



## MEMORANDUM

**TO:** Mayor and City Council Members

**FROM:** Greg Meszaros, Director, Austin Water  
James Scarboro, Purchasing Officer

**DATE:** October 29, 2018

**SUBJECT:** Item 20, Beneficial Reuse of Biosolids, Additional Background Information

The purpose of this memo is to provide additional background information on Item 20, which requests authorization to execute a contract with Synagro of Texas-CDR, Inc., to provide biosolid composting services for an initial term of five years, with five additional one-year optional extensions (10 year aggregate), for a total contract amount not to exceed \$19,300,000. This contract will provide for the treatment, marketing and distribution of all biosolids generated by the City's three (3) water treatment plants.

Over the last two and a half years, the Purchasing Office and Austin Water (AW) have developed and issued two Requests for Proposals (RFP's) and one Invitation for Bids (IFB) in an attempt to create a new contract for this service. The following is an overview of these prior solicitations, as well as a more detailed discussion on some of the issues associated with the latest solicitation and award recommendation.

### First Solicitation

The scope of the first solicitation included very few restrictions regarding the type and quantity of services that could be proposed by offerors. Offerors could propose a full or partial use of the Hornsby Bend concrete pads. If the successful offeror proposed using all of the pad space for biosolids processing, AW would cease production of Dillo Dirt, as there would be no pad space available for Dillo Dirt production by City staff.

The first solicitation, RFP 2200 CDL2003, published on April 4, 2016 and closed on May 19, 2016. Five proposals were received in response to this solicitation. The evaluation committee determined that the proposal submitted by Synagro of Texas-CDR, Inc. (Synagro) was the most advantageous based on the solicitation's evaluation criteria. Synagro's proposal included using all of the pad space for 100% composting of the biosolids.

Due to concern from parties outside the solicitation process over the possible loss of the Dillo Dirt program, as well as other aspects of the solicitation, Council directed AW to work with the Water and Wastewater Commission (WWWC) and the Zero Waste Advisory Commission (ZWAC) to develop public policies for the processing of biosolids prior to the contract being negotiated. After the commissions made their recommendations and policies were created, staff negotiated a contract that was consistent with these new policies.

The solicitation eventually had to be cancelled however due to anti-lobbying issues. Council instructed AW to issue a new solicitation.

**Second Solicitation**

The scope of work for the second solicitation included the policy recommendations from the commissions. There was also a public comment period before the scope of work was finalized.

The second solicitation, RFP 2200 CDL2003REBID, published on October 9, 2017 and closed on November 16, 2017. Four proposals were received in response to this solicitation. The evaluation committee determined that the proposal submitted by Synagro was the most advantageous based on the solicitation’s evaluation criteria.

Following the award recommendation, multiple protests were received. In resolving one of these protests, staff set aside the earlier award recommendation and proceeded to request best and final offers (BAFO) from the two offerors submitting the highest rated proposals. While the BAFO process was underway, the Purchasing Office received and responded to a public information request (PIR) concerning the earlier protests. After responding to the PIR, staff learned that the protest released included a copy of one of the proposals as an attachment. As this proposal was submitted by one of the offerors participating in the BAFO process, staff had no choice but to cancel this second solicitation as well.

**Third Solicitation**

Due to the policy clarifications incorporated into the second solicitation and the continued specificity of the solicitation’s scope and requirements, Purchasing and AW staff determined that the IFB process would be a better and less contentious competitive method for this third solicitation. Prior to issuing the solicitation, staff released a Request for Information (RFI), seeking feedback on the solicitation’s scope and requirements. Four companies responded with comments that assisted in removing ambiguity from the scope. Examples of the major responsibilities that were changed from the second to the third solicitation are shown in the table below.

Solicitation Element	CDL2003REBID (RFP)	CDL2003REBID2 (IFB)
<b>Fire Prevention and Control Plan</b>	Contractor’s responsibility	AW Generated
<b>Spill Prevention and Response Plan</b>	Contractor’s responsibility	AW Generated
<b>Compost Sampling Plan</b>	No Requirement	AW Generated
<b>Dust and Odor Control Plans</b>	Contractor’s responsibility	AW Generated
<b>Soil Sampling</b>	Contractor’s responsibility	In a different contract
<b>Inventory Controls</b>	Utilizes monthly measurements, 20% increase requires report	Utilizes trend monitoring w/annual net zero requirement
<b>Sampling Entity</b>	Contractor Only	Contractor, City or 3 <sup>rd</sup> Party

The third solicitation, IFB 2200 CDL2003REBID2, published on August 13, 2018 and closed on September 4, 2018. Three bids were received in response to this solicitation. The bid submitted by Synagro was the lowest bid received.

Multiple protests were received in conjunction with this solicitation as well. Purchasing reviewed each of the protests but found no legal or factual errors upon which to overturn the solicitation results.

On October 12, 2018, AW presented the award recommendation to the WWWC and to the ZWAC for their concurrence. The WWWC passed the motion unanimously. ZWAC passed a motion to postpone the item until they could question the Purchasing Office regarding release of the documents during the second solicitation and obtain the cost of the yard waste grinding operation at Hornsby from Austin Resource Recovery (ARR) staff.

### **Proposal Release**

Concerns regarding the release of information in response to the PIR that occurred during the second solicitation were addressed during the applicable protest processes. Staff resolved this matter by cancelling the previous solicitation.

### **Grinding Services**

During the RFI process, prior to finalizing the third solicitation, a respondent raised the question of having the AW biosolids Contractor also take over the grinding of all the brush and curbside yard waste collection that comes to Hornsby. This is the “bulking agent” used with the biosolids to make the compost. When asked if ARR wanted the grinding included in the scope of work, ARR staff replied that it was not a decision they were able to quickly make due to the concern of privatizing an operation that has City personnel dedicated to it. This question was also addressed in subsequent protests.

### **Conclusion**

AW urges the Council to approve the contract as recommended. The current contract expires at the end of December 2018 and spending authorization will be exhausted by the end of October 2018. The biosolids, and more significantly the yard waste, has been building up since the composting stopped. Hornsby staff are managing the accumulation of unprocessed biosolids for now but are increasingly concerned with the odor of the biosolids reaching the nearby areas as well as the yard waste becoming a fire hazard.

Finally, during the recent water crisis, the water plants had to discharge much of the storm water solids they had collected into the sewer since the plants weren't designed to handle that much solid material. These solids will be going through the wastewater plants and will be arriving at Hornsby Bend where storage space is already in short supply. This contract is desperately needed and needs to be executed as soon as possible.

cc: Spencer Cronk, City Manager  
Elaine Hart, Deputy City Manager  
Greg Canally, Deputy Chief Financial Officer