



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Adoption of Specifications for the Proposed Grayson Repowering Project - Unit 9 Separation, and a Request for Proposals for the Demolition and Site Improvements

1. Resolution Adopting Specification No. 3904 for the proposed Grayson Repowering Project - Unit 9 Separation, and directing City Clerk to advertise for bids.
2. Resolution dispensing with competitive bidding and authorizing the General Manager of Glendale Water & Power to issue a Request for Proposals for the proposed Grayson Repowering Project - Demolition and Site Improvement.

COUNCIL ACTION

Item Type: Action

Approved for September 21, 2021 **Calendar**

ADMINISTRATIVE ACTION

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Approved by:

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RECOMMENDATION

Glendale Water & Power (GWP) staff respectfully recommends that the City Council (1) adopt Specifications for the proposed Grayson Repowering Project - Unit 9 Separation; direct the City Clerk to advertise for bids, and (2) dispense with competitive bidding and authorize the General Manager of GWP to issue a Request for Proposals (RFP) for the proposed Grayson Repowering Project - Demolition and Site Improvement.

BACKGROUND/ANALYSIS

The City is in the process of evaluating a repowering of the aging units at the Grayson Power Plant (GPP). On August 9, 2021, GWP published for public comment a Partially Recirculated Draft Environmental Report (PR-DEIR) for the proposed Grayson Repowering Project (Project). The PR-DEIR includes a description and analysis of two additional project alternatives.

Proposed Project Unit 9 Separation

The originally proposed Project, as well as both new alternatives, require the physical separation of Unit 9 from other plant facilities for standalone operation and the demolition of plant facilities to make room for the construction of new generating equipment, energy storage systems, and related facilities. The work to separate Unit 9 would commence after the City Council has considered and certified an Environmental Impact Report and selected one of the available paths forward to proceed with the Grayson Repower. Issuance of the subject bid specification in advance of that decision allows GWP to be able to proceed with this work following the City Council's decision and during winter when the risk of not having Unit 9 available is lowest.

GWP has prepared a bid package and developed specifications to solicit bids from qualified contractors to furnish all necessary labor, materials, and equipment to complete the proposed Project. The scope of work includes the separation of all electrical and mechanical ties between Unit 9 and the rest of the power plant; the installation of temporary facilities and systems so that Unit 9 can continue to operate during the demolition and construction phases of a project, and the disconnection or relocation of all other utilities necessary to make the rest of the facility safe for decommissioning and demolition. A short outage of Unit 9 would be required to perform this work. The other units would no longer be able to operate after this work is completed.

For the proposed Project, GWP intends to select the successful contractor as soon as practical and anticipates requesting the City Council award of contract in November 2021, after City Council consideration and certification of the Environmental Impact Report and selection of the project or project alternative.

Proposed Project Demolition and Site Improvement

GWP has also prepared an RFP to solicit proposals from qualified demolition/site improvement contractors to furnish all necessary labor, materials, and equipment to complete the proposed Project Demolition and Site Improvement work. This scope of work includes the removal and safe offsite disposal of all asbestos-containing material, lead-based paint, and other hazardous material; the safe demolition of all plant facilities

except for Unit 9, (and the Units 8A and 8BC gas-turbine-generators and associated foundations if EIR Alternative 8 were to be selected); the proper offsite disposal of all waste, recycling of scrap, and salvaging of equipment, and the post-demolition improvement of the site soil for construction of the proposed new facilities. The scope of work also includes a significant amount of engineering and professional tasks including planning and sequencing the removal of equipment and the dismantlement of the internal structure and external shell of the Boiler Building to avoid unintended collapse, as well as the other structures (buildings, cooling towers) on site. Demolition and subsequent site improvement is anticipated to take approximately one year to complete. In accordance with the City Council's direction, the proposed Project Demolition and Site Improvement work would be performed under a Project Labor Agreement.

The environmental impacts of the proposed Project demolition and site improvement, and Unit 9 separation are evaluated in the proposed Grayson Repowering Project EIR. For both the proposed Project Unit 9 Separation work and the proposed Project Demolition and Site Improvement work, the award of contracts would not occur until the City Council certifies a Final EIR for the Grayson Repowering Project and identifies a preferred project or project alternative. The demolition and site improvement work would differ depending on which project or project alternative were selected and thus, the RFP would solicit alternative proposals/pricing for the various project alternatives.

Resolution Dispensing with Competitive Bidding

GWP respectfully recommends City Council to dispense with competitive bidding, and authorize the General Manager of GWP to issue an RFP for the proposed Project Demolition and Site Improvement in lieu of proceeding with the bid process specified in the City Charter, which awards to the lowest-priced responsive, responsible bidder. An RFP is also a competitive process, but it differs from the formal competitive bid process in the City Charter in that an RFP allows the City to consider criteria in addition to the price in the evaluation process, such as the qualifications and experience of the proposers. Article VI, Section 9 of the Glendale City Charter authorizes the City Council to dispense with the formal competitive bidding (low bid selection) where the City Council finds that it is in the City's best interest to dispense with competitive bidding. Additionally, Charter Article VI, Section 9 provides that competitive bidding is not required for “[c]ontracts for professional or unique services.”

It is in the City's best interest to dispense with competitive bidding for the proposed Project Demolition and Site Improvement for the following reasons:

1. The work involves a significant amount of engineering and professional services, including planning for the safe and orderly demolition of the Boiler Building and other smaller buildings and the cooling towers, as well as the work to plan and execute the site improvement work to improve the site's geotechnical condition. It is in the City's best interest to select a contractor with the professional expertise to perform these services.
2. The proposed Project demolition and site improvement work is complex requiring a well thought out demolition plan. The Grayson project site is very congested with existing equipment, utility operations, and no pre-existing laydown areas of

sufficient size to support the work. To utilize a bidding approach, GWP would, in part, need to develop such a plan to ensure a comprehensive approach that does not place the overall project schedule at risk.

3. The Grayson Power Plant is located in a dense urban area along Fairmont Avenue. It is in the City's best interest to ensure that the contractor has experience and prior success working on a major demolition project in an urban environment, and has submitted a well thought-out traffic and demolition plan. This is a consideration that a low bid selection process would not allow.
4. The demolition work involves a significant amount of underground work, some in proximity to existing features at the facility that must remain operable and undamaged to maintain utility operations such as the underground 69 kilovolt (kV) circuits. Careful exploration and excavation of the site is essential. An RFP process will allow the City the latitude to select a firm that has planned to perform the work in a thoughtful manner whereas a low price bid selection would not.
5. The demolition and site improvement work will require the contractor to abate and remove hazardous material including asbestos, lead paint, fuel oil, and potentially oil contaminated soils, polychlorinated biphenyls (PCBs), and contaminated wood as well. It is in the City's best interest to ensure that GWP have the ability to select a properly qualified firm based on an evaluation that will ensure safe handling and disposal of such materials.
6. The proposed Project has a high scrap value that is increasing as the price of steel escalates. The demolition work will likely attract firms that will want to win the contract for its scrap value and might potentially cut costs or otherwise game the process. Utilizing an RFP process, and the comprehensive proposer evaluations that come with it, will allow the City to minimize the risk of this occurring.
7. The demolition and site improvement work scope includes a significant amount of soils work to improve the geotechnical condition of the site. This work will involve properly backfilling and compacting 25-foot deep excavations (most of the cooling towers and the fuel oil bunkers beneath them), soil densification, removal of existing piles and subsequent back-filling with engineered fill, as well as the normal work to get the site to a rough graded condition. This requires a firm or team of forms with both demolition and soils experience that has shown and can prove with references that they have been successful in doing this type of work. An RFP process allows the City to undertake this evaluation.
8. Demolition by its nature is inherently dangerous. Unlike building something where you build upon what has already been constructed, taking things apart and maintaining structural integrity to preclude unexpected collapse is a more challenging endeavor. The Grayson site has some large structures, such as the Boiler Building which is more than 100 feet from the bottom of the basement to the top of the roof with large open spaces inside that must be taken down safely. Additionally, some elements of the project, such as the boilers, are hung from the

top and must be dismantled in a thoughtful manner. The City will need a contractor that has a verifiable and demonstrated safety first program, not just with statistics, but with references as to the quality of their safety program.

Timing

The City has issued a PR-DEIR for comment and has not yet made any decision regarding the proposed Grayson Repowering Project. Issuing the bid specifications and RFP and accepting and evaluating bids/proposals does not obligate the City to proceed with either the proposed Project Unit 9 Separation or the proposed Project Demolition and Site Improvement scopes of work; nor does this action require the City Council to approve the Grayson Repowering Project or any project alternative. However, issuing the bid specifications and RFP, at this time, will allow GWP to confirm the engineer's preliminary cost estimates. This timing will also support the project schedule if a project or project alternative is approved by the City Council at a later date.

GWP anticipates returning to City Council in November of 2021 with a recommendation on an award of the contract for the proposed Project Unit 9 Separation work. Staff anticipates it will seek authorization for award of contract for the proposed Project Demolition and Site Improvement work in the first quarter of 2022, after the City Council's consideration of the Final EIR and completion of a bond process for a project or project alternative.

FISCAL IMPACT

There is no fiscal impact to issuing the bid specifications and RFP. The engineer's preliminary cost estimate for the proposed Project Unit 9 Separation is \$4,000,000. The engineer's preliminary cost estimate for the proposed Project Demolition and Site Improvement is \$25,000,000.

Upon City Council's approval to award contract(s), staff will bring forth a Resolution of Appropriation or identify funding sources for these proposed works.

ALTERNATIVES

For the proposed Project Unit 9 Separation:

Alternative 1: The City Council may choose to adopt the recommended resolution adopting Specifications for the proposed Project Unit 9 Separation, and directing the City Clerk to advertise for bids.

Alternative 2: The City Council may choose to reject the recommended resolution and not authorize the issuance of Specifications for the proposed Project Unit 9 Separation. Doing so, however, would delay the procurement of this contract and the City would not have confirmed pricing for the separation of GPP Unit 9.

For the proposed Project Demolition and Site Improvement:

Alternative 1: The City Council may choose to adopt the recommended resolution dispensing with competitive bidding and authorizing the issuance of an RFP for the proposed Project Demolition and Site Improvement.

Alternative 2: The City Council may choose to reject the recommended resolution and not authorize the issuance of an RFP for the proposed Project Demolition and Site Improvement but direct GWP to prepare plans and specifications and solicit bids for the work utilizing the Charter bidding process. In this case, further engineering work will be required to develop detailed demolition and site improvement plans and specifications. This would result in additional engineering costs in an amount to be determined and would impact the schedule.

Alternative 3: The City Council may decline to authorize any procurement process for the proposed Project Demolition and Site Improvement work at this time. This would cause schedule impacts and the City would not have confirmed pricing for the demolition and site improvement work.

For the proposed Project Unit 9 Separation or the proposed Project Demolition and Site Improvement procurements, the City Council may consider any other alternative not proposed by staff.

CAMPAIGN DISCLOSURE

Not applicable

EXHIBIT(S)

Not applicable