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Title: Action on Various Operating Contracts for Silicon Valley Power [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

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Attachments: 1. Original Agreement and Council Report - Advanced Chemical Transport, Inc., 2. Amendment No. 1 with Advanced Chemical Transport, Inc., 3. Original Agreement and Council Report - Daleo, Inc., 4. Amendment No. 1 with Daleo, Inc., 5. Original Agreement and Council Report - Bay Valve Service and Engineering, LLC, 6. Amendment No. 1 with Bay Valve Service and Engineering, LLC, 7. Original Agreement and Amendment No. 1 - SOS Intl, LLC, 8. Amendment No. 2 with SOS Intl, LLC

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|-----------|------|--|----------|--------|
| 6/23/2020 | 1 | Council and Authorities Concurrent Meeting | Approved | |

REPORT TO COUNCIL

SUBJECT

Action on Various Operating Contracts for Silicon Valley Power [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

BACKGROUND

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

- Hazardous waste disposal and related services - currently performed by Advanced Chemical Transport, Inc. (ACT)
- Maintenance and repair of underground 12kV distribution and low voltage lighting system to ensure functional integrity of underground distribution and low voltage lighting substructures - currently performed by Daleo, Inc. (Daleo)
- General safety valve inspection, testing and recertification at SVP Generation facilities - currently provided by Bay Valve Service and Engineering, LLC (Bay Valve)
- SVP System Operator training services - currently performed by SOS Intl, LLC (SOS) and required to comply with North American Electric Reliability Corporation (NERC) and the Western Electricity Coordination Council (WECC) Reliability Standards for electric transmission operations
- Extend support services for Storage Area Network (SAN) with Dasher Technologies, Inc. (Dasher)

DISCUSSION

Hazardous Waste Services

In 2017, a Request for Proposals (RFP) was issued for these services and an agreement was awarded to ACT. ACT performs a variety of services associated with hazardous waste management including: testing, disposal, remedial and clean-up work, as well as management of required documentation and creation of emergency plans. Services are provided at SVP locations in the City of Santa Clara as well as at SVP's remote sites. Staff recommends extending this agreement for two additional years ending on December 31, 2022. The extension pricing is reasonable as the vendor's original 2017 RFP rates are being maintained with two new services (and associated) rates added. The additional funding is for additional maintenance and, specifically, for one-time clean-up activities of stockpiles of obsolete electrical equipment that was not anticipated as part of the original contract. Much of this equipment was obsolete equipment located at various substations that has been replaced and upgraded. This work was not anticipated at the time of the RFP. To complete these one-time needs and ensure funding for operating projects over the next two years, staff recommends increasing funding in the amount of \$770,000 from \$330,000 to \$1,100,000. A new RFP will be developed for any future services.

Maintenance and Repair of underground 12KV distribution and low voltage lighting

SVP's underground 12kV distribution and low voltage lighting substructures require maintenance and repair due to age, damage, or alterations in the landscaping surrounding underground substructures. Substructures include underground conduits, cable & wire, vaults and junction boxes. In 2015, an RFP was issued for these services and an agreement was awarded to Daleo. Increases in development projects, and the required investigation for design and construction work associated with the development, have resulted in identification of unanticipated repairs to older substructures and conduit banks. It was not possible to identify those items during the RFP process as the investigations were completed as part of development projects that occurred after contract award. It is important to note that the repairs aren't caused by the development but are identified as a result of activities in existing substructures as new development is being connected to existing facilities. The current agreement ends on November 16, 2020 and staff is developing an RFP for these services that is anticipated to be released in the summer. Staff recommends increasing funding in the amount of \$200,000 to support these additional services through the end of the contract term. The additional work will be completed under the existing contract rates.

General safety valve inspection, testing and recertification at SVP Generation facilities SVP operates three gas fired power generation facilities within the city limits: the Donald Von Raesfeld Power Plant (DVR), Cogeneration Plant, and Gianera Generating Station. In 2018, after an RFP process, Bay Valve was awarded a three-year contract in the amount of \$135,000 to provide Safety and Pressure Relief Valve inspection and testing for SVP power plants. Inspection and testing services are based on ASME Code requirements. The extension pricing is reasonable as the vendor's original RFP rates are being maintained. The additional funding is associated with identification of additional valves requiring maintenance. As presented to the Council during the December 2019 SVP quarterly report, staff has been completing a significant amount of deferred maintenance work and being more proactive on activities associated with power plants, specifically DVR. The additional work that is being considered with this amendment was not anticipated as part of the original RFP, as this work was identified as part of the recent large major maintenance for the DVR project, and additional proactive work being documented and performed. Further deferred maintenance could cause significant plant reliability issues. Staff recommends adding \$100,000 to this agreement, increasing from \$135,000 to \$235,000 and extending the term for two additional years. A new RFP will be developed for work beyond this extension.

System Operator Training Services

SVP's current training program was designed by SOS to comply with North American Electric Reliability Corporation (NERC) and the Western Electricity Coordinating Council (WECC) Reliability Standards. As such, the services have been sole sourced. The program has transitioned from a task-based approach to a focus on concepts, critical thinking, and decision making with task-based training layered in where appropriate. The year following the implementation of the program, SVP was audited by NERC. The audit team commended SVP on the comprehensive structure of the Operator Training Program and recommended that SVP continue to fully develop the program. The recommended contract extension is for one year ending on June 30, 2021. During that year, staff will issue a Request for Proposals (RFP) to consider alternate solutions. This will provide time to complete existing projects, ensure the RFP considers the factors that have made the current program successful, and allow transition time if a new vendor is selected through the RFP process. Staff recommends increasing this contract from \$88,800 for an eighteen-month period to \$160,850 for a two-and-one-half year period ending June 30, 2021. The extension is reasonable as the vendor rates have remain the same, however staff recommends adding additional hours to the agreement to ensure current projects are completed during the next fiscal year as staff anticipates issuing an RFP in summer or fall of this calendar year for future services.

Support for Storage Area Network

A reliable and robust SAN is a critical technological component to running a dependable utility. SVP relies on this equipment within the technology portfolio for tasks ranging from team collaboration through regulated Operational Awareness. During the current support period, Dasher has proven their commitment to support SVP's needs with respect to uptime and reliability of this equipment during the current support period. This extension of the current service through June 30, 2021 allows for continued support while an RFP is processed for longer-term coverage. This RFP is in final development and is anticipated to be issued before June 30, 2020. The current cost of the service is \$185,000 annually. The cost of this extension is anticipated not to exceed \$200,000. The extension is reasonable as the annual cost is not increasing, however an additional \$15,000 is being added as contingency for any unexpected services.

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:

Hazardous Waste Services (ACT): Staff recommends increasing this contract from \$330,000 for a three-year period to \$1,100,000 for a five-year period ending December 31, 2022.

Maintenance and Repair of underground 12KV distribution and low voltage lighting (Daleo): Staff recommends increasing this contract from \$650,000 to \$850,000 for a five-year period ending November 17, 2020.

General safety valve inspection, repair, testing and recertification (Bay Valve): Staff recommends increasing this contract from \$135,000 for a three-year period to \$235,000 for a five-year period.

System Operator Training Services (SOS): Staff recommends increasing this contract from \$88,800 for an eighteen-month period to \$160,850 for a two-and-one-half-year period ending June 30, 2021.

SAN Support (Dasher): Staff recommends extending the current Purchase Order through June 30, 2021 with an estimated cost not to exceed \$200,000.

Sufficient funds are available in the Electric Department's Proposed Budget for Fiscal Year 2020/21 for each respective agreement, listed as follows:

- ACT: Utility Operations - Generation and Business Services - Electric Compliance programs
- Daleo: Utility Operations - Transmission and Distribution program
- Bay Valve: Utility Operations - Generation and Business Services program
- SOS: Utility Operations - Power Systems Controls program
- Dasher: Capital Improvement Program Network and Cyber Security Infrastructure project (No. 2390)

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

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>>.

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 1 to the Agreement for Performance of Services with Advanced Chemical Transport, Inc.;
2. Authorize the City Manager to execute Amendment No. 1 to the Agreement for Performance of Services with Daleo, Inc.;
3. Authorize the City Manager to execute Amendment No. 1 to the Agreement for Performance of Services with Bay Valve Service and Engineering, LLC;
4. Authorize the City Manager to execute Amendment No. 2 to the Agreement for Services with SOS, Intl, LLC;
5. Authorize the City Manager to extend service with Dasher Technology, Inc. for Storage Area Network support; and
6. 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 or consultant and approval by the City, subject to the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

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