



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Cogeneration System Improvements Project Consulting Services Contract Award for Construction Management Services

Board of Directors Meeting
May 8, 2024

Overview

Cogeneration System Improvements

- Existing cogeneration system is critical element of District's efforts to **generate onsite renewable energy** via biogas use
 - 0.8-MW cogeneration system meets ~50-55% of WWTP power needs
- Board awarded detailed design contract in February 2023 to **replace existing aging infrastructure**
- Staff implemented accelerated project schedule to qualify for **federal tax credits** under Inflation Reduction Act
 - ~\$6.5M in tax credits requires project to be in construction by December 2024
 - Issue construction bid documents (June 2024), award construction contract (August 2024)
- Significant increase in project cost



Cogeneration System Improvements Project Cost Increase



- Significant increase in project cost as design progressed
 - \$20.0M+ at 95% design completion status
 - Staff has increased project cost in proposed 5-year CIP from \$7.0M to \$13.5M (assuming \$6.5M in federal tax credits)
- Staff is revisiting economic analyses to confirm “go/no go” decision following receipt of construction bids in June 2024
 - Current construction cost estimate = \$16.4M
 - Project does not appear to be economically viable without tax credits
 - Considering non-economic factors (energy independence, resiliency)

Consultant Services Contract Construction Management Services



- District requires construction management services in advance of construction contract award
 - Conduct **constructability and biddability reviews, ensure compliance with federal Inflation Reduction Act requirements**
- District issued request for proposals in February 2024
 - Two consulting firms submitted proposals
 - **Psomas selected as most highly-qualified firm**
- Staff has negotiated scope of services and cost (\$1.6M)
 - Biddability and Constructability Review (\$75k)
 - Construction Management (\$847k)
 - Construction Inspection and Specialty Inspection (\$542k)
 - Bid Services Support (\$91k)
 - Project Closeout (\$40k)

Recommended Action

- Authorize General Manager to Execute a Consulting Services Contract in an Amount Not to Exceed \$1,594,978 Construction Management Services, Psomas, Cogeneration System Improvements Project, Project No. 22114

