



## Agenda Report

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**FROM:** James D. Herberg, General Manager  
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**SUBJECT:**

**ADDITION OF CONTRACTS TO THE BIOSOLIDS ACCOUNT POOL, EFFECTIVE NOVEMBER 16, 2016**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Ratify the addition of Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. biosolids contracts to the Biosolids Account Pool, effective November 16, 2016.

**BACKGROUND**

Biosolids are the solid product of municipal wastewater processing which have been treated so that they may be safely recycled to amend soil directly or create composted soil amendments, and other beneficial uses. Currently, Orange County Sanitation District (Sanitation District) produces approximately 550-600 tons of biosolids per day. The Sanitation District manages its biosolids by transporting approximately 40% to land application sites in Arizona and 60% to composting facilities.

In February 2013, the Biosolids Account Pool (BAP) was reestablished to allow staff to move funds from one contract to another to effectively manage the Sanitation District's biosolids during unanticipated circumstances such as truck/driver shortages, poor weather conditions, regulatory constraints, unacceptable contractor performance, or contractor facility limitations.

**RELEVANT STANDARDS**

- 24/7/365 treatment plant reliability
- Comply with environmental permit requirements
- Ocean Discharge Permit, NPDES CA0110604 Section VI.C.4.b Sludge (Biosolids) Requirements
- Resolution No. OCSD 13-03, Biosolids Recycling Policy
- Operate and maintain facilities to minimize impacts on surrounding communities, including odor, noise, and lighting
- Ensure the public's money is wisely spent

## **PROBLEM**

While the BAP was reestablished in 2013, not all the current biosolids contracts are included in the BAP.

## **PROPOSED SOLUTION**

Ratify the addition of Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. biosolids contracts to the Biosolids Account Pool, effective November 16, 2016.

## **TIMING CONCERNS**

N/A

## **RAMIFICATIONS OF NOT TAKING ACTION**

If the Sanitation District does not ratify the addition of the biosolids contracts to the BAP, effective November 16, 2016, the Sanitation District will not have flexibility to adjust biosolids management to adjust to unanticipated circumstances. Without the ability to move funds from one biosolids contract to another it is likely that any individual contract may exceed the approved annual not to exceed amount.

## **PRIOR COMMITTEE/BOARD ACTIONS**

June 2019 - Approved Agreement number 4600002709-HD with the Inland Empire Regional Composting Authority (IERCA) for the Sanitation District to pay IERCA to receive and compost up to approximately 50 wet tons per day of the Sanitation District's biosolids at a base fee (tipping fee) of \$56 per wet ton, plus an administrative fee of \$2 per wet ton, and an annual base fee increase of \$1 per fiscal year, with a term of the Agreement of five (5) years and, upon mutual written agreement, an option to extend on a year-to-year basis with up to two (2) annual extensions in a total annual amount not to exceed \$820,000 per year; and approved a 10% contingency of \$400,000 in the event the Sanitation District needs to send additional loads to this compost option.

November 2016 - Awarded a service contract for an estimated annual amount not to exceed \$3,828,400 per year to Nursery Products, LLC. as the Primary Contractor to haul and compost a non-guarantee minimum of 150 wet tons per day (WTPD) of biosolids from Orange County Sanitation District's (OCSD) Reclamation Plant No. 1 and/or Treatment Plant No. 2 for a period of one (1), five-year term, with five (5), one-year optional renewals, for a unit price of \$51.00 per wet ton of biosolids coupled with a monthly fuel surcharge cost and an annual Consumer Price Index (CPI) adjustment; and awarded a service contract for an estimated annual amount not to exceed \$1,716,261 per year to Liberty Composting Inc. as the Secondary Contractor to haul and compost a non-guarantee minimum of 75 WTPD of biosolids from OCSD's Reclamation Plant No. 1 and/or Treatment Plant No. 2 for a period of one (1), five-year term with five (5), one-year optional renewals, for a unit price of \$57.92 per wet ton of biosolids coupled with a monthly fuel surcharge cost and an annual Consumer Price Index (CPI) adjustment.

April 2016 - Approved a Service Contract with Denali Water Solutions to haul Orange County Sanitation District's biosolids from Reclamation Plant No. 1 and/or Treatment Plant No. 2 to Orange County Ware and Recycling's Prima Deshecha landfill and the Inland Empire Regional Compost Facility for a period of one year from the execution date of the contract, for the unit price of \$8.96 per ton of biosolids and \$14.99 per ton of biosolids coupled with fuel surcharges, at an amount not to exceed \$600,000 per year with four (4) one-year renewal options.

May 2015 - Approved an Agreement with Inland Empire Regional Composting Authority (IERCA) to receive and compost up to 50 wet tons per day (Monday thru Friday) of the Orange County Sanitation District's biosolids exclusive of trucking costs for a contract term of one-year renewal options in a total annual amount not to exceed \$900,000/per year.

February 2013 - Approved establishment of Biosolids Account Pool utilizing a Blanket Purchase Order for the management of all biosolids contracts.

### **ADDITIONAL INFORMATION**

Since reestablishment of the BAP, the Sanitation District has awarded biosolids contracts to four new contractors: Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. These contracts are in addition to the two contractors (Tule Ranch and Orange County Waste and Recycling) that were included in the establishment of the BAP in 2013.

There is no additional cost associated with adding the biosolids contracts into the BAP. All costs will stay within the already authorized annual amount of \$19,000,000, which covers the combined annual management costs for all biosolids contracts.

### **CEQA**

CEQA analysis has been performed for all contracts that are to be included in the Biosolids Account Pool. The details of the CEQA analysis for each contract can be found in the respective Board Agenda reports.

### **FINANCIAL CONSIDERATIONS**

N/A

### **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OCSD website ([www.ocsd.com](http://www.ocsd.com)) with the complete agenda package:*

N/A