



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: MAY 9, 2022**

**SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH MONTROSE ENVIRONMENTAL GROUP INC OF NORTH LITTLE ROCK, ARKANSAS TO PROVIDE EMISSIONS TESTING AND ENVIRONMENTAL CONSULTING SERVICES AT RIVERSIDE ENERGY RESOURCE CENTER, CLEARWATER, AND SPRINGS POWER PLANTS FOR FIVE YEARS, WITH THREE OPTIONAL ONE-YEAR EXTENSIONS IN THE AMOUNT OF \$1,347,530**

**ISSUE:**

Approve a Professional Consultant Services Agreement with Montrose Environmental Group, Inc. of North Little Rock, Arkansas from Request for Proposals No. 2130 to provide emissions testing and environmental consulting services at Riverside Energy Resource Center, Clearwater, and Springs Power Plants for an initial five-year term plus three optional one-year extensions in the amount of \$1,347,530.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve a Professional Consultant Services Agreement with Montrose Environmental Group, Inc. of North Little Rock, Arkansas to provide emissions testing and environmental consulting services for an initial five-year term, with three optional one-year extensions in the amount of \$1,347,530; and
2. Authorize the City Manager, or designee, to execute the agreement with Montrose Environmental Group, Inc. including making minor and non-substantive changes, and to execute contract amendments for the one-year extensions subject to the availability of budgeted funds.

**BACKGROUND:**

Riverside Public Utilities owns and operates the Riverside Energy Resource Center (RERC), the Springs Generating Station, and the Clearwater Power Plant. Each power plant is issued a separate South Coast Air Quality Management District (SCAQMD) air permit and must comply with federal, State, and local Regional Clean Air Incentives Market (RECLAIM) regulations. These air permits and regulations govern power plant operations and regulate the total amount of air emissions allowed from each gas turbine generator.

Demonstrating compliance with the applicable regulations requires continuous monitoring of emissions and periodic onsite air emissions tests conducted by a State-certified testing company. To ensure compliance with air permit regulations, additional technical expertise is recommended. Having an industry expert available is critical when navigating through the numerous regulatory compliance requirements associated with power plant operations. These requirements include the submission of over 3,300 reports each year.

The SCAQMD is transitioning to new rules and regulations that will be fully implemented within the next five years. Staff is actively engaged with SCAQMD working groups and is formulating a plan that will serve as the roadmap for a seamless transition from the current rules and regulations to the new ones. Staff expects revisions in multiple areas such as compliance software, performance standards, operating strategies, permit language, monitoring, reporting and record-keeping. This is a significant undertaking and obtaining specialized and expert support is necessary to ensure compliance obligations are met. Non-compliance issues can result in a Notice of Violation with penalties and prohibit operation until a variance is approved by SCAQMD.

## **DISCUSSION:**

Request for Proposals (RFP) No. 2130 posted on October 4, 2021 and closed on November 2, 2021. Only one (1) proposal was submitted. **Receiving one or two proposals is consistent with historical efforts to retain these specialized services, as there are only a few companies that specialize in both SCAQMD and federal regulations, and possess the proper certifications to conduct third party emissions tests.**

Table 1. RFP Notification Summary

Action	Number of Vendors
External Vendors Notified	500
City of Riverside Vendors Notified	221
Vendors Who Downloaded the RFP	43
Proposals Received	1

Table 2. Proposals Received

Vendor	Location	Average Score (100 max)	Amount	Rank
Montrose Air Quality Services, LLC	Santa Ana, CA	88.3	\$1,347, 530	1

Staff reviewed and evaluated the proposal submitted by Montrose Air Quality Services, LLC, a California-based subsidiary of Montrose Environmental Group, Inc. (Montrose), according to the RFP selection criteria listed below. Staff formulated the weighting of selection criteria with the goal of identifying the best proposal that supports Riverside's environmental compliance requirements at a competitive price. The weighting for the selection criteria was developed by RPU staff and emphasized qualifications as well as experience, approach and methodology. This was done to ensure that a vendor that submitted a proposal could do the highly specialized work required under the RFP.

- a. Qualifications (35% - 35 points)
- b. Pricing (30% - 30 points)
- c. Experience, Approach and Methodology (35% - 35 points)

After thorough review, staff recommends the proposal from Montrose. Montrose maintains a large fleet of mobile laboratories which will be essential when managing the various emissions test requirements for RPU's nine (9) gas turbine units. In addition, Montrose proposed the option to optimize tests performed at each facility. Compared to the stand-alone rates, this option reduces expenditures by \$20,000 per year.

Montrose was the consultant selected for the commissioning and initial issuance of the air permits for the eight (8) operating units at RERC and Springs. They have extensive knowledge and experience on all the specific environmental regulations that apply to Riverside's power plants.

Table 3. Proposed Rate Schedules

<b>Emissions Test Cost Per Test</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>RATA</b>	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,875	\$4,875	\$4,875
<b>Ammonia Slip During RATA</b>	\$610	\$610	\$610	\$610	\$610	\$675	\$675	\$675
<b>Ammonia Slip Stand Alone</b>	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,950	\$2,950	\$2,950
<b>3-Year Source Test During RATA</b>	\$4,850	\$4,850	\$4,850	\$4,850	\$4,850	\$5,380	\$5,380	\$5,380
<b>3-Year Source Test Stand Alone</b>	\$7,620	\$7,620	\$7,620	\$7,620	\$7,620	\$8,450	\$8,450	\$8,450
<b>Ammonia Slip On-Site Analysis</b>	\$940	\$940	\$940	\$940	\$940	\$1,045	\$1,045	\$1,045

<b>Consulting Labor Rates</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Director / Sr. Principal</b>	\$232	\$232	\$232	\$232	\$232	\$244	\$256	\$269
<b>Sr. Project Manager / Principal</b>	\$184	\$184	\$184	\$184	\$184	\$193	\$203	\$213
<b>Project Manager</b>	\$170	\$170	\$170	\$170	\$170	\$179	\$187	\$197
<b>Project Scientist</b>	\$131	\$131	\$131	\$131	\$131	\$138	\$144	\$152
<b>Administrative</b>	\$96	\$96	\$96	\$96	\$96	\$101	\$106	\$111

Due to the variability in compliance activities, staff proposes an estimated annual amount for emissions testing, plus 400 hours of consulting services. Only the actual expenditures will be charged to the budget for each year. At the end of each fiscal year, staff will review environmental compliance requirements and seek approval from the Board of Public Utilities through the Fiscal Year Annual Purchase Order process.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23812.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to the following strategic priorities and goals from the Envision Riverside 2025 Strategic Plan:

#### **Strategic Priority 4, Environmental Stewardship**

Goal 4.3. Implement local and support regional proactive policies and inclusive decision-making processes to deliver environmental justice and ensure that all residents breath healthy and clean air with the goal of having zero days of unhealthy air quality per the South Coast Air Quality

District's Air Quality Index (AQI).

**Strategic Priority 5, High Performing Government**

Goal 5.4. Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

**Strategic Priority 6, Infrastructure, Mobility & Connectivity**

Goal 6.2. Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

The item aligns with each of the five cross-cutting threads as follows:

1. **Community Trust** – Ensuring that Riverside's power plants comply with all environmental regulations and provide electricity to the entire City demonstrates a commitment to environmental stewardship and serves the greater public good.
2. **Equity** – This item ensures that RPU's power plants can safely and effectively operate and provide reliable electricity benefitting the entire City and all customers.
3. **Fiscal Responsibility** – Montrose proposed competitive rates compared to other facilities in Southern California and this agreement has the potential to save up to \$20,000 per year through scheduling optimization.
4. **Innovation** – This agreement provides staff the specialized support that will contribute to the goal of environmental excellence and reliable operations. Compliance activities will be customized to fit Riverside's environmental compliance program and serve as the platform for developing best practices.
5. **Sustainability & Resiliency** – Riverside's three power plants operate during the most critical times when the demand for electricity is high. Maintaining an environmental compliance program, particularly to ensure air quality requirements are met, for the next eight years supports the goal of environmental stewardship while sustaining highly reliable power plant operations.

**FISCAL IMPACT:**

The total fiscal impact for Fiscal Year 2022/23 is \$161,960; the fiscal impact for the combined eight years is \$1,347,530. The proposed Fiscal Years 2022/23 – 2023/24 budget will be considered by the City Council in June. Upon approval, sufficient funds will be available in the Springs Professional Services Account No. 6120120-421000, RERC Professional Services Account No. 6120130-421000, and Clearwater Professional Services Account No. 6120140-421000.

Table 4. Annual Estimates

Annual	2022	2023	2024	2025	2026	2027	2028	2029
RATA	\$39,420	\$39,420	\$39,420	\$39,420	\$39,420	\$43,875	\$43,875	\$43,875
Ammonia Slip During RATA	\$5,490	\$5,490	\$5,490	\$5,490	\$5,490	\$6,075	\$6,075	\$6,075
3-Yr Source Test During RATA	\$24,250	\$24,250	\$24,250	\$24,250	\$24,250	\$26,900	\$26,900	\$26,900
<b>Annual Testing</b>	<b>\$69,160</b>	<b>\$69,160</b>	<b>\$69,160</b>	<b>\$69,160</b>	<b>\$69,160</b>	<b>\$76,850</b>	<b>\$76,850</b>	<b>\$76,850</b>

<b>Annual Consulting Services</b>	\$92,800	\$92,800	\$92,800	\$92,800	\$92,800	\$97,440	\$102,312	\$107,428
<b>Total Combined</b>	<b>\$161,960</b>	<b>\$161,960</b>	<b>\$161,960</b>	<b>\$161,960</b>	<b>\$161,960</b>	<b>\$174,290</b>	<b>\$179,162</b>	<b>\$184,278</b>

*Note: Total combined cost for eight years \$1,347,530*

Future years' costs will be included in upcoming budgets.

Prepared by: Daniel E. Garcia, Utilities Deputy General Manager/Power Resources  
Approved by: Todd M. Corbin, Utilities General Manager  
Approved by: Kris Martinez, Assistant City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability  
of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachments:

1. Professional Consultant Services Agreement-Montrose Air Quality Services, LLC
2. RFP Award Recommendation
3. Presentation