



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** THIRD AMENDMENT TO HDR  
ENGINEERING, INC. AGREEMENT

**DATE:** October 9, 2012

Approved

Date

10/10/12

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute the Third Amendment to the Agreement for Consultant Services between the City of San José and HDR Engineering, Inc. to extend the term from December 31, 2012, to December 31, 2013, and to increase the maximum compensation from \$250,000 to \$400,000.

## OUTCOME

Approval of this recommendation would use grant funds to enable the City to complete a feasibility study for a new gasification technology that could be demonstrated at the San José/Santa Clara Water Pollution Control Plant (Plant). The City was awarded a \$1,900,000 reimbursement grant from the California Energy Commission (CEC) to study and showcase this emerging technology. If successful, such technology could aid the City in meeting its Green Vision goals for waste diversion, waste to energy, and alternative fuels. A successful demonstration project could also help meet the Plant's goals for achieving energy self-reliance and for identifying alternative disposal options for biosolids.

## BACKGROUND

On April 19, 2011, Council, with the concurrence of the Treatment Plant Advisory Committee, authorized the City Manager to negotiate and execute a \$1,900,000 reimbursement grant award from the CEC to test the ability of an innovative, small-scale emerging gasification technology to convert clean urban wood waste and biosolids into a renewable natural gas. This project consists of a pre-development feasibility analysis, and potentially, the demonstration of a small-scale gasification unit at the Plant.

The project team originally anticipated completing the feasibility study within a 12-month period. However, delays in executing the CEC agreement, and organizational changes with the gasification technology vendor (Harvest Power) extended the feasibility phase of the project.

October 9, 2012

**Subject: Amendment to the HDR Agreement**

Page 2

The draft study is now projected to be completed by early November 2012; circulated to stakeholders in January 2013; and completed by July-2013. The City amended the HDR agreement in December 2011, to extend the term to align with the project timeline in the CEC grant agreement. HDR was originally selected through a request for proposals process.

### **ANALYSIS**

The feasibility study has been organized into four sections: technical, permitting, economic, and stakeholder. Each section is led by a different project team member. HDR supports the technical section, assisting with the analysis related to the air regulations and permitting requirements for both the demonstration-scale and commercial-scale gasification facilities. The proposed third amendment to the HDR agreement would increase compensation for completion of the technical work to support the feasibility study and extend the term to provide sufficient time to complete the scope of work. The City's agreement with the CEC specifies that the City will use the \$150,000 in grant funds to complete the feasibility study. This recommended amendment will fulfill this grant requirement.

### **EVALUATION AND FOLLOW-UP**

If the study and project team conclude that a demonstration-scale gasification unit is feasible, staff will return to Council for authority to execute an agreement to install and operate the demonstration unit.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This recommendation does not meet any of the criteria listed above. This memorandum will be posted on the City's Internet website for the October 30, 2012, Council Agenda.

**COORDINATION**

This memorandum was coordinated with the Office of the City Attorney and the City Manager's Budget Office.

**COST SUMMARY/IMPLICATIONS**

This recommendation would allocate a portion of grant funds (\$150,000) from the CEC to the HDR contract for technical consultant services.

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	Amount Requested	2012-2013 Proposed* Operating Budget Page	Last Budget Action (Date, Ord. No.)
423	3958	CEC Grant: Biomass to Energy Technology Project	\$600,000	\$150,000	XI-53	6/19/12 Ord. No. 29102

\*Budget adopted by Council on June 19, 2012

**CEQA**

Construction and Demonstration Phase – Categorical Exemption, File No. PP10-130, CEQA Guidelines Section 15303(d), New Construction and Conversion of Small Structures.

/s/  
KERRIE ROMANOW  
Director, Environmental Services

For questions please contact Jo Zientek, Deputy Director, Environmental Services Department, at 408-535-8557.