



Agenda Report

18-1039

Agenda Date: 11/27/2018

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 2 to the Agreement for Services with GEI Consulting, Inc. to Provide Project Management Support for the Bucks Creek Project Relicensing

BACKGROUND

The City of Santa Clara (City) participates with Pacific Gas and Electric Company (PG&E) in the Bucks Creek Project (BCP) as part of the Grizzly Development and Mokelumne Settlement Agreement (GDMSA) which was executed between the City and PG&E on March 8, 1990. The BCP is licensed by the Federal Energy Regulatory Commission (FERC) under license number P-619. This hydroelectric project license is due to expire on December 31, 2018.

The BCP consists of two hydroelectric generation facilities including the Grizzly powerhouse, which is owned by the City. PG&E owns the second generation facility in the BCP, the Bucks Creek powerhouse. SVP's participation in the Bucks Creek Project allows it to continue to operate the Grizzly Hydroelectric Plant. This plant provides approximately 18 MW of capacity and 57.3 Gigawatt hours (GWH) of energy on an annual basis to Silicon Valley Power (SVP) in an average water year. This hydroelectric resource is one of the lowest variable cost resources available to SVP and provides valuable carbon free renewable energy to the City.

As part of the GDMSA, the City and PG&E agreed to support and share in the cost of renewing the FERC license for the BCP. The relicensing of the BCP began nearly five years ago, and in 2018, PG&E and SVP submitted the Final License Application (FLA) to the FERC. The FLA contains all of the agreed to plans and processes that will be followed during the term of the new hydro license including, but not limited to, the road maintenance plan, recreation plan, vegetation management plan. The negotiations have included no less than 47 other participating agencies or organizations (Other Agencies), including the U.S. Bureau of Land Management, U.S. Bureau of Indian Affairs, Bucks Creek Cabin Owners Association, U.S. Army Corp of Engineers, California Department of Fish and Wildlife, American Whitewater, California Trout Inc., Boy Scout Camp Timberwolf, Plumas County, etc., in addition to a handful of private individuals who sought participant status. Through various meetings, PG&E and SVP along with the Other Agencies have come to agreement of how the project will be managed during the term of the new license, however the Other Agencies have an opportunity to request certain additional mandatory requirements called 4E conditions before FERC approves the FLA. The remaining relicensing process is expected to span the next several years, with the planned FERC issuance of a renewed 40-year license to be effective in 2020, or early 2021.

FERC has the authority to extend an original hydroelectric license, such as P-619, until the Final License Application is either approved or denied.

DISCUSSION

On August 26, 2014, Council approved a five (5) year Professional Services Agreement with GEI Consultants, Inc. to provide Project Management Support for the Bucks Creek Project Relicensing.

On May 11, 2017, Amendment No. 1 was executed to increase the not-to-exceed amount by \$336,262 for a total not-to-exceed amount of \$890,410. At that time, the term of the Professional Agreement was extended until April 30, 2020.

Due to unforeseen costs associated with the Federal Licensing Application (FLA) process, mainly numerous meetings with other Agencies to negotiate more than 40 plans and measures which will be included in the new license, and completion of the California Environmental Quality Act compliance requirements, staff proposes to enter into Amendment No. 2 with GEI Consultants, Inc. to increase the amount by \$138,431 for a total not-to-exceed amount of \$1,028,841 and to extend for an additional year until April 30, 2021 in order to continue Project Management support for the Bucks Creek Relicensing.

ENVIRONMENTAL REVIEW

This action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Amendment No. 2 will increase the contract from \$890,410 to a total not-to-exceed amount of \$1,028,841. Funding for this contract is included in the Electric Department's Capital Improvement Program Bucks Creek Relicensing Project.

Failure to manage the complex Bucks Creek Relicensing project and timelines puts SVP at risk of losing access to a low variable cost, carbon-free resource for the remaining term of the GDMSA or of having onerous and expensive mandatory requirements placed on the license by the Other Agencies.

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

Approve Amendment No. 2 to a Professional Agreement with GEI Consultants, Inc. to increase the not-to-exceed amount by \$138,431, for a total contract not-to-exceed amount of \$1,028,841 to provide continued Project Management support for the Bucks Creek Relicensing and to extend the term of the Agreement one additional year until April 30, 2021

Reviewed by: John C. Roukema, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Amendment No. 2 to a Professional Agreement with GEI Consultants, Inc.