

STAFF REPORT

Date: January 15, 2014

To: Mayor and City Council

Thru: Andrew Clinger, City Manager

Subject: **Staff Report (For Possible Action): Approval of an Award of Contract to KG Walters Construction Co., Inc. for construction of the Truckee Meadows Water Reclamation Facility (TMWRF) Digester Gas Conditioning System Project in an amount not to exceed \$4,441,500.00, with the City of Reno's portion being \$2,372,882.25 (Sewer Enterprise Fund).**

From: Dave Kershaw, Associate Civil Engineer

Summary: Staff recommends Council approve the award of contract to KG Walters Construction Co., Inc. for construction of the Truckee Meadows Water Reclamation Facility Digester Gas Conditioning System Project in an amount not to exceed \$4,441,500.00. Attached is the bid summary table.

Previous Council Action:

December 12, 2012 Council approved a consultant agreement for professional engineering services with Carollo Engineers, Inc., for engineering services in support of the Design of a Digester Gas Conditioning System and Piping at the Truckee Meadows Water Reclamation Facility (TMWRF) in the amount of \$324,798 with the City of Reno's portion being \$222,908.87 (Sewer Enterprise Fund).

September 4, 2013 Council approved an amendment for professional engineering services with Carollo Engineers, Inc., for engineering services in support of the Design of a Digester Gas Conditioning System and Piping at the Truckee Meadows Water Reclamation Facility (TMWRF) in an amount not to exceed \$39,888 with the City of Reno's portion being \$27,375.13 (Sewer Enterprise Fund). Resulting in a total professional engineering services design cost of \$364,686 with the City of Reno's portion being \$250,284.00.

Background: The Truckee Meadows Water Reclamation Facility (TMWRF) is jointly owned by the Cities of Reno and Sparks. The City of Reno oversees the Capital Improvement Program for TMWRF, while the City of Sparks manages operations. The Washoe County Air Quality Management Division has issued an Air Quality Permit for the TMWRF and has directed the design and installation of a digester biogas conditioning system to replace former treatment processes for Hydrogen Sulfide control.

The previous authorized design work has resulted in the final design of a Digester Gas Conditioning System that when constructed will; improve compliance with Air Quality regulations through the control of hydrogen sulfide and siloxanes, produce a conditioned gas

suitable as fuel for on-site generation of electricity and heat, help reduce boiler and sludge heater maintenance requirements, and eliminate a safety hazard associated with corroded and leaking digester gas piping within the Digestion Complex at TMWRF.

The City of Sparks was successful in obtaining a Federal Department of Energy (DOE) matching grant of \$984,000 to partially defray the cost of the proposed gas conditioning and piping improvements. This grant has been included in determining City of Reno's portion of the costs.

Discussion: This project will construct new digester gas collection piping, gas blowers, biological hydrogen sulfide removal tower, hydrogen sulfide removal media polishing vessels and media, gas moisture removal system, siloxane removal vessels and media, gas flare, gas meters, monitoring and control equipment, and modifications to limited portions of the gas distribution piping. Bids were opened on December 18, 2013. The lowest responsive and responsible bidder is KG Walters Construction Co., Inc. in the amount of \$4,441,500.00. The consideration of approval for an agreement with Carollo Engineers, Inc. for construction services for this project will also be considered by Council on January 15, 2013, as a separate, but related, item.

Financial Implications: The City of Reno will administer the agreement and will be reimbursed for a portion of the costs by the City of Sparks through the current cost sharing agreement for TMWRF operation and maintenance. The City of Reno and the City of Sparks share the cost of this project as follows: 68.63% for Reno and 31.37% for Sparks, as shown in Table 1. Costs for the City of Reno are budgeted in the Sewer Enterprise Fund. This project is included in the TMWRF FY2014 Capital Improvement Plan that was approved by the Joint Coordinating Committee. Reimbursements from the DOE grant have been included cost sharing between Reno and Sparks.

Table 1 - Cost Sharing Between Reno and Sparks

Total Cost of Agreement	Reno Share	Sparks Share
\$4,441,500.00	\$2,372,882.25*	\$1,084,617.75*
Percentages	68.63%	31.37%

*Includes total cost being reduced by the \$984,000 grant.

Legal Implications: The contract was let pursuant to Chapter 338 of the Nevada Revised Statutes (NRS), and KG Walters Construction Co., Inc. response meets the legal requirements of Chapter 338 of the NRS.

Recommendation: Staff recommends Council approve the award of Contract to KG Walters Construction Co., Inc. for the Truckee Meadows Water Reclamation Facility Digester Gas Conditioning System Project in an amount not to exceed \$4,441,500.00 (Reno's share being \$2,372,882.25 from the Sewer Enterprise Fund) and authorize the Mayor to sign.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- I100065 Bid summary 20131218 (PDF)