TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DATE: APRIL 22, 2002

DEPARTMENT: PUBLIC WORKS

CMR:205:02

SUBJECT: AWARD OF CONTRACT TO OFFSET AGRI INDUSTRIES, INC. IN AN AMOUNT NOT TO EXCEED $120,000 PER YEAR FOR THE TRANSPORTATION AND RECYCLING OF THE ASH FROM THE PALO ALTO REGIONAL WATER QUALITY CONTROL PLANT

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Offset Agri Industries, Inc. in an amount not to exceed $120,000 per year for the transportation and recycling of the ash from the Palo Alto Regional Water Quality Control Plant (RWQCP).

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Offset Agri Industries, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $12,000.

3. Authorize the City Manager or his designee to exercise the option to renew the contract for the second and third year provided the proposed cost of the renewal contract does not exceed the Consumer Price Index, for all urban consumers (San Francisco - Oakland - San Jose, CA), the contractor is responsive to the City's needs, and the quality of the contractor's work is acceptable during the prior year(s) of the contract.

DISCUSSION

Project Description

The work to be performed under this contract is to transport and reuse the ash from the RWQCP. The RWQCP operates two sludge incinerators. The incinerators generate approximately four to five tons of ash per day. The constituents of the ash are valuable resources for certain industries. The RWQCP encourages the recycling of the ash wherever its use is beneficial for the preservation of the environment, financially and technically feasible, and consistent with legal requirements. The reuse of ash is consistent with the RWQCP long-term goal to take a leadership role in promoting...
beneficial reuse and environmental enhancement. The RWQCP currently markets the ash for agricultural reuse.

Selection Process
A request for proposals (RFP) for the Ash Handling and Reuse Services was sent on February 26, 2002 to five firms. The proposal period was 22 days. A proposal was received from one firm on March 19, 2002. Firms not responding indicated that they could not provide the service at a reasonable fee that would be financially beneficial to them.

Staff has reviewed the proposal submitted by Offset Agri Industries, Inc. to transport and reuse the ash as agricultural fertilizer or soil amendment. Staff recommends that the proposed fee of $65 per ton, to transport and reuse the ash, submitted by Offset Agri Industries, Inc. be accepted and that the contract for the Ash Handling and Reuse services be awarded to Offset Agri Industries, Inc. A change order authority in the amount of $12,000 (10% of the contract) is requested.

RESOURCE IMPACT
Funds for the first year of the contract have been appropriated in the FY 2001-2002 Wastewater Enterprise Funds. Funds for years two and three are contingent upon Council approval of the budget for each subsequent year.

POLICY IMPLICATIONS
Recommendations of this staff report are consistent with current City policies.

ENVIRONMENTAL REVIEW
Approval of the Ash Handling and Reuse services is categorically exempt for the purposes of the California Environmental Quality Act (CEQA) under section 15304 of the CEQA Guidelines.

ATTACHMENTS
Attachment A: Contract

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