



Agenda Report

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SUBJECT:

INTERIM FOOD WASTE RECEIVING FACILITY, PROJECT NO. P2-124, AND PRICING POLICY DISCUSSION

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

Cities in California will be required to divert 50% of organic wastes, including food waste, from landfills by 2020, and 75% by 2025. The Orange County Sanitation District (Sanitation District) has studied and designed a project that will process 150 tons of food waste per day using our existing anaerobic digesters at Plant No. 2. In addition to helping cities meet organic waste diversion requirements, the digestion of food waste will increase methane fuel production and power generation at the Sanitation District's plants. This additional renewable energy will help the Sanitation District move toward energy self-sufficiency.

An information item regarding this project and the tipping fee structure was presented to the May 2020 Operations and Administration Committees. This item is being brought before the Steering Committee for additional discussion.

RELEVANT STANDARDS

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

PROBLEM

Cities need to divert food waste from landfills to meet benchmarks set by the State of California that will become effective in 2020 and 2025. The Sanitation District's planned Interim Food Waste Digestion project will provide 150 tons per day of food waste capacity, and a tipping fee is needed to recover capital and ongoing operating costs.

PROPOSED SOLUTION

1. Advertise a Request for Information (RFI) for municipal waste haulers to deliver food waste to the Sanitation District's digesters. Interested haulers servicing cities in the Sanitation District's service area will be invited to respond to the RFI indicating how much food waste tonnage they would be willing to send to the Sanitation District.
2. Invite interested haulers to sign an agreement with the Sanitation District stipulating food waste quality requirements and agreeing to an allocation of the 150 tons per day of available capacity in proportion to each hauler's share of the Sanitation District's customer base. It is anticipated that there will be more than enough food waste available from within the Sanitation District's service area, therefore we do not plan to accept food waste from outside the Sanitation District's service area.
3. Staff is recommending that the tipping fee be established to recover the Sanitation District's Capital and Operating costs with a capital recovery period between 5 and 10 years.

TIMING CONCERNS

Staff recommends the agreements be in place with waste haulers prior to starting construction. Bidding and construction will take approximately two years. Therefore, staff recommends moving forward now to ensure that the facility is up and running as soon as possible, and prior to the regulatory deadline of 2025 at the latest.

RAMIFICATIONS OF NOT TAKING ACTION

The Sanitation District would miss out on the opportunity to help solve the organics waste diversion requirements set by the state of California while becoming more energy self-sufficient.

PRIOR COMMITTEE/BOARD ACTIONS

May 2020 - Informational presentation to the Operations and Administration Committees.

July 2019 - Informational presentation to Operations and Administration Committees.

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

This item was discussed at the May 2020 Operations and Administration Committee meetings. Among items discussed was the merit of establishing a payback period of 5 or 10 years. The attached letter from the City of Brea was received on May 19, 2020 stating the City's preference for establishing the tipping fee based on a 10-year payback which would result in a lower tipping fee.

CEQA

This project was covered under the Biosolids Master Plan Program Environmental Impact Report, adopted by the Board on June 27, 2018. A Notice of Determination was filed on September 27,

2018, after Board approval of the Professional Design Services Agreement.

FINANCIAL CONSIDERATIONS

This is an information item. Project No. P2-124 has been budgeted.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- May 19, 2020 Letter from the City of Brea