



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

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**File #:** 15-1193, **Version:** 1

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### **TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 5, 2015**

#### COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Issue a purchase order and enter into agreement with Ameresco, Inc., for professional engineering services for Contract 14-250-3P Digester Gas Utilization, Calumet Water Reclamation Plant in an amount not to exceed \$2,060,000.00, Accounts 201-50000-601420 and 612450, Requisition 1376719

Dear Sir:

Authorization is requested to issue a purchase order and enter into an agreement with Ameresco, Inc. for professional engineering services for Contract 14-250-3P Digester Gas Utilization, Calumet Water Reclamation Plant, developed under Request for Proposal 13-RFP-06 Biogas Renewable Energy Project at the Calumet Water Reclamation Plant (CWRP).

On September 4, 2014, the Board of Commissioners authorized District staff to negotiate agreements with Ameresco, Inc. (Ameresco) for professional engineering services for the design and construction of a digester gas cleaning facility in accordance with its proposal submitted in response to 13-RFP-06, advertised March 13, 2013. The details of the negotiated design, construction, maintenance, and offtake agreements were to be brought to the Board for authorization prior to execution.

The project work will be accomplished in three separate agreements with Ameresco. The first agreement, which is the subject of this transmittal letter, is for engineering design of a digester gas cleaning facility and connection to a nearby natural gas pipeline. The level of expertise required for the engineering design agreement consists of engineers and draftsmen experienced in process, structural, mechanical, electrical, and civil engineering design. When engineering design has progressed sufficiently, such that plans and specifications have been developed to the satisfaction of the District, a transmittal letter will be submitted to the Board of Commissioners for authority to enter into the second agreement with Ameresco for the construction work. Subsequently, a transmittal letter will be submitted to the Board of Commissioners for authority to enter into the third agreement, which is the Five-Year Maintenance Plan. While personnel from the Maintenance and Operations Department will operate and maintain the digester gas cleaning and pressurization equipment on a daily basis, the Five-Year Maintenance Plan provides for on-call technical support, service, and parts for issues beyond routine maintenance, and for annual inspection of equipment by factory-certified technicians.

For the offtake of the cleaned digester gas, or "biomethane," Ameresco's proposal included a long-term offtake agreement with sale of the biomethane gas and environmental attributes ultimately going to BP Canada Energy Marketing Corporation (BP). During negotiations, the District determined that more favorable terms could be established if the District contracted directly with BP for the offtake of the biomethane rather than selling to BP indirectly through Ameresco. Therefore, authorization to enter into an agreement with BP for the offtake of the biomethane and sale of the environmental attributes will be requested from the Board of Commissioners under a separate transmittal letter.

The overall scope of work includes connection to the water reclamation plant's digester gas collection piping system, installation of a pressure swing absorption gas cleaning system in the vicinity of the anaerobic digester complex, installation of gas compressors, and installation of a gas pipeline and connection to Nicor's natural gas pipeline located near 138<sup>th</sup> Street south of the CWRP. Project deliverables for engineering design services include construction contract documents, construction cost estimates and an Illinois Environmental Protection Agency air permit modification application. The projected quantity of cleaned digester gas, or "biomethane," to be sold to the pipeline is approximately 850 million BTU per day, which includes the additional digester gas production from added organic wastes.

The total fee for the engineering design agreement is \$2,060,000.00, to be distributed over approximately one and one-half years. Ameresco's cost proposal, in its Best and Final Offer, was \$1,255,000.00 for the engineering design portion of the work. During negotiations, the District determined that the overall schedule for construction could be shortened if Ameresco were to include the detailed shop drawings for long-lead equipment items during the design phase of the project, rather than during the construction phase, so that equipment fabrication could commence shortly after the construction contract is awarded. Therefore, Ameresco proposed to shift \$805,000.00 from the construction phase of its cost proposal to the design phase of the cost proposal. The total cost of the project (design, construction, and maintenance plan) as submitted in the Best and Final Offer will not change as a result of this cost shifting.

The approximate time allowed for services to be performed under this agreement is 534 days from the date the contract is executed. Approximately 15 personnel will be employed in the execution of this work. Resumes were submitted for the key personnel involved in the process and design engineering.

At the 60 percent completion milestone of the engineering design work, a request will be made to the Board to enter into an agreement with Ameresco for the construction of the designed facilities. The price proposal for the construction portion of the work, after reallocation of funds to the design phase, is \$12,222,788.00. Based on the final outcome of the approved design, the price proposal for the construction work will be adjusted as necessary prior to award. As construction nears completion, a request will be made to the Board to enter into an agreement with Ameresco for the Five-Year Maintenance Plan. The price proposal for the Five-Year Maintenance Plan is \$550,829.00. Based on a final review of District needs at that time, the price proposal for the Five-Year Maintenance Plan will be adjusted, as necessary, prior to award.

The agreement with Ameresco will be in accordance with the District's Affirmative Action Policy. Affirmative Action participation goals for the Consulting (Design) services are 20 percent Minority-owned Business Enterprises (MBE), 10 percent Women-owned Business Enterprises (WBE), and 10 percent Small Business Enterprises (SBE). Ameresco is committed to compliance with the District's Affirmative Action policy and these goals. The firms MPR Engineering and Primera Engineers are Minority-Owned Business Enterprises/Small Business Enterprises (MBE/SBE) firms. The firms McBride Engineering and IDCS are Women-Owned Business Enterprise/Small Business Enterprise (WBE/SBE) firms. All MBE/SBE and WBE/SBE firms will actively participate in providing services for the core elements required by the design agreement.

Inasmuch as the firm of Ameresco, Inc. possesses a high degree of professional skill, it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order and enter into an agreement without advertising, per Section 11.4 of the Purchasing Act, in an amount not to exceed \$2,060,000.00.

Funds for the 2015 expenditure, in the amount of \$50,000.00, are available in Account 201-50000-601420. The estimated expenditure for 2016 is \$1,253,200.00, and 2017 is \$756,800.00. Funds for the 2016 and 2017 expenditures in Account 201-50000-612450 are contingent on the Board of Commissioners' approval of the District's budget for those years.

Requested, Catherine A. O'Connor, Director of Engineering, TK

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management  
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement  
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 5, 2015