



MEMORANDUM

To: Mayor and Council Members

From: Greg Meszaros, Director, Austin Water

Date: Aug. 8, 2016

Subject: Hornsby Bend Biosolids Management

At the August 11, 2016 Council meeting, an item that was solicited for the management and disposal of biosolids by beneficial reuse will come forward for Council consideration. This memo is to provide you with background and additional details.

Background:

The solids removed in the treatment process at the Walnut Creek and South Austin Regional Wastewater Treatment plants are pumped to the Hornsby Bend Biosolids Management Plant (Hornsby) where they are anaerobically digested and dewatered to form a Class B Biosolid (100,000 cubic yards per year). Class B biosolids have been treated to achieve significant pathogen reduction but are still subject to site use and access restrictions regulated by the Texas Commission on Environmental Quality (TCEQ). Austin Water (AW) has a TCEQ permit to process, store and reuse biosolids. In order to comply with the permit biosolids must be treated, tested and beneficially reused in accordance with TCEQ rules. Under the current permit AW can store biosolids for no more than two years. Through the use of a contractor and AW staff, the following methods are used to comply with the permit:

- Method 1: Approximately 1/3 of the biosolids are processed from Class B to Class A primarily through the use of composting. The compost made by AW is known as "Dillo Dirt" and is created by combining biosolids with residential yard waste and brush brought to the site by City departments and ground up by Austin Resource Recovery (ARR). Dillo Dirt has unrestricted use based on regulations and takes approximately 6 ½ months to make.
- Method 2: Approximately 2/3 of the remaining Class B biosolids are beneficially reused through a contract with a vendor utilizing land application at a cost of \$32.90/cy and secondarily composting at a cost of \$25/cy. The vendor land applies biosolids both on-site at Hornsby and off-site locations near Eagle Lake. Typically the land application sites are hay production and grazing fields. Land application of Class B biosolids is considered beneficial reuse and has been used

for over 15 years by AW but due to the regulatory requirements it requires a substantial amount of contract oversight. The contractor's compost is also made with the yard waste from ARR but as to not compete with Dillo Dirt it is used in the agricultural market. The compost made by the contractor takes one month to make and is screened.

- Method 3: Austin Water has an option in the current contract to haul biosolids to a land fill. This is the least desirable disposal method, from both a cost and environmental perspective, and this method is not expected to be used.

The contract AW has for the processing of the biosolids will expire on November 17, 2016 and staff solicited a new contract through a Request for Proposal (RFP) process described below.

Contract Development:

AW held planning meetings with ARR & the Purchasing Office, and also met with several vendors to conduct market research and gather options for the next contract. Factors affecting the future contract are:

- Eventual loss of the residential yard waste which makes up 30% of the yard waste and brush that comes to Hornsby Bend (the food waste disposed of with the yard waste can't come to Hornsby due to close proximity to Austin Bergstrom Airport and FAA regulations).
- Sales of Dillo Dirt have been declining for over 6 years, there are many companies in Austin selling compost, and AW isn't equipped to compete in the market place.

The RFP process was the best procurement option to solicit vendor solutions to optimize biosolids management at Hornsby. The goal was to hire a contractor who would process all of the biosolids in a timely manner through beneficial reuse, at a lower cost than what AW was currently paying, and be able to demonstrate through previous experience they can provide this service to the City. AW determined that a minimum contract term of five-years provided the highest potential to reduce costs by allowing vendors time to make capital investments and/or develop markets for the products generated, which can then be recovered over a longer period of time. AW also felt the scope and performance of the ARR organics pilot contract would be better gauged at the end of five years.

Recommendation:

Five proposals were received for this RFP. Four were deemed responsive and were evaluated. The submitted proposals were scored based on company and key staff experience and qualifications (20%), proposed solutions (20%), schedule and timeline



(10%), local business presence (10%) and proposed cost (40%). The proposals were evaluated by subject matter experts for the technical criteria and the local business presence and cost portions were evaluated by Purchasing.

Based on the RFP scoring, staff is recommending Synagro of Texas – CDR, Inc. for this contract for a total amount not to exceed \$20,350,678 (\$9,424,778 for the initial five-year contract and an average of \$2,185,180 for the five one-year extensions options). Synagro scored the highest on the evaluations made by the subject matter experts and had the lowest costs. Compared to current disposal contracts and costs, Austin Water estimates that the recommended proposal will save over \$1,000,000 per year. Though AW staff is not at liberty to discuss the particulars of the proposals due to non-disclosure requirements,, Synagro has given permission to share some information about their proposal. Synagro has proposed to move away from off-site land application of Class B biosolids to a program that maximizes production of Class A biosolids by composting. This approach is not only the least cost method to achieve Class A biosolids but will also reduce greenhouse gas emissions by eliminating the thousands of miles of truck trips and resulting diesel emissions. This proposal meets or exceeds all the requirements in the scope: The new contract will enable the beneficial reuse of all the biosolids produced annually and at a lower cost while not impeding the City's evaluation of future biosolids solutions.

In closing, I want to address comments made by the Texas Campaign for the Environment (TCE) in a recent email to the City Council with regards to this transaction: In the events leading up to the RFP one of the proposers, not our recommended firm, sought TCEQ permits to land apply Austin's Class B biosolids in surrounding counties. This activity upset many people in the proposed land application areas and generated several media articles that may have given the impression to stakeholders such as TCE that Austin Water was seeking to rely more heavily on Class B land application reuse methods than we are doing even in our current contract.

TCE also said there needs to be a holistic approach. AW has worked with ARR and together we have decided that this is the best option for the City at this time. The RFP process was both transparent and collaborative.

The recommended contractor will have a representative at the council meeting who can answer questions on the proposal they submitted in which staff are unable to release due to confidentiality.

Please let me know if you need additional information.

cc: Marc Ott, City Manager
Robert Goode P.E., Assistant City Manager
Jane Burazer, Assistant Director, Austin Water

