



Agenda Report

21-202

Agenda Date: 4/6/2021

REPORT TO COUNCIL

SUBJECT

Action on an Agreement for Services with Energy Project Solutions, LLC for Gas Pipeline Compliance, Inspection, Maintenance, and Repair Services

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

Silicon Valley Power (SVP), the City of Santa Clara's Electric Department, owns and operates the Donald Von Raesfeld Power Plant (DVR). The DVR 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. The pipeline also connects with the Pacific Gas & Electric Company's (PG&E) gas pipeline transmission system, which sends natural gas to the plant.

To ensure the safety of the public, SVP's pipeline system must be in compliance with 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. Consequently, SVP requires consulting and contracting services for ongoing gas pipeline compliance, inspection, maintenance, and repair to remain in compliance with the USDOT.

DISCUSSION

In July 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 (Walnut Creek, CA)

The written proposals were evaluated and scored against the criteria and weights published in the RFP by a three-member evaluation team consisting of staff from SVP. The proposals were evaluated on proposer qualifications and experience; approach to performing gas pipeline inspection, maintenance, and repair services; annual staffing plan; safety and training procedures; and database solution. Cost proposals for each proposer were reviewed following the technical evaluation.

Staff recommends award of contract to Energy Project Solutions, LLC (EPS) as the most advantageous and best value proposal based upon the final evaluation ranking. The proposal from EPS met or exceeded all of the RFP specifications.

Under the proposed agreement, EPS will provide the following:

- Monthly gas pipeline compliance, inspection, maintenance and repair services including marking and locating SVP's underground gas pipeline for 811 dig requests.
- Major in-line inspections of the 6-inch and 12-inch gas pipelines, in accordance with the Code of Federal Regulations.
- A web-based database solution to manage SVP's PHMSA documents, management systems, training materials, and online training.
- As-needed anode replacements to protect the gas pipeline from corroding.

The term of the proposed agreement will be a five-year initial term with five additional one-year options to extend at the discretion of the City. EPS's estimated compensation under the agreement is as follows:

Cost Elements	
Fixed Costs (five year term)	\$636,900
Event-Driven Services, Unscheduled Projects, and Additional Services	\$2,550,000
CONTRACT NOT TO EXCEED TOTAL	\$3,186,900

Annual compensation includes fixed pricing for monthly gas pipeline compliance, inspection, maintenance and repair services. The fixed costs shall not exceed \$127,380 annually. Additionally, an estimated not-to-exceed amount of \$2,550,000 is included for event-driven services, unscheduled projects, and additional services including: training, in-line gas-pipeline inspections, remediation or repair work identified through inspections and maintenance, and gas inlet/scrubber replacement. The agreement includes definitions for each type of service as well as a work authorization process.

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)(2) in that the proposed actions are agreements for the purchase of products and services that are continuing maintenance and administrative activities.

FISCAL IMPACT

The agreement has a not-to-exceed amount of \$3,186,900 for the initial five-year term. Funds are available in the Electric Utility Operating Fund and, where applicable, the Electric Utility Capital Fund (project 2435 - DOT Gas Pipeline Upgrades and Repairs).

COORDINATION

This report has been coordinated with the Finance Department and the 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 Solutions, LLC for Gas Pipeline Compliance, Inspection, Maintenance, and Repair Services, for an initial term starting on May 1, 2021 and ending on April 30, 2026 for total maximum compensation not-to-exceed \$3,186,900, subject to the annual appropriation of funds;
2. Authorize the City Manager to execute up to five one-year options to extend the term of the Agreement after the initial term, ending April 30, 2031, subject to the annual appropriation of funds; and
3. Authorize the City Manager to add or delete services consistent with the scope of the agreement, 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. Agreement for Services with Energy Project Solutions, LLC