



**BACKGROUND:** In 2021, Congress passed the America Rescue Plan Act (ARPA) and in 2022, funded \$10.2 million for the USDA's Composting and Food Waste Reduction (CWFR) pilot project program. The CFWR Program aims to provide assistance through a cooperative agreement to local governments to carry out activities including planning and implementation of activities that will generate compost and reduce municipal food waste. Grant submissions were due on September 1, 2022, awards will be announced by October 30, 2022, and project durations must be two years (24 months), between February 8, 2023 through February 8, 2025.

The City Council, in 2019, unanimously adopted the WasteSmart Strategic Plan that will guide the City's sustainable solid waste management for the next 20 years. WasteSmart, as well as the Environmental Action Plan 2040, included an action item to evaluate organics processing market readiness and feasibility of curbside organics collection.

**DISCUSSION:** In May 2022, City Council adopted its FY 2023 budget with increases in the residential refuse fee to include a 12-month curbside organics collection pilot program for a limited number of first-come, first-serve residents. Due to a rapid rise in costs and inflation, the originally estimated program costs have approximately doubled to \$600,000. The City could still implement a food waste collection program with less funding, but it would need to either provide services to fewer residents or for a shorter duration. To help accomplish the intent of the FY 2023 funding, staff is requesting authority to apply for up to \$300,000 in federal funds (the maximum allowable federal request) to supplement the City's funding.

Given the significant change in costs for the pilot, staff recommends pursuing a modified subsidy-based curbside pilot modeled after the City of Falls Church. In this proposal, the City would pay for the initial start-up fee and the first six months of the service. If residents voluntarily stayed with the program beyond six months, they would assume a monthly fee. Staff currently estimate the fee would be \$20 to \$30 per month. Residents would receive a five-gallon bucket that is picked up weekly, and program participants would be collected from on a single, designated day each week.

If the City is granted the maximum amount from USDA, the City would be able to provide composting curbside services to approximately 2,000 customers for each year, with a potential reach of 4,000 total customers in two years. If the City is not awarded the CWFR competitive cooperative agreement, staff propose proceeding with a curbside pilot program beginning February 2023 and anticipated to run through February 2024. The program will use currently allocated funds for the same length of time but would be available to fewer residents than initially planned.

**FISCAL IMPACT:** The CWFR cooperative agreement requires a minimum cost share of 25%. If the City is granted the maximum allowed of \$300,000, the minimum share would be \$75,000 for this pilot project. The FY 2023 adopted residential refuse fee includes approximately \$300,000 for a curbside composting pilot which would cover the cost share (\$75,000) and the remaining costs of the curbside composting services for a period of two years with a total project cost of \$600,000.

As noted above, if the City is not awarded the CWFR competitive cooperative agreement, staff will proceed with a curbside pilot program beginning February 2023. Since the program will not begin until February, any FY 2023 funds not used this fiscal year will be banked in fund balance to cover FY 2024 expenditures.

**ATTACHMENT:** Resolution

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