



Exhibit 2
June 22, 2022 Memorandum from
Glendale Water & Power to City Manager re
Alternative Project Delivery Method for Balance of Site Contractor

**CITY OF GLENDALE
INTERDEPARTMENTAL COMMUNICATION**

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2022 JUN 22 AM 11:12

DATE: June 22, 2022

TO: Roubik R. Golanian, P.E., City Manager

FROM: Mark Young, General Manager - GWP

**SUBJECT: Request for Approval to Utilize the Alternative Project
Delivery Method for the Grayson Repowering Project
Balance-of-Site Work**

Glendale Water & Power (GWP) intends to issue a Request for Proposals (RFP) for the Grayson Repowering Project (Project) Balance-of-Site (BOS) work.

The City's Alternative Project Delivery Ordinance (Glendale Municipal Code Chapter 4.13) requires City Manager and City Council approval to use an alternative project delivery method, such as the Engineer-Procure-Construct (EPC) method, before an RFP for such a project can be issued.

GWP respectfully requests approval to utilizing the EPC method for contracting out the Project's BOS work.

Project Background:

The Project consists of the replacement of aging Grayson Power Plant units (except Unit 9) and their related facilities with a 75 megawatts (MW) / 300 megawatt-hour (MWh) Tesla Battery Energy Storage System (BESS), of which only 50 MW / 200 MWh will be constructed in the first phase, up to 93 MW (or less) of a Wartsila natural gas-fired engine-generator plant, BOS facilities, and a new switching station. A final decision on the number of Wartsila units, if any, is expected by December of 2022. With exception of the new switching station, the Project is expected to take three years to complete; work expected to start January of 2023. The new switching station will be built after laydown space needed for construction of power island(s) is vacated. Construction of the power island(s) and BOS facilities cannot start until the existing facility (except Unit 9) is demolished and the site is improved to mitigate liquefiable soil. The Tesla BESS, with a shorter construction schedule, is expected to go into commercial operation first in March of 2025 followed by Wartsila in December of 2025. The City will only have Grayson Unit 9 to rely on to provide local dispatchable power during the demolition and construction phases of the Project.

The City Council authorized GWP to utilize an alternative project delivery method for EPC of the Tesla and Wartsila power islands on July 23, 2019. As such, Tesla and Wartsila will be responsible for the engineering, procurement, and construction of their own respective power islands. The BOS EPC Contractor will be responsible for the engineering, procurement, and construction of the balance of the site which consists of

GWP 69 kilovolt (kV) interconnections (i.e. connecting the two power islands to the GWP sub-transmission system); new power plant operations and maintenance buildings; new recycled water treatment facility, new potable/fire water system; new stormwater drain system and holding tank; new plant control system that integrates the power island(s) and Unit 9; new fuel piping system; new station service power distribution center that ties in with to the Utility Operations Center (UOC); UOC improvements, and paving of the site. The BOS EPC Contractor will also be responsible for all temporary facilities including those needed by Tesla and Wartsila, overall site security, and the training, commissioning, and startup of their scope of supply. The preliminary cost estimate for the BOS EPC contract scope of work is \$60,000,000.

Reasons and Justifications for the Project:

As required by Section 4.13.070 of the Glendale Municipal Code, GWP submits the following reasons and justifications for requesting approval to proceed with an alternative (EPC) project delivery method for the Project's BOS work.

Reason(s):

Utilizing the engineer-procure-construct method for the balance-of-site work is in the best interest of the City because the Project:

- 1) Has a high level of technical complexity; and
- 2) Requires expertise that city staff does not have.

Justification(s):

The EPC method, whereby one firm is responsible for the engineering, procurement, and construction, improves the project schedule by minimizing the project delivery time. This is a critical consideration as the City will only have Grayson Unit 9 available while the site is being demolished and then power island(s) are constructed. Minimizing this window of time reduces the risk to the City's residents of electrical interruptions when GWP will be solely dependent on transmission imports and Grayson Unit 9. Early contractor involvement allows for design and construction schedules to overlap thereby reducing the time needed for research and design. Long-lead procurement can begin relatively soon after the start of engineering. Construction can start while engineering is still underway. Coordinating the engineering and procurement efforts with construction allows for an accelerated schedule, and reduced cost for the Project. Use of traditional project delivery methods would result in an extended procurement cycle with engineering to be completed before procurement and construction could begin.

Roubik R. Golanian
June 22, 2022
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If you have any questions or need additional information regarding the Project or the proposed alternative project delivery method for the BOS work, please contact me at extension 2107, or Mr. Rostamik Chetin, P.E., Mechanical Engineer II, at extension 3399.

Thank you for your consideration.



Mark Young
General Manager - GWP

 6/23/22
Approved

Denied

MY: rc