



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: AUGUST 16, 2022**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: ALL**

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH DENALI WATER SOLUTIONS, LLC OF GARDEN GROVE, CALIFORNIA FOR BIOSOLIDS HAULING AND DISPOSAL/REUSE SERVICES TO EXTEND THE TERM THROUGH DECEMBER 31, 2022 AND INCREASE THE COMPENSATION DURING THE EXTENDED TERM BY AN ADDITIONAL AMOUNT OF \$800,000, FOR A NEW CONTRACT AMOUNT OF \$16,186,211

ISSUES:

Approve the Second Amendment to the Agreement with Denali Water Solutions, LLC of Garden Grove, California, for Biosolids Hauling and Disposal/Reuse Services to extend the contract term through December 31, 2022, and increase the compensation during the extended term by an additional amount of \$800,000, for a new contract amount of \$16,186,211.

RECOMMENDATIONS:

That the City Council:

1. Approve the Second Amendment to the Agreement with Denali Water Solutions, LLC of Garden Grove, California, for Biosolids Hauling and Disposal/Reuse Services to extend the contract term through December 31, 2022, and increase the compensation during the extended term by an additional amount of \$800,000, for a new contract amount of \$16,186,211; and
2. Authorize the City Manager, or designee, to execute the Second Amendment to the Agreement, including making minor and non-substantive changes.

BACKGROUND:

The City's Regional Water Quality Control Plant treatment facility removes organic matter from the wastewater in order to meet regulatory water quality requirements prior to discharge to the Santa Ana River or reuse as recycled water. The organic matter (biosolids) removed under contract is hauled to Arizona and beneficially reused as a soil amendment for non-food crops. The quality of the biosolids complies with Environmental Protection Agency (EPA) Federal Biosolids regulations. On an annual basis approximately 48,000 tons of biosolids are produced, which requires 1,950 truck trips to Arizona for disposal.

On April 5, 2016, the Biosolids Hauling and Disposal/Reuse Services Agreement was awarded to Denali Water Solutions, LLC (Denali) in the amount of \$5,428,895 for services from April 22, 2016, through December 31, 2018. The agreement states that services can be extended for up to four years upon mutual consent and approval by the City Council.

On September 25, 2018, the City approved the First Amendment to the Agreement for Biosolids Hauling and Disposal/Reuse Services with Denali Water Solutions, LLC to extend the contract term for the period of December 18, 2018, to June 30, 2022.

DISCUSSION:

The Second Amendment to the Agreement with Denali is to provide transportation and beneficial re-use disposal of biosolids. Under the contract terms, Class B biosolids will continue to be hauled to Arizona and beneficially reused as a soil amendment for non-food crops. Sub-Class B biosolids will be hauled to Denali's preferred composting facility and beneficially used as compost. Denali Water Solutions has provided these services to the City for approximately twenty years and is expected to continue providing quality service to the City at a competitive rate.

Pursuant to Purchasing Resolution No. 23812, Section 702(h), which states "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances:...(h) When Services, except for Professional Services, can be Procured from a Contractor who offers the same or better price, terms and conditions as the Contractor previously offered as the Lowest Responsive Bidder under Competitive Procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the Manager, it is in the best interests of the City to do so".

The Purchasing Manager concurs that the recommendation to approve is in compliance with Purchasing Resolution No. 23812.

STRATEGIC PLAN ALIGNMENT:

This item supports **Strategic Priority 4 – Environmental Stewardship** and **Goal 4.2 – Sustainably manage local water resources to maximize reliability and advanced water reuse to ensure safe, reliable, and affordable water to our community.**

1. **Community Trust** – Conducting regular water treatment routines ensures wastewater discharges do not negatively impact the community and environment. The RWQCP treatment facility removes organic matter from the wastewater to meet regulatory water quality requirements prior to discharge to the Santa Ana River or reuse as recycled water.
2. **Equity** – Biosolids Hauling and Disposal/Reuse Services support RWQCP efforts in protecting the public's health and environment by ensuring wastewater treatment is performed efficiently in compliance with federal, state, regional, and local regulatory requirements.
3. **Fiscal Responsibility** – Biosolids Hauling and Disposal/Reuse Services support RWQCP efforts in minimizing inefficiencies and developing control methods to maximize reliability and ensure efficient wastewater treatment.
4. **Innovation** – Biosolids Hauling and Disposal/Reuse Services exemplify a collaborative

partnership with Denali Water Solutions, LLC to enhance operational reliability by achieving measurable improvements through proper wastewater treatment.

- 5. **Sustainability & Resiliency** – Biosolids Hauling and Disposal/Reuse Services support the implementation of sustainability to treat wastewater that is generated within the City of Riverside and the communities of Edgemont, Highgrove, Jurupa, and Rubidoux at the Riverside Water Quality Control Plant.

FISCAL IMPACT:

The fiscal impact of the action is \$800,000. Sufficient funds are budgeted and available in the Sewer Fund, Sewer Systems Treatment, Refuse/Disposal Fees account no. 4125200-422700.

Prepared by:	Gilbert Hernandez, Public Works Director
Certified as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney
Attachment:	Second Amendment to Agreement