



Agenda Report

20-436

Agenda Date: 10/27/2020

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 to the Agreement for Distributed Control System Upgrade/Replacement Project between Emerson Process Management Power and Water Solutions and City of Santa Clara and Related Budget Amendment

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara's Electric Utility, Silicon Valley Power (SVP) operates three power generation facilities within the city limits: the Donald Von Raesfeld Power Plant (DVR), the City of Santa Clara Cogen, and the Gianera Generating Station. The DVR facility is the main plant and is a 2x1 combined cycle power plant rated at 147 Megawatts of electrical power. In 2019, a Request for Proposals (RFP) was issued and, after evaluation of all submitted proposals, a contract was awarded to Emerson to replace the distributed control system at DVR. That project was completed in June 2020.

DISCUSSION

The current agreement with Emerson includes provision of all hardware components necessary for the control system to function, including but not limited to controllers, cabinets, communication network hardware, and other related hardware; all software including Emerson's proprietary Ovation software and other third-party software installed as part of the system; as well as labor for project management, implementation, configuration, commissioning, training, and support.

The proposed amendment is adding the Ovation Excitation System project to the current Agreement. The project includes implementation of the Ovation Excitation System, and replacement of the Automatic Voltage Regulators (AVR) at all three generators at DVR with new, fully-supported equipment that works in concert with the Ovation turbine controls. The AVR's control the Voltage and Frequency output of the facility. All three AVR's currently in place are obsolete and have reached End of Life and, therefore, the manufacturers have discontinued support. The project also includes required regulatory testing and modeling required by North American Electric Reliability Corporation (NERC) and Western Electric Coordinating Council (WECC) Electric Reliability Standards.

ENVIRONMENTAL REVIEW

The actions being considered do 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 proposed Amendment No. 1 increases the maximum compensation by \$520,448 for a revised not-to-exceed total of \$3,725,000 for the period of October 27, 2020 through June 30, 2025, subject to the appropriation of funds. The increase in compensation will pay for the Ovation Excitation System in the amount of \$468,920 and \$51,528 for annual support costs.

The budget amendment below allocates funding from the Unrestricted Ending Fund Balance in the Electric Utility Capital Fund to the Replace Balance of Plant Control System Capital Improvement Program project in the amount of \$1,000,000. Of that amount, \$468,920 will be used for the Ovation Excitation System payments and the remaining balance will be used to offset FY 2020/21 actual expenditures that have exceeded the appropriation. These expenditures were originally expected in FY 2019/20 but actually occurred this fiscal year, and project savings from FY 2019/20 were sufficient to cover the overage in FY 2020/21.

Funding for the annual support costs in FY 2020/21 are available in the Operating Electric Utility Fund and funding in the out years will be incorporated into the budget development process for those years.

**Budget Amendment
FY 2020/21**

	Current	Increase/ (Decrease)	Revised
<u>Electric Utility Capital Fund</u>			
<u>Expenditures</u>			
Replace Balance of Plant Control System (DCS)	\$0	\$1,000,000	\$1,000,000
<u>Fund Balance</u>			
Unrestricted Ending Fund Balance	\$6,599,725	(\$1,000,000)	\$5,599,725

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 Distributed Control System Upgrade/Replacement Project between City of Santa Clara and Emerson Process Management Power and Water Solutions;
2. 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.; and
3. Approve the related FY 2020/21 budget amendment in the Electric Utility Capital Fund to increase the Replace Balance of Plant Control System Project by \$1,000,000 and decrease the Unrestricted Ending Fund Balance by \$1,000,000.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Original Agreement
2. Amendment No. 1