

July 13, 2016, Water & Wastewater Commission

Item 1. Recommend approval to negotiate and execute a 12-month revenue contract with ALLEN CLICK, or one of the other qualified offerors to Request For Proposals RFP 2200 JXP0501, for the sale and removal of compost material for an estimated revenue amount of \$64,500, with five 12-month extension options with an estimated revenue of \$64,500 per extension option, for a total estimated revenue amount of \$387,000

Item 5: Recommend approval to negotiate and execute a 60-month contract with SYNAGRO OF TEXAS-CDR, Inc., or one of the other qualified offerors to Request For Proposals CDL2003, for the management of biosolids reuse in an amount not to exceed \$9,424,778, with five 12-month extension options in an amount not to exceed \$2,185,180 per extension option, for a total contract amount not to exceed \$20,350,678.

Citizen Communication

William Moriarty: Our first item to consider is Citizen's Communication, and Felicia, do we have any speakers? And we have one person signed up to speak on two items and I welcome to the podium for three minutes, Robin Schroeder? Schneider, excuse me.

Robin Schneider: Do you want me to speak for Items 1 and 6, or speak when you take them up?

William Moriarty: You speak now.

Robin Schneider: Okay, that's different than how some of the other commissions do it. My name is Robin Schneider, I'm the Executive Director of Texas Campaign for the Environment. I'm concerned about Items 1 and 5 and the impact that these contracts are going to have on the City's programs dealing with sludge, biosolids, and Dillo Dirt, and composting. This has been an award winning program for the City of Austin. The City was the first city in the country to develop biosolids into a compost product, and it seems like this is – we're not taking a comprehensive look at what's happening. Over in the Austin Resource Recovery side we have composting that will increasingly include food waste composting, which cannot be taken to Hornsby Bend, so the yard waste and the food composting is going to other facilities that have the permits to handle food waste. But we've been assured in our talks with Austin Resource Recovery that the Dillo Dirt would continue because materials collected by Austin Energy, when they trim the trees, and Public Works, would be going to Hornsby Bend to continue the Dillo Dirt. From the looks of this, it looks like it more and more is going to go to land application, which we think is not the highest and best use of this, that is inspiring revolts in Fayette County and in Bastrop County where there have been permits submitted and now withdrawn, to do sludge dumping in those communities of Austin sludge, and instead we should be looking, this is a 20 year contract on Item #5. We're locking ourselves into a potential boondoggle like the Austin Energy biomass plant in Nacogdoches, which has been a tremendous blunder. We need Austin Resource Recovery and ZWAC to work with you folks, and Austin Water and Wastewater to take a comprehensive look at what we're doing with our resources, and putting them to the highest and best use. I spoke with a guy who spends time in Texas and in California, where they are now taking methane gas generated from the biosolids in the Imperial Valley, putting certain microbes in there to produce gasses that they can extract hydrogen, for hydrogen fuel cell vehicles. California, of course, is way ahead of Texas on that, but hopefully will be coming to us soon. We don't want to lock ourselves into a 20 year contract with Synagro and potentially deny ourselves future opportunities that are much better than dumping our sludge on communities outside of the City limits. So I really hope that we can take a step back, and especially not push this through in an early August vote at the City Council, which is how that biomass plant got pushed through. So we need to take a much more comprehensive view of this. You should have received an email from us that we've sent to City Council today, with Clean Water Action which stands with us in this effort. And we really urge caution and for you to delay; take some time to meet with ZWAC, which is actually meeting at the same very time; meet with some folks from ZWAC, which has an Organics Committee, which probably would be the appropriate spot, and to take a step back from rushing through on these contracts. They do not seem designed to do the City well financially. In the past Dillo Dirt has sold for a much higher amount than it's selling now, because the Water/Wastewater is not screening it, so it's selling for less than \$1 per, whatever unit they use, I

can't remember off the top of my head. On the website of Austin Wastewater they have 76 vendors for the Dillo Dirt, and in the past they've sold this material for much more, like \$12 or more, and so it seems like the Dillo Dirt program, with the departure of the staffer who was really the pioneer and the champion, has really affected how this program is viewed by the Department, and how it's being carried out, and it seems to me, decreasing it radically if not totally dismantling the program that has won all kinds of awards. Maybe we need a public-private partnership to deal with this material, but this we strongly oppose the Item #5 and Item #1 and urge you to take a step back and look at this comprehensively. I'd be happy to take questions.

William Moriarty: We are not able to ask you any questions, so, but thank you for your time.

Robin Schneider: Oh, this commission runs really strangely.

William Moriarty: Thank you very much.

Item D1 and Item D5

William Moriarty: Now let's take up the individual items starting with Item D1. Questions from, Chien, do you have questions on that one? All right, questions Annie Kellough and me, who else? And Christianne, sorry, go ahead.

Christianne Castleberry: Okay, Hi. I obviously would like to hear just a little bit of a background, after what we just heard today, I mean, Item 5 and 1 have kind of an been tied together, but I'd like to hear a little bit just about the utilities view and perspective, and also, I need to create this list but, highlight procedurally, these are 12 month extensions/options. Doesn't that mean we have an option to *not* do it?

Jane Burazer: Yes.

Christianne Castleberry: Okay, I wanted to clarify that. We're not bound to do anything beyond each extension, for one year. Okay.

Jane Burazer: So on number, on Item 1, about the sale of the materials, this is essentially it is unscreened Dillo Dirt material that is stockpiled, because we're not getting the purchases of the Dillo Dirt to move it as Dillo Dirt. As you recall a few years ago when we had too much material stockpiled on site, that's when it led to a fire, so our goal is to keep our inventory low. The TCEQ regulations is our inventory has to be under 2 years. We are trying to keep that lower to keep the risks and dangers down. If we could move it as Dillo Dirt, we would love to move it as Dillo Dirt, but we are not getting those sales. They declined considerably during the drought because people weren't doing work on the landscaping. We have made quite a few efforts to try to be able to move the Dillo Dirt more. We had gotten our Dillo Dirt certified through the U.S. Compost Council so it now could be used in a TXDOT contract, but they are not coming, they are not asking for that, nor are any of the subcontractors. We have met with quite a few of our vendors on issues and we have tried making some of the changes that they have asked for in order to move it, but again, we're still... though we are seeing an increase in Dillo Dirt sales this year, it's not up to what it had been prior to the drought. And again, we don't want to stockpile too much and have the risk of another fire.

Christianne Castleberry: And, has somebody evaluated the potential of sales increasing if we were to screen it?

Jane Burazer: Well, when we get the Dillo Dirt sales in we screen it and load it as the Dillo Dirt.

Christianne Castleberry: Oh, so it is, okay, so it is screened.

Jane Burazer: No, this is not screened. I'm saying as a Dillo Dirt sale comes in, we then screen that as we load it.

Christianne Castleberry: Okay, so the Dillo Dirt is screened.

Jane Burazer: Yes. The Dillo Dirt is screened. This is not screened. It is a Class A biosolid, so it is a safer product than the Class B, but it is not screened. It still has chunks of stuff.

Christianne Castleberry: And, based on what other utilities are doing, I mean, do you... because I had the impression Austin Water was pretty cutting edge in our biosolids. I mean, are people doing more than what we're doing? Are they able to move it, and get rid of their inventories?

Jane Burazer: Not all cities have a composting operation. I think the other city in Texas most known for their composting operation is Plano. Plano bags and markets outside of their area. We work with wholesale customers. We don't try to compete against our wholesale customers. And that's been an issue that's come before the legislative session the last three times, is whether or not we should be allowed to even sell our compost materials, and have it leave outside of our region, and how that sale should go. We've gone in every time to testify for that because, again, we are not competing on a retail level, we're competing on a wholesale level. But we are dependent on them wanting the product.

Greg Meszaros: Jane, and maybe we might want to have Synagro come up since Item 1 and 5 are connected in the sense that they are both Hornsby. And maybe you could give the Commission a broader vision of what you feel, or where we're going, with the whole biosolids, and what our goal is and how, because land application's been brought up... and I think we're really on a path to achieve a higher level of performance with regards to Class A and composting.

Jane Burazer: So kind of give the history of how we got here...

Greg Meszaros: Yeah, so put it in a bigger picture context, and why don't we have, is a representative from Synagro here today? So can we have the Synagro representative come up? Please come up to the table.

Jane Burazer: And I'll give the background. You know, currently we produce about a hundred thousand cubic yards of biosolids at the Hornsby Bend facility. We do generate methane and we use that to generate electricity, and some of that is used to provide the heat for our boilers on site. So we are, our goal is to beneficially reuse everything that we can. To date, about 1/3 of what we produce goes into making the Dillo Dirt, and then 2/3 had been being land applied, up till now. We originally, most of the land application back in the 90's was occurring within the plant grounds; we have 1,200 acres out there. We had an exemption that allowed for research so we could load at different rates. We do not do that anymore, that was removed. And we also had the, in the early 2000's, we were able to do land application at the Weberville site owned by Austin Energy. And we had contracted that out because we did not have the equipment and the man power to do that. So we have been doing land application for over 15 years, and offsite since at least 2001, I believe it was, the 2001-2002 year. When we lost the ability to do the land applications on all the City sites we did go out with a contract to have it land applied outside. Land application is still considered a beneficial reuse of the product because the next step would be landfill, and we did not want it to go to landfill. We have always stayed on top of and explored other options but many of those are very costly, like heating and drying, incineration, and all the other options that are out there. The current contract we have is with Synagro. This last year, or last time, it was a couple of years ago in 2014, we went out for a requests for bids. In a request for bid we have to be very specific about what we want and we had asked predominantly for land application, but we did put caveats in there for a certain amount of agricultural composting, which they had begun doing at the Hornsby Bend site. And the agricultural composting is, it's cheaper, it's faster, it's a faster turnover than the Dillo Dirt process is, and it's gone very well, but we felt we had to restrict how much of that they could do, both on space available for that as well as if we had done too much that would have, it would have changed the outcome of the actual, the original bid to where somebody else may have been the lower bidder so we felt like we had to manage the contract to within, to be fair to the other bidders that had bid. And we went into the agricultural composting with some unknowns, because, do you have the market for that? Prior to this bid, this time actually we didn't bid it, we went out for a request for proposals. In this case, you know, we had been looking at it... for us it's harder to compete with private industry in this field because we don't have the same flexibility they have. We don't have the marketing to go out to do the sales. When we want to get major equipment it can take two to three years. As you know, our budget process starts in April, the budget's approved in October, then when the orders are placed for specific large equipment, it can take up to a year. So we don't have the same flexibility to grow as things grow. And we did get into a bind when our amount of biosolids went up drastically when we were having, boy it's going to get convoluted, but we were having some issues with alkalinities at Walnut. Walnut said, "Hey Davis, can you send us some of your lime residuals?", which they did. Helped Walnut out but all that residual then ended up at Hornsby and we

end up with more solids than we normally had. We ended up with a stock... a backlog of stuff. And we didn't have the ability to just change a contract to move all that out. We have, it's very restricted. So, we have now, since the fire, through the creativity, in my opinion, the creativity of plant staff, we have looked at every way to try to bring that down. You know, we originally went out with a Request For Proposal, on how to get rid of the burnt materials. The costs that came back were much higher than we had anticipated, as well as not all of the options we were given were beneficial reuse, there was a lot of landfilling. So we went with the contract that we would normally have for land application but we increased our spending authority within it. So we've used land application, they've done the agricultural composting, we've looked at ways, sometimes when material sits out in a basin a long time, the UV will, it will end up a Class A biosolid so we can essentially give that away, which is cheaper than having it removed, or landfilling, or even making the Dillo Dirt, so we have moved solids that way. We have moved some by selling the unscreened piles, so we have through that gotten the stock pile of materials out there down to a very manageable level and now where we have much less risk of fire. Prior to doing this we had met with Purchasing on what our options are on how to go out. They told us that we could have some meetings with some of the major vendors in this arena, so there were meetings with Synagro, with TDS, and with New Earth, who had expressed interest in stuff, to say "What are, kind of... how should we frame this?" And it was very clear that we need a longer term contract because anything anyone would do they have to make a capital investment coming in, or they have to develop markets. So coming in cold makes it hard. If you're developing a product, you have to sell the product. If you're bringing something else, you've got the capital investment of the large equipment to bring in and the best way to get the best price is to normalize that over a longer period of time. We so went with a Request For Proposal, in which we gave the scope of what we wanted done. And obviously one of our goals is the beneficial reuse of the materials, but that's a wide array of ways to meet that. We received five bids. Four, one was deemed nonresponsive, so we analyzed four of them. And we did get a wide array of options out there. The subject matter experts within the utility evaluated the experience of the companies, the experience of the major players, and the proposals, the proposed solutions. The Purchasing analyzed the cost and the other options, some timeframes and stuff. So those scores are then combined and then the person with the best scores, who is then recommended before you today. Now because these are Requests For Proposal some of the information coming in on the proposals is confidential and proprietary, and that's why we cannot speak about them but Synagro can. Now he would be speaking on #5. Are you wanting to hear all of together now, both 1 and 5? Or how do you want to handle this?

William Moriarty: I think that's productive. So let's, for the moment, we'll vote on them separately, but let's, I think this discussion can be lumped. Commissioner Castleberry, please proceed.

Christianne Castleberry: Well, I guess I would like to hear then, thank you for the background and giving us an idea of the thought and the plans that the utility had.

Jane Burazer: I should point out something that I can talk about, 5 more. We, in looking at it to show, you know, comparing it to the previous contract that we had, in the contract we currently have with Synagro we pay, I believe \$32.90 a cubic yard for land application, and \$25 a cubic yard for the agricultural composting. In this new proposal it's, I believe, \$17, no it's 15 something, I've got it in here, it's 15 something a cubic yard. So when you take the 100,000 cubic yards that we're looking at, the savings alone, if you were just to use the agricultural composting from the existing contract compared to here, that's a \$900,000 a year savings. Plus we would not have to do as much, have the maintenance and operations of our fleet, so that would save us further. So we would incur over a millions of savings per year going with this contract.

Greg Meszaros: So let me interject before we get into more specifics. Our goal with this contract was twofold. One, as Jane described, for the last 15 years we have been disposing of biosolids through a combination of two methods: composting and land application. Our goal with this contract was to dispose of biosolids by composting predominately, that we want to reduce the amount of land application that we currently do, and have done for 15 years. So, ideally we'd like to get where every single pound of biosolids goes out through some kind of composting method, that that's our goal. Not to increase land application...

William Moriarty: When you say "composting", Greg, that means Dillo Dirt.

Jane Burazer: Not necessarily.

Greg Meszaros: Well, there's various forms of composting. There's agricultural compost, which isn't as refined, screened product. Dillo Dirt's the very high, top end, kind of thing. We didn't want to be constrained and say it only has to be highly clean Dillo Dirt, if we can get it through agricultural composting, whatever way we want, but we want to get away from land application as much we possibly can.

William Moriarty: Because land application makes the neighbors crazy.

Greg Meszaros: Yes, it's a little less desirable. It's better than hauling to a landfill but it's not as desirable as composting. And we've always done it, I don't want to indicate that we've never done it, we've always done land application but we're looking to reduce that amount of land application that we do. You know there's been a lot of articles in the paper recently, one of the bidders was trying to set up a new land application site in various counties around here. That's not the person we're recommending the award go to; that was a different vendor from who we're recommending this award to. So our goal, you know, I think what the speaker was saying is like "Do more composting", we agree, we want to do more composting, we're just saying, don't just limit that to Dillo Dirt because the market for Dillo Dirt isn't there like it used to be; we can't move that amount of highly screened Dillo Dirt. And it's expensive to create Dillo Dirt, it's very expensive to create Dillo Dirt. So that was one goal. The other goal I had was we started this, we want to reduce costs because it's very expensive to run Hornsby. The windrow turners, the equipment, these are million dollar pieces of equipment. We have a lot of space, we have pads, it's very expensive, so our home run was increase composting and decrease cost. If we could do that we felt we had a good solution. And it think that's the solution we're bringing to the table today, is increase composting, significantly increase composting...

Jane Burazer: We didn't require that, though. Our ultimate goal was Class A, and there were other options that were provided by some of the...

Greg Meszaros: We didn't constrain the market, our perspective, I mean, in the end we could choose not to enter into contracts if we didn't kind of get the right configuration...

Jane Burazer: Right. That's correct.

Greg Meszaros: So we think we're bringing to the table a solution that is achieving both of those methods. So I just wanted to lay out our big picture goals with regards to this. It was not to start more land application, it was to decrease land application and hopefully also to stabilize or reduce costs. And with that, you know, maybe you could go into some more details of how we think we achieve that, or Synagro could do that.

Jane Burazer: I can't say what Synagro...

Andrew Bosinger: I'm happy to give you our perspective on it. We have been doing land application...

Greg Meszaros: Have you introduced yourself?

Andrew Bosinger: I'm sorry, yes, sorry, my name is Andrew Bosinger, I'm responsible for business development for Synagro. I've been responsible for our performance under the Austin contracts for the last 8 years. We have done land application for years, and in the recent contract we've been doing both land application and what's been referred to as agricultural composting. And what that means is we're addressing a specific segment of the market, and that means meeting the requirements to make a Class A product in the least cost manner, and not refining, not making big investments in the product to get it out to a big market. So agriculture is a huge capacity market. You can put a lot of compost product into agriculture but farmers don't like to pay a lot for it so the key from the private sector side, when we looked at this proposal we evaluated a number different options. Synagro is, you know, we have about 600 customers around the United States where we provide biosolid solutions. We operate 16 large scale facilities using all the newest and best technologies. So, we're a service company. We don't care what the technology is, we look for what the right solution is for that particular customer, and when we looked at Austin we said, "You have an existing compost pad; an existing asset that is operated extremely well for a long period of time; it's kind of a flagship in the business. I've

been doing this for 20 something years and everybody knows Dillo Dirt in this business, and what we saw was an opportunity to do some optimization because Dillo Dirt is a high quality product that, as the Director indicated, is expensive to make. So what we saw an opportunity to come in and use the private sector flexibility. We can bring investments in capital, and was also said, you know, we need a little bit of longer contract term to recover that, but by doing that we can match the product to the market. **So if the market needs, when people aren't buying high end compost for planting and things like that, you still need to move the product, so we can keep costs low, make an agricultural product, and move it out quickly and efficiently to the market.** Then, when the market is ready for a higher end product to sell, we can invest more in it; invest more people and equipment, resources and time, make that high end product and match it. You know, similarly, and match the product to the market. Similarly, so, you know one of the things that the private sector can do pretty well that the public sector has more challenge with, is pricing the market. You know, Dillo Dirt has sold consistently at one price. Well that's great, because it's consistent and the public knows what to expect, and that's good public policy. But one thing that we would intend to do is to price the market, what the market will pay. And sometimes that'll be more than what is currently charged for Dillo Dirt; and we have our own brand, we would sell the product under our brand, which is called All Gro, and we've established that nationally. You know, we sell more biosolids based compost than any other company in the country, and, you know, sometimes it will be more than Dillo Dirt, sometimes it will be less, but you know, we can optimize pricing, we can match the product to the market and ensure consistent flow. And we wouldn't be paid under the terms of this contract until the product goes to market, so there's an incentive for us to keep product moving, keep inventories low on the site, and to avoid, kind of, the stockpiling and backlog issues that have been a challenge for Hornsby Bend in the past few years.

Greg Meszaros: Yeah, let me speak on stockpiling. We can never get to the point again where we are stockpiling like we were. That fire was a disaster. It took us 3 months to put out; I can remember, we spent \$6 million?

Jane Burazer: Four million.

Greg Meszaros: Four million dollars to put out. We don't want to do that again. We finally got the inventories low, and manageable, and we're poised to increase composting and Class A, and I think stabilize and even reduce our cost, and simplify our equipment needs, and we feel this good for the environment, and good for the utility, and good for our rate payers and that's why we're bringing it forward now with this. This has been about a year's worth of work that we've been doing to get ready for this contract so...

Andrew Bosinger: Just to be clear our, our intent would be to compost all of the material. So, the product would be continued, it wouldn't be, land application would be a backup only at the direction of the City. And, I think I heard 20 year contract earlier, our understanding is it's a 5 year contract with a 5 year option.

Jane Burazer: Five 1 year options.

Andrew Bosinger: Five one year options, so, you know, we'd love to have a 20 year contract, believe me, but that's just not...

Commissioner: You might have had it if you'd...

Andrew Bosinger: I should have just kept my mouth shut.

William Moriarty: Let's continue, because we're doing this 1 and 5, if the commissioners are agreeable to that. I've got a lot more questioners on 5. So Commissioner Castleberry, I don't want to cut you off, so, but, there's now like, almost everybody has questions.

Christianne Castleberry: Definitely. The only thing I, because we're talking about 5, how different in concept is Item 1?

Jane Burazer: Pardon?

Christianne Castleberry: How different in concept is Item 1? Because we've spent so much time talking about 5.

Jane Burazer: It's, they're not really, they're, how we approached number 1 was done in a manner of, you know, what if we do get this contract that we're proposing Synagro for, what if we don't? So we did the 1 year, and that's because we still have some materials on site that's not moving. We have, currently have 10 piles. In the agreement, within the first 90 days they would have to take off 5 piles of it. Now they're paying us for that; it is not as high a cost as the Dillo Dirt but it's not screened so it's not the same quality as Dillo Dirt. And then we also project that before the end of the year is over we will probably be having 3 more piles out there because this is the high production time of year. And so that would require that they take that out. Now once this year is up we don't have to renew it. But we wanted options in there in case the contract that we're proposing for the other biosolids reuse doesn't go through, we need options on how we would move forward as it is. So there are caveats in there that were based on the what if's, but they are not linked together.

Commissioner: So if Synagro went through, Item 1 you wouldn't need?

Jane Burazer: No, we still want to remove some of the solids that are on hand right now.

Commissioner: Got cha'.

Jane Burazer: We gave assumptions of how much product would be on hand as they come in; there'll be a transition plan that will deal with a lot of that, if they get the contract, and we will work through that.

Commissioner: I'm sorry, I'm asking questions out of order...

Jane Burazer: And again, we only get paid for what they take, so it's...

William Moriarty: Commissioner Castleberry.

Christianne Castleberry: I can share. This was very helpful.

William Moriarty: All right. Commissioner Maia? You had questions on 5 so I'm just kind of taking everybody as 1 or 5, so you're welcome to ask away.

Mickey Maia: Okay, so this would for me, be on 5. I'm reading very quickly through the document we were given shortly before the meeting and I think you covered a lot of what they brought up but on the second page of it, they say, "Land applying sludge has been tied to major health impacts for neighboring residents, serious quality of life impacts, threat to groundwater, surface water, and even air quality as the pathogens and pollutants in sewage sludge are stirred up. It is wholly irresponsible and contrary to Austin's values to dump sewage onto another Texas community that happens to be less wealthy or powerful than we are." And then there's other comments about burdening rural Texans with dangerous pollution. So I'm not an engineer and this is not my area, so I wanted to give you an opportunity to respond to those comments. I think what I understood, and please tell me if this is wrong, so what you all are saying is that you want to move to complete composting as much as you possibly can, provided you find consumers that will take it and that is better than landfill, is that correct?

Greg Meszaros: Can I start?

Jane Burazer: Sure.

Greg Meszaros: Okay, so think about sludge in a couple of ways, more of a raw sludge, a raw wastewater sludge, sewer sludge, is like a Class B sludge that you land apply, that you take this sludge and it flings out and you put it on, that's land application, that's Class B, right?

Jane Burazer: Well, it's a Class B product because it's gone through digestion and further treatment, but also, how you do land application makes a difference, and ours always gets turned under so there are some people that will throw it on top and leave it sitting on top. We don't do that in our process.

Greg Meszaros: So that's what we don't want to do as much of in the future, hopefully not at all. Right now we do a lot of that, and we have for fifteen years. We want to stop doing that. So I think that those...

Mickey Maia: And that has in the past been done on a property... City property?

Greg Meszaros: On our property at Hornsby, at the old Webberville site, and also hauling it to other sites, which we do today. We have for fifteen years.

Jane Burazer: Last eight years is been going to Eagle Lake.

William Moriarty: You make arrangements with the farmer, make a deal with him to allow you...

Andrew Bosinger: That's part of what we do.

Jane Burazer: It has to go on permitted land.

Greg Meszaros: So we want to go better that, we want to go what's called Class A, and composting, and like we described there's different types of composting; highly refined, super screened, Dillo Dirt, agricultural compost... you know composting mixes with yard waste it kind of cooks, you know, it makes compost, that's much better than just like...

Mickey Maia: Class A is better than Class B.

Jane Burazer: Yes, it's pathogen removal.

Greg Meszaros: It's the highest level you can get to, there's nothing above Class A in terms, it's the highest quality. I mean, our vision is Hornsby, that 99.99 % of it in the future would go out as all Class A, I mean, you may not hit that every single second of every single day but we want to go from where we are to that standard, that's where we go. So that's what this is doing both contract number 1 and number 5. Number 1 is we have this agricultural compost material that's already, Class A compost, sitting there doing nothing.

Jane Burazer: No, 1 is unscreened Dillo Dirt.

Greg Meszaros: 1 is unscreened Dillo Dirt. It's just, there's not a market for it from a Dillo Dirt perspective, so we have these big providers that'll come in and just take it all away use it as a compost for their agriculture. It's not land application, it's compost. It's Class A.

Mickey Maia: Okay, and so the objective is to have compost not land application.

Greg Meszaros: Yes.

Melissa Blanding: Okay, and so in terms of the comments about health impacts and quality of life, there's a difference between land application and compost. Is that correct?

Greg Meszaros: Yes.

Mickey Maia: Much better with compost?

Jane Burazer: Compost is always much better.

Greg Meszaros: I mean, in the end, you got to get ready your biosolids.

Mickey Maia: I understand.

Greg Meszaros: You only have three choices.

Mickey Maia: I'm just trying, you know, this is not my field, so I'm just trying to understand in layman's terms what that all means.

Greg Meszaros: I think one of the changes, what we are saying is look, there's different forms of composting, there's agricultural composting, and there's highly refined Dillo Dirt, let's not just say the only way we can move things is Dillo Dirt, cuz we can't move enough Dillo Dirt, nowhere near enough Dillo Dirt, to move the product as a compost. That's why we are looking to diversify into a broader range of composting.

William Moriarty: Thanks. Commissioner Maia, I want to try to move along, this is big...

Mickey Maia: I'm done.

William Moriarty: Okay. Commissioner?

Commissioner: No questions.

William Moriarty: Vice Chair Lee.

Chien Lee: Well, my comment is more toward the ESMBR and the Purchasing department because Items number 1 through 6, we are talking about a contract total of about 36 million dollars and in the notes on the MBR__ requirements says "for the services required for this solicitation there were insufficient subcontracting opportunities and insufficient number of certified MBE's" and I really wouldn't agree with that.

William Moriarty: Both one and five.

Chien Lee: One through five, yes.

William Moriarty: One and five.

Chien Lee: One, two, three, four, five.

William Moriarty: We're only talking about one and five.

Chien Lee: Okay. The trouble is there are so many activities there and the total amount is so much and then the MSMBR in the Purchasing department does not have any subcontracting opportunities that's kind of amazing to me. And then the other question is, usually on the package we make a note if the contractor is a current service provider or not, and then also usually we have a note there saying that this contract is five percent more than the previous contract or current contract. Those information are not available. Okay.

Jane Burazer: This is actually considered a first type of contract.

Chien Lee: Yes, if it's a first contract and if there's a note there say this is the first purchase, we don't have a historical contract information.

Jane Burazer: There is a similarity, but it's different because of the proposals.

Chien Lee: The other thing is like, this is a five year contract with five years of option, I wish the City went into the engineering services notating this, they can do that same thing there, so I don't have to worry about it, I can say, I can purchase my computers everything there, I know I am going to have work for 10 years, I'm turning this, now we know.

William Moriarty: Let's get them to answer to the question. You're saying, the minority utilization is improper. Answer?

Jane Burazer: We'll start with the first part of it from the City side of it is, DSMBR said that there are not, they didn't have enough companies that could bid on it, so that's why there's no goal, and one of the issues here is it centers around the licensing requirements from TCEQ. There are trucking companies that don't have the TCEQ licensing for their trucks to be able to haul some of the solids that we have that are required. So in understanding that that was a concern and an issue, and that there was not an SMBR goal we did put a part in the scope that we wanted people to... that this is important to the City to bring in local business and women and minority businesses, and in it, I hope it's okay, I think it's okay to say this part, they have committed that they will work to try to identify those opportunities if the contract is awarded.

Andrew Bosinger: If I may speak, I would tell you that under Item 5, under the Synagro contract, we didn't propose a subcontract. We have a partner who is a minority business enterprise who is not yet certified but is going through the process right now with the City. We've had a difficult time finding qualified MBE/SBE/WBE businesses that have the right kind of equipment; it's specialized equipment. We have been looking, we have found some, we're training them, helping them get the right equipment and they are going through the certification process now, so we anticipate, if we are awarded this contract we will have some participation.

Chien Lee: Look, I am not questioning about the Synagro's commitment and interest and qualifications but I am more concerned about the DSMBR's commitment because they can set the goals and then any bidders or proposers can come there and say, "we did a good faith effort and there is no minority business available, they did not do it, we tried emailing them, we tried to contact them, fax them, but no one is qualified or interested". I mean that's a good faith effort on the DSMBR side of it, you know, it's not our bidders responsibility, the bidder can try to find the best ones but if as long as the DSMBR presented the requirement and then the bidders presented a good faith effort and everything is settled. But part of the, force the gate is like, we don't have any subcontracting opportunities I think that makes life easier for everybody; you don't have to do anything on it, that's my concern.

William Moriarty: Thank you, I'm gonna skip my turn, I'll be last. Annie?

Annie Kellough: Okay, so it's my understanding I guess now, so Synagro currently has, is under contract with City of Austin to manage biosolids?

Jane Burazer: Well, the contract right now is for land application and some agricultural composting.

Andrew Bosinger: A small amount of compost.

Annie Kellough: Okay.

Jane Burazer: Like I said, that was done on a Request for Bids. So on a bid you give them specific things you have to bid on, specific line items. This one we're bringing forward to you today, on number 5, is from a Request For Proposals where they are proposing a solution and it's evaluated based on that.

Annie Kellough: Okay, that might answer my question actually, which was, you know, if Synagro has been the one managing this already and we are using too much land use what Synagro is going to change in order to do compost and is that just in the nature of the contract?

Jane Burazer: They were required to do the land application for this current contract.

Annie Kellough: Okay.

Greg Meszaros: But Synagro, I mean, you can speak about...

Andrew Bosinger: We have a very limited piece of the Hornsby Bend site on which to do composting. Frankly it's better, you know we want to do more composting, it's better for us and we don't have to haul almost 100 one-way miles to Class B land application sites that are permitted. So there's efficiencies to be gained there, but you know our contract was very specific for land application and a very small amount of composting, so that's what we've been performing, but you know the recommended contract would change that to all composting, or materially all composting.

Greg Meszaros: So Commissioner, through this new proposal format we didn't constrain the vendor in terms of how they use the site, or how much composting they do, or how they can use our pads, you know, the last bid was very narrowly boxed, this was a much more open, give us your best proposal world, on how you would use our site to maximize composting and minimize land application, and Synagro produced, in our opinion, the best value approach to achieving that goal. So that's why it's not like a continuation of the old contract it's a new approach contract.

Annie Kellough: Okay, and then just one question on as far as timing, this old contract that you've been under, is that coming to an end at a specific time?

Jane Burazer: November 17th.

Annie Kellough: November 17th. Okay. That's all I have thank you.

William Moriarty: Commissioner Ho.

Nhat Ho: So, I'm hearing, I just want to go back to the comment from the Citizen Communication section earlier about the composting program that Zero Waste is putting in place. I've heard that they are starting the pilot program very soon and I can't claim to know the pilot program inside out but I am familiar with some aspect of it. So help me understand the compost coming from those organic source, household organic, is this the same as the compost that you producing, are they competing for the same market?

Nhat Ho: Okay, good.

Andrew Bosinger: No, they compete for a different market. And we do organics composting as well as biosolids composting, source separated organics, like what will come from Zero Waste. Very different. Anything with biosolids in it cannot be labeled "organic", so it sells to a very different consumer, very different marketplace. The material from the Zero Waste project will in fact sell for a much higher price because it's all organic food and when you have a biosolids, a sewage sludge element to it, you know it just won't support the same pricing.

Nhat Ho: So it's not true that if Austin Water was to ramp up the compost program it will adversely affecting the Zero Waste composting effort.

Andrew Bosinger: I would describe the market for compost as kind of a pyramid, right? And at the bottom is the lowest price and lowest quality demands, and that's the agricultural market. It's a huge market, doesn't demand the highest prices, doesn't command the highest prices, doesn't demand the highest quality, but you can move a lot of material to it. And at the very tip of the pyramid is that very high quality, organic, you know, and that's where the, it's a smaller market, but that's where you get the highest price, the demands for quality are the highest, and that's where the food waste kind of compost will reside in that space of the market.

Nhat Ho: Right, I just want to make sure that we attempt to answer the concern is, are you guys working with Zero Waste, and so on and so forth, and I would encourage that, you know, obviously because it seems like Zero Waste and Austin Water is at the forefront of the composting which is a great thing, and as long as you are not competing for the same market I don't see any reason why that would be a concern, and I just want to make sure I understand that.

Jane Burazer: And in fact, Austin Resource Recovery reviewed our Request for Proposals before they went out and they approved us doing it, and I believe we still have the letter that gives the go ahead on it, and if you want to see that I'll get that to Felicia to send to you.

Nhat Ho: I think that would be great for the public to understand that this is a joint effort, or have some sort of communications. And my next question is, I guess my only question left is, from what I am hearing it sounds like the composting effort would more environmental friendlier than just leaving on land application, or just letting it sit there as a stockpile. Is that a stretch or is that correct?

Andrew Bosinger: No, that's absolutely, the carbon sequestration that comes with composting is, there's well documented scientific models out there that will show that, plus, I mean, you're taking trucks off the road, you're taking long distance haul trucks off the road that are going a 100 one-way miles right now, so the carbon from that is dramatically reduced. So there are all kinds of benefits to biosolids and compost but this is definitely an environmentally preferable option.

Nhat Ho: I mention that because Austin Water is a member of the Joint Sustainability Committee which is the body that try and enforce the Carbon Master Plan of the City of Austin and so you were saying, Greg, that if you're reducing stockpiling, which is great, or landfill application and you're reducing cost those are a home run that would, if it is indeed friendlier to the environment I would say add that as part of the achievement as well, because that would allow other

body who are watching the carbon dioxide, the reduction footprint, to be part of that to advocate for that, so I just thought I'd mention that. Thank you.

William Moriarty: Commissioner Turrieta.

Susan Turrieta: One comment, one question. Just for those of us who aren't in the biosolids wastewater world, you've mentioned permit several times I just want to make it clear to everybody that any of the three options you do with the biosolids is covered under the EPA and TCEQ regulations and the City follows them very closely.

Jane Burazer: Yes.

Susan Turrieta: Yes, and so that was just kind of some information out there. And then the second question I have is with the Zero Waste Master Plan there is movement to mix food scraps with yard clippings, etcetera, which impacts the bulking agent that can be used at Hornsby Bend because of the vicinity of the airport and the attraction of birds. Do you guys, your company, have another supply of bulking agent?

Andrew Bosinger: Yes, I think it dovetails nicely with the construction and demolition debris ban that's coming in, and that is going to increase the supply of materials, woody carbonaceous materials that need a recycling home, that are on the market, and this will fit together with that, and that's our responsibility to identify that and to provide that material for the duration of the contract.

Susan Turrieta: I'm glad to hear that.

William Moriarty: Okay, I'll ask my questions last. I think this is a situation where this is an effort to really improve things, but the story isn't getting out, the story is becoming "we're going to truck biosolids and invade a neighboring county" because some of the other proposers may have in fact wanted to do that, but that wasn't you.

Andrew Bosinger: That's correct.

William Moriarty: As having been around here a little while, along with Commissioner Castleberry and Commissioner Maia, when we had the privilege to vote for those emergency contracts to put the fire out at Hornsby Bend, as a relatively new Wastewater Commissioner I thought I was living in another world, when CH2M Hill brought backhoes that looked like they were four stories tall, and sixty men and millions of dollars, it almost shut the airport. So I can appreciate Director Meszaros' sensitivity to not ever wanting to go back to that situation, so we can't stockpile, we've got to get rid of it. You've put together this sort of advanced RFP approach to visit with vendors, what's the best way, let everyone bid their best solution, or propose on it, and you've got something here. But there's people in the community that aren't understanding what you're doing and assuming we vote for this, my guess is, as you know better than me, when you go to the City Council this will be harder, probably. So we're going to vote these things, but I'm wondering if whatever way we vote, would it be appropriate for me to suggest that at some point between this and the Council meeting you can meet with Ms. Schneider and her associates, and give her the longer explanation because when you just read these things on one piece of paper they don't sound very good, but when you hear the whole story I think there's an honest effort here to eliminate the land application if you can, if you can get rid of the product.

Jane Burazer: And we will do our best for that, the one caveat we have is...

William Moriarty: I can't call on you ma'am, I'm sorry.

Jane Burazer: ... we cannot discuss what they put in their proposal at this point which makes it much harder to communicate, I mean, our goal is to get to Class A. We did have, some of the proposals were more land application, or a combination of land application and composting, so like I said we received a variety of proposals, but our goal is the Class A and we went with that, but we are not at liberty to discuss the proposals themselves.

William Moriarty: Right, but I think you can kind of talk...

Jane Burazer: ...what our initiative and goals is, yes.

Greg Meszaros: Yes, we will commit to following up with various stakeholders that expressed concern tonight, as well as others.

Citizen: Release the contract, let us see what is in it.

Jane Burazer: There is no contract yet.

Greg Meszaros: We're not going to engage in a shouting match with the audience, so we will certainly sit down with the stakeholders, the citizen that was here tonight and others, and discuss to the best of our ability, and have Synagro attend if we can, to work this through. We are under you know, procurement cones of silences, and other kind of things so we have to be mindful of that.

William Moriarty: Right, but you can kind of explain the philosophy and the thinking of how you're trying to move this thing forward which you have largely done tonight.

Jane Burazer: Yes, and approving this is not approving a contract, it's approving us to negotiate a contract. There is no contract in existence at this point.

William Moriarty: Will we see it again?

Jane Burazer: No.

William Moriarty: You'll be done with us and the City Council, theoretically, so... okay. Commissioners, I... Commissioner Castleberry.

Christianne Castleberry: I would just like to add, you've touched on this, but this seems a communication, and I understand your position, it seems to me that when you get to that point where you have a contract, and you can release...

Jane Burazer: Can communicate...

Christianne Castleberry: ...this could be a very good story to let us see, you know, what your plans for the future look like, and how it is that you went about carrying that out. And I think I would like to see, and I know our community needs to see at some point, that story.

Jane Burazer: Yes, we can do that.

William Moriarty: If there are no further questions from the Commissioners let's take up Item D1. I need a motion to approve.

Travis Michel: Chair Moriarty, I'd like to make a motion to approve Item D1.

William Moriarty: Thank you Commissioner Michel. Commissioner Castleberry seconds your motion. All those in favor say aye, or indicate by raising your hand, and that is a unanimous vote. Okay, our next Item, interestingly enough is Item D5. How'd that work out? We have dovetailed both discussions together so I'm prepared to receive a motion of approval. Commissioner Ho.

Nhat Ho: I motion to approve.

William Moriarty: Commissioner Turrieta seconds. All those in favor raise your hands for me if you wouldn't mind. I have all, but two voting nay.

Chein Lee: Abstain.

William Moriarty: I have commissioner Kellough nay; abstention Vice Chair Lee. Okay. Thank you.