



Agenda Report

20-903

Agenda Date: 9/29/2020

REPORT TO COUNCIL

SUBJECT

Action on an Agreement for Services with Energy Project Solutions, LLC to Provide In-Line Inspection Services for Gas Pipeline Located in City of Santa Clara [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

BACKGROUND

The City of Santa Clara's (City) Electric Department, Silicon Valley Power (SVP), owns and operates the Donald Von Raesfeld Power Plant (DVR), which receives natural gas from the Pacific Gas & Electric Company's (PG&E) gas pipeline transmission system. The DVR power plant operates a set of combustion turbine generators that are fed by SVP's gas pipeline system. The pipeline system consists of 2.16 miles of twelve-inch low pressure pipeline and 0.24 miles of six-inch high pressure pipeline. To assure safety of the public, use of this pipeline is subject to the United States Department of Transportation (USDOT) Pipeline Hazardous Materials Safety Administration (PHMSA) policies, guidelines, and regulations as well as other regulations and best practices. SVP requires a contractor to provide ongoing gas pipeline compliance, inspection, maintenance and repair services.

DISCUSSION

On April 26, 2020, the City issued a Request for Proposals (RFP) for Gas Pipeline Compliance, Inspection, Maintenance and Repair Services, using the City's e-procurement system. A total of 71 companies viewed the RFP and the City received proposals from two companies:

- Energy Project Solutions, LLC (Bakersfield, CA)
- G2 Integrated Solutions, LLC (Walnut Creek, CA)

Evaluation: A three-member evaluation team was formed to evaluate the proposals. Each team member independently evaluated and scored the proposals.

Proposal Responsiveness: Staff determined all proposals were responsive and met the initial pass/fail review of the stated minimum qualifications.

Experience (50% weight): Each proposer's experience was considered including number of years providing gas pipeline compliance, inspection, maintenance and repair services at utilities similar to the City of Santa Clara's.

Technical Capabilities (30% weight): Proposals were evaluated for a variety of factors including the proposers' approach to conducting gas pipeline inspections, providing gas pipeline maintenance and repair services, contractor staffing, and providing a database solution for storing SVP's compliance documentation, training materials, and other required documentation.

Cost (20% weight): Cost proposals were opened and scored at the end of the technical proposal evaluation.

Best and Final Offer (BAFO): A Best and Final Offer was issued to Energy Project Solutions, LLC and G2 Integrated Solutions, LLC to make final clarifications to the City's requirements and obtain best and final pricing.

The evaluation results are summarized in the table below.

<u>Criteria</u>	<u>Maximum Points</u>	<u>Energy Project Solutions</u>	<u>G2 Integrated Solutions</u>
Experience	50	36	28
Technical Capabilities	30	20	17
Cost	20	15	20
Totals	100	71	65

Award Recommendation: Staff recommends award of Agreement to Energy Project Solutions, LLC (EPS) as the most advantageous and best value proposal per the evaluation criteria set forth in the RFP. Their proposal met or exceeded all of the RFP specifications, and their solution was rated superior overall.

References were checked with MEGlobal Americas, Inc. (Sugar Land, TX), Southwest Gas (Henderson, NV), and Glacier Oil and Gas Corp. (Anchorage, AK). The references checked positive.

Notice of Intended Award: A Notice of Intended Award (NOIA) announcing the City's recommended vendor was published on September 21, 2020.

Summary of Agreement: At this time, staff is seeking approval to execute an Agreement with EPS to perform an in-line inspection of SVP's twelve-inch gas pipeline only. Per USDOT PHMSA regulations, SVP is required to have an inspection done to test the internal integrity of the twelve-inch gas pipeline every 5 years. The next inspection must be completed before December 31, 2020. Due to the large demand and limited number of timeslots available, it would not be possible to fully negotiate and execute an agreement for all of the required gas pipeline compliance, inspection, maintenance and repair services in time to secure a timeslot for the twelve-inch gas pipeline inspection. It is critical that SVP secure its timeslot for the inspection so that it will be completed by the December 31, 2020 deadline.

The Agreement with EPS includes provision of all labor, material, and technical expertise to perform the twelve-inch gas pipeline inspection. Services include project management, field support, and the provision of a specialized tool to assist in the performance of the pipeline inspection, as well as engineering support services for the tool. The Agreement also allows for repairs and other remedial measures to address issues discovered during the inspection.

The term of the Agreement will be from on or about October 1, 2020 until June 30, 2021. Staff shall return to Council at a later date with a recommendation to approve a long-term agreement for ongoing gas pipeline compliance, inspection, maintenance and repair services.

The Agreement is subject to the payment of prevailing wages and those terms are incorporated into the Agreement.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to section 21080.23 of the Public Resources Code, which exempts any project which consists of the inspection, maintenance, repair, restoration, reconditioning, relocation, replacement, or removal of an existing pipeline.

FISCAL IMPACT

The cost of the proposed agreement is \$525,000 for the period of October 1, 2020 through June 30, 2021. Sufficient funds are available in the Electric Department Capital Improvement Program DOT Gas Pipeline Upgrades and Repairs project budget.

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 an Agreement for Services with Energy Project Services, LLC for In-Line Inspection of SVP's twelve-inch gas pipeline, for a term starting on or about October 1, 2020 and ending on June 30, 2021 for a total maximum amount not-to-exceed \$525,000, subject to the annual appropriation of funds; and
2. Authorize the City Manager to execute amendments to add or delete services consistent with the scope of the agreement 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

1. Agreement for Services