



# STEERING COMMITTEE

## Agenda Report

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**Agenda Item No:** 3.

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**FROM:** James D. Herberg, General Manager  
Originator: Kathy Millea, Director of Engineering

**SUBJECT:**

**INTERIM FOOD WASTE RECEIVING FACILITY, PROJECT NO. P2-124**

### GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Receive and file Bid Tabulation and Recommendation for Interim Food Waste Receiving Facility, Project No P2-124; and
- B. Reject all bids and direct staff to continue efforts to negotiate agreements with food waste pre-processors.

### BACKGROUND

The State of California requires cities to divert organics such as food waste away from landfills. This food waste, after processing, can be added to an anaerobic digester such as those operated by the Orange County Sanitation District (OC San) to produce methane gas and energy. This food waste must be hauled from the source to a pre-processing facility to produce a pumpable product that can be introduced into OC San's anaerobic digesters, and then trucked to OC San.

The Biosolids Master Plan evaluated the feasibility of receiving pre-processed food waste and determined that the costs to construct and operate the required processing facilities could be offset by tipping fees charged to food waste pre-processors and additional power generated from increased digester gas production. The Biosolids Master Plan recommended construction of an interim food waste facility until a more permanent facility can be constructed in 10 to 15 years.

The design of Interim Food Waste Receiving Facility, Project No. P2-124, has been completed, and construction bids have been received.

### RELEVANT STANDARDS

- Use all practical and effective means for resource recovery
- Ensure the public's money is wisely spent

**PROBLEM**

Staff has been negotiating with food waste management companies to deliver pre-processed food waste in time to test and operate the Interim Food Waste Receiving Facility. Producing pre-processed food waste that OC San can accept requires companies to acquire a site for the processing facility, obtain approvals and permits, and build the facility. While there has been strong interest, to date no company is ready to agree to a contract because they will not be able to complete their pre-processing facilities in time.

Without revenue from tipping fees from haulers, OC San would have no way to recover the cost of its facility.

**PROPOSED SOLUTION**

Reject all bids for Interim Food Waste Receiving Facility, Project No. P2-124. Staff expects that food waste management companies will eventually be ready to commit, but when an appropriate pre-processing facility would be operational cannot be predicted with any certainty. Staff will continue discussions with interested food waste management companies. When such a company is ready to commit, and has a credible schedule for construction, OC San can reissue the project for construction bids.

**TIMING CONCERNS**

Cities are required by the State of California to divert organics from landfills beginning January 2022.

OC San will need approximately 21 months from the date that the reissued construction contract documents are advertised until the facility is ready to receive pre-processed food waste. Staff expects that a new pre-processing facility would take substantially longer than that for property acquisition, obtaining permits, and construction.

**RAMIFICATIONS OF NOT TAKING ACTION**

Board action is required by the California Public Contract Code to either award the contract as advertised or to reject all bids.

**ADDITIONAL INFORMATION**

OC San advertised for bids on December 1, 2020, and seven bids were received on January 19, 2021. A summary of the bids follows:

Engineer's Estimate	\$2,660,000
<u>Bidder</u>	<u>Amount of Bid</u>
Aid Builders, Inc.	\$2,635,000
J.R. Filanc Construction Co., Inc.	\$3,149,537
Tharsos Inc.	\$3,196,000
PCL Construction, Inc.	\$3,232,417
Innovative Construction Solutions	\$3,299,000

Shimmick Construction Company, Inc. \$3,546,000  
Mehta Mechanical Co. Inc. \$3,555,000  
dba MMC Inc.

The bids were evaluated in accordance with OC San's policies and procedures. Staff determined the apparent low bidder was non-responsive. An evaluation of the second apparent low bidder, J.R. Filanc Construction Co., Inc. (Filanc), determined the bid of \$3,149,537 to be both responsive and responsible.

Staff and J.R. Filanc Construction Co., Inc., agreed to an initial 40-day extension of the bid validity period to allow more time to negotiate with haulers and pre-processors. Responding to a staff request, Filanc indicated that they would only agree to a 90-day extension of the bid validity with a cost increase, which legal counsel indicated could not be granted.

### **CEQA**

The project is included in the Biosolids Master Plan Program Environmental Impact Report (PEIR), State Clearinghouse Number 2017071026. A Notice of Determination was filed on September 27, 2018, after Board approval of the Professional Design Services Agreement.

### **ATTACHMENT**

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

N/A

JGD:dm