



## Agenda Report

19-224

Agenda Date: 8/20/2019

### REPORT TO COUNCIL

#### **SUBJECT**

Action on an Agreement for Services with EthosEnergy Field Services, LLC for the Mitsubishi Steam Turbine and Generator Major Inspection and Overhaul at the Donald Von Raesfeld Power Plant

#### **BACKGROUND**

The City of Santa Clara's Electric Utility, Silicon Valley Power (SVP) operates three power generation facilities within the city limits: the Donald Von Raesfeld Power Plant (DVR), the City of Santa Clara Cogeneration Plant, and the Gianera Generating Station. The DVR facility is the main plant and is comprised of two gas turbines and one steam turbine with a total capacity of 147 Megawatts of electrical power. The steam turbine, a Mitsubishi Steam Turbine and Generator, is capable of producing up to 50 Megawatts and does so with steam produced from the gas turbines waste heat. The steam turbine and generator at the DVR Power Plant are scheduled to receive a major inspection and overhaul per the original equipment manufacturer's recommended maintenance interval.

#### **DISCUSSION**

On February 8, 2019, staff issued a Request for Proposal (RFP) to solicit proposals from qualified firms to perform inspection and overhaul of the Mitsubishi Steam Turbine and Generator at the DVR Plant. The RFP was published on BidSync, the City's e-procurement system. A total of 37 companies viewed the RFP, and three companies (EthosEnergy Field Services LLC, Sulzer Turbo Services Houston Inc., and Tetrad Services, Inc.) subsequently participated in the mandatory pre-proposal conference and site visit held on February 21, 2019.

The RFP closed on March 8, 2019. The City received two proposals from EthosEnergy Field Services, LLC (Fairfield, CA) and Sulzer Turbo Services Houston Inc. (La Porte, TX).

Evaluation Process: As a minimum requirement to participate in the RFP, proposers must possess a valid State of California Contractor's License Class A. Sulzer Turbo Services did not possess a valid license at the time of their proposal submittal. As a result, Sulzer Turbo Services was deemed non-responsive and was not considered for further evaluation.

After thorough review and evaluation of the sole proposal from EthosEnergy, staff determined that the proposal satisfied all the requirements set forth in the RFP. EthosEnergy has proven experience in working on turbines of all models, is capable of engineering solutions for the replacement of critical parts, and proposed an experienced team to inspect and overhaul the system to the original equipment manufacturer's specifications.

Staff conducted reference checks with Phillips 66 (Rodeo, CA), Modesto Irrigation District (Modesto, CA), and Northern California Power Agency (Middletown, CA). All references were positive.

**Notice of Intended Award:** A Notice of Intended Award (NOIA) announcing the City's recommended vendor was issued on April 11, 2019. The RFP process included a ten day protest period which commenced with the issue of the NOIA and ended on April 21, 2019. No protests were received.

**Term of Agreement:** The term of the agreement (approximately 22 months) will cover the period from pre-outage planning through the end of the one-year warranty period, plus any warranty extensions.

**Summary of Agreement:** The agreement with EthosEnergy includes provision of all labor, tooling, parts, equipment, materials, and technical expertise for project management, supervision, and environmental and safety compliance during the outage. The proposed agreement includes a detailed scope of services, a general project plan, a compensation schedule tied to the successful completion of key project deliverables, and a final system acceptance process that triggers final payment and start of warranty services.

**Cost Summary:** Pricing is based on a firm fixed price of \$2,669,207 to perform a tear down inspection and overhaul of the steam turbine and generator. In addition, an estimated not-to-exceed amount of \$1,868,850 is allocated for repairs pending "as found" inspection findings. The City will provide prior approval before EthosEnergy can perform any such repairs.

The maximum compensation under the agreement is as set forth below:

Cost Element	Total
Firm Fixed Price	\$2,669,207
Estimated Cost for Repairs (subject to City's approval)	\$1,868,850
<b>Contract Not-To-Exceed Total</b>	<b>\$4,538,057</b>

## **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(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. Furthermore, 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)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

## **FISCAL IMPACT**

The fixed cost of the contract is \$2,669,207 plus \$1,868,850 for "as found" repairs identified during the tear down inspection of the steam turbine and generator for a total not-to-exceed contract amount of \$4,538,057. There is sufficient funding in the Mitsubishi Steam Turbine Major Overhaul (591-2427) project and Major Engine Overhaul and Repair (591-2127) project, approved in the FY 2019/20 Adopted Capital Improvement Program Budget.

## **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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Authorize the City Manager to execute an Agreement for Services with EthosEnergy Field Services, LLC for the Mitsubishi Steam Turbine and Generator Major Inspection and Overhaul at the Donald Von Raesfeld Power Plant for a term starting on or about August 21, 2019 and ending on or about June 30, 2021 for a total maximum amount not-to-exceed \$4,538,057.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Agreement for Services