



City of Brea

May 19, 2020

Mr. James D. Herberg, General Manager
10844 Ellis Ave.
Fountain Valley, CA 92708

Dear General Manager Herberg:

I want to thank Orange County Sanitation District (OCS&D) for their leadership in helping cities achieve compliance with SB 1383. It is the cooperation and partnership among public agencies that help us bridge solutions for our respective communities.

OCS&D Member Parker shared some highlights of your proposed Interim Food Waste Receiving Facility with our City team. We would like to offer some insight on the proposed project from a City Management viewpoint.

The State has saddled us with an enormous burden of ever growing unfunded mandates as is relates to AB 32 – California Global Warming Solutions Act. Compliance with this act has increased costs, which unfortunately are passed on to the residents and businesses to comply with the State mandates.

It is important for us to be mindful of how we pass along these cost, and as you deliberate how OCS&D would recover costs, I strongly advocate for the Ten-Year Capital Recovery. There are a few important considerations:

- The solid waste providers will have to implement changes to their processes to create the food waste slurry to the specification of OCS&D and may have to purchase new equipment. With a shorter amortization by the OCS&D it will drive up costs for the consumer to cover not only OCS&D's Ten-Year Capital Recovery but the refuse haulers cost as well.
- The OCS&D cost structure must be competitive in the marketplace and by keeping the per ton rates at longer ten-year Ten-Year Capital Recovery, we believe you will draw much more interest by the solid waste providers.
- Stabilizing per ton rates for a longer term may allow you to extend contracts to secure food waste slurry for a longer period of time and maintain a predictable cash flow of

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Marty Simonoff
Mayor

Steven Vargas
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Christine Marick
Council Member

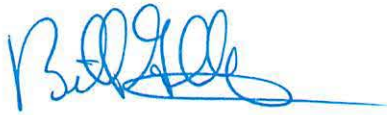
Glenn Parker
Council Member

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funds to OSCD. A longer contract term may limit the ability of the solid waste providers to look for cheaper disposable alternatives that may come forward in the future.

Whatever we can do to stabilize the long-term rates for our consumers will be a benefit for all and we sincerely appreciate your efforts to provide a solution here in Orange County. If you would like to discuss further or if I can be of any assistance, please do not hesitate to contact me at 714-990-7710.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Gallardo", with a long horizontal flourish extending to the right.

Bill Gallardo
City Manager

A handwritten signature in blue ink, appearing to read "Tony Olmos", with a long horizontal flourish extending to the right.

Tony Olmos
Public Works Director