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## Department of Utilities

**To:** Chairman Joe Martin and Members of the Utilities Committee

**From:** Chris Stempa, Utilities Deputy Director

**cc:** Chris Shaw, Utilities Director

**Date:** June 21, 2013

**Re:** *Approval of an Engineering contract for the Utilities Department Air Permitting & Emissions Control Project to Short Elliott Hendrickson (S.E.H.), Inc. in the amount of \$52,640 plus a 7.5% contingency of \$4,000 for a total not to exceed project engineering cost of \$56,640.*

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### **BACKGROUND:**

Federal and state laws now require all air pollution sources in Wisconsin to have a permit unless the Department of Natural Resources (DNR) determines the source is exempt. The Appleton Department of Utilities in 2011 conducted a regulatory applicability review of onsite boilers and engines at both the wastewater and water treatment facilities. The study indicated that the Appleton Wastewater Treatment Plant (AWWTP) would likely be considered a “minor source” under United States Environmental Protection Agency (USEPA) Title V and hazardous air pollutant (HAPs) regulations. This preliminary regulatory review also indicated that the Appleton Water Treatment Facility (AWTF) generators, under a capacity program contract, would likely be subject to EPA Reciprocating Internal Combustion Engine (RICE) maximum achievable control technology (MACT) requirements. This capacity program contract provides \$100,000 in annual revenues to the Utility. If generator emissions control devices are not installed at AWTF, the City will risk federal non-compliance penalties and no longer be able to contract with WPPI Energy.

The 2012 CIP budget included \$30,000 for consulting and \$215,000 for contractor and associated equipment fees for the emissions control upgrade. Uncertainty with regulatory expectations and compliance deadlines delayed the project until this year. From that experience, the Utility obtained the insight and answers necessary to justify moving forward with the emissions control work at the water facility. Building from the experience, the Utility placed \$25,000 within the AWWTP O&M budget for consulting services to complete an air permit which will satisfy Clean Air Act obligations now required of wastewater treatment facilities in Wisconsin and throughout the nation. The packaging of the water and wastewater treatment facilities air permit and emissions control projects should provide economy and quality results versus going through separate RFP processes.

**RFP PROCESS:**

The request for proposal was distributed to four engineering firms. Representatives from each firm attended a pre-proposal meeting to define the project, scope, and to answer any questions. A facility tour was held to orient the engineering firms to the project location. The proposals were reviewed and scored by AWWTP staff prior to the opening of the bid tabulation document. The following table identifies the engineering firms along with their proposal score and proposal pricing:

| Company   | Total Score <sup>(1)</sup> | Quote Pricing | Points per Dollar Factor <sup>(2)</sup> |
|-----------|----------------------------|---------------|-----------------------------------------|
| AECOM     | 51                         | \$79,400      | 6.4                                     |
| S.E.H.    | 142                        | \$52,640      | 27.0                                    |
| Strand    | 107                        | \$69,500      | 15.4                                    |
| CH2M Hill | DNP                        |               |                                         |

Notes:

1. “Total Score” represents the combined total from each of the four evaluation team members.
2. “Points per Dollar Factor” = Quote Pricing divided by Total Score x 10,000. The highest number is considered the greatest value.
3. DNP: Did not Propose

An evaluation team completed their review of the submitted proposals and found Short Elliott Hendrickson (S.E.H.) Inc. had provided a proposal that best met the City’s needs. Their proposal discussed project elements in specific detail with an experienced team approach that met all project objectives. S.E.H. has demonstrated relevant air permitting and emissions control experience with other municipalities of similar size within Wisconsin. Therefore, the evaluation team recommends that the contract be awarded to S.E.H.

**RECOMMENDATION:**

I am requesting approval of an engineering contract for the Utilities Department Air Permitting & Emissions Control Project to Short Elliott Hendrickson (S.E.H.), Inc. in the amount of \$52,640 plus a 7.5% contingency of \$4,000 for a total not to exceed project engineering cost of \$56,640.

If you have any questions or require additional information regarding this project please contact Chris Stempa at 920-832-5945.