



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 24, 2018**

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

SUBJECT: FIRST AMENDMENT TO BIOSOLIDS HAULING AND DISPOSAL/REUSE SERVICES AGREEMENT WITH DENALI WATER SOLUTIONS, LLC OF GARDEN GROVE, CALIFORNIA, IN THE AMOUNT OF \$4,402,000 TO EXTEND THE CONTRACT TERM TO JUNE 30, 2020 FOR A TOTAL CONTRACT AMOUNT OF \$9,830,895

ISSUE:

Approve the First Amendment to the Biosolids Hauling and Disposal/Reuse Services Agreement with Denali Water Solutions, LLC of Garden Grove, California in the amount of \$4,402,000 to extend the contract term through June 30, 2020 for a total contract amount of \$9,830,895.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to the Biosolids Hauling and Disposal/Reuse Services Agreement, with Denali Water Solutions, LLC of Garden Grove, California, to extend the contract term through June 30, 2020 and adjust compensation by an additional \$4,402,000 over the contract term, for total amount not to exceed \$9,830,895; and,
2. Authorize the City Manager, or his designee, to execute the First Amendment to the Biosolids Hauling and Disposal/Reuse Services Agreement, including making minor and non-substantive changes.

BACKGROUND:

The City of Riverside Public Works Department, Wastewater Division, is responsible for the collection and treatment of wastewater for over 93,000 customers within City limits. Additionally, the City provides wastewater treatment service for the Edgemont, Jurupa, and Rubidoux Community Services Districts, and the unincorporated community of Highgrove.

The Regional Water Quality Control Plant (RWQCP) 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 to reuse as recycled water. The organic matter removed (Biosolids) under contract is hauled to Arizona and beneficially reused as a soil amendment for non-food crops. The quality of the biosolids complies with the Environmental Protection Agency Federal Biosolids

regulations. On an annual basis about 48,000 tons of biosolids is produced which requires 1,950 truck trips to Arizona for disposal.

On April 5, 2016, City Council awarded a contract to Denali Water Solutions, LLC for the Biosolids Hauling and Disposal/Reuse Services in the amount of \$5,428,895 for services from April 22, 2016 through December 31, 2018.

The contract terms in the current Denali Water Solutions, LLC agreement indicate services can be extended for up to four years by mutual consent with City Council approval. Biosolids will continue to be hauled to Arizona and beneficially reused as a soil amendment for non-food crops. The contract also includes the hauling and disposal of other materials such as dirt and concrete.

DISCUSSION:

Denali Water Solutions, LLC has provided efficient and effective hauling and disposal/reuse services for the RWQCP. Staff contacted Denali Water Solutions, LLC to discuss amending the current agreement and terms for an extension. Denali Water Solutions, LLC provided a written interest in amending the agreement under the same terms and conditions. However, they are requesting an adjustment to the service pricing in order to account for inflation. The proposed CPI increase is 1.8% annually, or 4.8% total for the proposed amended contract term, which is well below the 6.3% CPI increases in the Los Angeles Region over the last two years. For flexibility and to account for treatment plant operational changes, the contract allows for the disposal of sub-class B biosolids and other material such as dirt and concrete. The table below shows the current and proposed service pricing.

Biosolid Class	Current Price	CPI Adjustment	Proposed New Price
Class B	\$39.95	\$1.92	\$41.87
Sub-Class B	\$44.95	\$2.16	\$47.11

The Southern California Alliance of Publicly Owned Treatment Works (SCAP) is a non-profit corporation organized to help ensure that regulations affecting Publicly Owned Treatment Works and collection systems are reasonable and in the public's best interest. In reviewing the 2016 Biosolids Trend Survey report prepared by SCAP, Denali Water Solutions, LLC's proposed rates are very competitive and measure well below the \$49.94 per ton average reported by other haulers. Denali Water Solutions, LLC's new pricing structure will allow the RWQCP to dispose of biosolids at an overall cost that is competitive and less than the current market pricing.

In addition to a competitive rate, Denali Water Solution, LLC has proven reliability for over 14 years with RWQCP. They have provided multiple disposal site outlets in multiple counties, maintained a fleet of company trucks and trailers based 8 miles away from the City of Riverside, and have numerous subcontractor haulers at their disposal. This is a necessity due to South Coast Air Quality Management District restrictions on the RWQCP permit regarding restricting biosolids storage onsite.

The Purchasing Manager concurs with the recommended actions and that they are in compliance with Purchasing Resolution 23256.

FISCAL IMPACT:

The total fiscal impact of the action is \$9,830,895. Appropriations for this Agreement were approved with the Department's Budget submissions for fiscal years 2018/19 and 2019/20 and sufficient funding is available in the Sewer Fund, Refuse/Disposal Fees account, 4125200-422700. .

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. First Amendment to the Biosolids Hauling and Disposal/Reuse Services Agreement
2. 2016 Biosolids Trend Survey report by the Southern California Alliance of Publicly Owned Treatment Works (SCAP)
3. Presentation