



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 28, 2026**

FROM: PUBLIC UTILITIES **WARDS: ALL**

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH ONTERRIS USA, INC. OF NORTH LITTLE ROCK, ARKANSAS FOR EMISSIONS TESTING AND ENVIRONMENTAL CONSULTING SERVICES AT RIVERSIDE ENERGY RESOURCE CENTER, CLEARWATER, AND SPRINGS POWER PLANTS FOR A FIVE-YEAR TERM COMMENCING JULY 1, 2027, THROUGH JUNE 30, 2032, FOR A TOTAL AGREEMENT AMOUNT OF \$1,723,815

ISSUE:

Consider approving a Professional Consultant Services Agreement with Onterris USA, 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 a five-year term Commencing July 1, 2027, through June 30, 2032, for a total agreement amount of \$1,723,815.

RECOMMENDATIONS:

That the City Council:

1. Approve a Professional Consultant Services Agreement with Onterris USA, 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 a 5-year term commencing July 1, 2027, through June 30, 2032, for a total agreement amount of \$1,723,815; and
2. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement with Onterris USA, Inc., including making minor and non-substantive changes, subject to the availability of budgeted funds.

BOARD RECOMMENDATION:

On July 13, 2026, the Board of Public Utilities, with six members present, voted unanimously to recommend that the City Council approve Professional Consultant Services Agreement with Onterris USA, 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 a 5-year term commencing July 1, 2027, through June 30, 2032, for a total agreement amount

of \$1,723,815; and authorize the City Manager, or designee, to execute the fourth amendment to the Professional Consultant Services Agreement with Onterris USA, Inc., including the ability to make non-substantive changes.

BACKGROUND:

Riverside Public Utilities (RPU) owns and operates the Riverside Energy Resource Center (RERC), Springs Generating Station, and Clearwater Power Plant. Each facility operates under separate South Coast Air Quality Management District (SCAQMD) air permits and must comply with federal, state, and local Regional Clean Air Incentives Market (RECLAIM) regulations which govern power plant operations and establish emissions limits for each of the nine (9) gas turbine generators.

Demonstrating compliance requires continuous emissions monitoring, periodic onsite emissions testing performed by a certified testing company, and the preparation and submission of more than 3,300 regulatory reports annually. These activities are highly technical, operationally critical, and subject to continually evolving environmental regulations. Failure to maintain compliance can result in enforcement actions, operational restrictions, and impacts to generation reliability.

Emissions testing data directly supports regulatory compliance, permit demonstrations, operational decisions, and responses to regulatory agencies, requiring RPU to utilize a qualified provider capable of providing both certified emissions testing and environmental consulting services. This integrated approach ensures consistent testing methods, reliable data interpretation, and accurate reporting, while improving scheduling coordination and establishing a single point of regulatory accountability.

Onterris USA, Inc. (Onterris), formerly Montrose Environmental Solutions, Inc., has provided these services to RPU since 2002. Through more than 20 years of support across all three generating facilities, Onterris has developed extensive knowledge of RPU's operations, emissions history, permit requirements, compliance programs, and regulatory obligations. With the current agreement approaching expiration, staff recommend entering into a new five-year agreement with Onterris to maintain continuity of service and minimize operational and regulatory risk.

DISCUSSION:

Onterris is uniquely qualified to continue providing emissions testing and environmental consulting services for RPU's generating facilities, based on the depth of direct experience, strong regulatory expertise, and ability to deliver both services under a single agreement.

Over the past 20 years, Onterris has supported compliance activities at RERC, Clearwater, and Springs Power Plants, including emissions testing, permitting support, regulatory reporting, and environmental compliance strategy. This long-standing partnership has resulted in extensive facility-specific knowledge of operations, compliance programs, emissions testing history, permit requirements, and SCAQMD regulatory obligations.

This experience is particularly critical as RPU prepares for upcoming SCAQMD regulatory changes expected to impact compliance software, monitoring requirements, reporting procedures, permit conditions, recordkeeping, and operational strategies over the next five years. Onterris is already actively supporting transition planning efforts, including evaluating compliance pathways and implementation strategies. Without the continued support of Onterris at this stage,

RPU would face increased risk of losing critical continuity in compliance strategy and facility-specific knowledge, which could result in exposure to compliance gaps, operational delays, and regulatory inconsistencies as SCAQMD requirements evolve.

In addition to the institutional knowledge, Onterris maintains the State certifications, technical personnel, and mobile laboratory resources necessary to support the emissions testing requirements for all nine (9) gas turbine engines while also providing ongoing environmental consulting support. The ability to perform both functions under one agreement improves coordination, accountability, scheduling flexibility, and consistency between emissions testing results and regulatory reporting obligations. Additionally, Onterris is the only environmental consulting firm with the ability to deliver both consulting services and emission testing under a single Professional Consultant Services Agreement.

Following negotiations, Onterris submitted a proposal with favorable pricing for a five-year term, including annual rate increases capped at a maximum of five percent (see Table 1). In addition, the proposal structure provides flexibility, with expenditures based on actual services performed, allowing for the cost-effective use of funds and opportunities to reduce costs through optimized testing schedules.

Table 1. Proposed Rate Schedules

Cost Per Emissions Test	Year 1 FY 2027/28	Year 2 FY 2028/29	Year 3 FY 2029/30	Year 4 FY 2030/31	Year 5 FY 2031/32
RATA	\$8,658.00	\$9,090.90	\$9,545.45	\$10,022.72	\$10,523.85
NH3 Slip during RATA	\$873.00	\$916.65	\$962.48	\$1,010.61	\$1,061.14
NH3 Slip Stand Alone	\$4,238.00	\$4,449.90	\$4,672.40	\$4,906.01	\$5,151.32
3-Year Source Test During RATA	\$6,383.00	\$6,702.15	\$7,037.26	\$7,389.12	\$7,758.58
3-year Source Test Stand Alone	\$8,804.00	\$9,244.20	\$9,706.41	\$10,191.73	\$10,701.32
NH3 Slip On-site Analysis	\$1,567.00	\$1,645.35	\$1,727.62	\$1,814.00	\$1,904.70
CO Spiking	\$3,222.00	\$3,383.10	\$3,552.26	\$3,729.87	\$3,916.36
Consulting Labor Rates	Year 1 FY 2027/28	Year 2 FY 2028/29	Year 3 FY 2029/30	Year 4 FY 2030/31	Year 5 FY 2031/32
Director/Principal	\$320.00	\$336.00	\$352.80	\$370.44	\$388.96
Senior Project Manager	\$292.00	\$306.60	\$321.93	\$338.03	\$354.93
Project Scientist/Engineer	\$219.00	\$229.95	\$241.45	\$253.52	\$266.20
Staff Scientist/Engineer	\$163.00	\$171.15	\$179.71	\$188.69	\$198.13
Administrative	\$107.00	\$112.35	\$117.97	\$123.87	\$130.06

Although this was negotiated as a Sole Source agreement, staff also conducted market research to evaluate the competitiveness of Onterris' proposed emissions test pricing and confirmed that the rates are favorable compared to current market conditions. For example, the highest-cost emissions test, the Relative Accuracy Test Audit (RATA), currently averages approximately \$15,000 per test, while Onterris has proposed a 2027 rate of \$8,658, an approximate savings of \$6,342 per test. With a minimum of nine performed annually across all three facilities, this represents an estimated annual savings of at least \$57,000 as shown in Table 2.

Table 2. RATA Cost

Test	Proposed Cost 2027	Approximate Market Cost 2025	Approximate Savings per Test	Annual Savings
RATA	\$8,658	\$15,000	\$6,342	\$57,000

Additional cost savings can be achieved through Onterris' optimized testing approach, which

combines required emissions tests during scheduled RATA events rather than performing them as stand-alone tests.

Table 3. Optimized Testing Rates

Base Rates 2027	Cost	Optimized Testing Rates 2027	Cost
RATA	\$8,658	RATA	\$8,658
Ammonia Slip (Stand Alone)	\$4,238	Ammonia Slip (During RATA)	\$873
3-Year Source Test (Stand Alone)	\$8,804	3-Year Source Test (During RATA)	\$6,383
TOTAL	\$21,700	TOTAL	\$15,914

As shown in Table 3, performing the Ammonia Slip and 3-Year Source Test with the RATA reduces the cost per unit from \$21,700 to \$15,914, a savings of \$5,786 per unit. Applied across all nine gas turbine units, this approach has the potential to reduce annual testing costs by approximately \$52,000. Together, these pricing advantages and operational efficiencies provide significant long-term value under the proposed agreement.

This action is pursuant to Purchasing Resolution 24101, Section 702 which states, “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances...(c) When the Procurement can only be obtained from a sole source and the Manager is satisfied that the best price, terms and conditions have been negotiated.” In this case, Onterris is uniquely and solely qualified to provide both emissions testing and environmental consulting services under a single agreement, supported by deep historical knowledge of RPU’s three generating facilities, ensuring continuity and uninterrupted compliance with operational and regulatory requirements.

The Purchasing Manager concurs that the recommended action is compliant with Purchasing Resolution 24101.

FISCAL IMPACT:

As shown in Table 4, the total not to exceed fiscal impact of this contract is \$1,723,815 over a five-year term. Sufficient funds for fiscal year 2027/28 in the amount of \$311,967 are 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. Appropriations for future fiscal years will be included in future Fiscal Year budget preparations.

Table 4. Annual Estimates

Annual Testing and Consulting	Year 1 FY 2027/28	Year 2 FY 2028/29	Year 3 FY 2029/30	Year 4 FY 2030/31	Year 5 FY 2031/32
- RATA	\$121,212.00	\$127,272.60	\$133,636.23	\$140,318.04	\$147,333.94
- NH3 Slip During RATA	\$5,238.00	\$5,499.90	\$5,774.90	\$6,063.64	\$6,366.82
- NH3 Slip Stand Alone	\$12,714.00	\$13,349.70	\$14,017.19	\$14,718.04	\$15,453.95
- 3-Year Source Test During RATA	\$31,915.00	\$33,510.75	\$35,186.29	\$36,945.60	\$38,792.88
- CO Spiking	\$12,888.00	\$13,532.40	\$14,209.02	\$14,919.47	\$15,665.44
Total Annual Testing Costs	\$183,967.00	\$193,165.35	\$202,823.63	\$212,964.79	\$223,613.03

Annual Testing and Consulting	Year 1 FY 2027/28	Year 2 FY 2028/29	Year 3 FY 2029/30	Year 4 FY 2030/31	Year 5 FY 2031/32
Annual Consulting Services*	\$128,000.00	\$134,400.00	\$141,120.00	\$148,176.00	\$155,584.80
Total Combined Contract Cost	\$311,967.00	\$327,565.35	\$343,943.63	\$361,140.79	\$379,197.83

Note: Total combined cost for five years is \$1,723,815 (rounded up to nearest dollar).

*Based on 400 hours of consulting services

Prepared by: Scott Lesch, Utilities Assistant General Manager/Power Resources
 Approved by: David A. Garcia, Utilities General Manager
 Certified as to
 availability of funds: Julie Nemes, Finance Director
 Approved by: Gilbert Hernandez, Assistant City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Professional Consultant Services Agreement with Onterris USA, Inc.
2. Presentation