



OPERATIONS COMMITTEE

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Agenda Report

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Agenda Item No: 7.

FROM: James D. Herberg, General Manager
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SUBJECT:

BIOSOLIDS MANAGEMENT CONTRACT AWARD RECOMMENDATION - TULE RANCH

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Award a contract to Tule Ranch to manage the Orange County Sanitation District's biosolids from Reclamation Plant No. 1 and Treatment Plant No. 2 for land application and/or landfill disposal (Specification No. S-2022-1296BD), for the period commencing on November 1, 2022 through October 31, 2027, at the unit price of \$64.00 per ton for land application, plus a monthly fuel surcharge, and annual CPI (consumer price index) adjustment for a total annual amount not to exceed \$8,520,687;
- B. Approve five one-year renewal options for a total annual amount not to exceed \$8,520,687;
- C. Approve an annual 10% contingency of \$852,069; and
- D. Approve the addition of this new contract to the Biosolids Account Pool effective November 1, 2022.

BACKGROUND

The Orange County Sanitation District (OC San) continues to actively pursue biosolids management options to maintain a long-term, sustainable program that promotes beneficial use of biosolids. In accordance with the principles of its biosolids management policy (Resolution No. OCSD 13-03), OC San maintains a diverse portfolio of biosolids management options that utilize multiple contractors, facilities, and biosolids product markets, while maintaining fail-safe, back-up options.

OC San currently has one land application contract that is managing approximately 30% of its biosolids on a routine basis and serves as a fail-safe contingency option (lime stabilization and landfill) to manage up to 100% of OC San's biosolids in case of emergencies. The remaining 70% of routine biosolids management is accomplished through a combination of composting contracts and the demonstration Rialto Bioenergy Facility, which is drying OC San's biosolids and installing pyrolysis to create biochar.

To replace the abovementioned contract that is expiring on October 31, 2022, OC San issued a Request for Proposal (RFP) in February 2022. The RFP was for land application management for up to about 170 ton per day (tpd) of biosolids plus a fail-safe management capacity of 100% of OC San's biosolids to ensure reliability (up to 530 tpd to land application, lime stabilization, composting, and/or landfill).

RELEVANT STANDARDS

- Maintain and adhere to appropriate internal planning documents (Strategic Plan, Biosolids Master Plan)
- Safe, beneficial reuse of Biosolids
- Comply with environmental permit requirements
- 24/7/365 treatment plant reliability

PROBLEM

OC San's current land application contract is expiring on October 31, 2022, and a replacement contract is needed to routinely manage approximately 30% of biosolids and to provide fail-safe capacity (including landfill) for up to 100% of OC San's biosolids in case of emergency.

PROPOSED SOLUTION

Award the contract to ensure OC San maintains a diverse portfolio with an out-of-state (i.e., Arizona) option to ensure diversity of geographic location, transportation route alternatives, management technology (land application), market (feed and fiber crops), and maintain a fail-safe capacity that can manage up to 100% of OC San's biosolids.

TIMING CONCERNS

OC San will need the contract awarded, signed, and insurance processed before the October 31, 2022 expiration date to ensure a smooth transition between contracts, including maintaining fail-safe capacity for 100% of OC San's biosolids.

If the contract is not awarded, OC San's remaining option would be composting, which has significant regulatory restrictions and high demand for capacity. It would be difficult for OC San to switch the 30% land application biosolids loads to compost.

RAMIFICATIONS OF NOT TAKING ACTION

OC San has relied upon land application since the 1990s as a foundational part of the biosolids program because of the diversity, flexibility, beneficial reuse, and fail-safe reliability that it offers. If the land application contract is not awarded, OC San will be relying solely on compost and bioenergy facilities to manage biosolids. Because these facilities utilize more complex technologies, their permits are more restrictive with respect to daily loads allowed, allowable onsite storage, etc.

In contrast, Tule Ranch has 6,300 acres permitted for land application and the state of Arizona allows biosolids to be stored for up to two-years, which provides OC San with reliability and flexibility. Tule

Ranch also offers accommodations for 100% of OC San’s biosolids to be managed at an Arizona landfill, in case of an emergency.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

An RFP was issued on February 8, 2022, and proposals were due on May 12, 2022. OC San received one responsive proposal. A total of 20 companies or interested parties downloaded the solicitation documents for this RFP. Staff issued a post-bid survey and reached out to each of the companies that did not submit a bid. No responses were received.

An evaluation team was formed consisting of OC San staff and the team was chaired by a Purchasing representative as a non-voting member. Members of the team performed an independent review of the proposals and later met as a group with the Purchasing representative. Proposals were evaluated based on the following criteria:

CRITERIA	WEIGHT
Qualifications & Experience of Firm	20%
Proposed Staffing & Project Organization	20%
Work Plan	35%
Cost	25%

The evaluation team first reviewed and scored the proposal based on all criteria listed above except cost. Since there were no other proposers, Tule Ranch was awarded full points for cost.

Rank	Proposer	Criterion 1 (Max 20%)	Criterion 2 (Max 20%)	Criterion 3 (Max 35%)	Criterion 4 (Max 25%)	Total Score (Max 100%)
1	Tule Ranch	17%	16%	27%	25%	85%

Based on the resulting score, and long, positive performance history of Tule Ranch, staff feel confident in the recommendation to award this contract to Tule Ranch, the current land application contractor.

The contract award total (\$8,520,687 plus \$852,069 contingency) includes two aspects. First, an annual routine management cost (170 tpd at \$64/ton plus fuel cost) at \$4,734,939 plus a 10% contingency of \$473,494 to cover consumer price index (CPI) changes. Second, the net difference to cover the Biosolids program-wide out-of-state fail-safe, worst-case scenario management of 100% of OC San’s biosolids at \$3,785,748 plus a 10% contingency of \$378,575 to cover consumer price index (CPI) changes. \

Tule Ranch has been a long-standing, reliable, flexible, and strong performing biosolids management contractor. Diversification with an out-of-state option such as Tule Ranch has proven valuable over the years. As an example, during the pandemic-triggered biosolids hauler shortage, Tule Ranch’s

pool of Arizona-based drivers were instrumental in transporting OC San's biosolids and prevented excessive accumulation at the treatment plants. In contrast, the driver shortage caused several other Southern California wastewater agencies to experience significant onsite emergency biosolids storage which is generally considered undesirable by the surrounding communities.

CEQA

The project is within the scope of OC San's Biosolids Mater Plan EIR (Orange County Sanitation District Biosolids Master Plan Project No. PS15-01, State Clearinghouse Number 2017071026, certified June 27, 2018). There is no change to the current operation or management of biosolids proposed by the awarding of this contract. Therefore, no additional analysis is required. (Public Resources Code § 21166; CEQA Guidelines §§ 15168, 15162.)

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted. (Budget Update Fiscal Year 2022-23, Pages 28 and 45). Project contingency funds will not be used for this contract.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
07/27/2022	\$8,520,687	\$852,069 (10%)

ATTACHMENT

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

- Contract