



AGENDA REPORT

Public Works

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| DATE: | August 26, 2025 |
| TO: | Mayor Martinez and Members of the City Council |
| FROM: | Daniel Chavarria, PE, Director of Public Works Robert Armijo, PE, Deputy Director of Public Works / City Engineer Mary Phelps, Water Resource Division Manager |
| SUBJECT: | Resolution Approving the Operating Agreement with West County Wastewater for Joint Biosolids Treatment and Cost Allocation |
| FINANCIAL IMPACT: | The City's share of the annual cost for biosolids treatment under the Operating Agreement is \$1,743,259 for Fiscal Year 2025–26. This includes Richmond's 40% share of capital costs, operations and maintenance, and disposal associated with the new biosolids treatment process at the West County Wastewater facility. Future costs will be adjusted annually based on the Consumer Price Index and actual treatment costs. Funded from the Wastewater Enterprise Fund (Account String: 40322731-400202). |
| PREVIOUS COUNCIL ACTION: | December 17, 2024 |
| STATEMENT OF THE ISSUE: | The City must enter into a new Operating Agreement with West County Wastewater (WCW) to ensure continued treatment of biosolids generated at the Richmond Wastewater Treatment Plant, following the termination of the existing lease for use of WCW's sludge lagoons. The proposed agreement outlines the long-term cost-sharing, operational responsibilities, and use of WCW's new biosolids treatment facilities. |

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| RECOMMENDED ACTION: | ADOPT a resolution approving the Operating Agreement between West County Wastewater (WCW) and the City of Richmond for the treatment of biosolids generated at the Richmond Wastewater Treatment Plant and for the allocation of associated capital, operations, and disposal costs - Public Works (Mary Phelps 510-621-1269/Robert Armijo 510-620-5477). |
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DISCUSSION:

Background

West County Wastewater (WCW) operates the West County Wastewater District Treatment Plant in North Richmond, California (the “WCW Treatment Plant”). The City operates the Richmond Municipal Sewer District (RMSD) Water Pollution Control Plant (the “Richmond Plant”) at Point Richmond. The two plants separately treat wastewater, but some elements of the treatment processes are connected. WCW sends treated wastewater effluent to the Richmond Plant for dechlorination and ocean discharge, and the City sends anaerobically digested sludge from the Richmond Plant to the WCW Treatment Plant for treatment and disposal via an approximately five-mile 6” sludge pipeline that is owned and operated by the City.

Biosolids Handling and Lease Termination

The City entered into a Ground Lease Agreement (“Lease”) with WCW in June 2010 to send biosolids (via pipeline) to WCW’s East Site Sludge Lagoons for treatment and disposal (Attachment 3). That lease was amended in 2017 with an option to renew for an additional term (Attachment 4). A letter was sent to WCW on June 4, 2020, requesting an extension of the Lease for an additional five (5) years. Richmond City Council adopted the extension of the Lease via Resolution 61-20 on June 16, 2020 (Attachments 5 and 6).

The Lease was set to expire on December 31, 2025, unless one or both parties notified the other party of the intent to terminate the lease earlier. West County Wastewater sent the City of Richmond a Lease Termination Letter on August 28, 2023, with their intent to terminate the lease with the City of Richmond effective December 31, 2024 (Attachment 7).

Currently, WCW processes the City of Richmond's sludge byproduct, including digestion and clarification, at WCW’s biosolids ponds. WCW has developed a new biosolids treatment process that will replace the use of the East Site Sludge Lagoons as of August 1, 2025.

Transition to Operating Agreements

Over the past six months, RMSD and WCW staff have been working closely to negotiate the terms and conditions of the Biosolids Processing Operating Agreement

("Operating Agreement") to replace the expiring lease and support the new treatment process. The cost terms of the Operating Agreement are based on the results of the Carollo Biosolids Treatment Cost of Service Analysis (Attachment 8).

The terms (as agreed by both parties) of the Operating Agreement provide for the capital costs, continued operation, maintenance, and joint use of the WCW assets associated with biosolids processing.

The projected annual cost allocations for Fiscal Year 2025-26 are summarized in the table below:

| 2025 Costs Organized by Agency | WCW | City of Richmond |
|---------------------------------------|--------------------|-------------------------|
| Proportion of Total Costs (%) | 60% | 40% |
| Capital Cost (\$/yr) | \$ 668,644 | \$ 445,763 |
| O&M Cost (\$/yr) | \$ 764,532 | \$ 509,688 |
| Disposal/End-Use Cost (\$/yr) | \$1,125,441 | \$ 787,809 |
| Total | \$2,558,617 | \$1,743,259 |

These costs will increase annually based on the Consumer Price Index (CPI), and any increased operation and maintenance costs associated with the processing of biosolids, as further detailed in the Operating Agreement.

City staff is requesting that the City Council adopt the resolution approving the Operating Agreement between the City of Richmond and West County Wastewater (Attachments 1 and 2).

The fees payable under the Operating Agreement are included in the fiscal year 2025-26 Wastewater Budget.

DOCUMENTS ATTACHED:

- Attachment 1 – Resolution – Biosolids Operating Agreement
- Attachment 2 – Biosolids Operating Agreement Final
- Attachment 3 – Ground Lease Agreement – June 2010
- Attachment 4 – Ground Lease Agreement– Amendment 1
- Attachment 5 – Resolution 61-20 Ground Lease Amendment 1
- Attachment 6 – Ground Lease Agreement – Letter of Intent – Extension Request
- Attachment 7 – Lease Termination Notice – August 2023
- Attachment 8 – Biosolids Treatment Cost Plan