



Legislation Details (With Text)

File #: ID17-0030 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 12/22/2016 **In control:** City Council

On agenda: 1/12/2017 **Final action:** 1/12/2017

Title: Actions Pertaining to the Engineering Services to divert Renewable Natural Gas into the Natural Gas pipeline at the Fresno/Clovis Regional Wastewater Reclamation Facility (Council District 3)
1. ***RESOLUTION - 12th Amendment to the Annual Appropriation Resolution No. 2016-118 appropriating \$637,000 for engineering services to divert renewable natural gas into the natural gas pipeline at the Fresno/Clovis Regional Wastewater Reclamation Facility (Requires 5 affirmative votes)
2. Award a professional engineering services contract for \$592,000, with \$25,000 contingency, to Stearns, Conrad and Schmidt Consulting Engineers Incorporated of Long Beach, California

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 17 12th Eng Svcs Divert Nat Gas SAM 1-2-17.pdf, 2. Agreement.pdf, 3. 2017-01-12 SCS Pipeline Injection Contract Fiscal Impact.pdf, 4. 2017-01-12 SCS Pipeline Injection Contract VICINITY MAP.pdf

Date	Ver.	Action By	Action	Result
1/12/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

January 12, 2017

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

BY: KEVIN L. NORGAARD, PE, Supervising Professional Engineer
Department of Public Utilities - Wastewater Management Division

SUBJECT

Actions Pertaining to the Engineering Services to divert Renewable Natural Gas into the Natural Gas pipeline at the Fresno/Clovis Regional Wastewater Reclamation Facility (Council District 3)

1. ***RESOLUTION - 12th Amendment to the Annual Appropriation Resolution No. 2016-118 appropriating \$637,000 for engineering services to divert renewable natural gas into the natural gas pipeline at the Fresno/Clovis Regional Wastewater Reclamation Facility **(Requires 5 affirmative votes)**
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RECOMMENDATION

Staff recommends the Council appropriate the project funding and approve the agreement award to Stearns, Conrad and Schmidt Consulting Engineers Inc. (Stearns), for the feasibility study and if appropriate the design necessary to divert and inject renewable natural gas into the natural gas distribution pipeline at the Fresno/Clovis Regional Wastewater Reclamation Facility (Facility).

EXECUTIVE SUMMARY

The City of Fresno has successfully operated the anaerobic digestion processes at the Facility for approximately sixty years. The purpose of this project is to provide additional redundancies for the utilization of the digester gases generated as part of the wastewater solids processing. This project will first confirm the financial and engineering feasibility to clean the gas and inject it back into the state natural gas distribution pipe system. Part of the feasibility study will include the investigation of the sale of Renewable Natural Gas (RNG).

BACKGROUND

The Facility has successfully operated an anaerobic digestion process for approximately sixty years. and power generation facility for many years. The gas generated by the anaerobic digestion process is currently conditioned to near pipeline quality and made available for use in the Facility power generating turbines, hot water boiler, or both. There are instances when for operational convenience these two options are not available and the digester gas must be flared (wasted) to atmosphere. The wasting of digester gas is just that, wasting a valuable naturally renewable resource which also contributes to local air quality issues and increased greenhouse gas emissions. Providing an additional point of use will help eliminate this “wasting”. There is a possibility that by making the cleaned digester gas available to the RNG market that additional revenues may be generated to help keep the Sewer Enterprise Rates as low as possible.

The work under this contract has been specifically divided into two pieces with a go/no go decision point. The first piece will be the feasibility study that will investigate the financial and technical aspects of the pipeline injection. The second phase will only be enacted after both City review and third party independent review. The second phase will be the design and support during construction of the infrastructure necessary to inject cleaned digester gas into the natural gas pipeline. This contract provides for several joint meeting with the two other consultants working on the overall project as detailed below.

Following Fresno Municipal Code Chapter 4, Article 1 and Administrative Order 6-19, the Department of Public Utilities notified in excess of one hundred consulting firms requesting a statement of qualification and project proposals. The Department received eight qualifications. Five separate consultants were interviewed on February 29, 2016. After reviewing the qualifications and information presented in the interview process it was decided to divide the overall project into three separate distinct pieces. These pieces were: the diversion of digester gas into the natural gas pipeline, the analysis of the most financially efficient technology of generating onsite electrical power, and finally the review and last the analysis of digester efficiencies and condition assessment. After reviewing all of the statement of qualifications and cost proposals, it was determined that Stearns was the most qualified provide the most benefit for the City for the diversion of digester gas into the natural gas pipeline. A consultant services agreement has been negotiated in the amount of \$592,000 and \$25,000 contingency.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines (CEQA) Guidelines Section 15378 the award of these contracts does not qualify as a “project” for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not implemented per Fresno Municipal Code 4-109 (b) (3) because, staff believes the number of local businesses capable of providing the specific consulting service requested is less than three.

FISCAL IMPACT

This consultant services contract has no impact to the General Fund and is located in Council District 3. This project was not identified in the Wastewater Management Division five year capital improvement plan or current rate structure as a separate project, but was anticipated to be part of the larger “Regional Wastewater Reclamation Facilities Master Plan Update” originally budgeted in FY 14. The planned outcome of this contract will be to develop a long term plan to optimize energy costs for the Facility. Funds in the amount of \$637,000 are available in the Sewer Enterprise Fund 40501; the AAR is necessary to allocate the funds for the contract.

Attachments:

12th AAR No. 2016-118
Consultant Agreement
Fiscal Impact Statement
Vicinity Map