



OPERATIONS COMMITTEE

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Agenda Report

File #: 2021-1467

Agenda Date: 3/3/2021

Agenda Item No: 3.

FROM: James D. Herberg, General Manager
Originator: Lan C. Wiborg, Director of Environmental Services

SUBJECT:

BIOSOLIDS HAULING SERVICE CONTRACT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a Service Contract to Denali Water Solutions, LLC to collect and haul Orange County Sanitation District's biosolids from Reclamation Plant No. 1 and/or Treatment Plant No. 2 to the Inland Empire Regional Composting Facility and alternative sites if needed for the period beginning May 12, 2021 through December 21, 2022, for the unit price of \$15.45 per ton of biosolids, plus fuel surcharges, for a total amount not to exceed \$600,000 per contract term, with four (4) one-year renewal options: and
- B. Approve a 10% unit price per ton contingency.

BACKGROUND

The Orange County Sanitation District (Sanitation District) released a Notice Inviting Bids on December 4, 2020 seeking bids from qualified contractors to accept delivery and haul 50 Wet Tons Per Day (WTPD) of biosolids to the Inland Empire Regional Composting Facility (IERCF) located at 12645 Sixth Street in the city of Rancho Cucamonga, and haul biosolids, if needed, to several other alternative management sites.

A non-mandatory pre-bid meeting was conducted on December 16, 2020 via Microsoft Teams. Bids were due on January 12, 2021. Out of 76 prospective vendors that were notified of the invitation to bid, the Sanitation District received one (1) bid.

The bid was evaluated based on pre-defined minimum qualifications and cost in accordance with the Sanitation District's Purchasing Ordinance. The incumbent contractor, Denali Water Solutions (Denali), met the minimum qualifications and offered a competitive bid with a 1% increase over their current rate. The Denali rate to haul IERCF loads in December 2020 was \$15.29 plus \$0.54 fuel surcharge (\$15.83 total), and the new contract will be \$15.45 plus the fuel surcharge based on December 2020 fuel baseline. The contract's first term will be 19 months to align the biosolids-related contracts.

RELEVANT STANDARDS

- Maintain and adhere to appropriate internal planning documents (Biosolids Master Plan)
- Safe, beneficial reuse of Biosolids
- Comply with environmental permit requirements

PROBLEM

The Sanitation District's current hauling contract with Denalia to haul loads to IERCF expires on May 11, 2021.

PROPOSED SOLUTION

Approve a contract with Denali to haul the Sanitation District's biosolids to IERCF to maintain biosolids management diversity and sustainability.

TIMING CONCERNS

The current contract expires in May 2021.

RAMIFICATIONS OF NOT TAKING ACTION

If the current contract is not replaced, the Sanitation District will not have a way to deliver biosolids to IERCF. The Sanitation District would not be able to utilize this local biosolids management option.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The \$600,000 not to exceed (NTE) value is based on the assumptions in the table below. Alternative Sites are failsafe back-ups that ensure flexibility and are used for a variety of reasons such as shutdowns at IERCF or a shortage of trucks from other contractors.

	Cost per Ton	Annual Fuel Contingency	Annual Anticipated Tonnage	Annual Purchase Order NTE
IERCF	\$15.45	\$1.00	18,237	\$300,000
Alternative Sites (average)	\$30.00	\$2.00	9,375	\$300,000
		Total Annual Purchase Order		\$600,000

In 2015, the Sanitation District started sending biosolids to the Inland Empire's compost facility. In 2019, a new contract was signed for five (5) years with two (2) annual extensions.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted (Section 5, Page 6). Project contingency funds will not be used for this contract.

ATTACHMENT

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

- Service Contract