



Agenda Report

19-237

Agenda Date: 3/5/2019

REPORT TO COUNCIL

SUBJECT

Action on the Award of the Public Works Contract for the Parker Interconnection Project and Related Budget Amendment

BACKGROUND

On February 20, 2019, the City's Electric Utility, dba Silicon Valley Power (SVP) opened bids for the Parker Interconnection Project (Contract No. 2124). The Parker Interconnection Project consists of installing six new transmission poles and approximately 1,000 feet of new 60kV transmission line. This Project is in conjunction with the Electric Service and Substation Agreement with Vantage Data Centers, LLC (Vantage) approved by Council on August 29, 2017 (Agenda Item 12.84). The purpose of the Electric Service and Substation Agreement is to expand Vantage's business in the City and construct a four-story data center, Vantage McLaren Data Center, on Mathew Street. Per the Electric Service and Substation Agreement, SVP will provide 27 MVA (megavolt-ampere) of capacity to the Parker Substation and Vantage is responsible through developer contributions for actual costs incurred by the City for substation site improvements, substation equipment and transmission lines for the Parker Interconnection Project.

On November 27, 2018 Council approved the Procurement Agreement with Wireless Structures Consulting, Inc. dba Western Utility Telecom, Inc. to purchase the steel poles for Parker Substation. The next phase of the Parker Interconnection Project is to install the transmission facilities to energize the new Parker Substation by SVP's 60 kV Transmission System. Vantage will reimburse costs associated with the Parker Interconnection Project in accordance to the terms and conditions of the Electric Service and Substation Agreement (Attachment 1).

DISCUSSION

One bid was received for the Parker Interconnection Project. The Engineer's Estimate and the evaluated bid are as follows:

Engineer's Estimate	\$982,913
Hot Line Construction, Inc.	\$943,057.20

Hot Line Construction, Inc.'s bid is \$39,855.80 under the Engineer's Estimate. The Engineer's Estimate was prepared by the City's structural engineer consultant, Electrical Consultants, Inc. (ECI). The Project is currently scheduled for completion by May 2019. The bid was reviewed for compliance with terms and conditions of the Contract Documents and meets the critical time constraint of the Project. Hot Line Construction, Inc. is a qualified contractor who has successfully performed similar work for the City in the past, therefore staff recommends awarding the contract to Hot Line Construction, Inc.

ENVIRONMENTAL REVIEW

The actions being considered is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15303(d) (Class 3 - New Construction or Conversion of Small Structures), because this involve the construction of electric utility extensions.

FISCAL IMPACT

The Parker Substation project was approved in the 2018/19 Adopted Capital Improvement Program budget for \$1,150,000 in Fiscal Year 2018/19 and \$1,050,000 in Fiscal Year 2019/20. To ensure sufficient construction funding is available to complete this project in the current fiscal year, SVP must accelerate the funding allocated in Fiscal Year 2019/20 to Fiscal Year 2018/19. In addition, further appropriations of \$1,300,000 are requested to reflect the increased use of City and specialized consultant support for the project, including design of the control room, protection panel upgrades, easement acquisition, and increased support in commissioning and energization. All costs associated with the project with be reimbursed by Vantage Data Centers, LLC,

The cost of the contract is \$943,057.20, plus a 10% contingency in the amount of \$94,305.72, for a not-to-exceed amount of \$1,037,362.92. Funding of \$1,050,000 which is provided by developer contributions, allocated for Fiscal Year 2019/20 is recommended to be accelerated to Fiscal Year 2018/2019. In addition, further appropriations of \$1,300,000, are needed to reflect the projected increase in construction expenditures as described above. The combined increase in developer contributions in Fiscal Year 2018/19, in the amount of \$2,350,000, will be provided by Vantage Data Centers, LLC, in accordance with the terms and conditions of the Electric Service and Substation Agreement to pay for such costs.

**Budget Amendment
FY 2018/2019**

	Current	Increase/ (Decrease)	Revised
Electric Utility Capital Fund (591)			
<u>Revenue</u>			
Developer Contributions - Parker Station project (591-2433)	\$1,150,000	\$2,350,000	\$3,500,000
<u>Expenditures</u>			
Parker Substation Construction (591-2433)	\$1,150,000	\$2,350,000	\$3,500,000

**Budget Amendment
FY 2019/2020**

	Current	Increase/ (Decrease)	Revised
Electric Utility Capital Fund (591)			
<u>Revenue</u>			
Developer Contributions - Parker Station project (591-2433)	\$1,050,000	(\$1,150,000)	\$0

Expenditures

Parker Substation Construction (591-2433)	\$1,050,000	(\$1,150,000)	\$0
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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. Award the Public Works Contract for the Parker Interconnection Project (Contract No. 2124) to the lowest responsive and responsible bidder, Hot Line Construction, Inc., in the amount of \$943,057.20 and authorize the City Manager to execute any and all documents necessary for the award, completion and acceptance of the Project;
2. Authorize the City Manager to execute change orders up to 10% of the original contract amount, or \$94,305.72, for a total not-to-exceed amount of \$1,037,362.92 for Contract No. 2124 and make any minor modifications;
3. Approve the related FY 2018/19 budget amendment recognizing \$2,350,000 in the Developer Contributions revenue category in the Parker Substation project and appropriating \$2,350,000 in the Parker Substation project; and
4. Amend the FY 2019/20 Adopted CIP Budget and approve the related FY 2019/20 budget amendment to decrease the Parker Substation project and associated Developer Contributions revenues and expenditures by \$1,050,000 due to the acceleration of the project schedule to FY 2018/19.

Reviewed by: Manuel Pineda, Interim Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Electric Service and Substation Agreement