

Agenda Report

File #: 2023-2812, **Version:** 1

FROM: Robert Thompson, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

REPLACEMENT OF GAS FLARE PIPING AT PLANT NO. 2

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a contingency increase of \$65,550 (23%) to the Purchase Order Contract with Vicon Enterprise, Inc. for the replacement of digester gas piping at Plant No. 2, Specification No. S-2022-1365BD, for a new total contingency amount of \$94,050 (33%).

BACKGROUND

Digester gas is produced during the solids treatment process at the Orange County Sanitation District (OC San). The digester gas must be handled in accordance with South Coast Air Quality Management District (SCAQMD) and National Pollutant Discharge Elimination System (NPDES) permit requirements. The digester gas produced at OC San is cleaned, compressed, and used as fuel for the Central Generation engines at both treatment plants. In the event the Central Generation engines are unable to consume all the digester gas, the compressed gas is safely incinerated in the emergency gas flares located at each treatment plant.

OC San's asset management engineers and maintenance staff found some deterioration in the piping system associated with the gas flare system at Plant No. 2. The pipe is nearing thirty years old in a difficult marine environment. A scope of work was created to address the corrosion, the work was bid, and the Board of Directors approved a contract award to Vicon Enterprise, Inc. in November of 2022 to complete the work.

RELEVANT STANDARDS

- 24/7/365 treatment plant reliability
- Maintain a proactive asset management program
- Comply with environmental permit requirements

PROBLEM

The onsite assessment performed by the Contractor, Vicon Enterprises, Inc., recommends additional work to be performed on the Plant No. 2 gas flare piping system that is not part of the original scope of work. Staff agrees with this assessment.

PROPOSED SOLUTION

Increase contingency to cover costs associated with the additional scope of work required to complete repairs of the Plant No. 2 gas flare piping system.

TIMING CONCERNS

Digester gas leakage will occur due to piping corrosion associated with the flare piping at Plant No. 2 unless the additional piping is replaced.

RAMIFICATIONS OF NOT TAKING ACTION

Failure to replace flare piping could result in health and safety hazards. Incidents of leaking digester gas into the atmosphere is an environmental and safety concern and will potentially result in violations of OC San's permit obligations.

PRIOR COMMITTEE/BOARD ACTIONS

November 2022 - Board of Directors approved a Purchase Order Contract with Vicon Enterprise, Inc. for a total amount not to exceed \$285,000 and approved a contingency of \$28,500 (10%).

ADDITIONAL INFORMATION

Initial assessment performed by staff of the gas flare piping system, which was operational at the time, did not include components that were later found needing to be replaced. The additional pipe, fittings, and supports are adjacent to originally scoped work and will most likely be compromised as the work is completed. The recommended increase in contingency will cover the costs of the needed additional work. The project remains in the submittal stage and the physical work has not yet begun.

The original bids received and considered in November 2022 are included below:

Bidder	Amount	Status
Vicon Enterprise, Inc.	\$285,000	Responsive
J.R. Filanc Co. Inc.	\$418,000	Responsive
Metha Mechanical Company, Inc.	\$454,000	Responsive

Vicon Enterprise, Inc. would remain the low bidder even with the additional contingency request. Staff recommend the increased contingency as the most cost-effective and timely solution.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This recommendation will be funded under the Repairs and Maintenance line item for Division 880, Plant No. 2 Maintenance (Adopted Budget, FY 2022-23 & 2023-24, Section 6, Page 96), and the available funding is sufficient for this action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
11/16/2022	\$285,000	\$28,500 (10%)
03/01/2023		\$65,550 (23%)

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Digester Gas Piping Photos - Supplemental Attachment