



Council Meeting: November 24, 2009

SUBJECT: Award of Sunnyvale Works! Contract for Pond Sediment Removal and Biosolids Handling and Disposal (F0907-02)

BACKGROUND

As part of the regular operation of the Sunnyvale Water Pollution Control Plant (WPCP), the Public Works Environmental Services Division collects and processes wastewater biosolids taken from the four (4) anaerobic digesters used in the wastewater treatment process. This material is transported to drying beds where the water is allowed to evaporate and then moved to a storage area to be loaded on to trucks and removed for disposal or beneficial reuse.

The WPCP also has 440 acres of oxidation ponds. The oxidation ponds at the WPCP provide secondary treatment using the natural action of the sun and wind to facilitate the growth of algae which takes up dissolved waste from the wastewater and then settles to the bottom of the ponds as sediment. As a result, the collection of the sediment layers (or biosolids) along the bottom of the ponds has now reached a depth that affects the efficiency of the treatment process.

Typically the City competitively bids the contract for removal and disposal/reuse services associated with the anaerobic digesters. Staff is recommending that this process be combined under one contract with the much larger effort to remove biosolids from the ponds. This recommendation results partially from the opportunity to achieve economies of scale, but is also associated with the near future work to rehabilitate or replace the aging WPCP facility. When new construction begins, the current biosolids drying beds, which encompass several acres as currently configured, will likely be needed to accommodate new construction. In anticipation of this, staff has specified for the contractor to take over the biosolids dewatering and drying portion of the anaerobic digester operation using technology that requires a small footprint, thereby freeing up space needed to construct new facilities. Approval is therefore requested to award a five-year contract to Synagro West, LLC, not-to-exceed \$10,000,000 and subject to annual expenditure limits, for pond sediment removal and biosolids handling and disposal for the WPCP.

DISCUSSION

A Request for Proposals (RFP) format was selected to allow consideration of alternative solutions based on factors in addition to pricing. This gives the City maximum flexibility in selecting a contractor that provides the best value for

product or service received. The RFP was structured with three items as follows:

1. Removal, dewatering, loading, transportation and disposal of biosolids from the water pollution control plant's oxidation ponds
2. Loading, transportation and disposal of biosolids from the digesters
3. Dewatering, loading, transportation and disposal of biosolids from the digesters.

The first item provides for material that has accumulated in the oxidation ponds to be dredged, dewatered and removed from the plant site to appropriate disposal or beneficial reuse, such as land application for agricultural land, or alternate daily cover at a landfill. Specifications were developed to address operational issues with having ongoing dredging activities in the ponds.

The second item provides for removal of biosolids from the digesters at the plant. This item reflects the process currently in operation, with the contractor removing material dewatered and processed using the drying beds and storage facility.

The third item provides for services from the contract to dewater the biosolids directly from the digesters, in addition to transporting and disposal. This portion of the contract would be invoked at such time as the dewatering area is needed for other construction projects at the plant. Contractor operations will use mechanical dewatering and require significantly less space.

The RFP document was direct mailed to the six firms in the western US known to specialize in biosolids processing. Three responsive proposals were received; Synagro West LLC of Suisun City, Wastewater Solids Management, Inc. of Yachats, OR and Terra Renewal Services of Garden Grove. Proposals were reviewed by an evaluation committee consisting of Environmental Services, Engineering and Purchasing staff and evaluated with the following criteria:

1. Overall understanding and responsiveness to the RFP (5 points)
2. Firm background, qualifications, experience and references (20 points)
3. Organization and management plan for contract services (20 points)
4. Projected costs for biosolids removal (55 points)

The committee unanimously agreed that Synagro was the most qualified proposer and also offered the lowest overall cost for the proposed services.

A contract duration of five years is proposed to provide flexibility in the amounts and duration of each of the three components of biosolids handling identified above. The quantity of pond sediment needed to be removed, along

with the maximum daily and yearly removal rates, was determined by a previous study on the operation of the oxidation ponds. The study led to capital project 825521, Pond Sediment Removal. This project provided \$3.7 million to remove approximately 20% of the biosolids over a five year period. Further, the project estimated the total cost of the pond sediment removal at \$14 million for 26,000 dry tons. The remainder of the removal was anticipated to be completed as part of the work to rebuild the Water Pollution Control Plant.

The plant is expected to begin experiencing large amounts of construction over the next several years, and continuing for up to ten or more years, as the Strategic Infrastructure Plan is implemented. The flexibility written into the RFP and reflected in the proposals will allow the dewatering operation to be physically moved to different locations on the plant site to accommodate construction, while still maintaining all required plant processes and solids handling.

FISCAL IMPACT

Funding for this project is budgeted in various sources: Operating Program 342 – Wastewater Treatment, Capital Project 825521 – Pond Sediment Removal, and Capital Project 827090 – Construction of a New Water Pollution Control Plant. The original plan with regard to the removal of sediment from the oxidation ponds was to perform the work over a period of ten years. The current capital budget reflects this plan, providing level funding for the next five years and then rolling the project into the larger project funding the renovation of the Water Pollution Control Plant. This original strategy estimated that the total project cost for removal of sediment from the ponds would be about \$14 million over the project life.

The proposed work schedule reflects implementation over six fiscal years starting in January of 2010. The contractor has proposed two primary cost adjustments to the contract's unit pricing to account for changes in costs over the time of the contract. The first is the application of a yearly adjustment (beginning January 1, 2011) based on the Consumer Price Index (CPI) for San Francisco Urban Wage Earners and Clerical Workers. The CPI will be applied at 80% of the annual change, with a maximum annual adjustment of 2.5%. The second adjustment is for fuel prices. This adjustment applies a fuel surcharge or credit based on the index for California On Highway Diesel Fuel Prices. This adjustment is applied quarterly beginning January 2010 to all unit costs.

Staff has analyzed the unit costs over the life of the contract, utilizing our standard budgetary inflation factors for CPI and Fuel and projects that the total contract cost will be approximately \$9.4 million over five years, or a

savings of \$4.6 million over initial estimates. The projected costs are as follows:

	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Pond Biosolids	\$918,750	\$1,652,372	\$1,693,811	\$1,733,715	\$1,757,833	\$939,905	\$8,696,386
Digester Biosolids	\$ -	\$47,760	\$211,905	\$164,840	\$168,246	\$85,180	\$677,931
Total per Year	\$918,750	\$1,700,132	\$1,905,716	\$1,898,555	\$1,926,079	\$1,025,085	\$9,374,317

These costs represent staff's best estimates and may increase or even decrease depending on actual CPI adjustments and fuel surcharges/credits. Staff proposes a contingency of \$625,683 to cover extraordinary costs over the life of the contract, such as significant unanticipated increases in the price of fuel. Additionally, a modest contingency will allow staff the flexibility to vary the quantity of biosolids removal.

Current funding for the pond sediment removal piece of the contract was captured in two projects, 825521 – Pond Sediment removal, and 827090 – Construction of a New Water Pollution Control Plant. The first project is cash funded. The second project, which totals \$380 million over ten years, presumes that the City will issue Wastewater Revenue Bonds to provide cash and spread the cost of the project (and therefore the rate burden) over its useful life. Although this particular contract will achieve long term savings, staff had not projected the budget to cover the full costs in the near term. This results in a cash flow issue that must be addressed within the year.

Currently it is an excellent time for agencies with good credit ratings (like Sunnyvale) to enter the municipal debt market. It makes good fiscal sense to accelerate projects to achieve savings over the long term. Therefore staff is proposing a two-tiered funding strategy to cover the cash flow issues associated with the removal of the pond biosolids and fully fund the project.

First, the Pond Sediment Removal project has FY 2009/2010 balance of \$1.16 million which is sufficient to fund the first year of the project spanning the remainder of this fiscal year and half way through FY 2010/2011. An additional \$2.5 million has been budgeted for FY 2010/2011 through FY 2013/2014.

Second, staff is beginning work to take advantage of the excellent market conditions to refund our current Water and Wastewater Revenue Bonds and issue a moderate sized new money portion to fund the remainder of this project, and a variety of other projects in both utilities. Assuming the municipal debt market remains in a positive position, staff expects that a

recommendation for this financing will come before Council at the beginning of the new calendar year. It is important to note, however, that work on this contract can be stopped at any time due to funding constraints, with little or no impact other than the relatively minor mobilization/demobilization costs contained in the contract.

Finally, as part of the FY 2011/2012 operating budget process, staff will review the implications of transferring dewatering of the biosolids from the digesters to the contractor. Given the scope and size of the replacement or rehabilitation of the WPCP it will be important to review any operational changes within this larger context to fully identify their impacts during and after construction.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION

It is recommended that Council award a five (5) year contract, in substantially the same form as the attached draft, in an amount not to exceed \$10,000,000, to Synagro West, LLC for pond sediment removal and biosolids handling and disposal at the Water Pollution Control Plant.

Reviewed by:

Mary J. Bradley, Director of Finance
Prepared by: Pete Gonda, Senior Management Analyst, Finance

Reviewed by:

Marvin A. Rose, Director of Public Works

Approved by:

Gary M. Luebbbers
City Manager

A. Draft Service Agreement

Attachment A

SERVICE AGREEMENT BETWEEN CITY OF SUNNYVALE AND SYNAGRO-WWT, INC. FOR POND SEDIMENT REMOVAL AND BIOSOLIDS HANDLING AND DISPOSAL AT THE WATER POLLUTION CONTROL PLANT

THIS AGREEMENT, dated _____, is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and SYNAGRO-WWT, INC. ("CONTRACTOR").

WHEREAS, CITY is in need of specialized services in relation to pond sediment removal and biosolids handling and disposal at the Water Pollution Control Plant (WPCP) facility; and

WHEREAS, CONTRACTOR possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services by Contractor

CONTRACTOR shall provide services in accordance with Exhibit "A" attached and incorporated by reference. CONTRACTOR shall determine the method, details and means of performing the services.

2. Time for Performance/Work Authorization

The term of this agreement shall be for a five (5) year period, effective upon contract execution, unless otherwise terminated. CONTRACTOR shall deliver the agreed upon services to CITY as specified in Exhibit "A". Extensions of time may be granted by the City Manager upon a showing of good cause. CONTRACTOR shall not proceed with any work under this contract until notified in writing by CITY.

3. Compensation

CITY agrees to pay CONTRACTOR an amount not to exceed \$10,000,000 at the unit prices shown in attached Exhibit "B" and in accordance with the payment schedule in Exhibit "C" unless otherwise modified by CITY and agreed to in writing by both parties. The unit prices shown in Exhibit "B" are subject to the pricing adjustments contained in Exhibit "B-1". CONTRACTOR shall submit invoices to the CITY no more frequently than monthly. Payment will be made within thirty (30) days of receipt of an accurate, itemized invoice by the CITY'S Accounts Payable Unit.

4. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONTRACTOR shall not accept employment or an obligation which is inconsistent or incompatible with CONTRACTOR'S obligations under this Agreement.

5. Confidential Information

CONTRACTOR shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONTRACTOR may become aware in the performance of its services.

6. Compliance with Laws

(a) CONTRACTOR shall strictly adhere to all state and federal laws with respect to discrimination in employment and shall not discriminate against any individual on the basis of race, color, religion, gender, sexual orientation, marital status, national origin, age or disability.

(b) CONTRACTOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

7. Independent Contractor

CONTRACTOR is acting as an independent contractor in performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR. CONTRACTOR is responsible for paying all required state and federal taxes.

8. Indemnity

CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described in Exhibit "A", caused in whole or in part by any negligent act or omission of CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the CITY.

9. Insurance

CONTRACTOR shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "C" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "D."

10. CITY Representative

Joanna DeSa, WPCP Operations Manager, as City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

11. CONTRACTOR Representative

John Pugliaresi, Regional Director of Sales shall represent CONTRACTOR in all matters pertaining to the services and materials to be rendered under this Agreement. All requirements of CONTRACTOR pertaining to the services to be rendered under this Agreement shall be coordinated through the CONTRACTOR representative.

12. Notices

All notices required by the Agreement shall be in writing, and shall be personally delivered or sent by first class mail, postage prepaid or by commercial courier, addressed as follows:

To CITY: Joanna DeSa, WPCP Operations Manager
Public Works/Environmental Services Division
CITY OF SUNNYVALE
P. O. Box 3707
Sunnyvale, CA 94088-3707

To CONTRACTOR: Synagro-WWT, Inc.
Attn: John Pugliaresi
3845 Bithell Lane
Suisun City, CA 94585

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered.

Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

13. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

14. Force Majeure

Wherever the word "Force Majeure" is used, it should be understood to mean:

1. acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, blizzards and other adverse and inclement weather, fires, explosions, floods, acts of public enemy, wars, blockades, insurrections, riots or civil disturbances;
2. orders or judgments of any Federal, State or local court, administrative agency or governmental body. If not the result of willful or negligent actions of the party relying thereon;
3. power failure and outages affecting the Premises; and
4. any other similar cause or event, including a change in law, regulation, ordinance. Or permit, provided that the foregoing is beyond the reasonable control of the party claiming Force Majeure.

If, because of Force Majeure any party hereto is rendered unable, wholly or in part, to carry out its obligations under this Contract, then such party shall give to the other party prompt written notice of the Force Majeure with reasonable full details concerning it; thereupon the obligation of the party giving the notice, so far as they are affected by the Force Majeure, shall be suspended during, but no longer than, the continuance of the Force Majeure. The affected party shall use all possible diligence to remove the Force Majeure as quickly as possible, but his obligation shall not be deemed to require the settlement of any strike, lockout, or other labor difficulty contrary to the wishes of the party involved.

15. Termination

If CONTRACTOR defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONTRACTOR. If CITY fails to pay CONTRACTOR, CONTRACTOR at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days after written notification of failure to pay.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any convenience upon ten (10) days' written notice to CONTRACTOR. In the event of such termination, CONTRACTOR shall be compensated for the services performed or materials furnished through the date of receipt of notification from CITY to terminate, plus demobilization cost once all CONTRACTOR'S equipment has been removed. CONTRACTOR shall present CITY with any work product completed at that point in time.

16. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

17. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF SUNNYVALE ("CITY")

By _____
City Manager

APPROVED AS TO FORM:

Synagro-WWT, Inc
("CONTRACTOR")

By _____
City Attorney

By _____

Title and Date

EXHIBIT A

Section 3

Project Management Plan

It is Synagro's philosophy to clearly understand the objectives and the expectations of its clients prior to developing any project scope of services and management plan. To this end, Synagro has identified the following objectives for the pond solids removal project and the proposed methodology for addressing the objective:

1. Remove approximately 5,000 dry tons per year from the Oxidation Ponds as identified in Figure 3 – WCPC Oxidation Ponds, Potential Solids Removal Area for a period of 5 years (volumes subject to adjustment) at a rate not to exceed 20 dry tons per day. – **Size equipment and staffing to meet project objectives.**
2. Conduct solids removal from the ponds in a manner that minimizes agitation of solids in place resulting in an increase in suspended solids in the ponds, which in turn would potentially compromise the plant's wastewater treatment process. **Perform baseline and ongoing turbidity monitoring per work plan, compare results and consult with plant staff if problem is encountered; employ dredging techniques that will minimize the creation of suspended solids.**
3. Conduct operations in a manner that minimizes any interference with plant operations. Run sludge and centrate line along prescribed route. **Restrict operations to laydown area and restrict truck traffic to agreed upon routes.**
4. Conduct operations in a manner that does not create any odors or other nuisances that would be of concern to plant personnel, neighbors, trail users or other sensitive receptors. **Remove dewatered biosolids on a regular schedule, limit the amount of accumulated biosolids, tarp dewatered cake during non operating hours if odors are prevalent; maintain proper housekeeping procedures.**
5. Conduct operations in a manner that mitigates any potential for environmental impairment due to any sludge or centrate line failure, or any other release of biosolids into waterways or areas not designated for biosolids storage or use. **Double contain sludge and centrate lines in any area of potential environmental impact, i.e. channel crossing, provide pollution liability coverage –part of Synagro's standard insurance package.**
6. Conduct operations in a manner that promotes employee and plant staff occupational health and safety. **Provide employees with proper safety and personal protective equipment. Conduct regular "tailgate" safety meetings.**
7. Scope the rate of production and resources to be utilized to meet the above objectives while providing the City of Sunnyvale with a cost effective program for solids management and removal throughout the project, including the dewatering of digested biosolids in years three through five. **Provide credit for material that is dewatered and transferred to the City's monofill or allocated capacity at local landfill. Provide proposal for alternative pricing for tonnage in excess of 5,000 tons per year if Synagro can demonstrate no negative impact from additional solids removal based on turbidity monitoring data.**

To accomplish the above, Synagro will employ the following resources and work plan:

Step 1. Mobilization – (15 to 30 days, depending on the time required for electrical installation) Synagro will contract with Pacific Gas & Electric Company to install a 1000 amp service directly from PG&E's vault located outside the plant fence line and run the power above ground by installing power poles along the perimeter of the work area as necessary. The installation of the 1000 amp service will provide both the city and Synagro with flexibility in the event the City desires to modify the scope of services in the future or the city wishes to retain the service upon project completion.

Concurrent with the installation of the electrical service, Synagro will also mobilize and install the following equipment and supplies:

- One self propelled 10" hydraulic suction dredge with Global Positioning System Program and Tracking Capabilities
- One 8" electric centrifugal booster pump to be installed at the Pond Recirculation Pump Station as indicated in Figure #2
- Approximately 8000 linear feet of 10" HDPE fuse pipe for transfer of dredged sludge to processing area and 6" HDPE fuse pipe for centrate return to the recirculation channel near the pump station. In addition,

Digester Biosolids – Phase I

Biosolids generated from the anaerobic digesters that are dried in the existing drying beds will be loaded, transported, and reused at the same locations as those listed above. Synagro generated cake tickets will contain a separate billing item code and description to clearly distinguish this material from the dewatered material. Given that Synagro will essentially be operating continuously throughout the year, removal of this material will occur concurrently with dredging and dewatering operations and will also be removed shortly after receiving a request to do so.

Digester Biosolids – Phase II

Synagro will provide a separate flow equalization (frac) tank that will be tied into the digester discharge line to allow for transfer of digested sludge by the City to Synagro's tank. The two tanks will be valved and manifolded to utilize the existing dewatering equipment. Digester biosolids will be processed either prior to or after processing of the oxidation pond materials. In the event there is sufficient demand, Synagro will provide a third frac tank and/or a second dewatering unit to accommodate the digester material. Synagro will coordinate with city staff to develop a mutually agreed upon schedule for transfer and storage of digested sludge for dewatering. Dewatered sludge will be stockpiled in a separate bay, which will be sectioned off using additional K-Rail. Truckloads of digested biosolids cake will be subject to the same methods for measurement and payment as the oxidation pond solids. Cake tickets and weight certificates will clearly identify the product and will have a unique billing item code. Dewatered cake will be taken to the same locations as the oxidation pond solids and Phase I Digester Biosolids. Synagro will be charging the same per dry ton price for both oxidation pond solids and digested solids. As a result, the City will not incur any financial penalty in the unlikely event that a load is miscoded.

Method of Disposal/Reuse of Biosolids and Anticipated Regulatory Changes

Synagro will employ up to 7 different locations for beneficial use of dewatered biosolids cake. Due to the location of the plant relative to these sites, Synagro will not incur substantial additional costs if one or two of the programs become unavailable. There are currently no pending regulatory changes in the foreseeable future that would impact the project. However, if all class b land application programs were to be banned, there would be a potential cost impact of approximately \$21 per dry ton. Synagro anticipates utilizing all three of the land application programs, depending on time of year and program in operation as well as one or more of the landfills for beneficial use as alternative daily cover. Additionally, Sunnyvale's material is currently approved for delivery to all of the land application programs listed above and at Synagro's Central Valley Compost Facility.

Odor Control Measures

Synagro has conducted laboratory bench tests on the oxidation pond solids and has determined that the volatile solids are approximately 50%, which is substantially less than the 70% volatile solids present in the digester material. As a result, odors from this material should not be prevalent. Sludge transfer activities will be conducted in sealed pipelines and dewatering will be in a contained centrifuge bowl. The only possible point for generation of odors will be the stockpile. Synagro will keep stockpiles to a minimum and, if necessary, will tarp the solids during non operating hours. Convert-a-zyme, which chemically reacts with hydrogen sulfide, can be added to the frac tank in the event odors are more prevalent than what is currently being experienced at the plant.

Environmental, Site and Traffic Impacts, Impending Regulatory Issues

Synagro's operations will have minimal impact with respect to site and traffic issues. Once the dewatering operations are up and running, there will be three to four loads per day leaving the plant site. This will increase by an average of one load per day during digested biosolids dewatering operations. There will be no change to the traffic impacts currently experienced during the removal of biosolids dried in the drying beds and stockpiled for removal.

Schedule of Operations and Project Life

The schedule of operations will be continuous on a Monday through Friday basis, year round. In order to account for potential inclement weather, Synagro would recommend to the City that Saturday operations be conducted periodically to maintain the project's estimated volume without compromising the 20 dry ton per day limitation. Detailed start and stop times will be determined based on mutual agreement with plant management. Synagro anticipates continuous service throughout the anticipated 5 year duration of the contract.

**PROPOSER PRICING SHEET FOR
POND SEDIMENT REMOVAL AND BIOSOLIDS HANDLING AND DISPOSAL**

Honorable City Council
City of Sunnyvale
Sunnyvale, California

The undersigned proposer hereby offers to complete the specified services for the following price(s) in strict compliance with the specifications, terms and conditions set forth in this Request for Proposals.

I. UNIT PRICE FOR OXIDATION POND BIOSOLIDS REMOVAL, DEWATERING, LOADING TRANSPORTATION AND DISPOSAL.

<u>Description</u>	<u>Unit Price</u>	<u>Unit Price Written in Words</u>
REMOVAL, PROCESSING, LOADING, TRANSPORTATION AND DISPOSAL, PRICE PER <u>DRY</u> TON.:		
A. Unit price per dry ton	<u>\$313.00</u>	<u>Three hundred thirteen dollars</u>
B. State and local taxes, if applicable	<u>0</u>	<u>ZERO</u>
C. Total Unit Price per dry ton (A+B)	<u>\$313.00</u>	<u>Three hundred thirteen dollars</u>
Range of quantities for which Total Unit Price Applies, tons/year: <u>see Section 5 attachment</u>		
D. Project mobilization/demobilization (lump sum) - includes electrical installation	<u>\$185,000.00</u>	<u>One hundred eighty-five thousand 00/100</u>
E. Pond Solids Dewatering Equipment Relocation for Phase II of Digester Biosolids Project (lump sum)	<u>\$6,500.00</u>	<u>Six thousand five hundred dollars and 00/100</u>

II. UNIT PRICE FOR DIGESTER BIOSOLIDS LOADING, TRANSPORTATION, DISPOSAL: PHASE I

<u>Description</u>	<u>Unit Price</u>	<u>Unit Price Written in Words</u>
LOADING, TRANSPORTATION, DISPOSAL, PRICE PER <u>WET</u> TON:		
F. Unit price per ton	<u>\$39.00</u>	<u>Thirty-nine dollars 00/100</u>
G. State and local taxes, if applicable	<u>0</u>	<u>ZERO</u>
H. Total Unit Price (F+G)	<u>\$39.00</u>	<u>Thirty-nine dollars 00/100</u>

Range of quantities for which Total Unit Price Applies, tons/year:

500 tons or greater

III. UNIT PRICE FOR DIGESTER BIOSOLIDS DEWATERING, LOADING, TRANSPORTATION, DISPOSAL (PHASE II)

<u>Description</u>	<u>Unit Price</u>	<u>Unit Price Written in Words</u>
DEWATERING, LOADING, TRANSPORTATION, DISPOSAL, PRICE PER DRY TON:		
I. Unit price per ton	<u>\$313.00</u>	<u>Three hundred thirteen ⁰⁰/₁₀₀</u>
J. State and local taxes, if applicable	<u>0</u>	<u>ZERO</u>
K. Total Unit Price (I+J)	<u>\$313.00</u>	<u>Three hundred thirteen ⁰⁰/₁₀₀</u>

Range of quantities for which Total Unit Price Applies, tons/year:

300 DRY tons or greater

ADDITIONAL INFORMATION

1. Company Name Synagro-WWT, Inc.
2. Address 3845 Bithell Lane, Suisun City, CA 94585
3. Sunnyvale Business License Number 053141
4. Number of Years Performing the Specified Work 22 Years
5. Business Organization (Check One):
 - Individual Proprietorship
 - Partnership
 - Corporation
 - Other _____

If incorporated, provide the following information:

Date of incorporation 12/22/1988

State of incorporation Delaware

Names and Titles of All Officers and Directors _____

See attached list

EXHIBIT B-1

**Sunnyvale Oxidation Pond Solids Removal
Proposed Pricing Adjustments
October 21, 2009**

1. Adjustment of price for changes in annual volumes, up or down.

In the event the City of Sunnyvale directs Synagro to remove a volume that is less than 4,500 or greater than 5,500 dry tons the City and Synagro agree to enter into good faith negotiations to determine a revised dry ton unit price for the desired volume.

The adjustment of the unit price for changes in volume is limited to changes initiated at the direction of the City of Sunnyvale and does not apply in the event Synagro is unable to achieve the stipulated tonnage as a result of its operational limitations. The price adjustment will become effective on the first day of the month in which the City directs Synagro to remove the revised volume.

In the event the contract is terminated prior to its completion or prior to the completion of a full contract year, there will be no retroactive adjustment of the unit price.

2. Annual adjustment of prices for changes in Consumer Price Index for San Francisco Urban Wage Earners and Clerical Workers, Seasonally Adjusted

Effective January 1 of 2011 and each January 1 thereafter, all unit prices will be adjusted for the change in the Consumer Price Index for San Francisco Urban Wage Earners and Clerical Workers, Seasonally Adjusted. The 2011 change will be calculated by determining the percent change in the index from December 2009 to December 2010 and applying 80% of that change to the current price. Each additional adjustment will be calculated in the same manner based on the same methodology. The maximum annual adjustment for the duration of this contract will be 2.5%.

3. Quarterly adjustment of prices for changes in the California On Highway Diesel Fuel Prices

Effective January 1, 2010 and the first day of each quarter thereafter, a fuel surcharge or credit per dry ton will apply in accordance with the table below. This adjustment will be based on the last available index of the previous quarter. For example, the index for a quarterly adjustment effective July 1, 2009 would be the June 29, 2009 published index for California On Highway Diesel Fuel Prices found at <http://tonto.eia.doe.gov/oog/info/vohdp/diesel.asp>. Fuel prices outside the range of this table will result in an adjustment of \$0.80 per dry ton for every \$0.05 per gallon increment.

Price per gallon per fuel index		Fuel Surcharge or (Credit) - per dry ton
Equal to or greater than	Less than or equal to	
\$3.950	\$3.999	\$16.00
\$3.900	\$3.949	\$15.20
\$3.850	\$3.899	\$14.40
\$3.800	\$3.849	\$13.60
\$3.750	\$3.799	\$12.80
\$3.700	\$3.749	\$12.00
\$3.650	\$3.699	\$11.20
\$3.600	\$3.649	\$10.40
\$3.550	\$3.599	\$9.60
\$3.500	\$3.549	\$8.80

\$3.450	\$3.499	\$8.00
\$3.400	\$3.449	\$7.20
\$3.350	\$3.399	\$6.40
\$3.300	\$3.349	\$5.60
\$3.250	\$3.299	\$4.80
\$3.200	\$3.249	\$4.00
\$3.150	\$3.199	\$3.20
\$3.100	\$3.149	\$2.40
\$3.050	\$3.099	\$1.60
\$3.000	\$3.049	\$0.80
\$2.950	\$2.999	\$0.00
\$2.900	\$2.949	\$0.00
\$2.850	\$2.899	\$0.00
\$2.800	\$2.849	\$0.00
\$2.750	\$2.799	\$0.00
\$2.700	\$2.749	\$0.00
\$2.650	\$2.699	-\$0.80
\$2.600	\$2.649	-\$1.60
\$2.550	\$2.599	-\$2.40
\$2.500	\$2.549	-\$3.20
\$2.450	\$2.499	-\$4.00
\$2.400	\$2.449	-\$4.80
\$2.350	\$2.399	-\$5.60
\$2.300	\$2.349	-\$6.40
\$2.250	\$2.299	-\$7.20
\$2.200	\$2.249	-\$8.00
\$2.150	\$2.199	-\$8.80
\$2.100	\$2.149	-\$9.60
\$2.050	\$2.099	-\$10.40
\$2.000	\$2.049	-\$11.20
\$1.950	\$1.999	-\$12.00

4. Modification of Mobilization and Demobilization Charges --

The proposed mobilization charge of \$185,000.00 is broken down as follows:

Mobilization	\$ 138,750.00
Demobilization	\$ 46,250.00

City of Sunnyvale
 Water Pollution Control Plant - Pond Sediment Removal and Biosolids Handling & Disposal
 Five Year Contract Costs (Six Fiscal Year Time Frame)
 Annual Expenditure Limits

Description	FY 09/10		FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15		Five Year Total
	Jan to June	July - Dec	Jan to June	July - Dec	Jan to June	July - Dec	Jan to June	July - Dec	Jan to June	July - Dec	Jan to June	July - Dec	
Pond Biosolids													
Unit Price for Removal, Dewatering, Loading, Transportation and Disposal	\$ 313.00	\$ 313.80	\$ 318.81	\$ 320.41	\$ 325.50	\$ 327.10	\$ 332.27	\$ 333.87	\$ 339.12	\$ 340.72			
Tons	2,482	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612			
Total Cost for Removal, Dewatering, Loading, Transportation and Disposal	\$780,000.00	\$ 819,645.60	\$ 832,726.50	\$ 836,905.70	\$ 850,195.89	\$ 859,019.85	\$ 867,877.92	\$ 872,057.12	\$ 885,776.00	\$ 889,955.20			26,000
Project Mobilization/Demobilization	\$138,750.00												\$8,494,160
Relocation													\$188,700
Pond Subtotal for 5 Years	\$918,750.00	\$ 819,645.60	\$ 832,726.50	\$ 843,615.36	\$ 850,195.89	\$ 865,836.87	\$ 867,877.92	\$ 872,057.12	\$ 885,776.00	\$ 889,905.20			\$13,527
													\$8,696,386
Digester Biosolids													
Unit Price for Removal of Wet Biosolids		\$ 39.80		\$ 42.02									
Unit Price for Dewatering and Removing Biosolids				\$ 320.41	\$ 325.50	\$ 327.10	\$ 332.27	\$ 333.87	\$ 339.12	\$ 340.72			
Wet Tons		1,200		1,200									
Dewatered Tons				250	250	250	250	250	250	250			1,750
Loading, Transportation and Disposal - Wet Tons		\$ 47,760.00		\$ 50,428.80									\$98,189
Dewatering, Loading, Transportation and Disposal - Dry Tons		\$ 80,102.00		\$ 81,374.03	\$ 81,774.03	\$ 81,774.03	\$ 83,066.42	\$ 83,466.42	\$ 84,779.48	\$ 85,179.48			\$579,742
Digester Biosolids Subtotal for 5 Years	\$ -	\$ 47,760.00	\$ -	\$ 130,630.80	\$ 81,374.03	\$ 81,774.03	\$ 83,066.42	\$ 83,466.42	\$ 84,779.48	\$ 85,179.48			\$677,931
Budget Year Distribution (6 mo. Increments)	\$918,750.00	\$ 867,405.60	\$ 832,726.50	\$ 974,146.16	\$ 931,589.92	\$ 947,610.90	\$ 950,944.34	\$ 955,523.54	\$ 970,555.48	\$ 1,025,084.88			\$9,374,317
Budget Year Total	\$918,750	\$1,700,132		\$1,905,716		\$1,898,555		\$1,926,079		\$1,025,085			

Calculation of Unit Costs

Pond Biosolids	FY 09/10		FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Base Unit Cost	Fuel Surcharge (from contract)	Total Unit Cost	Base Unit Cost	Fuel Surcharge (from contract)	Total Unit Cost	Base Unit Cost	Fuel Surcharge (from contract)	Total Unit Cost	Base Unit Cost	Fuel Surcharge (from contract)	Total Unit Cost
Base Unit Cost	\$ 313.00	\$ 318.01	\$ 318.01	\$ 318.01	\$ 323.10	\$ 323.10	\$ 323.10	\$ 328.27	\$ 328.27	\$ 333.52	\$ 333.52	\$ 333.52
Fuel Surcharge (from contract)	\$ 0.80	\$ 0.80	\$ 0.80	\$ 2.40	\$ 2.40	\$ 4.00	\$ 4.00	\$ 5.60	\$ 5.60	\$ 5.60	\$ 7.20	\$ 7.20
Total Unit Cost	\$ 313.80	\$ 318.81	\$ 318.81	\$ 320.41	\$ 325.50	\$ 327.10	\$ 327.10	\$ 333.87	\$ 333.87	\$ 339.12	\$ 340.72	\$ 340.72
Digester Biosolids												
Base Unit Cost - Wet Tons	\$ 39.00	\$ 39.00	\$ 39.62	\$ 39.62	\$ 40.26	\$ 40.26	\$ 40.26	\$ 40.26	\$ 40.26	\$ 40.26	\$ 40.26	\$ 40.26
Base Unit Cost - Dewatered Tons	\$ 313.00	\$ -	\$ -	\$ 318.01	\$ 323.10	\$ 323.10	\$ 323.10	\$ 328.27	\$ 328.27	\$ 333.52	\$ 333.52	\$ 333.52
Fuel Surcharge (from contract)	\$ 0.80	\$ 0.80	\$ 0.80	\$ 2.40	\$ 2.40	\$ 4.00	\$ 4.00	\$ 5.60	\$ 5.60	\$ 5.60	\$ 7.20	\$ 7.20
Total Unit Cost - Wet Tons	\$ 39.80	\$ 39.80	\$ 39.80	\$ 42.02	\$ 42.02	\$ 44.26	\$ 44.26	\$ 44.26	\$ 44.26	\$ 44.26	\$ 44.26	\$ 44.26
Total Unit Cost - Dewatered Tons	\$ -	\$ -	\$ -	\$ 320.41	\$ 325.50	\$ 327.10	\$ 327.10	\$ 333.87	\$ 333.87	\$ 339.12	\$ 340.72	\$ 340.72

Assumptions

- 1 CPI Increase of 1.6% per year
- 2 Fuel Surcharge assumes 3% increase in fuel costs per year

	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Pond Biosolids	\$ 918,750	\$ 1,652,372	\$ 1,693,811	\$ 1,733,715	\$ 1,757,833	\$ 939,905	\$ 8,696,386
Digester Biosolids	\$ -	\$ 47,760	\$ 211,905	\$ 164,840	\$ 168,246	\$ 85,179	\$ 677,931
Total per Year	\$ 918,750	\$ 1,700,132	\$ 1,905,716	\$ 1,898,555	\$ 1,926,079	\$ 1,025,085	\$ 9,374,317

EXHIBIT "D"
INSURANCE REQUIREMENTS

CONSULTANT shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONSULTANT shall take out and maintain during the life of the contract **Workers' Compensation and Employer's Liability Insurance** for its employees. The amount of insurance shall not be less than \$1,000,000 per accident for bodily injury or disease.

CONSULTANT shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONSULTANT, CITY, its officials, officers, directors, employees and agents from claims to the extent caused by the professional services performed under the contract, whether such services are performed by CONSULTANT or employees, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: \$1,000,000.

The Commercial General Liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONSULTANT's operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed \$5000 without prior written approval of CITY.
- Notice of cancellation to CITY's Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy shall include contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- CITY must be named as additional named insured with respect to the services being performed under the contract. *Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.*
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.