



## Agenda Report

21-1307

Agenda Date: 1/12/2021

### REPORT TO COUNCIL

#### SUBJECT

Action on Various Agreements for Silicon Valley Power (SVP), authorize the City Manager to:

1. Execute Amendment No. 1 to an Agreement for the Performance of Services with GE Grid Solutions, LLC for JMux Professional Support Services for network communication and control system;
2. Execute Amendment No. 1 to an Agreement for the Performance of Services with Reliability Optimization, Inc. for predictive maintenance services for SVP Generation Assets;
3. Execute Amendment No. 1 to an Agreement for the Performance of Services with Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler) for maintenance and repair of electrical equipment such as pumps, fans, and motors; and
4. Add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

#### COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### BACKGROUND

To meet its mission and goals, the City of Santa Clara's Electric Department, Silicon Valley Power (SVP), requires a variety of specialized services, including:

- Professional services to provide 24 x 7 support for SVP's JMUX/SONET multiplexer network communication and control (JMUX). The JMUX system is critical for system operations and reliability. The JMUX system provides communications for electrical protection systems as well as SVP's facilities such as SCADA, video surveillance, phone system, and Advanced Metering Infrastructure provided by GE Grid Solutions (GE).
- Predictive Maintenance Program services for SVP's generation assets including: Donald Von Raesfeld, Cogen, Gianera, Black Butte, Stony Gorge, and High Line Power Plants provided by Reliability Optimization, Inc. (ROI).
- Specialized services for repair and maintenance of various electrical equipment such as pumps, fans, and motors provided by Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler).

#### DISCUSSION

##### GE Grid Solutions, LLC - JMUX Professional Support Services

Professional Support Services with GE is a critical tool used by SVP to assure that SVP's system runs healthy with minimal alarm. These services include:

- 24 X 7 X 365 telephone support including a dedicated phone number for field support in case of emergency.

- Remote annual network audit including reports and recommendations to assist SVP in evaluating system performance to proactively resolve issues before they become widespread.
- Workshops and training to help SVP's personnel to keep up with emerging technology including: Troubleshooting training workshop (~2 days) and on-site preventative maintenance (~2 days).
- Extensive library of training materials.
- Annual Software licensing.
- On-site updates at network operation centers (~1/2day).

The JMUX solution has been in place at SVP for over twenty years. Staff has drafted a Request for Proposals (RFP) to consider replacements or upgrades to this solution and anticipate issuing that RFP in 2021. Replacement of this system will be an extensive capital project and will likely take several years after a vendor is selected.

The average annual cost of this contract is increasing from \$31,916 to \$48,509. The change in pricing is primarily due to a shift from the contractor's Silver level of support to the "Platinum" level of support. This increased level of support includes support twenty-four hours per day, seven days per week while the previously contracted Silver level of support was only available eight hours per day and five days per week. In addition, the Platinum level of support includes proactive on-site visits. Staff has recommended this increased level of support due to the age of the system and the addition of new nodes (or devices) supporting critical and essential services. During review of this contract, staff reached out to colleagues in similar organizations to compare pricing for the same product and found it to be in line with pricing for other local government electric utilities. In addition, staff negotiated a reduced "per node" price from the vendor.

#### Predictive Maintenance Program Services - Reliability Optimization, Inc. (ROI)

In 2017, SVP issued an RFP for predictive maintenance program services (PdM). Four proposals were received and, after review, a contract was executed with ROI in January 2018. Services provided by ROI include: Vibration Testing and Analysis, On-line Motor Analysis, Off-line Motor Analysis, Infrared Thermographic Imaging, Airborne Ultrasonic Testing, Lubrication Oil Analysis, and Transformer Oil Analysis. These services are further detailed in the attached proposed Amendment No.1. ROI will perform testing and analysis on critical plant equipment derived from a rotating equipment list. Testing will be performed at intervals based on factors such as criticality of machinery to be tested, operating pattern associated with equipment, and industry best practices. ROI will provide a report after completion of each set of tests including identification of potential root cause, recommendations to correct issues, and identification of abnormal conditions. For any issues discovered that require immediate attention, ROI will notify the City urgently. Where needed, further analysis such as a post correction survey to ensure correction of problems and abnormal conditions reported will be performed after corrective measures have been implemented. ROI shall maintain information in a database for the benefit of City of Santa Clara and SVP may assume the management of the database(s) at any time during the contract period. This database will provide SVP with the opportunity to leverage the historical data available for comparison of present time machine condition.

Staff recommends that this contract is extended for an additional two years from three years to five years. Five year agreements are in conformance with the Purchasing Division of the Finance Department as a best practice considering the level of effort to complete a procurement.

The cost of this agreement is proposed to increase from \$350,154 over a three-year period to \$810,686 over a five-year period. The annual cost of this contract is increasing from \$111,160 to \$219,301. The increase is primarily associated with changes in services as outlined in the following list. A portion of the increase is associated with changes in rates which are in alignment with State of California prevailing wage rates required for some services included in this agreement. This increase is summarized as follows:

- Addition of services to SVP's remote sites (Black Butte, Stony Gorge, and High Line) - \$36,205 annually.
- Increased in scope for Predictive Maintenance at Gianera to preserve asset availability - \$19,340 annually.
- Increased frequency of inspections and scope of services at DVR and Cogen during this 2-year period due to additional known maintenance requirements and preventative measures being put in place to avoid damage to aging equipment - \$52,596 annually.
- An additional amount of \$21,930 is allocated for additional services across the total term of the agreement.

#### Maintenance and Repair of Electrical Equipment -Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler)

In 2017, SVP issued an RFP for specialized electric services to repair, maintain and overhaul for miscellaneous motors, fans, pumps and other electrical-equipment for SVP's facilities and assets. One proposal was received and a contract was awarded to Koffler. Koffler provides services both at their shop and at City facilities primarily SVP's generation facilities located in Santa Clara such as repairs identified through routine testing and inspection. Staff recommends extending the contract with Koffler for two additional years from three years to five years. Five year agreements are in conformance with the Purchasing Division of the Finance Department as a best practice considering the level of effort to complete a procurement. Staff recommends increasing the not-to-exceed value from \$144,408.09 to \$350,000. Increases in rate are in alignment with State of California prevailing wage rates required for these services. After completion of a number of critical RFP's or bids for other SVP needs, staff will initiate an RFP for a master agreement to execute a new contract or contracts for these services before the term of the extended agreement expires.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

#### **FISCAL IMPACT**

The cost of these proposed agreements are as follows:

GE Grid Solutions, LLC: The proposed Amendment No. 1 to the Agreement for the Performance of Services with GE will extend the term by three years and increase the cost from \$95,750 for three years to \$241,278 for six years. Sufficient funds are available in the Amended FY 2020/21 Operating Budget in the Electric Utility Operating Fund.

Reliability Optimization, Inc. (ROI): The proposed Amendment No. 1 to the Agreement for the Performance of Services with ROI will extend the term by two years and increase the cost from \$350,154 for three years to \$810,686 for five years. Sufficient funds are available in the Amended FY 2020/21 Operating Budget in the Electric Utility Operating Fund.

Koffler Electrical Mechanical, Inc.: The proposed Amendment No. 1 to the Agreement for Services with Koffler will extend the term by two years and increase the cost from \$144,408.09 for three years to \$350,000 for five years. Sufficient funds are available in the Amended FY 2020/21 Operating Budget in the Electric Utility Operating Fund.

Funds required for these agreements in future years will be included in proposed budgets for corresponding years.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **RECOMMENDATION**

1. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with GE Grid Solutions, LLC. to extend the term of the Agreement to December 31, 2023, and increase maximum compensation by \$145,528 to a new not-to-exceed amount of \$241,278;
2. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with Reliability Optimization, Inc. to extend the term of the Agreement to January 24, 2023, and increase maximum compensation by \$387,958 from \$350,154 to a new not-to-exceed amount of \$810,686;
3. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler) for maintenance and repair of electrical equipment such as pumps, fans, and motors to extend the term from three years to five years and increase maximum compensation from by \$205,591.91 from \$144,408.09 to a new not-to-exceed amount of \$350,000; and
4. Authorize the City Manager to add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Original Agreement with GE Grid Solutions, LLC
2. Proposed Amendment No. 1 with GE Grid Solutions, LLC
3. Original Agreement with Reliability Optimization, Inc.

4. Proposed Amendment No. 1 with Reliability Optimization, Inc.
5. Original Agreement with Koffler Electrical Mechanical Apparatus Repair, Inc.
6. Proposed Amendment No. 1 with Koffler Electrical Mechanical Apparatus Repair, Inc.