



Department: Utilities
Cost Center: 6104
For Agenda of: 12/2/2025
Placement: Consent
Estimated Time: N/A

FROM: Aaron Floyd, Public Works & Utilities Director
Prepared By: Chris Lehman, Deputy Director – Wastewater
Shawna Scott, Special Projects Manager

SUBJECT: AUTHORIZE ADVERTISEMENT OF WATER RESOURCE RECOVERY FACILITY BIOSOLIDS HAULING REQUEST FOR PROPOSALS

RECOMMENDATION

1. Authorize the advertisement of a Request for Proposals for Biosolids Hauling Services, Specification WRRF1225; and
2. Authorize the City Manager to award an agreement if the selected proposal is within the Water Resource Recovery Facility's approved operating budget line item for biosolids hauling and management of \$500,000 for fiscal year 2025-26 and \$525,000 for fiscal year 2026-27; and
3. Find the action exempt from the California Environmental Quality Act (CEQA).

POLICY CONTEXT

General Plan [Water and Wastewater Element](#) Policy B.3.2.3 states that the City will pursue treatment and disposal methods that provide for further beneficial use of wastewater and biosolids. The proposed scope of work identified in the draft Request for Proposals (RFP) is consistent with this policy, as the service consists of the hauling and beneficial reuse of biosolids generated through the wastewater treatment process at the Water Resource Recovery Facility (WRRF).

DISCUSSION

Background

On average, the City's WRRF treats approximately 3.5 million gallons of wastewater per day (mgd) and has the capacity to treat up to 5.4 mgd. The treatment of wastewater utilizes microorganisms to remove pollutants from sewage. A proper proportioned quantity of these microorganisms are maintained for adequate treatment to occur. During treatment, excess of these microbial "solids" are removed from the wastewater treatment stream and are transferred to large and heated tanks called digesters that stabilize organic matter and destroy pathogens. The treated solids are called "biosolids." The City generates approximately 2,000 to 4,000 tons of biosolids annually.

The City has contracted with Engel and Gray, Inc. to haul, compost, and distribute the WRRF's biosolids for the past 24 years. Currently, Engel and Gray, Inc. hauls the City's biosolids from the WRRF to its facility in Santa Maria, where they are composted. Engel and Gray's present contract expires on February 6, 2026, warranting release of a new RFP.

Request for Proposals

Staff is seeking approval to advertise an RFP for the hauling, management, and beneficial reuse of the City's biosolids. Evaluation and selection of the proposals will include preference to contractors proposing operational flexibility and alignment with the WRRF's regulatory requirements. Proposers may also submit alternative proposals that will meet the City's scope of work in a different manner. The duration of the contract is proposed for five years, with an option for an up to five-year extension as approved by the City Manager. Section B of the attached RFP describes the full scope of work requested by the City. Staff will evaluate proposals in accordance with the selection process described in the RFP. Staff anticipates executing a contract with the selected contractor by February 2026.

Previous Council or Advisory Body Action

In [November 2015](#), the City Council authorized issuance of a RFP for the Management and Beneficial Reuse of Biosolids. The contract was awarded to Engel and Grey, Inc. in February 2016. The contract identified a five-year agreement, with an option for a five-year extension, which was granted.

Public Engagement

This item is agendaized on the City Council Consent Agenda, which provides the opportunity for public review and comment prior to and during the City Council meeting. If authorized, the RFP will be posted on the City's website, advertised in the local newspaper, and posted on BidNet.

CONCURRENCE

The RFP has been prepared in collaboration with the City's WRRF Supervisor.

ENVIRONMENTAL REVIEW

Issuance of the proposed RFP and execution of an associated agreement and identified scope of services are categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State Guidelines Section 15301 (Existing Facilities). Current WRRF operations require biosolids to be hauled offsite and managed by the current contractor, and the proposed RFP and associated scope of services consist of continued operation of the WRRF and biosolids management and would not result in an expansion of use.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2025-26

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other: Sewer Fund (602.6104.61013)	\$458,414	\$0	\$458,414	\$525,000
Total	\$458,414	\$0	\$458,414	\$525,000

In FY 2025-26, Council approved a budget of \$972,150 under Account 61013 – Other Contract Services for the Water Resource Recovery Facility (WRRF). As of November 5, 2025, the remaining balance is \$458,414. In addition to funding biosolids hauling, this account funds maintenance and repairs, equipment rebuilds, inspections, and other contracted services necessary for the successful operation of the WRRF.

The City is currently contracted with Engel & Gray, Inc. for biosolids hauling and management in the amount of \$300,000 for the period July 1, 2025, through February 6, 2026. As of September 30, 2025, \$108,948 has been expended, representing approximately 36 percent of the contract total through 41 percent of the contract term. The modest variance is consistent with prior seasonal trends tied to Cal Poly’s academic calendar and fuel price fluctuations.

To ensure continuity of operations and accommodate cost variability, staff budgeted \$500,000 in FY 2025-26 and \$525,000 in FY 2026-27 within the 61013 account for biosolids hauling and management. Staff recommend authorizing the City Manager to execute agreements for these services up to \$525,000 per fiscal year, with proportionate annual adjustments based on inflationary or market factors, subject to budget availability.

For FY 2025-26, approximately \$200,000 of this authorization would be funded from the approved operating budget. Going forward, there will be a \$525,000 annual ongoing cost, which Council had previously authorized in the 2025-27 Financial Plan. Authorizing this amount provides the necessary operational flexibility to maintain regulatory compliance and continuity of service under changing hauling and disposal market conditions.

ALTERNATIVES

1. ***Do not authorize advertisement of RFP.*** Council could decide not to authorize the advertisement of the RFP. If the advertisement is not authorized, the existing contract would expire, and the City would utilize the existing vendor on a month-to-month basis, which could result in cost escalations and deprioritized service. If the contractor is unwilling to remove biosolids from the WRRF facility, this would result in regulatory compliance violations, increased odors, and increased vector attraction.
2. ***Do not authorize the City Manager to extend the duration of the RFP.*** Council could decide to amend the terms of the RFP by limiting the duration to five years with no option to extend an additional five years. If this alternative is approved, staff would return to Council with a request to authorize an RFP for these similar services in 2030, requiring staff time to prepare the RFP and Council Agenda Report, and issue the RFP, if authorized.

ATTACHMENT

A - Draft Request for Proposals for Biosolids Hauling Services