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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

Agenda Item No. _____

File Code No. _____

AGENDA DATE: March 28, 2017

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department
Facilities Division, Public Works Department

SUBJECT: Amendment To The Agreement For Fats, Oils, And Grease Delivery
At The El Estero Wastewater Treatment Plant

RECOMMENDATION:

That Council approve an extension to the Agreement for Fats, Oils, and Grease Delivery Services between MarBorg Industries, Inc. and the City.

DISCUSSION:

On February 2, 2010, City Council approved the design and implementation of a Fats, Oils, and Grease (FOG) receiving system at the El Estero Wastewater Treatment Plant (El Estero). The first phase of implementation was considered a pilot phase to test the system design and evaluate best practices for delivery and injection of FOG from disposal facilities into El Estero for digestion in the anaerobic digesters. The intent was that the introduction of the FOG material into the digesters would produce additional methane gas which would then be used to produce electricity and heat from the cogeneration system at El Estero.

As part of this first phase, staff negotiated a four-year agreement with MarBorg Industries, Inc. (MarBorg), with specific delivery and pre-treatment parameters. On April 9, 2013, the FOG receiving station construction was completed and MarBorg was given the Notice to Proceed with FOG delivery.

Marborg was originally identified as a suitable partner for the FOG Pilot Project based on their proximity to the delivery location, pre-existing FOG hauling services, and willingness to invest in the infrastructure needed to implement the FOG Pilot Project. Additionally, Marborg has a septage and portable toilet waste receiving station in Santa Barbara and has installed and operated pre-treatment equipment similar to what is required for the FOG.

For the past four years, MarBorg has consistently met the City's requirements and the delivery process has operated smoothly. As this agreement's expiration draws near and

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the pilot phase comes to an end, staff is requesting a one-year extension to the existing contract. This would provide additional time for staff to assess operations, oversee ongoing projects and upgrades at the plant, and evaluate opportunities for fine tuning the FOG Delivery agreement for a longer term.

BUDGET/FINANCIAL INFORMATION:

MarBorg currently pays the City \$0.05 per gallon of FOG material received and this rate would remain in place for the additional contract year. In 2017, the City received 745,489 gallons of FOG which resulted in \$37,274 of revenue for the plant. Additionally, MarBorg has been increasing the gallons delivered by approximately 10 percent per year, which has shown to increase the annual revenue by an equal amount. Staff anticipates this increase to continue as MarBorg secures additional FOG hauling clients.

SUSTAINABILITY IMPACT:

The City's FOG Receiving Program allows El Estero to convert a waste stream of fats, oils, and grease into a slight increase in the amount of biogas produced in El Estero's digester units. This additional gas can then be used onsite as a renewable energy for the cogeneration system.

Additionally, this program keeps FOG materials out of the City's wastewater collection system which prevents sewer lines from clogging and other dangerous conditions and eliminates a significant number of truck trips taken out of town to haul and dispose of the FOG material.

A copy of the agreement is available for public review in the City Clerk's Office.

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SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office