

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to agreements with Denali Water Solutions, LLC (Denali) and Nursery Products, LLC (Nursery Products) to provide management of the City's biosolids.

Recommendation for Council action:

AUTHORIZE the Board of Public Works, on behalf of the Bureau of Sanitation (BOS), to execute the agreements with Denali and Nursery Products for the management of the City's biosolids for a term of five years with an option to extend the term for an additional three years, at a cost not to exceed \$27,003,246 and \$25,671,018, respectively.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no General Fund impact as sufficient funds are available within the Sewer Construction and Maintenance Fund to support the costs of these contracts. The 2018-19 Adopted Budget provides \$14.3 million in the Sanitation Expense and Equipment Account, a special purpose fund appropriation within the Sewer Construction and Maintenance Fund, to support the first year costs of these contracts. Subsequent year funding will be provided through the City's annual budget development process, which is subject to Mayor and Council approval. Consistent with the City's Financial Policies, the contracts include a Financial Liability Clause which limits the City's annual financial obligation to the amount of funding provided in the corresponding year's annual budget.

Community Impact Statement: None submitted.

TIME LIMIT FILE - AUGUST 28, 2018

(LAST DAY FOR COUNCIL ACTION - AUGUST 28, 2018)

Summary:

On August 7, 2018, your Committee considered a June 28, 2018 CAO report relative to agreements with Denali and Nursery Products to provide management of the City's biosolids. According to the CAO, the City's four water reclamation plants treat an average of 325 million gallons of wastewater per day and produce an average of 750 wet tons per day (WTPD) of biosolids. Biosolids are the nutrient-rich organic materials resulting from the wastewater treatment process and the City is committed to finding alternative ways for beneficially reusing biosolids. The land application of biosolids improves soil properties and stimulates plant growth and approximately 415 WTPD of biosolids are hauled to the City-owned Green Acres Farm in Kern County for land application. Additionally, 95 WTPD are hauled to the Terminal Island Water Reclamation Plant (TIWRP) for deep well injection into abandoned or depleted oil reservoirs to produce methane gas as part of the Terminal Island Renewable Energy (TIRE) project and five wtpd are used for composting at the Griffith Park Composting Facility. The remaining 200 WTPD of biosolids are beneficially used (composting or land application) at alternative sites not owned or operated by the City through City Contract No. C-110634-2 with DWS (formerly Terra Renewal, LLC). This contract will expire on August 11, 2018 and the Bureau is looking to establish a new contract. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the proposed agreements. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE

A handwritten signature in black ink, appearing to read "Mary Martinez". The signature is fluid and cursive, with a long horizontal stroke at the end.

<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
8/7/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-