

COMMENTS BY DAVID GAVRICH TO THE COMMISSION ON THE ENVIRONMENT

March 23, 2010

President Tuchow, Vice President Gravanis, Members of the Commission, my name is David Gavrich. I appreciate the opportunity to make some comments today on this item. As some of you know, I have been involved with environmental and waste management issues in this City for a long time and the Commission Secretary is handing out my summary bio.

I think the Department's process has gone off the rails, but I think this Commission can get it back on track. There is a tremendous opportunity to have a process and outcome that is worthy of this great City, but thus far that has not been the case in my opinion.

Between 1980-1984, I was privileged to be working two floors below here as one of four managers in the newly-formed Solid Waste Management Program. Dianne Feinstein had just become mayor, and the City of Mountain View, where our waste had been taken for a number of years, gave San Francisco an ultimatum to either pay rates that were on the order of 50% higher than we had been paying or take our waste elsewhere.

I'll never forget when Mayor Feinstein called us into her office. She was very angry at being held hostage by another city, and she gave our group a very clear goal – strike the best possible deal for the longest possible term, because she did not want any mayor or Board of Supervisors to have to be held hostage again. We had to bring her that deal within 18 months, when the term of the Mountain View agreement would expire. We came back to the Mayor and Board of Supervisors with a deal for 15 million tons of capacity or 65 years, whichever came first, at a rate that was, and would remain for its term, about 30-40% below the market rate for disposal in the Bay Area. The City and its ratepayers continue to enjoy the benefits of that Agreement today. And through the City's great waste reduction efforts, that contract won't expire for another 5 years.

How were we able to bring back to the Mayor and the Board a deal that has saved the City's ratepayers about \$27 million each year for the past 25 years? It was because we kept every possible competitive landfill involved in simultaneous negotiations for as long as possible. We had Altamont, Ox Mountain, Potrero Hills, Richmond landfill all under the negotiating tent. We even invited Norcal, (who didn't have a landfill but were trying to permit one in American

Canyon off I-80) --- we even negotiated with them, not because we thought they would be successful in permitting their landfill (they weren't), but because we wanted the others to perceive that Norcal had a chance. This competitive atmosphere, with intense simultaneous negotiations, not kicking any party out of the process until the best possible deal was done --- is the strategy that saved the ratepayers more than \$650 million to date, and there are still 5 more years left on that contract.

Fast forward to today -- we have heard from Mr. Assmann that the staff has not only entered into sole negotiations with a single favored disposal contractor, but there were only two contractors in competition. Staff made the judgment call to exclude a contractor that has 5 landfills that are among the most competitive and the closest to the City. When the participation of that contractor could save the City's ratepayers hundreds of millions of dollars, to disqualify that contractor before the process even starts because an employee missed a pre-proposal meeting defies credulity. Who was the Department hurting by that monumental judgment call?

There are two fatal flaws in the Department's process to date, which beg for this Commission to take a more active role, and to hold substantive hearings on this process before a contract is negotiated and goes before the Board of Supervisors.

The first is that the Department staff has sought proposals only for Disposal Capacity, and not for integrated transfer, transportation *and* disposal-- that would tell us how the waste is getting to the disposal site, and what the economic and environmental impacts of that transportation element would be. As I've taught my students at UC Berkeley, *you must look at the whole solid waste management picture* before you decide on the best combination of elements. Today, with landfills further away from the origin of the waste, transportation is far more costly, has far more environmental impacts, and is much more complicated to implement than the disposal element itself. Why then is staff trying to shoehorn a final disposal site into this process when you haven't the slightest idea of the comparative benefits of the various landfills and their transportation components? It makes no sense.

The second fatal flaw is that the staff has eliminated the competition before this process really even started. By doing so, not only have you cut yourself off from the type of economic savings that we were able to bring the ratepayers under the current long-term contract, but you cut off some great environmental opportunities, such as barging of waste in containers, as the City of New York has mandated from each of its five boroughs. There are at least five Bay Area landfills to which we believe barging could be economically and certainly environmentally viable – that would use the waterways of the Bay, with all the advantages that brings. But if you eliminate competition, you eliminate this type of innovation which could benefit the environment.

I urge you to become more involved, ask the hard questions, hold hearings which by Mr. Assmann's own report have not been held on this critical matter for the past 3 years, and by doing so, this Commission can bring to the City a process and program in which you and all San Franciscans can be proud.

Thank you.