



Agenda Report

22-1436

Agenda Date: 12/6/2022

REPORT TO COUNCIL

SUBJECT

Action on Amendments to Agreements with Davey Tree Surgery Company, Advanced Chemical Transport, Inc., Koffler Electrical Mechanical Apparatus Repair, Inc., and Allied Power Group, LLC

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

Silicon Valley Power (SVP), the City of Santa Clara's Electric Utility, owns significant assets requiring ongoing maintenance including three power plants in City limits --the Donald Von Raesfeld Power Plant (DVR), the Cogeneration Plant (Cogen), and the Gianera Generating Station (Gianera)--as well as several remote assets, substations, transmission and distribution lines throughout the City for the production and delivery of reliable electric power to residents and businesses in Santa Clara.

SVP and the Purchasing Division of the Finance Department have been working together to address SVP's contract requirements for various services. This effort includes conducting solicitations in accordance with the provisions of City Code Section 2.105.140. Since 2020, SVP and Purchasing have extended the term of several existing agreements to maximize the value of the solicitation process, give staff time to conduct competitive procurement processes, negotiate agreements, and address requirements for emergency work.

The purpose of this report is to request authorization to negotiate and execute amendments to the following agreements to extend the term and increase compensation.

(1) Agreement with Davey Tree Surgery Company (Davey Tree) for Line Clearance Tree Trimming

Under the existing agreement, Davey Tree provides line clearance tree trimming to remove, maintain, prune, or clear trees and vegetation that are near energized power lines. Regular and emergency tree trimming services require a contractor specializing in working near electrical infrastructure. Tree trimming services are critical to reduce power outages for SVP customers and minimize duration of outage when they occur due to trees. The agreement with Davey Tree was the result of a competitive Request for Proposal (RFP) process conducted in 2017.

In October 2017, the City Council approved the agreement with Davey Tree for a three-year term ending on December 6, 2020, with a maximum compensation of \$3,892,573.

Since the contract was executed, the City Council has approved two amendments to the original agreement to modify compensation rates which allowed Davey Tree to increase wages paid to its line clearance tree trimmers in accordance with SB-247, and to extend the term from three years to five years ending on December 31, 2022, and a revised maximum compensation of \$10,850,000 (an

increase of \$6,957,427).

(2) Agreement with Advanced Chemical Transport (ACT) for Hazardous Waste Management Services

Under the existing agreement, ACT performs a variety of services associated with hazardous waste management services including testing, disposal, remedial and clean-up work, management of required documentation, and creation of emergency plans. The agreement was the result of a competitive RFP process conducted in 2018.

In January 2018, the City Council approved the agreement with ACT for a three-year term ending on January 25, 2021, with a maximum compensation of \$330,000.

On June 23, 2020, City Council authorized the City Manager to execute Amendment No 1 to the Agreement with ACT extending the term for two additional years ending on December 31, 2022, and increasing maximum compensation to \$1,100,000. The June 23, 2020, City Council authorization included authority for the City Manager to add additional services subject to the appropriation of funds and, under that authorization, the City Manager executed Amendment No. 2 to the Agreement with ACT increasing the maximum compensation to \$1,400,000 for the period ending December 31, 2022.

(3) Agreement with Koffler Electrical Mechanical Apparatus Repair, Inc (Koffler) for Pump and Motor Repair

Under the existing agreement, Koffler provides specialized electric services for repair, maintenance, and overhaul of motors, fans, pumps and other electrical equipment. Koffler provides services both at their shop and at City facilities, primarily SVP's generation facilities located in Santa Clara. This includes emergency repairs and repairs identified through routine testing and inspection. The agreement was the result of a competitive RFP process in 2017.

In 2017, the City Manager executed the agreement with Koffler for a three-year term ending on February 12, 2021, with a maximum compensation of \$144,408. On January 12, 2021, City Council authorized the City Manager to execute Amendment No 1 to the Agreement with Koffler extending the term for two additional years ending on December 31, 2022, and increasing maximum compensation to \$350,000. The January 12, 2021, City Council authorization included authority for the City Manager to add additional services subject to the appropriation of funds and, under that authorization, the City Manager executed Amendment No. 2 to the Agreement with Koffler increasing the maximum compensation to \$550,000 for the period ending December 31, 2022.

(4) Agreement with Applied Power Group (APG) for Emergency Repairs at Gianera

Between December 2020 and January 2022, the City Council adopted three Resolutions authorizing the City Manager to negotiate, award and execute agreements, amendments, purchase orders, and change orders with various vendors as required to complete emergency repairs, corrective and preventative maintenance including the purchase of a spare rotor at the Gianera Generating Station with a total authorization of \$12 million. Under these resolutions, an agreement was executed with APG in the amount of \$2,500,000. That agreement was amended three times to add additional services including a major overhaul of both units at Gianera and the purchase of a spare rotor resulting in a maximum compensation of \$9,000,000.

The most recent work under the agreement with APG included a major repair of Unit 2 and a purchase of a spare rotor in February 2022. The warranty period of up to 18 months from startup

extends beyond the current contract expiration date of December, 31, 2022. Therefore, staff is requesting that the term of the agreement be extended to December 31, 2024, or to a future date that will incorporate all warranty periods and activities associated with the spare rotor purchased from APG.

DISCUSSION

Between June and October 2022, the Purchasing Division issued Request for Proposals for line clearance tree trimming, hazardous waste management services, and pump motor and repair. Purchasing has completed (or nearly completed) facilitating the vendor selection process and staff from Purchasing and SVP are or will negotiate agreements with the selected vendors. SVP expects to bring to the City Council the negotiated agreements for approval in early 2023. Therefore, to avoid interruption in critical services, staff is requesting Council approval to negotiate amendments to the existing agreements to extend the term and increase compensation, as summarized below in the following table. Note that staff is recommending extensions for an additional six months. In each case, all of these services are provided on an as needed basis and the agreement can be terminated with thirty days' notice in the event that a new agreement is completed before the end of the extended term. This extended term will allow additional time to address unanticipated issues that may occur during the new contract negotiation and review process. Where available, staff will negotiate updated rates that will not exceed the rates included in proposals resulting from the recent RFP process.

Agreement	Current		Council Approval Request		
	Term End Date	Maximum Compensation	Proposed Compensation Increase	Revised Maximum Compensation	Proposed Term End Date
Davey Tree	December 31, 2022	\$10,850,000	\$2,650,000	\$13,500,000	June 30, 2023
ACT	December 31, 2022	\$1,400,000	\$400,000	\$1,800,000	June 30, 2023
Koffler	December 31, 2022	\$550,000	\$200,000	\$750,000	June 30, 2023
APG	December 31, 2022	\$9,000,000	N/A	N/A	December 31, 2024

For the agreement with APG for repairs at Gianera, staff is requesting approval to negotiate and execute an amendment to extend the term only for services associated with the 2022 emergency outage at the Gianera Power Plant including additional warranty work and activities associated with the spare rotor. It is anticipated that agreements for millwright services resulting from a recent solicitation will also be submitted to Council in early 2023 and there is not a need to extend an agreement for ongoing services.

ENVIRONMENTAL REVIEW

No additional environmental review is required as the environmental impacts of the agreements and associated activities have been considered by the City Council, and it was determined that they are exempt from the California Environmental Quality Act on April 28, 2020, June 23, 2020, January 12,

2021, and January 11, 2022.

FISCAL IMPACT

Funding for these agreements will come from the capital or operating budget based on the asset requiring products or services.

Sufficient funding for the agreements is included in the FY 2022/23 Biennial Adopted Budget in Operating or Capital funds as applicable for the service being performed. Funding for future years is subject to future appropriation and will be included in future budget processes.

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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to negotiate and execute Amendment No. 3 to the Agreement with Davey Tree Surgery Company for line clearance tree trimming services, to extend the term to June 30, 2023, and increase maximum compensation by \$2,650,000 for a revised not-to-exceed maximum compensation of \$13,500,000;
2. Authorize the City Manager to negotiate and execute Amendment No. 3 to the Agreement with Advanced Chemical Transport, Inc. for hazardous waste management services, to extend the term to June 30, 2023, and increase maximum compensation by \$400,000 for a revised not-to-exceed maximum compensation of \$1,800,000;
3. Authorize the City Manager to negotiate and execute Amendment No. 3 to the Agreement with Koffler Electrical Mechanical Apparatus Repair, Inc. for pump and motor repair services, to extend the term to June 30, 2023, and increase maximum compensation by \$200,000 for a revised not-to-exceed maximum compensation of \$750,000; and
4. Authorize the City Manager to negotiate and execute Amendment No. 4 to the Agreement with Allied Power Group for repairs at the Gianera Generating Station to extend the term to December 31, 2024, with no change to the maximum compensation amount of \$9,000,000.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Rajeev Batra, City Manager

ATTACHMENTS

1. Agreement with Davey Tree Surgery Company
2. Amendment No. 1 to the Agreement with Davey Tree Surgery Company
3. Amendment No. 2 to the Agreement with Davey Tree Surgery Company
4. Agreement with Advanced Chemical Transport, Inc.
5. Amendment No. 1 to the Agreement with Advanced Chemical Transport, Inc.

6. Amendment No. 2 to the Agreement with Advanced Chemical Transport, Inc.
7. Agreement with Koffler
8. Amendment No. 1 to the Agreement with Koffler
9. Amendment No. 2 to the Agreement with Koffler
10. Agreement with Allied Power Group
11. Amendment No. 1 to the Agreement with Allied Power Group
12. Amendment No. 2 to the Agreement with Allied Power Group
13. Amendment No. 3 to the Agreement with Allied Power Group