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**File #:** 2025-4354

**Agenda Date:** 6/25/2025

**Agenda Item No:** 2.

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**FROM:** Robert Thompson, General Manager  
Originator: Mike Dorman, Director of Engineering

**SUBJECT:**

**FOOD WASTE TIPPING FEE**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a tipping fee of \$47 per wet ton of source separated organic food waste to provide to pre-processors for planning purposes.

**BACKGROUND**

The State of California passed legislation and implemented regulations to divert source separated organics such as food waste away from landfills. After pre-processing, food waste can be anaerobically digested to reduce its volume and produce methane gas. The Orange County Sanitation District (OC San) has digester capacity and the ability to convert the generated gas to energy.

The 2015 Biosolids Master Plan (BMP) evaluated the feasibility of receiving pre-processed food waste and determined that the costs to construct and operate the required receiving facilities could be offset by collecting tipping fees and power savings associated with additional biogas generation.

Staff has been engaged with Orange County Waste and Recycling to review potential options for the handling, processing, and transport of food waste that could be delivered to OC San. In parallel, OC San continues to review and update tipping fees required to offset the operational and capital expenses associated with an Interim Food Waste Receiving Facility.

**RELEVANT STANDARDS**

- Use all practical and effective means for resource recovery
- Ensure the public's money is wisely spent
- Maintain and adhere to appropriate internal planning documents (Biosolids Master Plan)

**PROBLEM**

Orange County Waste and Recycling and other potential waste haulers cannot determine the viability of potential pre-processing facility construction and operation without knowing the tipping fee they will be charged.

**PROPOSED SOLUTION**

Provide a current tipping fee for source separated organic food waste that can be utilized by potential pre-processors and haulers for their planning efforts.

**TIMING CONCERNS**

Source separated organic food waste pre-processors and haulers need this information for planning their facilities.

**RAMIFICATIONS OF NOT TAKING ACTION**

Potential pre-processors and haulers will not have an accurate tipping fee that reflects OC San's latest costs.

**PRIOR COMMITTEE/BOARD ACTIONS**

June 2021 - Information item and presentation to the Operations Committee regarding Food Waste Receiving.

May 2020 - Information item and presentation to the Operations Committee regarding Interim Food Waste Receiving Facility, Project No. P2-124, and Pricing Policy Discussion.

July 2019 - Information item and presentation to the Operations and Administration Committees regarding Interim Food Waste Receiving Facility, Project No. P2-124.

September 2018 - Approved a Professional Design Services Agreement with Kennedy/Jenks Consultants to provide engineering services for Interim Food Waste Receiving Facility, Project No. P2-124, for an amount not to exceed \$695,000; and approved a contingency of \$69,500 (10%).

**ADDITIONAL INFORMATION**

In 2017, the BMP calculated a tipping fee for \$26/wet ton. Staff recently reviewed the calculation to ensure its accuracy and updated the associated operational and capital costs based on current information.

Capital costs are associated with the construction of Project P2-124, Interim Food Waste Receiving Facility, which was initially bid on December 1, 2020, followed by the rejection of bids on June 23, 2021, due to not having an agreement with food waste management companies to deliver pre-processed food waste. This project cost has increased from \$5,400,000 to \$10,000,000 due to construction cost escalation. The reforecast of food waste received per day was also adjusted as it is

not likely to operate the facility at full capacity each day and there are likely times when deliveries may not be received due to holidays, pre-processing facility issues, etc.

Operational and maintenance costs have increased significantly over the past eight years and include higher chemical, utility, labor, and maintenance costs. In addition, fees associated with the management of biosolids have increased and were updated to reflect current values. The resulting updates are summarized in the table below:

Item	BMP Value	Current Value
Food Waste (average wet tons / day)	150	120
Capital Costs (\$/ton)	10	23
O&M Costs (\$/ton)	16	24
<b>Total (\$/ton):</b>	<b>26</b>	<b>47</b>

The current tipping fee credits all anticipated power generation benefits back to offset other costs. The intention of this fee is solely to account for additional costs that OC San will incur during the construction and operation of the new facility.

## **CEQA**

N/A

## **FINANCIAL CONSIDERATIONS**

N/A

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A

JF:lb