



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: [Signature]  
General Manager

Date: 3/13/2020

DATE: March 13, 2020  
TO: General Manager  
FROM: Director of Engineering & Compliance/District Engineer  
SUBJECT: Award Construction Contract for the CEC Grant ARV-17-036 Project to the Qualified Low Bidder, Monterey Peninsula Engineering, Inc. of Marina, CA, in the Amount of \$247,000

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**RECOMMENDATION:** That the Board award a construction contract to Monterey Peninsula Engineering, Inc. of Marina, CA for the California Energy Commission (CEC) ARV-17-036 Grant project in the amount of \$247,000.

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### BACKGROUND

On July 16, 2016, the CEC released a notice of Grant Funding Opportunity GFO-15-606 Community-Scale and Commercial-Scale Advanced Biofuels Production. At that time, staff together with Cornerstone Environmental Group-Tetra Tech (CEG-TT) began development of conceptual project scoping and preparation of a pre-application submittal in the Community-Scale project category (public project). On August 24, 2016, staff together with CEG-TT submitted the pre-application to CEC with the interest to be selected as a qualified submittal to gain eligibility to prepare a final application. On October 4, 2016, the CEC posted the results of the pre-application process and provided notice that the District's pre-application was selected as being eligible to submit a full grant application for consideration of final selection. At their regularly scheduled meeting on October 21, 2016, the District's Board of Director's approved the proposal by CEG-TT to assist Staff's preparation of the full grant application.

On November 14, 2017, the District's full grant application was submitted to the CEC proposing an estimated \$3,647,989 project to convert biogas to a compressed natural gas (CNG) transportation fuel project. The District proposed to treat biogas generated by existing permitted operations in order to produce a renewable natural gas (RNG) that can be compressed and used as a CNG fuel for motorized vehicles. A biogas treatment system would be used to remove most of the non-methane constituents in the biogas in order to produce RNG. The biogas will be collected from existing permitted operations that could include a) LFG biogas from the Landfill, b) biogas from the Dry AD system, and c) biogas from the MIW regional wastewater treatment plant, or a combination of two or more of these existing biogas sources. The RNG produced will be directed to the District's CNG fueling facility located at the Franchise Truck Yard which then can be used by both the District's CNG fueled vehicles and the franchise waste collection trucks (currently GreenWaste Recovery's vehicles).

On February 17, 2017, the CEC posted results of the full grant application process which indicated that the District's project was one of six projects approved for grant funding. At that time, the District's project was the only project not awarded any funding.

On December 7, 2017, the California Energy Commission (CEC) announced as part of their Second Revised Notice of Proposed Award - GFO-15-606 - Community-Scale and Commercial-Scale Advanced Biofuels Production Facilities that the District had been approved for a matching funds Grant. The Award consisted of a \$1,816,800 Grant to convert biogas to a CNG transportation fuel (\$3,647,989 overall project estimate (2017 basis)). On March 23, 2018, the Board

approved the CEC Grant Award and initiated the project's design, permitting, and construction development. The selection of the equipment is a critical element of the design and permitting process. In March 2019, the Board approved the purchase of the Biogas Conditioning system equipment from Unison Solutions, Inc (\$2,093,150). In addition, the Board approved the purchase of four media storage tanks (\$1,094,875) for the pre-treatment of all landfill gas prior to its delivery to the gas plant, the enclosed flare, and the Grant project's biogas conditioning system.

**DISCUSSION**

On February 13, 2020, Staff issued a bid solicitation to four local construction companies for the construction of the various structural slab foundations associated with the biogas conditioning system equipment and media storage tanks. On March 11, 2020, the District received and publicly opened two bids. The two construction bids are summarized in the table below.

<b>NAME OF BIDDER</b>	<b>BID AMOUNT</b>
<b>Ausonio, Inc., Castroville, CA</b>	<b>\$275,275</b>
<b>Monterey Peninsula Engineering, Inc., Marina, CA</b>	<b>\$247,000</b>

**FINANCIAL IMPACT**

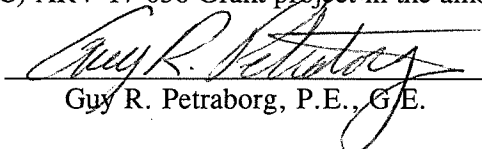
Funds for the Grant project are budgeted in the current FY 2019/2020 budget in the amount of \$2,500,000 (prior to Grant Fund reimbursements). Separate from ongoing design and permitting costs for the Grant project, the structural slab foundation contract is the first authorization for the project in FY 2019/2020. Please note that a second contract authorization is also being requested for the Grant project for the GCCS Improvements and Biogas Conditioning System Installation elements of the project. A \$1,500,000 budget authorization is being recommended by staff for the second contract. Therefore, it is estimated that fiscal year costs will utilize about \$2,000,000 of the \$2,500,000 fiscal year budget. Grant reimbursements to the District are anticipated to be \$1,816,000.

**STRATEGIC PLAN**

The District's involvement in the CEC Grant Award process fits under several general policy directives cited in the District's "Pillars of Sustainability" plan. Principally under the Community and Environment pillars which speak to the protection of Public Health and the Environment whereby the project will reduce permitted emissions from the District's operations by transforming biogas to an RNG which then in turn is used in CNG fueled vehicles to reduce emissions in the community's transportation element. A net negative GHG emission reduction results from the conversion of the biogas to a CNG transportation fuel. It is also in the Community's interests that close to half of the project costs will be from grant funding and not District's funds.

**CONCLUSION**

Staff respectfully requests that the Board approve award a construction contract to Monterey Peninsula Engineering, Inc. of Marina, CA for the California Energy Commission (CEC) ARV-17-036 Grant project in the amount \$247,000.00.

  
Guy R. Petraborg, P.E., C.E.