



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: May 15, 2020
 TO: General Manager
 FROM: Director of Engineering & Compliance/District Engineer
 SUBJECT: Approve a Change Order for TetraTech for CEC Grant Project ARV-17-036 in the Amount of \$250,000

RECOMMENDATION: That the Board Approve a Change Order for TetraTech for CEC Grant Project ARV-17-036 in the Amount of \$250,000.

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 M1W 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 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 Monterey Regional Waste Management District had been approved for a matching funds Grant Award of \$1,816,800 Grant to convert biogas to a CNG transportation fuel (\$3,647,989 project estimate). 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, which is the subject of this Staff Report, is a critical element of the design and permitting process.

On March 22, 2019, the Board approved the award of a contract to Unison Solutions, Inc. of Dubuque, IA for the California Energy Commission (CEC) Grant project equipment supply in the amount \$2,908,025 (Bid Items 1, 3, 4, 5, 6, 8, and 9) excluding Sales Tax (estimated at \$230,000) and Shipping Charges (estimated at \$50,000). The equipment supply contract consisted of \$1,813,150 associated with the originally conceived scope of work and \$1,094,875 in new equipment scope for the landfill's hydrogen sulfide treatment system.

At the March 2020 Board Meeting, the Board approved a \$247,000 contract to Monterey Peninsula Engineering and a \$1,275,000 contract for GCCS Improvements and Biogas Conditioning System Construction inclusive of approximately 10% contingency

DISCUSSION

The CEC has approved a \$1,816,800 matching funds grant award to the District associated with the overall project cost estimate of \$3,647,989. To date the District has committed about \$3.5 million to the original scope of work for the grant project. The scope of the grant project design has changed during the design process for several reasons and the approach to bidding the project was changed from a two bid package process to a four bid package process. A change order of \$250,000 for the design engineer, TetraTech, has been determined to be necessary to address the changes to the project. Thus, an adjusted amount to the original scope would be about \$3.75 million, or about 3% over the original grant project definition. The Grant's matching funds of \$1,816,800 would be applied against this amount as the District has accomplished meeting the 50% matching funds threshold required by the grant.

FINANCIAL IMPACT

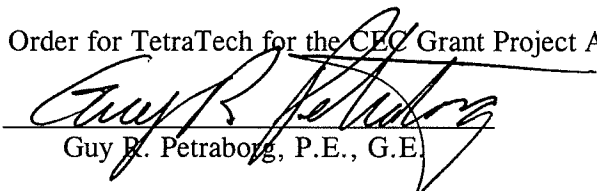
Funds for the overall project are budgeted in the current FY18/19 budget (\$500k net of Grant Fund reimbursement) and will also be required in both the FY19/20 and FY20/21 budgets (previously estimated at \$1 million and \$300k, respectively, in the 5-Year Plan and net of the \$1,816,800 Grant Funds). The cost of the grant equipment is reimbursed by the grant funds retroactively during the duration of the project via periodic progress payment reimbursement. Thus, the District will need to first incur the cost of the equipment (~\$2.9 million) before receiving reimbursement of the expenditure. If the Unison Solutions, Inc. alternate bid of \$2,908,025 is selected by the Board, the contract would likely define four (4) progress payments each at 25% of the contract value (\$727,006.25 gross; \$363,503.13 net of Grant Fund reimbursement) with the first occurring this fiscal year (FY18/19), two progress payments in FY19/20 (\$1,454,012.50 gross; \$727,006.25 net of Grant Fund reimbursement); and the last progress payment in FY20/21. Grant fund reimbursement will be applied for from the CEC at the time of each progress payment. Receiving Grant Fund reimbursement is anticipated to generally occur within 90 days (approximately 60 days after the District's progress payment to the contractor).

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 recommends that the Board approve a Change Order for TetraTech for the CEC Grant Project ARV-17-036 in the Amount of \$250,000.


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