

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Amendment No. 4 to Contract No. C-94375 with Responsible Biosolids Management, Inc. (RBM) for the loading, transporting, and beneficial use of biosolids at the City-owned Green Acres Farm (Green Acres) in Kern County, California.

Recommendation for Council action:

AUTHORIZE the Board of Public Works to execute Amendment No. 4 to Contract No. C-94375 with RBM to extend the contract term by five years with one three-year renewal option for a total of eight years, and increase the cost ceiling by \$70.87 million for a total contract ceiling of \$179.57 million.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no fiscal impact to the General Fund. Sufficient funds are available in the Sewer Construction and Maintenance Fund to support the 2014-15 costs of the proposed Amendment No. 4. Funding for future years will be provided through the City's annual budget, which is subject to Mayor and Council approval. The recommendation in this report complies with the City's Financial Policies as ongoing revenue will support ongoing expenditures.

Community Impact Statement: None submitted.

TIME LIMIT FILE - NOVEMBER 25, 2014

(LAST DAY FOR COUNCIL ACTION - NOVEMBER 25, 2014)

Summary:

On October 15, 2014, your Committee considered a September 9, 2014 CAO report relative to proposed Amendment No. 4 to Contract No. C-94375 with Responsible Biosolids Management, Inc. (RBM) for the loading, transporting, and beneficial use of biosolids at the City-owned Green Acres Farm (Green Acres) in Kern County, California. According to the CAO, the City produces approximately 665 wet tons per day (wtpd) of Class A biosolids at the Hyperion Treatment Plant and the Terminal Island Water Reclamation Plant. The majority of these biosolids are hauled to Green Acres for land application and the remaining amounts are composted at different locations or processed through the Terminal Island Renewable Energy Project, which involves deep well injection of the biosolids

In August 2000, the City purchased Green Acres for land application of biosolids from City wastewater treatment plants. Approximately 500 wtpd of biosolids are transported to Green Acres for use as a soil conditioner to produce crops. These crops are sold on the market and generate revenue to the City. In June 2006, Kern County voters passed Measure E which banned the land application of biosolids and bulk biosolids compost in Kern County. The City is currently pursuing legal action to nullify this ban on the grounds that Measure E is preempted by the California Integrated Waste Management Act, which requires local agencies to recycle biosolids. A preliminary injunction was granted by the Superior Court of Tulare County and the injunction was upheld in a decision by the Fifth Appellate District Court. This case is ongoing and the preliminary injunction allows the City and the contractors operating Green Acres to continue farming operations until the case has been finalized.

The initial contract with RBM was executed on October 28, 1996 for a period of three years and a \$6.84 million contract ceiling (Council File No. 10-1636). On October 29, 1999, Amendment No. 1 extended the contract for an additional three years and increased the cost ceiling to \$20 million (Council File No. 99-1728). On February 21, 2000, the City Council approved the purchase of Green Acres, which named RBM as a party in the joint venture. On September 19, 2000, the City executed Amendment No. 2 to extend the contract with RBM for a period of ten years and to increase the contract ceiling to \$74.6 million (Council File No. 99-2107). On September 17, 2010, the Board of Public Works authorized the continuation of the contract on a month-to-month basis and increased the ceiling to \$81.1 million for a period not to exceed six months until Amendment No. 3 could be completed. The Board of Public Works authorized a second month-to-month extension on March 16, 2011 for a period not to exceed six months and increased the ceiling to \$84.1 million. Amendment No. 3 was adopted on September 27, 2011, which extended the contract for three years with a one-year renewal option for a maximum of four years and increased the cost ceiling to \$108.7 million (Council File No. 10-1636-S1). The extension provided in Amendment No. 3 will expire on November 14, 2014 and Amendment No. 4 will extend the contract for an additional five years with one three-year extension option for a total of eight years.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Amendment No. 4 to Contract No. C-94375 with RBM. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	ABSENT
KORETZ:	YES

ARL

10/15/14

-NOT OFFICIAL UNTIL COUNCIL ACTS-