



Agenda Report

21-730

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. 2 to the Agreement with Flynn Resource Consultants for Transmission Analysis Support;
2. Execute Amendment No. 1 to the Agreement with Milton Security Group, Inc. for Information Technology Support Services;
3. Execute Amendment No. 1 to the Master Construction Agreement with Hot Line Construction, Inc. for Electric Utility Overhead Services;
4. Execute an Agreement with Daniel L. Sun Inc. DBA Sun-Net Consulting for Implementation and Support of Transmission Outage Application Software; and
5. 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:

- Consulting Services related to Transmission Analysis Support, California Independent System Operator (CAISO) issues, Pacific Gas and Electric Company (PG&E) issues, Congestion Revenue Rights (CRRs) and Litigation Support Action, currently provided by Flynn Resource Consultants Inc. (Flynn);
- Technology Support Services including Network and Security Operations Center, Support for Advanced Metering Infrastructure (AMI), Support for OSIsoft PI software (OSIPI), and Support for SharePoint software, currently provided by Milton Security Group, Inc. (Milton);
- Construction Services for Electric Utility Overhead Facilities, currently provided by Hot Line Construction (Hot Line); and
- Implementation and Support of Transmission Outage Application software (iTOA) provided by Sun-Net Consulting (Sun-Net).

DISCUSSION

Flynn Resource Consultants, Inc. - Transmission Analysis Support

SVP has contracted with Flynn Resource Consultants, Inc. to provide engineering and economic consulting services. Services provided by Flynn include, but are not limited to:

- Assisting SVP staff to acquire and manage California Independent System Operator (CAISO) Congestion Revenue Rights (CRRs) in hedging short and long-term congestion;
- Conducting engineering and economic studies for SVP staff with regard to transmission interconnection issues with neighboring utility Pacific Gas & Electric Company (PG&E);
- Updating and re-designing certain SVP scheduling and settlement systems;
- Providing transmission system planning and operations analysis and recommendations;
- Assisting SVP with North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) mandatory reliability standards compliance; and
- Supporting SVP's efforts in evaluating and implementing on-going CAISO market initiatives and policy designs, including potential implementation of more granular Load Aggregation Point (LAP) pricing, potential updates of the methodology behind the Transmission Access Charge (TAC), Resource Adequacy (RA) requirements changes, and integrated and adjacent Balancing Authority Area (BAA) issues.

The current Agreement with Flynn expires on December 31, 2020. Staff issued a request for Statements of Qualifications (SOQ) for Transmission System Analysis and Other Engineering Consultant Services on November 3, 2020. One response to the SOQ was received from the incumbent. Staff at SVP has confirmed that the response met minimum requirements from the SOQ and the Purchasing Division of the Finance Department is negotiating an agreement which will be forwarded to Council before this proposed amendment expires. Extension of the current agreement will allow sufficient time to complete the proposal award, contract negotiation, and contract authorization.

Staff is requesting approval to extend the current Agreement through April 30, 2021, and increase maximum compensation by \$500,000 to a new maximum compensation amount of \$3,170,000. Services will be provided at the current contracted rates. Staff will return to Council prior to April 30, 2021 to seek approval of the new agreement with the successful proposer.

Milton Security Group, Inc. - Information Technology Support Services

SVP operates a significant and diverse technology portfolio for critical infrastructure. This portfolio must be maintained 24 hours per day 7 days per week in compliance with North American Electric Reliability Corporation (NERC) Standards as well as industry best practices, especially those associated with maintaining a secure and reliable network. SVP's network includes secured and encrypted radio data transmissions and fiber interconnections, designed and built into a robust cybersecurity platform protecting the operations of the utility. Additionally, SVP operates proprietary and integrated technology such as Advanced Metering Infrastructure (AMI), OSIsoft Plant Information software (PI), and SharePoint.

SVP currently contracts with Milton Security Group, Inc. (Milton) to support this critical infrastructure in conformance with ongoing changes to technology and the information technology security landscape. The Agreement with Milton expires on December 31, 2020. SVP is currently going through a competitive RFP process that will result in a new agreement. This RFP included four packages and bidders had the option to bid on any of the four packages. Six proposers responded across the four packages. For two of the packages (AMI and PI), Milton was the only bidder. The Purchasing Division has issued a pre-award letter and is currently negotiating a contract with Milton.

Staff is requesting approval to extend the term of the Agreement with Milton to April 30, 2021, and increase maximum compensation by \$240,000 to a new maximum compensation amount of \$640,000, to ensure that there is no disruption in these critical services while staff completes the competitive process. Milton has agreed to maintain their hourly rates at the rates in place since the previous agreements were executed. Staff will return to Council prior to April 30, 2021 to seek approval of the new agreement with the successful proposer.

Hot Line Construction - Electric Utility Overhead Facilities Master Construction Agreement:

On April 18, 2017 Council approved the specifications and advertisement for bid for the Electric Utility Overhead Facilities Master Construction Agreement (Public Works Contract 2420A). At that time, two bids were received and Hotline Construction, Inc. was the low bidder for this contract. A construction contract was awarded on July 11, 2017. The cost of the proposed Public Works Contract No. 2420A was based on per unit pricing and the number of projects per year. Under this unit-price based contract with work provided on a call order basis Hot Line provides distribution overhead re-conductoring, utility pole and cross arm replacement and other related tasks that help to maintain the integrity of the Electric Department's infrastructure. The contract with Hot Line Construction was anticipated not to exceed \$1,000,000 annually during a three-year term. As of November 30, 2020, SVP has spent less than \$1,600,000. Therefore, staff anticipates the previously authorized funding of \$3,000,000 will be sufficient for this additional two-year period. After three years with fixed rates, the contractor has requested a rate increase of three percent. Staff has determined this increase is consistent with increases in prevailing wage rates and increases in construction costs for this area.

Sun-Net Consulting - Implementation and Support of Transmission Outage Application:

In April 2015, City Council approved a Performance of Services Agreement with Daniel L. Sun Inc. dba SunNet Consulting (Sun-Net) and a Software License Agreement to purchase and configure the Transmission Outage Application (TOA) Suite. In December 2017, the TOA software was upgraded to the latest version of the integrated Tools and Operations Application (iTOA). Since that time, SVP has expanded the use of this technology to:

- Migrate from paper logbook to an electronic log book. The electronic log book provides a user interface which facilitates compliance, allows SVP to implement new tools, and improves efficiency. The iTOA software is currently being used for distribution and transmission operations, for improved system logging, and improved workflow and documentation.
- Develop the Generation Module of the iTOA Suite to ensure compliance with Log Book standards and implement Best Management Practices. The California Public Utilities Commission implemented the "Log Book Standards" to streamline compliance using an

electronic log book. Further, the electronic paper log will allow for management to readily, trend, view, search, and share data through secure remote multi-device/mobile uses. This is a vital component of properly operating and maintaining power generation assets and directly affects asset reliability and reporting metrics.

As a next step to improve use of the iTOA system, staff recommends entering into a new Agreement with Sun-Net adding the following to the use of iTOA:

- Migration of the full iTOA platform including all SVP data to SQL Server and cloud hosting. Migration to SQL ensures ease of maintenance, troubleshooting, patching and eliminates the necessity for the development of a hosting environment to support Oracle. The OSISOFT PI Interface exports qualified system event data into iTOA for critical and various compliance related events. This migration includes a one-time cost of \$63,000 and ongoing costs of \$39,000 - \$44,000 annually.
- Implement an Outage Coordination Application Programming Interface (API). This API allows a two way exchange of transmission outage requests, approvals, information, studies, and status between SVP and SVP's Reliability Coordinator of record in compliance with NERC standards (RC West). RC West is responsible for the oversight and coordination of operations of registered entities' the impact the Transmission Network within the RC footprint to support the requirements of NERC Standards TOP-002-4 and TOP-003-3. The one-time cost of this implementation is \$51,000.
- Six-years of cloud hosting and iTOA support and maintenance from the time of acceptance of the solution through the end of the six year period of cloud hosting. These services include:
 - Cloud Hosting Fees using Microsoft Azure;
 - 24 x 7 Maintenance and Support for the iTOA solution including: Cloud server maintenance, resolution of issues with iTOA solution and interfaces, respond to user questions;
 - Support for changes and enhancements up to 300 hours in the first year and 80 hours per year after first year. Unused hours are rolled over each year; and
 - A software escrow. A software escrow service provides the City with access to vendor's source code and protects SVP in the event that Sun-Net abandons the solution. This is a common practice for software licenses.

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:

Flynn Resource Consultants: The proposed Amendment No. 2 to the Agreement for the Performance of Services with Flynn will extend the term of the agreement until April 30, 2021 and increase the not-to-exceed compensation amount by \$500,000 to a total maximum compensation of \$3,170,000. Sufficient funds are available in the Amended FY 2020/21 Operating Budget in the Electric Utility Operating Fund Contractual Services account.

Milton Security Group: The proposed Amendment No. 1 will extend the term of the agreement until April 30, 2021 and increase the cost of the agreement by \$240,000 to a total maximum compensation of \$640,000. Sufficient funds are available in the Amended FY 2020/21 Operating Budget in the Electric Utility Operating Fund Contractual Services account.

Hot Line Construction: Staff recommends extending the term of this agreement authorizing call orders to be issued through July 31, 2022 with no change to the contract value of \$3,000,000, subject to budget appropriations. Sufficient funds are available in the Adopted FY 2020/21 & FY 2021/22 Biennial Capital Improvement Program Budget in the New Business Estimate Work CIP Project.

Sun-Net Consulting: Staff recommends entering into an Agreement with Sun-Net with a term of six (6) years and a maximum compensation of \$478,174, subject to budget appropriations. Sufficient funds for the implementation and migration (\$114,000) as well as the first year maintenance cost of \$74,460 totaling \$188,460 are available in the Adopted FY 2020/21 & FY 2021/22 Biennial Capital Improvement Program Budget in the Operations and Planning Technology CIP Project.

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>>.

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement with Flynn Resource Consultants, Inc. to extend the term of the Agreement to April 30, 2021, and increase maximum compensation by \$500,000 to a new not-to-exceed amount of \$3,170,000;
2. Authorize the City Manager to execute Amendment No. 1 to the Agreement for Services with Milton Security Group, Inc. to extend the term of the Agreement to April 30, 2021 and increase maximum compensation by \$240,000 to a new not-to-exceed amount \$640,000;
3. Authorize the City Manager to execute Amendment No. 1 to the Master Construction Agreement with Hot Line Construction, Inc. to extend the term of the Agreement to July 31, 2022 with no change to maximum compensation;
4. Authorize the City Manager to execute an Agreement for the Performance of Services with Daniel L. Sun Inc. DBA Sun-Net Consulting in an amount not to exceed \$478,174 and a term of

six years; and

5. 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 Flynn Resource Consulting
2. Original Amendment No. 1 with Flynn Resource Consulting
3. Proposed Amendment No. 2 with Flynn Resource Consulting
4. Original Agreement with Milton Security
5. Proposed Amendment No. 1 with Milton Security
6. Original Agreement with Hot Line Construction
7. Proposed Amendment No. 1 with Hot Line Construction
8. Proposed Agreement with Sun-Net Consulting