



## Agenda Report Details (With Text)

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**Title:** DENALI WATER SOLUTIONS, LLC BIOSOLIDS HAULING SERVICES - SPECIFICATION NO. S-2020-1208BD - CONTINGENCY INCREASE

**Sponsors:** Lan Wiborg

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**Attachments:** 1. Agenda Report, 2. Presentation - Denali Contingency Increase

Date	Ver.	Action By	Action	Result
12/14/2022	1	ADMINISTRATION COMMITTEE		

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

**SUBJECT:**

**DENALI WATER SOLUTIONS, LLC BIOSOLIDS HAULING SERVICES - SPECIFICATION NO. S-2020-1208BD - CONTINGENCY INCREASE**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

Approve an additional 10% unit price per ton contingency (for a total of 20% unit price per ton contingency) for Denali Water Solutions, LLC Biosolids Hauling Services Specification No. S-2020-1208BD contract renewal to collect and haul Orange County Sanitation District's biosolids to the Inland Empire Regional Composting Facility and alternative sites for the period between January 1, 2023 through December 31, 2023.

**BACKGROUND**

In early November, Denali Water Solutions, LLC submitted a request for a unit price increase above the originally approved 10% unit price per ton contingency for the Biosolids Hauling Services Specification No. S-2020-1208BD contract renewal to Orange County Sanitation District's (OC San) purchasing division via email communication. OC San staff responded with multiple requests for justification and a reduction in the proposed unit price. As of 11/29/2022, Denali proffered a best and final 20% unit price per ton contingency, which will result in an additional cost of \$3.09 per ton of biosolids.

Denali's justification for increasing the unit price per hauling each ton of biosolids from \$15.45 to

\$18.54 includes: increases in labor/driver costs (18.5% since September 2021), increases in vehicle maintenance costs (parts and labor), and fuel costs above the original fuel surcharge.

In combination with the tipping fee at IERCF, the overall cost will change from \$76.45 to \$79.54 per wet ton of biosolids, plus fuel surcharge.

The Inland Empire Regional Composting Facility (IERCF) is one of two local options utilized by OC San. At this time, Denali is the sole hauler under contract for transporting biosolids from OC San to IERCF. OC San is actively developing additional hauling options to IERCF and will continue to review and adjust its biosolids allocations to contractor facilities to optimize cost-effectiveness, diversification of biosolids disposal/reuse portfolio, resiliency, and price stability.

## **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 Denali contract is up for its first one-year renewal, and a unit price that is above the approved annual contingency amount due has been requested. Denali is currently the only hauler under contract with OC San to transport biosolids to IERCF.

## **PROPOSED SOLUTION**

Staff recommends the Board of Directors approve the one-year renewal with Denali with the contingency increase to maintain biosolids management diversity and sustainability.

## **TIMING CONCERNS**

The current contract expires on December 31, 2022. Board approval is needed prior to expiration due to the significant cost increase above the Board's previously approved 10% contingency.

## **RAMIFICATIONS OF NOT TAKING ACTION**

If the contingency increase is not approved, OC San will not be able to deliver biosolids to IERCF until a new hauler is obtained. OC San would temporarily lose one of its two local biosolids management options.

## **PRIOR COMMITTEE/BOARD ACTIONS**

March 2021 - Approved 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 approved a 10% unit price per ton contingency.

## **ADDITIONAL INFORMATION**

N/A

## **CEQA**

N/A

## **FINANCIAL CONSIDERATIONS**

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted and the additional contingency is available in: (Line item: Section 5, Page 5).

## **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:*

- Presentation