

AGENDA ITEM #14

Executive Summary

June 4, 2026

To: Mayor Dahlquist and City Council

From: Levi Adams, WPC Superintendent

Re: WPC Biogas Evaluation

Request

Council may wish to approve an amended contract with Keller Associates, Inc. in the amount of \$83,930.00 for the evaluation of a new beneficial use of the Biogas produced at the City of Pocatello Treatment Facility and authorize the Mayor's signature on all pertinent documents. Subject to Legal Department review. Funds are available in the WPC FY26 budget.

Background

Water Pollution Control (WPC) is requesting approval to enter into an agreement with Keller Associates, Inc. to evaluate biogas (methane) production and identify the most beneficial and cost-effective use of this resource.

Historically, WPC operated a cogeneration system that used biogas to generate electricity for sale to Idaho Power and to produce heat for maintaining digester temperatures. The two 300-kW generators installed in 1987 have reached the end of their useful life. After nearly 40 years of routine maintenance and rebuilds, the units are now obsolete, and parts are no longer financially feasible to obtain.

As of March 2026, neither generator is operable. Attempts to continue maintaining the system were costing approximately \$3,000 per month, prompting WPC to pursue alternative options. Until a long-term solution is determined, biogas must be flared onsite rather than converted to energy.

A preliminary estimate for replacing the cogeneration system in its current configuration is approximately \$5,000,000. Before moving forward with such a significant investment, WPC seeks to determine whether other viable and cost-effective uses for the biogas exist.

Staff recommends that the Council approve and authorize the Mayor to sign Amendment No. 8 – WPCF Biogas Evaluation, an amendment to the Owner-Engineer Agreement between the City of Pocatello and Keller Associates, Inc. The cost of the evaluation is \$83,930.00, and funding is available in budget line 032-3010-442.40-02. The Legal Department has reviewed the agreement.

To: City Council and Mayor
From: Matt Kerbs, Deputy City Attorney *MK*
Date: July 27, 2026
Re: Amendment #8 with Keller Associates, Inc. for WPCF Biogas Evaluation

I have no legal concerns with the Council approving and authorizing the Mayor to sign the above referenced Amendment to the Owner-Engineer Agreement previously approved by Council.

EXHIBIT C—AMENDMENT TO OWNER-ENGINEER AGREEMENT

AMENDMENT TO OWNER-ENGINEER AGREEMENT

Amendment No. #8 – WPCF Biogas Evaluation

Owner: **City of Pocatello**

Engineer: **Keller Associates, Inc.**

Project: **Pocatello WPCF – Package 1 Improvements**

Effective Date of Owner-Engineer Agreement: **September 17, 2021**

Nature of Amendment: (Check those that apply)

- ☒ Additional Services to be performed by Engineer
- ☒ Modifications to services of Engineer
- ☒ Modifications to responsibilities of Owner
- ☒ Modifications of payment to Engineer
- ☒ Modifications to time(s) for rendering services
- ☒ Modifications to other terms and conditions of the Agreement

Description of Modifications:

See Attachment A – WPCF Biogas Evaluation

Agreement Summary: Sewer Pipeline Agreement – Design for rehabilitation of an existing pressure sewer.

Original agreement amount: \$1,373,500.00

Net change for prior amendments: \$1,330,913.00

This amendment amount: \$ 83,930.00

Adjusted Agreement amount: \$2,788,343.00

Change in time for services (days or date, as applicable): **See Attachment A – WPCF Biogas Evaluation**

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. The Effective Date of the Amendment is _____, **2026**.

Owner

City of Pocatello

(typed or printed name of organization)

By: _____

(individual's signature)

Date: _____

(date signed)

Name: _____

(typed or printed)

Title: _____

(typed or printed)

Engineer

Keller Associates, Inc.

(typed or printed name of organization)

By: _____

(individual's signature)

Date: _____

(date signed)

Name: Colter Hollingshead, PE

(typed or printed)

Title: Principal

(typed or printed)

CITY OF POCATELLO
PACKAGE 1 IMPROVEMENTS FOR THE WATER POLLUTION CONTROL FACILITY
SCOPE OF WORK – AMENDMENT #8: WPCF BIOGAS EVALUATION

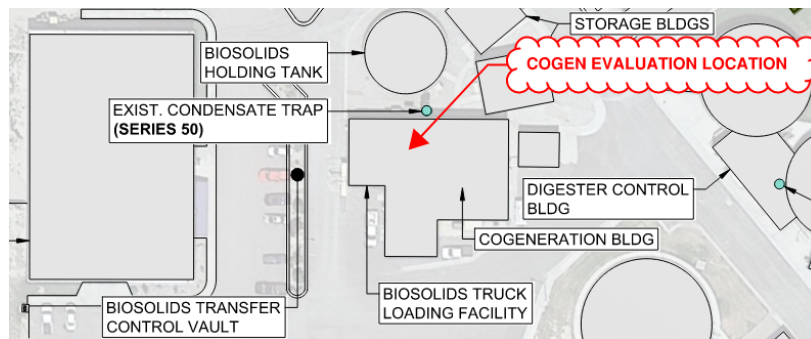
PROJECT DESCRIPTION

This scope of work describes the Basic Services to be completed outlining **Keller Associates'** ("Consultant") responsibilities and the **City of Pocatello's** ("Owner") responsibilities to complete an evaluation of the City's biogas handling process at the Owner's Water Pollution Control Facility (WPCF).

The Pocatello WPCF serves a total population that is quickly approaching 80,000 people along with businesses and multiple industries located in the cities of Pocatello and Chubbuck as well as adjacent areas of Bannock County. As part of its treatment activities, the WPCF generates 'biogas' which is generally comprised of nearly 70% methane, 24% carbon dioxide, 5% nitrogen gas, 1% oxygen, and other trace compounds. The biogas generated can be wasted to the onsite flare or can be processed through the City's cogeneration process where it is used beneficially to produce electricity and heat. The electricity generated can offset power consumption at the WPCF and any excess power can be sold back to the utility. In the event of a power outage, the cogeneration process is also capable of supplying a portion of the overall electrical needs for the treatment facility.

Despite these benefits, the existing cogeneration process at the Pocatello WPCF is facing increasing challenges due to its age and recent adjustments to the service agreement between the City of Pocatello and the electrical utility (Idaho Power). The City is interested in considering improvement alternatives aimed at addressing the long-term viability and profitability of the biogas handling process. This evaluation will document known conditions, identify deficiencies, and present improvement options to guide the Owner in planning and completing improvements to the WPCF. Below are the identified tasks that will be completed as part of this evaluation.

The following image shows the general location of the project.



Primary modifications of this amendment include:

1. Defining Additional Management and Design of Engineering Services for the Package #1 Improvements Project.

The original scope modifications for this work are detailed below.

ORIGINAL AGREEMENT SCOPE MODIFICATIONS (Effective Date of Agreement 9/17/2021)

Page 7 of 85 – Agreement – Section 2.05.B Table. Replace the table with the following:

	Description of Service	Amount	Basis of Compensation
1.	Basic Services (Article 1 of Exhibit A – Pre-Design, Design, Bidding) + Amendments 1 through 7	\$1,373,500 + \$1,025,691 = \$2,399,191	Lump Sum
2.	Resident Project Representative Services – Amendments 1 through 7	\$305,222	Time & Materials
3.	Basic Services (Article 1 of Exhibit A – Design, Bidding) Amendment 8	\$83,930	Lump Sum
4.	Resident Project Representative Services – Amendment 8	\$0	Time & Materials
5.	Additional Services (Article 2 of Exhibit A) – Amendment 8	\$0	Lump Sum or T&M
6.	Total Contract Amount To Date	\$2,788,343	Lump Sum & T&M

Page 52 of 85 – Exhibit A – Section 2.01.A. Add the following as Section 2.01.A.13.

13. Services essential to the orderly progress of the Bidding / Proposal and Construction Phases associated with the Scope of Work for Contract Amendment 8.

“WPCF Biogas Evaluation”

Page 77 of 85 – Exhibit J – Section 1.01.A.1. Replace the existing Table with the following.

1. A Lump Sum amount of \$2,483,121 based on the following estimated distribution of compensation:

Task	Billing Basis	Original Agreement	Prior Amendments	This Amendment	New Total
Task 1.01.A.1a – Management of Engineering Services	LS	\$122,800	\$103,110	\$6,730	\$232,640
Task 1.01.A.1b – Study and Report Phase	LS	\$0	\$0	\$0	\$0
Task 1.01.A.1c – Preliminary Design Phase	LS	\$324,800	\$89,800	\$77,200	\$491,800
Task 1.01.A.1d – Final Design Phase	LS	\$886,900	\$222,615	\$0	\$1,109,515
Task 1.01.A.1e – Bidding and Negotiating Phase	LS	\$39,000	\$14,900	\$0	\$53,900
Task 1.01.A.1f – Construction Phase	LS/T&M	\$0	\$595,266	\$0	\$595,266
Task 1.01.A.1g – Post Construction Phase	LS	\$0	\$0	\$0	\$0
Total		\$1,373,500	\$1,025,691	\$83,930	\$2,483,121

LS = Lump Sum T&M = Time and Materials

The following provides further description of the project:

SCOPE OF WORK

TASK 1: PROJECT MANAGEMENT

Consultant Responsibilities:

- 1.1. General Project Management. Prepare monthly invoices, track project schedule, and develop progress reports and perform general project and subconsultant coordination.

Assumptions:

- Project management budget assumes a project schedule of up to 7 months following approval of scope and finalization of contract.
- Project is being funded solely by the Owner.

Deliverables:

- Monthly invoices and progress reports.

TASK 2: DATA COLLECTION AND PROJECT KICKOFF

Consultant Responsibilities:

- 2.1. Kickoff Meeting. Participate in the project Kickoff Meeting. The objectives of this meeting will include reviewing the evaluation scope, budget, schedule, planning criteria, and Owner goals. Data needs and coordination efforts will also be reviewed and requested. Consultant will provide up to three engineers in person and others will participate remotely. It is anticipated that this meeting will last up to two hours. During the meeting Owner will identify non-financial and scoring criteria to be considered in evaluating each alternative during completion of services under Task 3.
- 2.2. Request for Information. Prepare an initial request for information for data to be used in the evaluation.
- 2.3. Bannock County Landfill Biogas Visit. Consultant will coordinate with County officials to schedule a tour with landfill staff and operators of the biogas cogeneration and scrubber systems in place at the landfill. Consultant will provide up to two engineers to attend the tour with the Owner.

Owner Responsibilities:

- Invite Owner staff and stakeholders that the Owner would like to attend the meetings.
- Provide meeting space for project meetings.
- Provide available information about the system including record drawings, previous reports, maintenance records, sampling and performance data, and other information as requested by Consultant.
- Provide a list of known facility issues and planned improvements.
- Complete additional biogas quality testing that may be requested by the Consultant.
- Review and comment on deliverables in a timely manner.

Assumptions:

- Meetings/workshops are anticipated to be held in person but may occur online as needed. This assumption applies to this task as well as subsequent tasks.
- Consultant is entitled to rely on the information and data provided by the Owner or obtained from generally acceptable sources within the industry without the need to independently verify the accuracy or completeness. This applies to this and subsequent tasks.

Deliverables:

- Kickoff meeting agenda and notes.
- Request(s) for information.

TASK 3: ALTERNATIVE EVALUATION

Consultant Responsibilities:

- 3.1. Alternatives Evaluation. Alternatives shall be compared against the current system (no action alternative) to provide a baseline for comparison. The work shall include high-level coordination with the electric utility (Idaho Power) or natural gas utility (Intermountain Gas) where applicable. The purpose of the coordination will be to identify potential system and interconnection requirements and, where applicable, potential rate structures. For each alternative a preliminary site plan and/or building layout (plan view only) will be prepared. Capital, O&M, and life cycle cost estimates and an assessment of the non-financial criteria will be used to compare and contrast between project alternatives. Non-financial criteria will be as determined by Owner in previous meetings and scored with owner during the Alternatives Evaluation Workshop. Consultant will evaluate the following biogas alternatives.
- Engine Generators – High Level Evaluation Only for Comparison Purposes
 - Microturbines – High Level Evaluation Only for Comparison Purposes
 - Renewable Natural Gas (RNG) – Detailed evaluation of selling back to an offsite natural gas pipeline and what new equipment would be needed to do this. An evaluation of the Renewable Identification Number (RINS) credits and how this could impact the facility long-term along with the associated pros and cons associated with this option. In addition, Consultant will evaluate the combination of selling and using RNG within the WPCF and how current and future costs may be impacted.
- 3.2. Alternatives Evaluation Workshop. Consultant will facilitate an evaluation workshop to present preliminary results of the Alternatives Evaluation and discuss with Owner. During the workshop, each alternative will be reviewed and scored with the Owner using the criteria identified during the Kickoff Meeting. It is anticipated that this meeting will last up to three hours.
- 3.3. Summary Memorandum. The information developed as part of the Alternatives Evaluation will be developed and summarized in an Alternatives Summary and Cost Estimating Technical Memorandum.

Owner Responsibilities:

- Provide input on evaluation criteria developed. Participate in ranking and scoring of alternatives.
- Review and comment on draft documents in a timely manner.

Assumptions:

- Evaluation criteria will not be changed once established unless the resulting additional work is completed as an additional service.
- Alternative Evaluation and Recommendation Workshop is expected to be held in a hybrid format with some in-person and some virtually participants.
- Utility coordination is limited to requesting utility information and two 30-minute calls to solicit connection requirements and approximate rate structure expectations.
- Opinions of Probable Construction Cost (OPCC) will be Class V estimates as defined by the Association for the Advancement of Cost Engineering (AACE).

Deliverables:

- Workshop Agenda and Notes
- Summary Technical Memorandum

TASK 4: SUMMARY OF PREFERRED ALTERNATIVE

Consultant Responsibilities:

- 4.1. Summary of Preferred Alternatives. Consultant will prepare a final summary of the Owner-identified Preferred Alternative based on the outcomes of the Alternatives Evaluation and Evaluation Workshop. This will include an Executive Summary for future reference and potential budgeting.
- 4.2. City Council Workshop. Provide a presentation to the City Council at a City Council Workshop Session.

Owner Responsibilities:

- Review and comment on draft documents in a timely manner.

Deliverables:

- Up to three paper copies and one electronic copy (PDF) of the final summary will be provided to the Owner.
- PowerPoint presentation for a City Council Workshop.

ADDITIONAL SERVICES (not included in scope of work)

- Funding support (bond election or judicial confirmation).
- Policy development study (Connection fees, user rates, etc.).
- Laboratory testing services and operations support.
- Public outreach or stakeholder outreach support.
- Concept level design, design, or bidding services.
- Energy efficiency evaluations.
- System resiliency evaluation, vulnerability assessment, and emergency response planning.
- Environmental Information Document or associated environmental investigations and field work
- User rate analysis, including evaluation of individual rate structures, cost-of-service evaluations, and connection fee studies.
- Structural and Electrical engineering facility reviews.
- More than one presentation to City Council or others.
- Permit negotiations.
- Geotechnical investigation

SCHEDULE

Consultant anticipates the following project schedule. The number of days associated with each of the tasks are approximate and assume timely delivery of requested information. Actual schedule may vary:

Task	Schedule (calendar days)	Comments
Task 2 – Data Collection and Project Kickoff	45 days	Consultant will request and review data and schedule visit to County Landfill
Task 3 – Alternative Evaluation	90 days	The three biogas alternatives will be developed and evaluated based on the data provided by the City and information obtained from equipment vendors. This assumes a 2-week turnaround from vendors when requesting information from them.
Task 4 – Summary of Preferred Alternative	60 days	Final preferences indicated by Owner during Evaluation Workshop (Task 3) will be summarized in a final Alternatives Summary provided to the Owner. After final acceptance of the summary, a presentation will be made to City Council in a Workshop Session.