



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: Wmm Date: 4.11.14
General Manager

DATE: April 7, 2014
TO: Board of Directors
FROM: Dennis Allion, Finance Committee Chair
SUBJECT: Summary of Finance Committee Meeting of April 2, 2014

The Finance Committee met on April 2nd at 9:30 a.m., at the District Administrative Offices. Committee members in attendance were Vice Chair Laska, Directors Bales, Pendergrass and me. Rob Wellington was also present. The purpose of the meeting was to review items and provide direction related to a Request for Proposal for Underwriting Services for Financing Capital Improvements, the Preliminary Budget for FY 2014/15, Report on Landfill Gas Facility Operations and receive General Manager Comments. Discussion is summarized below and followed the attached agenda.

Financing Process for Capital Improvements

Staff introduced Suresh Prasad from the Monterey Peninsula Water Management District and reported on the need to initiate the process of selecting an Underwriter to secure financing for the purchase of Capital Projects that includes the Materials Recovery Facility (MRF) improvements, Franchise Hauler Truck facility, Landfill Gas (LFG) to Energy facility improvements and possibly expansion of the Anaerobic Digester (AD) pilot facility. Mr. Prasad provided the Committee with background information on the financing process and answered questions regarding the Request for Proposals (RFP) process.

Discussion ensued related to the need for the MRF Improvements, and it was noted that the following reasons were presented at the previous Finance Committee to support the project:

- 1) Will insure community compliance with State AB 341 commercial and multi-family recycling mandate and CalRecycle 75% diversion goal by 2020. Franchised hauler efforts alone will not achieve 75%.
- 2) Will process self-haul tonnage which totals nearly as much as franchised tonnage; will process tonnage from all franchised areas of the District including City and County of Monterey.
- 3) Will insure continued compliance with CalGreen building code requirement for diversion of construction and demolition material from landfill disposal.
- 4) Will insure community compliance with anticipated CalRecycle or CARB prohibition on disposal of organics in landfills, and consistent with emerging CalRecycle "MRF first" processing hierarchy before disposal.
- 5) Retrofits equipment installed in 1996 which has reached the end of its useful life and improves operational efficiency and ability to work more safely.
- 6) Provide long-term infrastructure investment for processing municipal solid waste (MSW) and continued local, publicly-owned control of the MSW processing infrastructure. The District's interests are very long term, whereas franchise hauler contracts typically extend for only 10 or 15 years.

The Committee acknowledged the need to begin the financing process, and while the total amount of the financing is not known exactly at this time, the Finance Committee members generally agreed that initial steps in the financing process should begin now, with the first step being the selection of a Financial Advisor. Staff was directed to seek authorization for the issuance of an RFP to retain a Financial Advisor on the agenda for the April 18th Board meeting.

Preliminary Budget for FY 2014/15

Staff presented the key estimates required to prepare the Preliminary Budget for FY 2014/15. It was noted that there would not be any tip fee increases except for contractual regional waste agreements for FY 2014/15. The estimated tonnages are in line with the current year and the contract waste tonnages are being reviewed with GreenWaste Recovery. The Committee reviewed and discussed the key budget assumptions and provided direction to staff in preparing the Preliminary Budget for the next meeting of the Finance Committee.

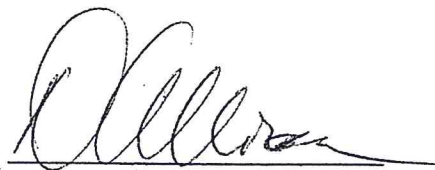
Report on Landfill Gas Facility Operations

Staff referred to a memo from DEI (attached) updating the Committee on the Landfill Gas (LFG) to Energy Facility operations and noted the status of the blower and permanent ground flare installation, PG&E Interconnect Study, LFG well field improvements, and third party LFG plant operator selection process. Staff also distributed a March 24, 2014 letter from PG&E regarding the Interconnect Study that stated the District will need to provide financial security of \$129,000 (20% of the total project costs of \$645,000 [*this amount is subject to further review and refinement with PG&E*]) by May 23, 2014 in order for PG&E to commence the interconnection upgrades to expand the power production. The Committee discussed options to utilize the increased landfill gas. Staff was directed to quantify the financial impact of using the gas to produce electricity for the grid, desalination plant, internal use and/or producing vehicle fuel as part of the request to proceed with the PG&E Interconnection Facilities and Distribution Upgrade. The District General Manager has authorized an expenditure of \$15,000 to PG&E, to allow processing of the Facilities Study, the next step in the process to more clearly determine the estimated total project cost for the utility upgrades required with the addition of up the three megawatts of additional power generation.

General Manager Comments

The General Manager reviewed his comments regarding the SWANA meetings in Monterey and noted that the District received many positive comments on its programs for handling organic materials.

Next Meeting Date: 9:30 a.m. Wednesday, Apr



Dennis Allion

Attachments

BOARD OF DIRECTORS

DENNIS ALLION
CHAIR

LEO LASKA
VICE CHAIR

GARY BALES
SUE MCCLLOUD
DAVID PENDERGRASS
LIBBY DOWNEY
JANE PARKER
IAN OGLESBY
BRUCE DELGADO



WILLIAM MERRY, P.E., BCEE
GENERAL MANAGER/
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN
ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.
SENIOR ENGINEER

ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mountains

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FINANCE COMMITTEE MEETING

Wednesday
April 2, 2014
9:30 a.m.

Board Room
MRWMD Offices
14201 Del Monte Blvd., Marina CA

Attending: Committee (Board) Chair Allion; Vice Chair Laska, Directors Bales and Pendergrass
Rob Wellington, Legal Counsel
William Merry, General Manager
Tim Flanagan, Assistant General Manager
Chuck Rees, Finance Manager

OPEN SESSION AGENDA

1. Request for Proposal (RFP) for Underwriting Services – Capital Improvements.
2. Preparation of Preliminary Budget for FY 2014/15.
3. Landfill Gas (LFG) Operations Update.
4. General Manager Comments.
6. Next Meeting Date: April 30, 2014; 9:30 a.m.

March 28, 2014

William Merry
General Manager
Monterey Regional Waste Management District
14201 Del Monte Blvd.
P.O. Box 1670
Marina, CA 93933-1670

Subject: Landfill Gas (LFG) Status Report

Dear Mr. Merry,

Presented below is a brief status of the overall LFG program at the Monterey Peninsula Landfill.

1. Blower and Permanent Ground Flare Installation – DEI was released to initiate this project at the beginning of December 2013. DEI is responsible for the overall project management, detailed design, permitting, equipment procurement process and preparation of construction plans for the installation. DEI, with the approval of the District, has retained Energyneering Services, Inc. to prepare detailed process design drawings and specifications to be used in the RFP documents for the purchase of the flare and for the installation of the equipment. Staff will be back to the board to receive approval for the purchase of equipment and for the award and execution of a construction contract according to the attached schedule and the write up below.

UPDATE

- Bids were received on March 14, 2014 from the following bidders for the supply of LFG equipment including a blower skid, controls, motor control center, valves and piping and an enclosed ground flare.
 - John Zink Hamworthy Combustion (Zink)
 - Chicago Bridge & Iron Company (CBI)
 - Perennial Energy (Perennial)
- DEI with the assistance of Energyneering Services, Inc. has performed a commercial and technical review of the proposals. Following the initial review the vendors supplied information to ensure that their base bid was consistent with the specifications. Following this process DEI completed the attached proposal evaluation for review and consideration by MRWMD staff and Board. Presented below is a summary of the review process conducted by DEI:

Vendor	Base Equipment Bid	Spare Parts	Start-up and Commissioning	Estimated Taxes	Total
Zinc	\$898,800	\$7,000	\$14,800	\$65,850	\$986,450
Perennial	\$819,791	\$10,300	\$18,426	\$62,514	\$911,030
CBI	\$840,530	\$5,360	\$22,310	\$63,442	\$931,642

- A freight estimate was provided by each company and in all cases would be invoiced separately based on actual shipping costs.
- Based on cost, adherence to the specifications and RFP and responsiveness, DEI recommends that the LFG Equipment award be granted to Perennial Energy. Also, DEI recommends that we conduct a value engineering effort with Perennial in an effort to reduce costs while maintaining quality and long life of equipment.
- Staff will seek board approval to move forward with the purchase of the blower and flare at the April 18, 2014 board meeting. Following board approval the equipment vendor will proceed with the engineering and fabrication of the equipment which is expected to be delivered to the site in October, 2014.
- Golder and Associates has been selected to conduct soil testing in the location of the Flare and Blower Skid. This survey has been completed and we are waiting for the report which should be complete by the end of next week.
- Following equipment engineering, Energyneering will proceed with mechanical, electrical and control engineering for the preparation of construction drawings. It is anticipated that staff will be back to the board for contractor approval in September, 2014.

2. PG&E Interconnection Review – Energyneering (ESI) has completed and submitted the necessary applications to PG&E for the interconnection review and study to determine if the transmission line that the electrical generation facility is currently connected to has capacity to handle additional electricity from the site as additional LFG becomes available and additional engine generators are installed. PG&E is conducting their review which is not expected to be complete for several months.

UPDATE

PG&E has completed their application review and the District has received a report which is being reviewed by Energyneering. A conference call has been set up for Tuesday morning, April 1, 2014.

3. LFG Well Field Improvements – Staff has been working with Golder to develop a scope of work for the design and installation of additional vertical wells needed to supplement existing horizontal wells in Modules 1 & 2, and for the installation of vertical wells in newly developed portions of Modules 3 & 4. Following the completion of design, staff will issue a RFP for the drilling of wells and installation of LFG collection pipeline to bring these new vertical wells on line. This effort is being coordinated with the installation of the new blower and flare to ensure that there is capacity to manage the additional LFG that is over and above those volumes being delivered to the engines.

UPDATE

Golder is in the process of completing their design for the installation of additional vertical wells and associated collection system. See the schedule below for the completion of tasks associated with this effort.

NTP with LFG Collection System Expansion Design and GCCS Conceptual Master Plans	2-11-14
Final Design Basis Memorandum and conceptual GCCS expansion plans	3-21-14
80% draft design drawings and GCCS Conceptual Master Plans	3-28-14
100% final design drawings and GCCS Conceptual Master Plans	4-14-14
Bid Package and Engineer's Cost Estimate	4-28-14
Board approval to go to bid	5-16-14
Call for Construction Bids	5-19-14
Bid Opening	6-6-14
Board approval to award Construction Contract	6-20-14
Commence construction	7-9-14
Complete Construction	8-6-14

4. Third Party Operator Selection – Staff, with the assistance of DEI, has conducted a thorough RFP process for the possible selection of a third party operator to operate and maintain the electrical generation facility. The review focused on prior vendor experience and financial capability, ability to pass on savings to the District for the purchase of parts and outside services, project/operating approach and of course, price. The evaluation was extremely complete and included the entire LFG and management team at the site. As a result of this review, it was determined that Ameresco was best qualified and positioned to support the District with the operation of the facility. Ameresco was also the lowest price for services provided.

The next steps will be to finalize an agreement with Ameresco for presentation to and consideration by the board. If the board approves, staff will work through a detailed plan for the transition of operations to the third party.

UPDATE

DEI and Tim Flanagan met with Staff to discuss the status of possibility of moving forward with hiring a third party operator to receive input and also to provide status of this issue. DEI is completing a financial review of all options prior to a final recommendation to the Finance Committee and the Board.

5. "Over-the-Fence" Feasibility Study - Energyneering (ESI) is in the process of preparing a report on the feasibility of selling electricity from the LFGTE facility directly "over the fence" to the proposed Cal American Water Desalination Plant. The report will include a summary and estimated cost of required/recommended upgrades to the LFGTE facility in order to enable this arrangement.

UPDATE

This work is on-going.

Please give me a call with questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Edwards", with a large, sweeping flourish at the end.

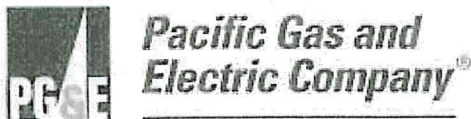
David Edwards



MRWMD
Equipment Purchase RFP
Bid Comparison
3/28/2014



ITEM NO.	DESCRIPTION	ZINK	Adjusted Cost	Comments	PERENNIAL	Adjusted Cost	Comments	CBI	Adjusted Cost	Comments
1	LFG Equipment Design	Included	\$ 46,450.00		\$ 22,000.00	\$ 22,000.00		Included	\$ 136,485.00	
2	Final Design	Included	\$ 46,450.00		\$ 22,000.00	\$ 22,000.00		Included	\$ 45,495.00	
3	Blower Skid	\$ 240,000.00	\$ 82,400.00		\$ 25,000.00	\$ 25,000.00		\$ 840,530.00	\$ 10,300.00	
4	Blower(s)	Included	\$ 125,600.00		\$ 90,000.00	\$ 90,000.00		Included	\$ 85,598.00	
5	Inlet Knock-Out Vessel	Included	\$ 21,100.00		\$ 13,000.00	\$ 13,000.00		Included	\$ 10,584.00	
6	After Cooler	\$ 279,000.00	\$ 107,500.00		\$ 60,000.00	\$ 60,000.00		Included	\$ 22,500.00	
7	After Cooler Knock-Out Vessel	Included	\$ 21,100.00		\$ 12,000.00	\$ 12,000.00		Included	\$ 9,100.00	
8	Heat Exchanger	Included	\$ 49,800.00		N/A	\$ 16,500.00	Adjusted to include costs of Exchanger	Included	\$ 28,750.00	
9	Piping, Valves, Meters, Instrumentation	Included	\$ 129,800.00	Includes: 2-10" SS Check Valves (+16,800) 14" Pneumatic SSOV (+12,400) 14" to 6" Recirculation Valve (-\$8,000)	\$ 167,291.00	\$ 167,291.00		Included	\$ 83,968.00	
10	Control System	\$ 145,000.00	\$ 54,500.00		\$ 60,000.00	\$ 60,000.00		Included	\$ 16,102.00	
11	MCC	Included	\$ 44,700.00		\$ 60,000.00	\$ 60,000.00		Included	\$ 94,362.00	
12	Flare	\$ 207,000.00	\$ 169,400.00	Includes: Two Additional View Ports (+\$800) 4' SS Band (+\$5,800)	\$ 272,000.00	\$ 272,000.00		Included	\$ 279,088.00	
13	Bid, Performance and Payment Bond	Included	Included		Included	Included		Included	\$ 18,198.00	
Equipment Sub - Total		\$ 871,000.00	\$ 898,800.00		\$ 803,291.00	\$ 819,791.00		\$ 840,530.00	\$ 840,530.00	
	Spare Parts	\$ 7,000.00	\$ 7,000.00		\$ 10,300.00	\$ 10,300.00		\$ 5,360.00	\$ 5,360.00	
Spare Parts Total		\$ 7,000.00	\$ 7,000.00		\$ 10,300.00	\$ 10,300.00		\$ 5,360.00	\$ 5,360.00	
	Start-Up, Commissioning and Training	\$ 14,800.00	\$ 14,800.00	Adjusted for 10 Days of Training	\$ 19,926.00	\$ 18,426.00	Adjusted to 10 days of Training	\$ 28,770.00	\$ 22,310.00	Adjusted to 10 Days of Training
Start - Up Total		\$ 14,800.00	\$ 14,800.00		\$ 19,926.00	\$ 18,426.00		\$ 28,770.00	\$ 22,310.00	
	Insurance	Included	Included		Included	Included		Included	Included	
	Estimated Taxes		\$ 65,850.00	Not included in Proposal. Adjusted at .075% of Sales Tax	\$ 62,513.78	\$ 62,513.78			\$ 63,441.75	Not included in Proposal. Adjusted at .075% of Sales Tax
Insurance & Taxes Total		\$ -	\$ 65,850.00		\$ 62,513.78	\$ 62,513.78		\$ -	\$ 63,441.75	
Sub - Total		\$ 892,800.00	\$ 986,450.00		\$ 896,030.78	\$ 911,030.78		\$ 874,660.00	\$ 931,641.75	
	Shipping - BS and OTHER	\$ 33,400.00	\$ 33,400.00		\$ 15,180.00	\$ 15,180.00		\$ 14,647.00	\$ 14,647.00	
	Shipping - Flare	\$ 45,000.00	\$ 45,000.00		\$ 51,000.00	\$ 51,000.00		\$ 20,588.00	\$ 20,588.00	
Shipping Total		\$ 78,400.00	\$ 58,835.00	Normalized Freight Estimate to \$35/mi	\$ 66,180.00	\$ 68,390.00	Normalized Freight Estimate to \$35/mi	\$ 35,235.00	\$ 86,905.00	Normalized Freight Estimate to \$35/mi
TOTAL		\$ 971,200.00	\$ 1,045,285.00		\$ 962,210.78	\$ 979,420.78		\$ 909,895.00	\$ 1,018,546.75	



245 Market Street, Room 772D
San Francisco, CA 94105

Mailing Address:
P.O. Box 770000
San Francisco, CA 94177

Tel: 415.973-7941
Fax: 415.973-3050

March 24, 2014

Mr. Jeff Friesen, Project Manager
Energyneering Solutions, Inc.
15820 Barclay Drive
Sisters, OR 97759

RE: Financial Security Posting due for MRWMD LFG Power Plant 2, Queue # 0780-RD, Electric Rule 21 Tariff

Dear Mr. Friesen,

You are receiving this letter to notify you of your financial security posting requirements for your project, MRWMD LFG Power Plant 2 (0780-RD). We are requesting that Energyneering Solutions, Inc. submit a Financial Security Posting for the **Interconnection Facilities (IF) and Distribution Upgrade (DU)** costs identified in the System Impact Study issued March 24, 2014. Per Section F.3.d.iv of the Rule 21 Tariff (Initial Posting of Interconnection Financial Security) for Generating Facilities interconnecting under the Detailed Study Process, your financial posting amount (per Rule 21 tariff Section F.4.b: Applicant shall also post an Interconnection Financial Security instrument in the amount of 20% of the total estimated cost responsibility assigned to the Applicant for the IF and DU....) is:

Amount (\$):
\$ 129,000.00

Date Due:
May 23, 2014

Purpose:
To commence design, procurement, construction and installation of Distribution Upgrades and/or Interconnection Facilities.

Per Section F.4.a of the Rule 21 tariff, the following types of financial instruments accepted at this time are:

- Letter of Credit
- Guarantee
- Cash Deposit in an interest bearing escrow account

To be clear, **this is not an invoice for payment to PG&E**. For help fulfilling this financial security posting requirement, please contact PG&E's Credit Risk Department by email at generationinterconne@pge.com or by phone at (209) 956-7493.

If you have questions regarding your project, please contact your Electric Generation Interconnection Department Interconnection Manager, Lynn Nunez, by phone at (415) 973-7941 or by email at ECN3@pge.com.

Sincerely,

Lynn Nuñez
EGI Interconnection Manager

Attachment: System Impact Study for MRWMD LFG Power Plant 2 (Queue# 0780-RD)

agency CEQA review so that the CPUC does not need to undertake additional CEQA review in connection with its Section 851 approval.

13. Cost Estimates Summary

The detailed estimation of costs below includes interconnection and/or system upgrades required to interconnect the Project to PG&E's distribution system, but does not include any in-plant facilities constructed, owned and operated by the Applicant. The below costs are only estimates using average cost without actual field verification.

Network Upgrades	IC Costs	PG&E Costs
DTT from Moss Landing substation (Existing at GF)	\$0	
Network Upgrades Subtotal	\$0	\$0

Distribution Upgrades	IC Costs	PG&E Costs
Castroville Bank 1		
Install DTT from 2103 to Gen site including 19" Rack and RFL Gard 8000 - <i>if existing DTT can be utilized this cost could be lowered or eliminated.</i>	\$235,000	
Hardwire Trip from 2103 to RFL Gard 8000 including conduit work - <i>if existing DTT can be utilized this cost could be lowered or eliminated.</i>	\$50,000	
Install Telecom equipment for T1 - <i>if existing DTT can be utilized this cost could be lowered or eliminated.</i>	\$ 50,000	
Install new DC Panel	\$ 20,000	
Replace existing Annunciator	\$ 50,000	
Castroville 2103		
Distribution Upgrades Subtotal	\$405,000	\$0

Interconnection Upgrades	IC Costs	PG&E Costs
Generating Facility		
First Pre-parallel inspection, protection review and testing witnessing	\$0	10,000
PG&E Primary Revenue Metering	\$15,000	
Primary Service-OH (Per location not including Metering)	\$15,000	
Ground Fault Detection Scheme at POI (By IC)	\$0	
PG&E SCADA Recloser at POI (Anti-Islanding and Visibility)	\$65,000	
Visible open disconnect at PCC	\$25,000	
Install DTT Receiver, associated Switches and RTU - <i>if existing DTT can be utilized this cost could be lowered or eliminated.</i>	\$ 120,000	
Interconnection Upgrades Subtotal	\$240,000	\$10,000

Total Project Costs	IC Costs	PG&E Costs
Total Project Cost (excludes COO)	\$645,000	\$10,000
Total ITCC²	TBD	
<i>Option 1: Monthly Cost of Ownership (Total*0.46%)</i>	\$2,967	
<i>Option 2: One-Time Cost of Ownership (Total*0.46%*13.07*12)</i>	\$465,344.28	