

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: SEWER RATE STUDY- FATS, OILS & GREASE (FOG) FEES
DATE: MAY 18, 2017

Background

At the July 17, 2016 Meeting, the Board adopted a Fats, Oils and Grease (FOG) Control Ordinance that is applicable to Food Service Establishments (FSEs). The Ordinance established extensive quantity and quality standards for the regulation of FOG discharges to the sewer system.

In order to implement the Ordinance and provide monitoring and inspection services, it is appropriate to look to the FOG generators to recover the costs of the program. As a cost recovery fee, it is not subject to Proposition 218. OCSD's FOG fee was set at \$100/year, or \$200 for a two-year permit for each FSE.

At their February 7, 2017 Meeting, the Finance Committee authorized Raftelis Financial Consultants to study this issue and develop FOG fee recommendations. The resulting analysis is attached. The analysis determined that a fee of \$106/year or \$212 for a two-year permit per FSE.

Mr. Sanjay Gaur from Raftelis will be present to review the process used to develop the FOG fee. This presentation is a first review for the Board; the fee would also be advertised on our website for 30 days prior to adoption.

Financial Impact

Staff expects that the fee will generate between \$14,500 annually.

Recommendation

Information only; staff will return to the June Meeting with a request for adoption.

FATS, OILS & GREASE (FOG) FEES CALCULATIONS

	% Recovery	FY 2018 \$	Estimates
FOG Direct Costs			
O&M Expenses	100%	\$11,667	\$11,667
Capital Expenses		\$0	\$11,000
Subtotal Direct Costs		\$11,667	\$22,667
Labor			
Total Time		80 hrs / yr	
Labor & Overhead Hourly Rate		\$31.18 \$ / hr	
Consultant Fees			
Total Labor Costs for FOG Program		\$2,488	
FOG Program Costs		\$14,155 per year	
# of Participants		133	
FOG Annual Fees		\$106	per year
Current Annual Fees		\$100	per year