



FIRST AMENDMENT TO THE BIOSOLIDS HAULING & DISPOSAL/REUSE SERVICES AGREEMENT

Public Works Department

City Council
July 24, 2018

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BACKGROUND

1. The Regional Water Quality Control Plant (RWQCP) removes organic matter (i.e. biosolids) from wastewater to meet regulatory requirements prior to discharge into Santa Ana River;
2. Biosolids are hauled to Arizona & reused as a soil amendment for non-food crops;
3. On April 5, 2016, City Council awarded a contract to Denali Water Solutions, LLC through December 31, 2018:
 - a) Contract included clause that term may be extended by mutual consent for a total of 4 additional years.

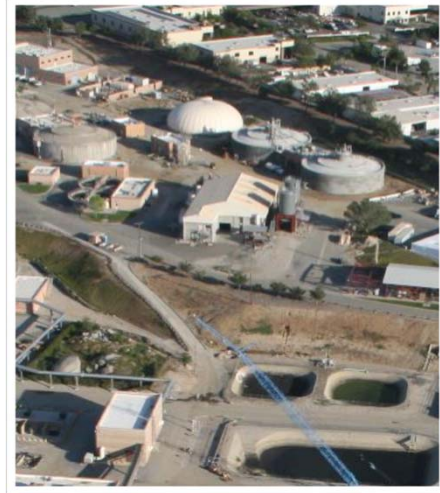


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BACKGROUND

5. The RWQCP produces approx. 210,000 tons of wastewater liquid solids (i.e. sludge) per year;
6. Sludge is dewatered & this reduces tonnage from 210,000 to approximately 48,000 tons of biosolids per year; and
7. Two classes of biosolids are produced – Class B & Sub-Class B.



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DISCUSSION

1. Denali Water Solutions, LLC has been providing quality disposal/reuse services to the RWQCP for 14 years;
2. The RWQCP would like to amend the current agreement & extend the term;
3. Denali provided updated service pricing to extend the term with a total CPI increase of 4.8%;

Biosolids Class	Current Price (per wet ton)	CPI Adjustment	*Proposed New Price (per wet ton)
Class B	\$39.95	\$1.92	\$41.87
Sub-Class B	\$44.95	\$2.16	\$47.11

*1.5% below the CPI average in Los Angeles of 6.3%



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DISCUSSION

4. Denali's quoted hauling prices in the amended agreement are well below the industry average of \$49.94 per wet ton;
 - a. 2016 Biosolids Trend Survey prepared by Southern California Alliance of Publicly Owned Treatment Works shows Denali's rates are competitive & less than current market rates.
5. Multiple disposal locations with sustainable approach;
6. Remain in compliance with South Coast Air Quality Management District restrictions on the RWQCP permit regarding restricting biosolids storage onsite;
7. The Purchasing Manager concurs with the recommended actions and that they are in compliance with Purchasing Resolution 23256.

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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 to include a 4.8% Consumer Price Index average increase over the contract term, for an amount not to exceed \$9,830,895; and
2. Authorize the City Manager, or his designee, to execute the First Amendment with Denali Water Solutions, LLC, including making any minor non-substantive changes.

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