



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Scholl Canyon Landfill Biogas Renewable Generation Project.

1. Resolution authorizing the City Manager, or his designee, to execute Amendment No. 1 with Western Energy Systems, a division of Pen Power Group, LLC (WES), for the sale of Power Island Major Equipment (PIME) and services for the Biogas Renewable Generation Project and authorizing the issuance of the Full Notice to Proceed (FNTF) to WES in the not-to-exceed amount of \$17,629,194, plus a Ten percent (10%) contingency in the amount of \$1,762,919.
2. Motion authorizing the City Manager, or his designee, to enter into an Engineer-Procure-Construct (EPC) Contract with ACCO Engineered Systems Inc. for the engineering, design and construction of the Biogas Renewable Generation Project at the Scholl Canyon Landfill, in the not-to-exceed amount of \$43,637,098, plus a Fifteen percent (15%) contingency in the amount of \$6,545,565.
3. Resolution of Appropriation.

### COUNCIL ACTION

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**Item Type:** Action Item

**Approved for** September 20, 2022 **calendar**

### EXECUTIVE SUMMARY

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On November 30, 2021, the City Council certified the Environmental Impact Report (EIR) for the Scholl Canyon Landfill Biogas Renewable Generation Project (Biogas Project) and approved the Conditional Use Permit (CUP) and Special Recreation (SR) Permit.

Glendale Water & Power (GWP) staff now recommends that the City Council issue the Full Notice to Proceed (FNTF) for the second and final phase of the Biogas Project, authorize the execution of Amendment No. 1 with WES, and authorize an Engineer-Procure-Construct contract for the engineering, design and construction of the Biogas Project, as well as adopting a resolution appropriating funds to cover the cost of developing Biogas Project and Owner's Engineering Services.

## **COUNCIL PRIORITIES**

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Infrastructure: This project will install four gas engine generators, along with landfill gas cleanup system with the purpose of capturing and incinerating the existing landfill gas (LFG) and capitalizing on this renewable energy by-product from such incineration for beneficial public use as a renewable energy resource.

Environmental Stewardship: Currently, the LFG generated by the decomposition of fill materials in the Scholl Canyon landfill is collected, compressed to remove liquids and combusted in an existing flaring system. The project will initially generate 12 megawatts of non-intermittent, locally generated electricity that is enough to power over 11,000 homes using renewable energy.

## **RECOMMENDATION**

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Approve and issue the FNTF for the Biogas Project, and authorize the City Manager, or his designee, to execute Amendment No. 1 to Contract with WES to provide for the remaining engineering design, fabrication, delivery and installation of the Power Island Major Equipment (PIME) to the site, as well as provide training for City staff and technical oversight. Staff also recommends that the City Manager, or his designee, enter into an Engineer-Procure-Construct (EPC) Contract with ACCO for the engineering, design and construction of the Biogas Project.

Adopt a resolution appropriating funds to cover the development of Biogas Project.

## **BACKGROUND**

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On June 13, 2017, the City Council, by Resolution No. 17-68, issued a Limited Notice to Proceed (“LNTF”) authorizing the City Manager to execute a contract with WES for the engineering support, and detailed specifications and data regarding the PIME for the Biogas Project in order for the City to apply for permits, undertake California Environmental Quality Act (“CEQA”) reviews and information for the preparation of the Request for Proposal (“RFP”) for the EPC contractor for the Biogas Project.

Additionally, on June 13, 2017, the City Council, by Resolution 17-69, authorized GWP to issue the Request for Qualification (RFQ), and subsequently the Request for Proposals (RFP) utilizing the City’s Alternative Delivery Method to secure an EPC contractor to thereafter return to the City Council for consideration of the issuance of a contract.

On November 30, 2021, the City Council certified the EIR for the Biogas Project and approved the CUP and the SR Permit. The next necessary steps, in order to proceed with the Biogas Project, would be the issuance of the FNTF to WES, the PIME supplier and the award of the EPC contract. Each one of these items is discussed below.

In January 2022, GWP’s Owner’s Engineer for the Biogas Project, Worley Group Inc. (Worley) undertook the RFQ and the subsequent RFP process to identify the most overall qualified EPC contractor in terms of price and technical competence. The process that was followed from January 2022 to present is as follows:

- December 17, 2021 - January 21, 2022: Worley was hired to be the new Owners Engineer for the Scholl Biogas project.
- January 21, 2022 - February 4: Worley revised the RFP documents as necessary and sent invitations to the three 2017 prequalified EPC companies to submit proposals for the RFP.
- February 17: GWP is notified that all three EPCs elected to not submit proposals in response to the RFP, all for different reasons.
- February 23: GWP decided to issue a new RFQ followed by a new RFP phase. RFQ submittal deadline was set for April 1, 2022.
- April 15: All RFQ respondents are approved to move to the RFP stage (ACCO, ARB Inc. (ARB), and SCS Energy).
- April 19: the RFP issuance pushed to May 9 that consequently pushed RFP due date to July 1.
- June 15: ARB schedule extension request of two weeks is approved; RFP due date pushed to July 15.
- July 12: ARB another schedule extension request of two weeks is approved; RFP due date pushed to July 29.
- August 19: Worley completed the evaluations of the two proposals received from ACCO and ARB.

Worley also worked with GWP and WES to have all the contract documents amended to allow GWP to issue the FNTF to WES for engine procurement, pending City Council approval of the project. WES has committed to firm pricing through September 23, 2022, pending that they get the FNTF prior to that date.

As discussed in more detail below, the City has been working with the South Coast Air Quality Management District (“SCAQMD”) since June 2017 on the submittal of the application for the required AQMD permit.

## **ANALYSIS**

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The City serves its system load through a combination of renewable energy sources comprised of local and imports, non-renewable imports, and local-generation. Between 1996 and 2017, the City was primarily burning the landfill gas from the Scholl Canyon Landfill in steam boilers located at the Grayson Power Plant via a 5.5-mile long underground dedicated pipeline. In 2018, based on SCAQMD directives, the City discontinued burning landfill gas in the Grayson boilers. Since then, the landfill gas has been burning in the existing flaring system at the Scholl Canyon Landfill that is operated by the Los Angeles County Sanitation District.

To ensure the most optimal use of the existing landfill gas, as well as to provide a reliable renewable energy resource, the City proposes to install four Jenbacher Gas Engine Generators, with the applicable landfill gas cleanup system, on a 2.2-acre site at the Scholl Canyon Landfill. Given that Scholl Landfill gas composition and degradation is site specific, GWP hired an independent consulting firm, SCS Engineers, to model future gas production and degradation at the landfill and to assess the condition of the

landfill after its future potential closure. Per SCS Engineers modeling, there will be sufficient gas production to run the proposed four engines until 2034, and three engines until 2042. During this time, the Biogas Project will generate approximately 12MW-10.5MW (four engines) and 9MW-7.7MW (three engines) of gross renewable power. After 2042, there will be only two engines running and generating an estimated 6MW of gross power.

#### Status of the WES Contract and the FNTF:

In 2018 WES' price for the FNTF was \$13,928,938. Although, five years have gone by and the cost has increased due to significant inflation rate, staff managed to negotiate a price of \$17,629,194 with WES. The price comprises of \$16,360,451 for the original scope of work, as well as an additional sum of \$1,268,743 for added scope of work that includes a natural gas compressor due to the low pressure of the SoCal Gas system and for shipping requirements, WES has to subcontract out certain EPC mechanical and electrical services in order to reassemble/assemble the engine-generator modules before turning them over to the City. The modules cannot be delivered to the site as a whole, i.e. a complete engine-generator package, due to shipping constraints.

#### The RFP Process for the EPC Contract:

To ensure that the public had an opportunity to participate in the Biogas project, the RFQ for the Project was reissued on March 4, 2022. Three qualified EPC firms responded to the RFQ, and all were selected to proceed to the RFP stage. After amending the RFP documents from their 2017 versions, the RFP was issued to the three qualified firms on May 9, 2022 with a proposal due date of July 29, 2022.

The City received three responses to the RFP. Two were formal proposals, which are discussed in more detail below: one from ARB Inc., in the amount of \$ 70,909,700, and another from ACCO Engineered Systems, Inc., in the amount of \$ 43,637,098. The third response was from SCS Energy, which declined to submit a formal proposal due to business reasons but informally stated that had a proposal been submitted, their budgetary price would have been \$55,800,000.

Upon review of the proposal documents and after considering all of the required metrics of evaluation, GWP recommends that ACCO be awarded this EPC contract. At this time, this request for approval is to authorize WES and ACCO to begin work on the project with notices to proceed

<b>Project Description:</b>	<p>The proposed Biogas Renewable Generation Project will serve two major roles for the City:</p> <ul style="list-style-type: none"> <li>• Provide the City a Renewable Portfolio Standard resource.</li> <li>• Provide an environmentally sound manner in which to use the landfill gas from the Scholl Canyon Landfill.</li> </ul> <p>The proposed Biogas Renewable Generation Project, a 12 MW power plant, is to be located at Glendale's existing Scholl Canyon Landfill (Site). The power plant will consist of four self-enclosed Jenbacher JGS 620 Reciprocating Engine Generators (REG), a biogas and condensate treating facility, natural gas pipeline, and electrical interconnection to Glendale Water and Power's (GWP) electrical distribution system.</p>
<b>RFP Approved:</b>	May 5, 2022
<b>Advertisement Method:</b>	Email to Pre-Qualified EPC vendors with SharePoint link to all pertinent documents.
<b>RFP Issued:</b>	May 6, 2022
<b>RFP Due Date:</b>	July 29, 2022
<b>Company Name(s) and Proposal Amount(s):</b>	ACCO: \$43,637,098 ARB: \$70,909,700
<b>Selection Criteria (If SS, list applicable Provision):</b>	<ul style="list-style-type: none"> <li>• Capital Cost - 45% (45 points)</li> <li>• Proposers LFG and Condensate Cleanup System Design - 25% (25 points)</li> <li>• Conformance with Commercial and Agreement Requirements; Proposed Schedule of Values - 10% (10 points)</li> <li>• Conformance with Technical Requirements - 10% (10 points)</li> <li>• Proposal Supplement and Presentation - 10% (10 points)</li> <li>• Value Engineering Alternatives (if any) - total possible of 5 additional points.</li> </ul>
<b>Consultant(s):</b>	Worley
<b>New / Existing Consultant(s):</b>	New

<b>Procurement Method (RFP / SS):</b>	RFP
<b>Contract Term:</b>	Approximately 2 years from EPC FNTF to in-service date.
<b>Project Begins:</b>	November 1, 2022
<b>Project Ends:</b>	November 1, 2024
<b>Change Orders (When Applicable)</b>	
<b>Company name:</b>	N/A
<b>Original Approved Contract Amount:</b>	N/A
<b>Approved Contingency:</b>	N/A
<b>Change Order History:</b>	N/A
<b>This Change Order (Increase):</b>	N/A
<b>New Contract Total (If Approved):</b>	N/A

#### AQMD Permit:

On August 24, 2022, the City received confirmation by the SCAQMD of its intent to issue the draft permit for the Biogas Project and as of the submittal date of this Report, the City anticipates receiving said draft permit by September 13, 2022.

## **STAKEHOLDERS/OUTREACH**

Extensive stakeholder outreach was conducted for the Biogas Project, the process of which was governed by the requirements of the applicable California Environmental Quality Act (CEQA) Guidelines. The City issued a Notice of Preparation of the Draft Environmental Impact Report (DEIR) for the Proposed Project on March 21, 2019<sup>1</sup>. The CEQA-governed public outreach, as well as the City's efforts for stakeholder outreach are summarized in this section.

The Project DEIR was circulated for public review and comment from July 1, 2020, through September 30, 2020 for an extended 90-day public comment period. Through the CEQA process, outreach was undertaken to the following stakeholders:

- Residents and business owners: through publication of notification of, and information relating to, the DEIR through the CEQA noticing process (e.g. publication through the county, city and state clearinghouse, through GWP's social media platforms and through the City's website, as well as noticed and agendized public hearings before the GWP Commission, Sustainability

<sup>1</sup> Prior to the issuance of the Notice of Preparation of the DEIR and the DEIR/FEIR process, the City issued public notice and conducted public hearings for the Mitigated Negative Declaration (MND) for the Biogas Project. At the direction of the City Council, the City proceeded with the much more comprehensive CEQA review via the DEIR/FEIR process.

Commission, Planning Commission and the City Council.

- Surrounding jurisdictions and applicable authorities (such as, but not limited to, the City of Pasadena; City of Los Angeles; Los Angeles County; South Coast Air Quality Management District; Los Angeles Sanitation District; City of La Canada; Caltrans; California Air Resources Board; State Water Resources Control Board; Department of Toxic Substances Control; and the California Department of Fish and Wildlife): by providing them written notification of the DEIR with an opportunity to submit comments, each of which were addressed thoroughly by the City.

## **FISCAL IMPACT**

The total contractual cost for Biogas Renewable Generation Project is \$70,574,776 based on the following cost breakdown:

- FNTF to WES and EPC: \$61,266,292
- Total contingency of \$8,308,484 at 10 and 15 percent for WES and EPC; respectively.
- Owner's Engineer and miscellaneous project costs: \$1,000,000

Of this amount, \$26,000,000 was approved as a part of the FY 2022-23 budget. The remaining amount of \$44,574,776 was not included, therefore staff is requesting for an appropriation of \$44,574,776 from the Electric Surplus Fund Balance. The existing appropriation and the requested appropriation is outlined below:

Existing Appropriation			
Amount	Account String		Funding Source
\$26,000,000	GL: 43110-5830-GWP-0020 PL: 31005		Electric Depreciation Fund
Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$44,574,776	GL: 27900-5810-GWP-0000	GL: 43110-5830-GWP-0020 PL: 31005	Electric Surplus Fund Balance

## **ENVIRONMENTAL REVIEW (CEQA/NEPA)**

As required by the CEQA Guidelines (14 Cal Code Regs §15082(a)(1)), the City issued a Notice of Preparation of the Draft Environmental Impact Report (DEIR) for the Proposed Project on March 21, 2019. The Project DEIR was circulated for public review and comment from July 1, 2020, through September 30, 2020 for a 90-day period. Numerous public comments were received and responses to each public comment were drafted and incorporated into the Final Environmental Impact Report (FEIR), which was prepared pursuant to the City of Glendale's adopted Procedures for Preparation and Processing of Environmental Documents (Glendale CEQA Guidelines, 2016) and

Public Resources Code §§21000 et seq., and the CEQA Guidelines (15 Cal Code Regs §15000 et. seq. The FEIR was published on the City's website on August 2, 2021. On November 30, 2021 the EIR was certified by the City Council.

In addition to the above synopsis, GWP has been working with Montrose Environmental Solutions to secure the proper permit with SCAQMD. SCAQMD has been cooperative with this process and, as a result, has provided the attached draft permit in this submittal (for reference only) to show the progress made thus far.

### **CAMPAIGN DISCLOSURE**

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In accordance with the City Campaign Finance Ordinance No. 5744, the attachment to this Report contains the names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, Subcontractors and any person or entity with more than 10% interest or more in the company proposed for contract in this Agenda Item (see Exhibit 1).

### **ALTERNATIVES**

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Alternative 1: Authorize and approve the actions requested and recommended in this report to have 12 to 6 megawatts of local renewable and reliable energy from no cost landfill gas for over 20 years.

Alternative 2: Do not authorize or approve the actions requested and recommended in this report which will have the effect of the need to continue flaring the landfill gas 24/7 for many years with no beneficial use, as well as the cost to purchase replacement energy.

### **ADMINISTRATIVE ACTION**

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**Prepared by:**

Daniel Scorza, Chief Assistant General Manager - Electric

**Approved by:**

Roubik R. Golanian, P.E., City Manager

### **EXHIBITS/ATTACHMENTS**

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Exhibit 1: Campaign Finance Disclosure for ACCO Engineered Systems, Inc.