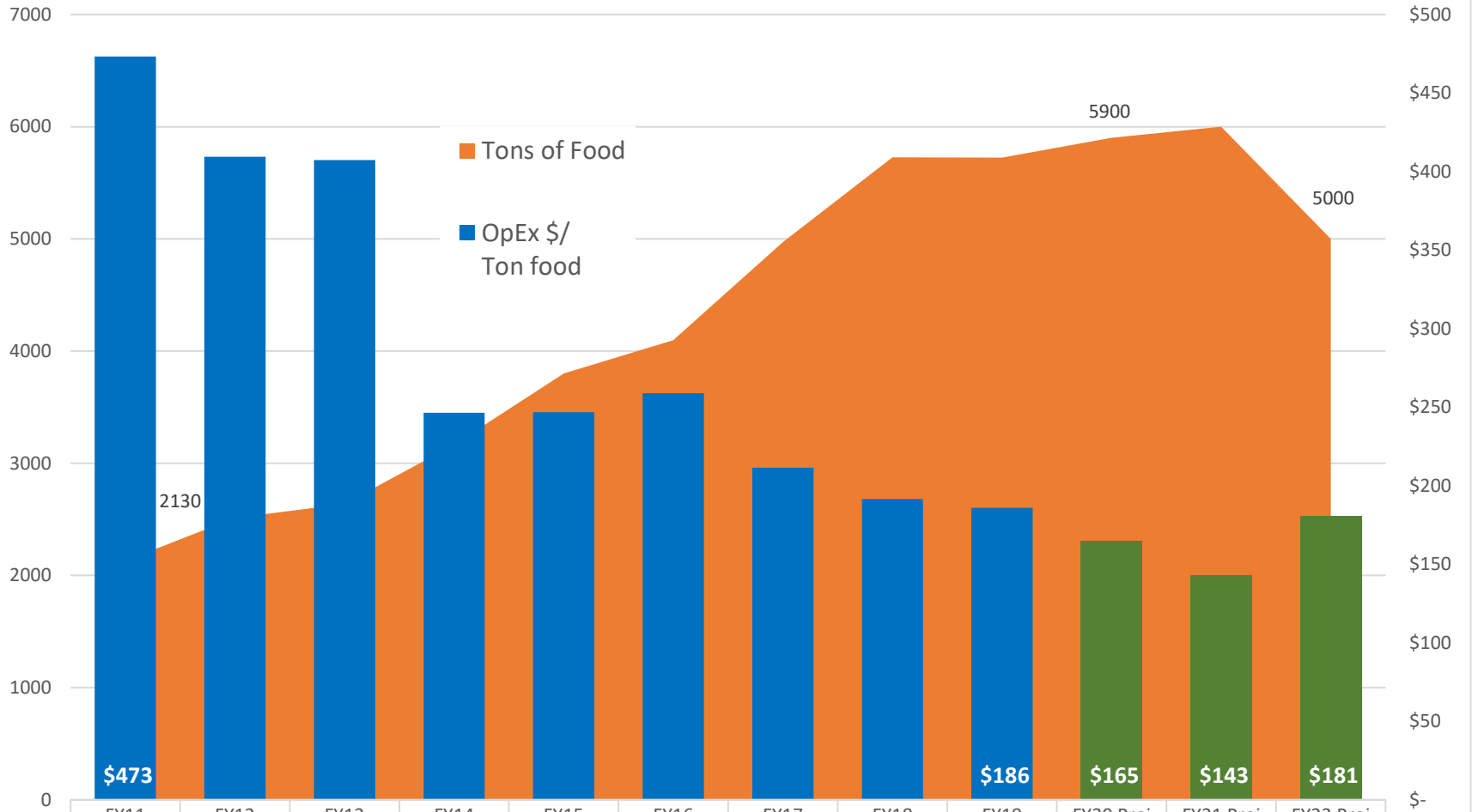
STAFF RECOMMENDATIONS:

- Based on our consultants’ research, analysis, and expertise, staff is recommending expanding our operational capacity in the sandpit (current compost curing area) by expanding the curing pad where we will build windrows of compost and a new finished product pad allowing us easier customer loading and material storage. **These associated expenses are eligible for grant reimbursement.**
- We agree with the consultant’s recommendation to purchase a windrow turner to use in place of four ageing pieces of equipment. The return on the investment for the windrow turner is 3.1 years if using as a measure the anticipated repair and maintenance expenditures of \$90,000 per year for the four pieces being replaced. The ROI is immediate if we need to replace any or all of the three pieces of equipment. **This purchase is eligible for grant reimbursement.**
- We recommend pursuing a Public/Private Partnership via MOU leading to long-term contract in order to manage food scrap tonnage above the needs for onsite composting.

GMC/ODF Tons of Food Processed per FY with projections for unrestricted increases



GMC/ODF OpEx \$ per Ton of Food processed



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 Proj	FY21 Proj	FY22 Proj
Tons of Food	2130	2513	2637	3166	3799	4096	4970	5728	5724	5900	6000	5000
OpEx \$/ Ton food	\$473	\$409	\$407	\$247	\$247	\$259	\$211	\$191	\$186	\$165	\$143	\$181
FTEs	6.6	6.2	4.8	4.8	5.8	6.8	7.2	8.2	6.9	5.4	5.0	4.5