



OPERATIONS COMMITTEE

Administration Building
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Agenda Report

File #: 2024-3446

Agenda Date: 2/7/2024

Agenda Item No: 4.

FROM: Robert Thompson, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

COLLECTION SYSTEM LEASE AGREEMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a new Site Access and License Agreement with Pacific Quality Partners to lease property to operate a chemical dosing station at 1355 West Imperial Highway in the City of Brea for a term of 36 months at the following lease terms in a form approved by General Counsel:

- April 22, 2024 - April 21, 2025, not to exceed \$3,200 monthly, annual total \$38,400.
- April 22, 2025 - April 21, 2026, not to exceed \$3,296 monthly, annual total \$39,552.
- April 22, 2026 - April 21, 2027, not to exceed \$3,395 monthly, annual total \$40,740.

BACKGROUND

Under the Regional Odor and Corrosion Control System (ROCCS), the Orange County Sanitation District (OC San) uses chemical dosing in its regional collection system to reduce the formation of hydrogen sulfide. Hydrogen sulfide is a nuisance odorant that smells like rotten eggs and can cause corrosion of concrete and steel.

The ROCCS program operates ten remote continuous chemical dosing sites in nine member-agency-cities to reduce odors and preserve pipeline assets. When OC San-owned property is unavailable for the chemical dosing site identified location, leasing of property is necessary to ensure program objectives are met. This location has been leased since April 2015 to dose chemicals into the Knott Trunk sewer system.

RELEVANT STANDARDS

- 12 or fewer odor complaints per year under normal operating conditions in the collections system
- Operate and maintain facilities to minimize impacts on surrounding communities, including odor, noise, and lighting
- Protect OC San assets

PROBLEM

The current 36-month property lease agreement with Pacific Quality Partners expires on April 21, 2024, with no additional renewal options.

PROPOSED SOLUTION

Staff recommends entering into a new property lease agreement with Pacific Quality Partners, through April 21, 2027.

TIMING CONCERNS

The current property lease agreement expires on April 21, 2024.

RAMIFICATIONS OF NOT TAKING ACTION

The Knott Trunk sewer system will lose chemical treatment in a strategic location without the continuance of this dosing site. Standard biological action in the sewer system will produce hydrogen sulfide in an uncontrolled manner, which causes odor and corrosion problems in the collection system.

PRIOR COMMITTEE/BOARD ACTIONS

March 2018 - Approved a new Site Access and License agreement with Pacific Quality Partners to lease property for the purpose of installing, maintaining, and operating a chemical dosing station at 1355 West Imperial Highway in the city of Brea, for a term of 36 months, at a rate of \$2,500 per month for April 22, 2018 through April 21, 2019; \$2,560 per month for April 22, 2019 through April 21, 2020; and \$2,620 per month for April 22, 2020 through April 21, 2021; and authorized the General Manager or designee to negotiate and subsequently award an option for an additional 36-month lease renewal period beginning April 22, 2021.

April 2015 - Approved a Site Access and License agreement with Pacific Quality Partners, to allow mobilization of a chemical dosing station and injection of chemicals at 1355 West Imperial Highway in the City of Brea, for a term of 36 months, at a total cost of \$2,280 per month for the first 12 months, in a form approved by General Counsel; and approved the General Manager, or his designee, to negotiate future monthly license fees, after one year, up to a three percent price escalation per year, beginning July 1, 2016 and annually thereafter.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

The request complies with authority levels of OC San's Purchasing Ordinance. The budgeted item is in the Budget Update FY 2023-24, Operating Expenses, Operating Materials and Supplies, Section Summary of Operating and Maintenance Expenses, Page 22.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
02/28/2024	Not to exceed \$118,692	\$0

ATTACHMENT

The following attachment(s) may be viewed online at the OC San website (www.ocsan.gov) with the complete agenda package:

- Pacific Quality Partners Site Access and License Agreement