



AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 24, 2017
Action Item for the City Council Meeting of January 31, 2017

DATE: January 24, 2017

TO: Margie C. Rose, City Manager

FROM: Lawrence Mikolajczyk, Director of Solid Waste Operations
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Landfill Gas/Blower Flare for Cefe Valenzuela Landfill
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CAPTION:

Motion authorizing the City Manager or designee to execute a service agreement with Parnel Biogas. Inc., of Tulsa, Oklahoma, for the purchase of a gas/blower flare in accordance with Request for Bids No.184, based on lowest, responsive and responsible bid for a total amount not to exceed \$271,475.64, to be funded by Solid Waste 2017 Certificates of Obligation. The term of the agreement is for 12 months.

PURPOSE:

The purpose of this agreement to fabricate a gas/blower flare for the Cefe Valenzuela Landfill.

BACKGROUND AND FINDINGS:

Cefe Valenzuela Landfill, is the City's newest and only active landfill and is considered a Regional Landfill with the capacity to serve the Costal Bend and other adjacent areas. The Cefe Valenzuela Landfill has been in operation for nine years, since the official closure of J. C. Elliott Landfill.

As the incoming waste is managed and properly landfilled, it naturally decomposes and produces landfill gases, primarily methane. Methane gas is a greenhouse gas that contains hazardous air pollutants and is regulated by EPA. Federal and State regulations regarding landfills, that have the potential to emit air pollutants, require that once a new landfill produces a specific threshold reading of landfill gas, the landfill must install Gas

Collection and Control System within a specified time period or face daily fines for non-compliance. In July 2015 during the annual landfill gas testing, results were obtained showing that the Cefe Valenzuela Landfill gas emissions triggered the requirement for a Gas Collection and Control System, which must be installed and operational by November 11, 2017.

A Gas Collection and Control System consists of a series of vertical wells sunk into the waste pile, along with header pipes to collect the landfill gases to a single point for either sale to the market or disposal by flaring. It is important to mention that in the case of sale to market, a flare is required as the backup option to assist in a maintenance shutdown or to handle process upsets.

In order to expedite the procurement of the flare, which is a critical path item for Gas Collection and Control System completion, and to save overhead and markup expenses, Solid Waste Operations enlisted the help of the City's Purchasing Division to directly procure the landfill gas flare from qualified manufacturers. Parallel to this effort, Solid Waste Operations utilized Engineering Services to design and bid a construction project for the Gas Collection and Control System. To assure compliance with the regulatory deadline, the Gas Collection and Control System contractor will be installing wells, headers, and appurtenances while the flare is being manufactured. The project will conclude with the erection of the flare and demonstration of system operation prior to the regulatory deadline.

A total five bids were received, of which Parnel Biogas, Inc. provided the lowest, responsive and responsible bid.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

The City currently flares the landfill gas at the closed J.C. Elliot Landfill. Past efforts, since 2005, to develop a commercial gas to energy project at J.C. Elliot Landfill have been unsuccessful due to the low market prices of natural gas, which is primarily due to activity of the Eagle Ford Shale bringing gas prices down. The flare assembly in this item is designed to allow for the development of a gas-to-energy project in the future, should the market price of natural gas become viable for market development of the gas produced at Cefe Valenzuela Landfill.

Staff has worked diligently with consultants and regulators to ensure these systems are in place prior to the regulatory deadline.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State Statutes regulating procurements.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Solid Waste Department

FINANCIAL IMPACT:

☐ Operating ☐ Revenue ☒ Capital ☐ Not applicable

Fiscal Year: 2016-2017	Current Year	Future Years	TOTALS
Line Item Budget	\$2,500,000.00	\$0.00	\$2,500,000.00
Encumbered / Expended Amount	\$0.00	\$0.00	\$0.00
This item	\$ 271,475.64	\$0.00	\$271,475.64
BALANCE	\$2,228,524.36	\$0.00	\$2,228,524.36

Fund(s): Solid Waste 2017 Certificates of Obligation

Comments: Funds for the Solid Waste Department in the amount of \$274,250 have been budgeted in FY 2017 in the Solid Waste Certificates of Obligation Fund.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tab
Service Agreement
Presentation