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Department of Utilities
Wastewater Treatment Plant
2006 E Newberry Street
Appleton, WI 54915
920-832-5945 tel.
920-832-5949 fax

TO: Chairperson Joe Martin and Members of the Utilities Committee

FROM: Chris Stempa, Utilities Deputy Director

DATE: August 22, 2013

RE: *Award Organic Recycling Contractor Services to Hsu for an initial term ending December 31, 2015. Processing costs will be based on batch volumes processed as indicated in Table 1, Organic Recycling Contractor Services Quotes with a total not to exceed contract cost of \$230,016.*

BACKGROUND:

The Utilities Capital Improvements Project (CIP) initiated in September 2009 to evaluate the feasibility of local composting of biosolids with leaves and ground brush was completed in 2012. The April 2012 economic analysis completed by AECOM assessed the viability of a full-scale co-composting facility and provided the basis to shift from a CIP to the O&M budget in 2013. The goal of the project is to diversify the current Biosolids Management program by creating a cost effective and sustainable alternative beneficial use product that complements traditional agricultural land application.

Viable markets remain a primary focus for the Department of Utilities as compost use demonstration projects are pursued. In-roads into the market place provide a critical preliminary glimpse of local compost demand and product uses. Compost processing services will be necessary to produce the quantities of finished material capable of meeting demands of larger users like highway departments and landscapers.

Required quotes for "compost processing" includes all labor and equipment, and ancillary devices necessary to mix and process raw compost feedstocks (e.g. biosolids, leaves, and ground brush) to desired end-product that meets WDNR regulatory standards and nationally recognized US Compost Council Seal of Testing Assurance quality standards.

RFQ PROCESS AND QUOTE RESULTS:

The Organic Recycling Contractor Services request for quote (RFQ) was completed August 8, 2013. One of five companies was responsive to the RFQ. Reasons for not quoting included inability to meet necessary qualifications, inability to be competitive based on process frequency and distance to mobilize equipment, and/or services requested are outside of corporate business model. Hsu's was the only firm with a

responsive, qualified quote. The quote tabulation is listed below in Table 1. Firms were asked to quote on specific processing volumes which were based on past project experience to provide resolution on economy-of-scale.

Table 1: Organic Recycling Contractor Services Quotes

Company	Required Quote (by quarter) Compost Processing			Alternate Quotes	
	2,500 YD	5,000 YD	10,000 YD	Stockpiling 3,500 YD	Screening 1,000 YD
Hsu Growing Supply	\$19,125	\$26,250	\$33,250	\$8,575	\$2,100
Purple Cow Organics, LLC	DNP				
Veolia	DNP				
Soil Solutions	DNP				
Synagro Technologies	DNP				

Note: Fuel surcharges would apply.

RECOMMENDATION:

The composting program budget is based on processing three “batches” of material annually for a total of 16,000 cubic yards (5,333 yards per batch) of feedstocks. Including one batch in 2013 and projecting to year end 2015 that total would be 37,331 cubic yards which is what the contract amount will be based on. Cost for anticipated screening services assumes a total volume of 12,500 cubic yards.

It is recommended that the Utilities Committee award Organic Recycling Contractor Services to Hsu for an initial term ending December 31, 2015. Processing costs will be based on batch volumes processed as indicated in Table 1, Organic Recycling Contractor Services Quotes with a total not to exceed contract cost of \$230,016.

If you have any questions regarding this project please contact Chris Stempa at 920-832-2352.