

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GLENDALE,
CALIFORNIA, AMENDING RESOLUTION 22-189 (WHICH AMENDED
RESOLUTION 22-34 TO PROVIDE DIRECTION TO STAFF REGARDING THE
IMPLEMENTATION OF THE GRAYSON REPOWERING PROJECT UTILIZING
THREE WARTSILA ENGINES) AND AUTHORIZING THE CITY MANAGER OR
HIS DESIGNEE TO EXECUTE A CONTRACT WITH WARTSILA NORTH
AMERICA, INC. FOR THE ENGINEERING AND PROCUREMENT OF THREE
WARTSILA ENGINES AND ASSOCIATED POWER ISLAND EQUIPMENT
AND FACILITIES**

WHEREAS, the City's aging Grayson Power Plant is experiencing an increasing frequency in unplanned and forced outages, which threaten local reliability; and

WHEREAS, a majority of the existing generation units at the Grayson Power Plant would no longer be allowed to continue operating beyond 2023 without major air quality retrofits to meet South Coast Air Quality Management District emissions limits; and

WHEREAS, without the Grayson Power Plant, the City will not have sufficient sources of power to meet energy demand within the City while maintaining sufficient power reserves; and

WHEREAS, Glendale Water and Power Department ("GWP") studied Alternative 7, the Tesla/Wartsila Project Alternative (Battery Energy Storage System combined with five reciprocating internal combustion engines), as one of the Project Alternatives for the Grayson Repowering Project in the 2022 Final Environmental Impact Report, State Clearinghouse No. 2016121048 ("2022 Final EIR"), as an option to repower the existing Grayson Power Plant and determined the Tesla/Wartsila Project Alternative would meet the proposed Project objectives and would result in the fewest potential environmental impacts when compared to the proposed Project and other Alternatives evaluated; and

WHEREAS, on February 15, 2022, the City Council adopted Resolution No. 22-28, Certifying a Final Environmental Impact Report for the Grayson Repowering Project, and making certain findings and determinations; and

WHEREAS, on February 15, 2022, the City Council adopted Resolution No. 22-29 approving Grayson Repowering Alternative 7 (Tesla/Wartsila Project Alternative), adopting a Statement of Overriding Considerations, and Making Findings in support thereof, adopting a Mitigation, Monitoring, and Reporting Program, and directing staff to take actions in furtherance thereof; and

WHEREAS, on March 1, 2022, the City Council adopted Resolution No. 22-34, amending City Council Resolution No. 22-29 whereby it modified Alternative 7 and provided direction relating to same as follows:

“Section 2. Alternative 7 of the Grayson Repowering Project, the Tesla/Wartsila Project Alternative, defined herein as:

- A 75 MW/300 MWH energy storage system;
- Five Wartsila reciprocating internal combustion engine units producing approximately 93 MW net at average annual site conditions;
- A new switching station; and
- Related facilities.

as approved and adopted on February 15, 2022, Alternative 7 shall be modified such that staff is directed not to purchase Wartsila engines until a decision regarding their purchase is made by City Council in December 2022, or earlier if directed by the City Council.”

WHEREAS, on March 1, 2022, the City Council by Resolution No. 22-34, also amended Section 5 of City Council Resolution 22-29 and directed staff as follows:

“Section 3. Section 5 of the City Council Resolution No. 22-29 is hereby amended and replaced with the following Section 5:

‘Section 5. In furtherance of the Council’s selection of the Alternative 7 Tesla/Wartsila Project Alternative to repower the Grayson Power Plant, Staff is hereby directed to proceed with the following:

- a. Separation of Unit 9 from the Grayson Power Plant;
- b. Demolition of Grayson Power Plant Units 1-8 and environmental remediation and the Grayson site;
- c. Procurement of the Tesla Battery Energy Storage System;
- d. Necessary engineering, procurement, and construction to integrate the Tesla Battery Energy Storage System into the Grayson site;
- e. Necessary engineering, procurement, and construction to prepare for the potential addition of up to five Wartsila engines at Grayson

should Council decide to proceed with any number of these engines;

- f. Air permits and procurement of emissions reduction credits for the five Wartsila engines;
- g. All required bonding to finance the above.'

Staff is further directed to return to City Council no later than the end of Calendar Year 2022 for a decision regarding the purchase of Wartsila engines."

WHEREAS, on August 16, 2022, City Council adopted Resolution No. 22-127 authorizing the General Manager of GWP to utilize the Alternative Project Delivery Method pursuant to Chapter 4.13 of the Glendale Municipal Code ("GMC") for the engineering, procurement, and construction of the Balance of Site ("BOS") for the Grayson Repowering Project; and

WHEREAS, on December 13, 2022, the City Council adopted Resolution No. 22-189 which amended Resolution 22-34 to provide direction to staff regarding the implementation of the Grayson Repowering Project utilizing three Wartsila engines (a copy of Resolution 22-34 is attached hereto as "Exhibit A" and incorporated by herein by reference);

WHEREAS, Resolution 22-34, Section III, Subsection 4, authorizes the City Manager, or his designee, to enter into and execute a contract with Wartsila North America, Inc. (Wartsila) for the procurement, engineering, construction and commissioning services for 3 Wartsila engines and associated equipment and infrastructure within Wartsila power island as described in the 2022 Final EIR, in the not to exceed amount of \$170,000,000 subject to City Council's authorization for financing; and

WHEREAS, as explained in the Report Dated November 14, 2023 by the General Manager of GWP, due to prolonged contract negotiations with Wartsila for the final Engineer, Procure Construct (EPC) contract for the Wartsila Power Island, GWP has decided to move the construction scope for the Wartsila Power Island to ARB, Inc. under a separate contract, and enter into a contract with Wartsila for the completion of the detailed engineering and supply of the three engines, all equipment, as well as technical support for construction and commissioning; and

WHEREAS, because of the modified scope of work by Wartsila as explained above and the Report Dated November 14, 2023, the contract price for Wartsila has been modified downward; and

WHEREAS, given the foregoing, the City Council hereby amends

Resolution 22-189, Section III, Subsections 4 and 5, in order to authorize an Engineering and Procurement contract award to Wartsila, subject to certain conditions precedent.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Glendale, California that:

Section 1. The foregoing facts are deemed to be true and correct and are incorporated herein by this reference and made a part of the findings in support this Resolution.

Section 2. The City Council, based on the Report Dated November 14, 2023 by the General Manager of GWP, authorizes the implementation of the Grayson Repowering Project utilizing three Wartsila engines as described in the 2022 Final EIR.

Section 3. The City Council hereby modifies and replaces Section III, Subsections 4 and 5 of Resolution No. 22-189 and as follows:

“III. Purchase of 3 Wartsila Engines:

Section 4. The City Council hereby authorizes the City Manager, or his designee, to enter into and execute a contract with Wartsila North America, Inc. (Wartsila) for the purchase, engineering, and technical support for construction and commissioning services for 3 Wartsila engines and associated equipment for the Wartsila Power Island as described in the 2022 Final EIR, in the not to exceed amount of \$108,555,800 plus a 15% contingency of \$16,283,370, as well as any related and necessary supplemental documents to the herein authorized contract subject to the conditions outlined in Section 5 of below.

Section 5. The City Manager, or his designee, shall enter into and execute the herein-referenced and authorized procurement, engineering and technical support for construction and commissioning services with Wartsila after the effective date of the ordinance adopting a new electric rate plan as proposed by the Report to Council and Cost of Service Analysis (COSA) considered on November 14, 2023, and a determination by the City Manager that the rate plan and bond financing for the project will be sufficient to pay for said contract with Wartsila.”

Section 6. The form of the contract with Wartsila shall be subject to approval of the City Attorney.

Adopted by the Council of the City of Glendale on this ____ day of _____, 2023.

Mayor

ATTEST:

City Clerk

STATE OF CALIFORNIA) SS.
COUNTY OF LOS ANGELES)

I, Suzie Abajian PhD, City Clerk of the City of Glendale, hereby certify that the foregoing Resolution No. _____ was adopted by a majority vote of the Council of the City of Glendale, California, at a regular meeting held on the _____ day of _____, 2023, and that the same was adopted by the following vote:

Ayes:

Noes:

Absent:

Abstain:

City Clerk