



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Various Grayson Power Plant On-Call Maintenance Contracts

1. Resolution dispensing with further competitive bidding, and authorizing the City Manager, or his designee, to execute an amendment to Contract No. 8000616 with ARB Inc. to increase the not-to-exceed by an additional \$250,000 and extend the term by two (2) years.
2. Resolution dispensing with further competitive bidding, and authorizing the City Manager, or his designee, to execute an amendment to Contract No. 8000832 with Ethos Energy Field Services, LLC to increase the not-to-exceed by an additional \$200,000 and extend the term by two (2) years.
3. Resolution dispensing with further competitive bidding, and authorizing the City Manager, or his designee, to execute an amendment to Contract No. 8000803 with Cor-Ray Painting Co. (COR-RAY) to increase the not-to-exceed by an additional \$150,000 and extend the term by two (2) years.

COUNCIL ACTION

Item Type: Action

Approved for April 19, 2022 **calendar**

EXECUTIVE SUMMARY

ARB

ARB Inc. (ARB) was awarded a contract through competitive bidding and has provided exceptional service to the Grayson Power Plant and Scholl Canyon Landfill Gas Plant since 2019. GWP is seeking approval to amend the current contract to increase the overall not-to-exceed amount to \$1,050,000 and extend the term by two more years.

Ethos

Ethos provides Balance of Plant ("BOP") maintenance and field services for any rotating equipment at the Grayson Power Plant, as well as the Water Department's offsite pumping facilities. The repair and maintenance of offsite pumping facilities is similar in nature to the repair and maintenance of the Grayson facility and, accordingly, there are efficiencies and economies of scale achieved by including the repair and maintenance of pumping facilities in the contract.

GWP seeks City Council's approval to execute an amendment to increase the overall not-to-exceed amount by \$200,000, for a new not to exceed contract amount of \$700,000, and extend the term of contract by two years.

Cor-ray

Cor-ray Painting Co. (COR-RAY) was awarded a contract through a competitive bidding process, and has provided exceptional industrial painting service to the Grayson Power Plant. GWP is seeking approval to amend the current contract to increase the overall not-to-exceed amount by \$150,000, for a new not-to-exceed contract amount of \$570,000 and extend the term by two more years.

COUNCIL PRIORITIES

Infrastructure & Mobility:

ARB

Ongoing mechanical and field services are required in order for GWP to maintain its electric generation infrastructure to serve the City of Glendale.

Ethos

GWP will be able to provide a more reliable source of electric generation and maintain water pumping facilities used to supply water for the City of Glendale.

Cor-ray

Infrastructure & Mobility: It is necessary to maintain the Grayson structures and equipment that are exposed to the elements. The metal surfaces of the equipment need to be maintained in order to protect the environment and prevent corrosion.

RECOMMENDATION

ARB

Approve the Resolution to dispense with further competitive bidding, and authorize a two-year extension of Contract No. 8000616 with ARB Inc., and a \$250,000 increase in the not-to-exceed contract amount to provide continued labor, equipment, and materials for specialized mechanical and field services for the Grayson Power Plant and the Scholl Canyon Landfill Gas Plant.

Ethos

Approve the Resolution to dispense with further competitive bidding, and authorize a two-year extension of Contract No. 8000832 with Ethos and a \$200,000 increase in the not-to-exceed contract amount to provide “as-needed” BOP maintenance and field services for GPP and GWP Offsite Pumping Facilities.

Cor-ray

Approve the Resolution to dispense with further competitive bidding, and authorize a two-year extension of Contract No. 8000803 with Cor-ray Painting Co., and a \$150,000 increase in the not-to-exceed contract amount to provide continued labor, equipment, and materials for industrial painting services for the Grayson Power Plant.

BACKGROUND

ARB

In July 9, 2019, following a competitive bid process for which the Notice of Inviting Bids was advertised in the local paper and on EBidboard, as well as directly sent to seven firms, only one bid was received from ARB. The City Council awarded ARB a three-year contract to furnish labor, equipment and materials for specialized mechanical and field services for the Grayson Power Plant and Scholl Canyon Landfill Gas Plant per Specification No. 3804. Since the execution of the contract, ARB has provided the following services, which have supported the availability of the units at the Grayson Power Plant especially during the summer peak demand:

- Units 8A and 8B/C Gas Turbine Installation - Due to staff shortages it was necessary for ARB to assist and expedite the return of the Units availability for summer peak demand. Cost: \$90,500.
- Unit 4 Air Preheater Overhaul – Necessary repair for safety and increase efficiency of the boiler. Cost: \$284,000.
- Units 4 and 5 Boiler Superheater Tube Repair – Necessary for safe operations of the Units during power generation. Cost: \$145,000.
- Units 4 and 5 Cooling Tower Frame Repairs – The metal frames were rebuilt as the metal frames have been irreparably deteriorated so much that the support system for the cooling tower fans, motors and gearboxes has weakened to the point of unsafe operations. The Cooling Towers are vital in efficient operations of the steam turbines that the unit will not be available if the cooling towers are unavailable. Cost: \$38,500.
- Units 1 and 2 Circulating Line Pipe Repair – The 36-inch Circulating Line Pipe was corroded and required replacement for operations. This corrosion made Units 1, 2, 8A and 8BC unavailable and reduced the power generation of the Grayson Power Plant by 50%. Cost: \$220,000.

In addition, ARB provided services for the Scholl Canyon Landfill Gas Pipeline Purge and Closure, which was necessary for the Department of Transportation Pipeline and Hazardous Material Safety Administration's regulatory compliance, at a cost of about \$16,000.

The contract term will expire on September 10, 2022 which would be right around the time of the 2022 summer peak demand. GWP's goal is to keep all units operational and available until the Grayson Repowering Project (Repowering) is underway. Thereafter, continued services will be needed to maintain Unit 9. In order for ARB to provide continued services as needed, the contract amount, as well as the contract term, would need to be amended.

Ethos

In 2019, GWP undertook a competitive bid process for the Balance of Plant ("BOP") inspection and repairs on an "as needed" basis for the Grayson Power Plant and other facilities. The City received two bids that were very close in price. Upon review, it was determined that both bids were non-responsive due to incomplete pricing, material

deviation from bidding requirements, and exceptions taken to the City's terms and conditions. On December 10, 2019, the City Council dispensed with further competitive bidding, and authorized staff to negotiate with both bidders for award of a two-year contract in an amount not to exceed \$350,000. Following negotiation, the contract was awarded to Ethos.

On April 27, 2021, the City Council approved Amendment No. 1 to increase the not-to-exceed contract amount to \$500,000. The increase was due to the near exhaustion of funds due to services were rendered for the Unit 9 Generator Bearing Inspection and Repair, as well as the Unit 9 Gas Compressor Overhaul.

The contract term is expiring. Extending the contract term and increasing the contract amount will provide continued "as needed" field services for the Grayson Power Plant Units and for the Water Department's offsite pumping facilities.

Cor-ray

On January 21, 2020, following a competitive bid process, the City Council awarded a two-year contract to Cor-ray Painting Co. to furnish labor, equipment and materials for Industrial Painting Services for the Grayson Power Plant, per Specification No. 3798R, in the amount not to exceed \$262,960. On May 10, 2021, the City Council authorized an amendment to increase the not-to-exceed contract amount to \$420,000.

The contract term expires on June 4, 2022. There are insufficient funds remaining in the contract to support any services that are necessary for operational repairs at the Grayson Power Plant such as 1) Unit 4 Circulating Water Pipe Lining Repair, 2) Unit 9 Stack Repainting and/or, 3) any discoverable repairs. Extending the contract term and increasing the contract amount would provide for continued "as needed" industrial painting services for the Grayson Power Plant.

ANALYSIS

ARB

ARB Inc. has provided critical support keeping the aging units at Grayson Power Plant functional to provide power as needed during summer peaks. The Grayson Power Plant Units, other than Unit 9, are well past their design life and experience frequent mechanical failures. The term of the ARB contract will expire on September 10, 2022 which is about the time the summer demand peaks. The not-to-exceed contract amount is close to exhaustion. If the contract is not amended to increase the not-to-exceed amount prior to the time the contract term ends, there will be a high possibility that reliability for the units at Grayson Power Plant maintained under the contract, may not be supported.

In the near term, the following work is needed to keep the units operational:

- Additional Units 4 and 5 Boiler Superheater Tube Repairs (estimated cost: \$80,000)
- Units 8A and 8BC High Pressure Boiler Valve Replacement (estimated cost:

\$60,000)

- Unit 5 Cooling Tower Circulating Water Line Repair (estimated cost: \$80,000)

It is in the City's interest to extend the term of the contract with ARB so that the Grayson units, maintained under the contract, can be serviced when needed prior to repowering as well as so that Unit 9 can be continued to be serviced during repowering. GWP recommends extending the term of the contract for an additional two-years and increase the not-to-exceed amount by another \$250,000.00. ARB would continue to provide the services on an "as needed" basis. The contract can be terminated for convenience by the City at any time.

Article VI, Section 9 of the Glendale Charter authorizes the Council to dispense with competitive bidding when it finds that it is in the City's best interest to do so. It is in the City's best interest to dispense with competitive bidding and extend the existing contract with ARB, Inc. for the following reasons:

- There is insufficient time to undertake a bidding process, award and execute contracts, and mobilize a new contractor in time to complete necessary repair work to keep the Grayson Units functional for the 2022 summer's peak period.
- The services being provided are highly specialized and familiarity with the older and newer units is necessary. ARB Inc. has a large base of direct-hire craft with specialized expertise in their field which has proven many times to be valuable while working on Grayson Power Plant repairs.
- Previously, the bid process for this service resulted in only one bid proposal. In addition to the necessary time to undertake another bid process, it may be possible that only one bid proposal will be received for the same "as needed" services.

Project Description:	Contract with ARB Inc. (ARB) to Provide Mechanical and Field Services for the Grayson Power Plant (GPP) and other facilities – Specification No. 3804
Plans/Specs Adopted:	N/A
Advertisement Method:	N/A
Specs Issued:	N/A
Bids Opened:	N/A
Company Name and Bid Amount:	N/A
Selection Criteria:	N/A
Recommended Contractor(s):	N/A
New / Existing Contractor:	Existing

Procurement Method (Bid / SS):	Bid
Contract Term:	3 year term + proposed 2 year extension
Construction Phase Begins:	N/A
Construction Phase Ends:	N/A
Change Orders (When Applicable)	
Company Name:	ARB Inc.
Original Approved Contract Amount:	\$800,000
Approved Contingency:	N/A
Change Order History:	N/A
This Change Order (Increase):	\$250,000
New Contract Total (If Approved):	\$1,050,000

Ethos

If the contract term is not extended and the not-to-exceed amount is not increased, reliability for the units at the Grayson Power Plant and GWP offsite pumping facilities maintained under the contract may be not supported. GWP has essential repairs that need to be done to maintain the equipment in service, including but not limited to major rotating equipment like boiler feed pumps; reciprocating air compressors; large gear boxes for cooling tower fans, and high flow capacity vertical pumps that cannot wait for a new competitive process to be completed. In the near term, the following work is necessary to ensure continued reliability of the units at the GPP:

- Units 8A, 8BC, 1 and 2 Preventative Maintenance
- Unit 9 Service Bulletin
- Unit 9 Gas Compressor B Overhaul

Over the remaining proposed extended term of the contract, Ethos would provide services for Unit 9, which will remain operational and provide critical power during the repowering project, as well as for the Water Department's offsite pumping facilities. The contract can be terminated for convenience by the City at any time.

Per Specification No. 3805, Ethos provides rotating equipment services such as, but not limited to, gas turbines; steam turbines; generators; pumps; compressors, gear boxes and fans. This rotating equipment is critical to power generation as well as water distribution. The Grayson Power Plant units, other than Unit 9, are well past their design life and experience frequent mechanical failures.

It is in the City's interest to extend the term of the contract with Ethos so that the Grayson units and GWP's offsite pump facilities, maintained under the contract, can continue to be available when needed until the Grayson Repowering Project is underway. GWP recommends extending the term of the contract for an additional two years and increase the not-to-exceed amount by \$200,000.00. Ethos would continue to provide the services at the same rates as were originally bid in 2019.

Article VI, Section 9 of the Glendale Charter authorizes the Council to dispense with competitive bids when it finds that it is in the City's best interest to do so. It is in the City's best interest to dispense with competitive bidding, and extend the existing contract with Ethos for the following reasons:

- There is insufficient time to complete a bidding process, execute a new contract, and mobilize a new contractor to conduct the work that is necessary to keep the Grayson units operational during the 2022 summer peak.
- A second year extension is recommended as GWP anticipates it may be hard to get a better pricing when there are very limited on "as needed" work that could be anticipated at the GPP, as well as at Water Department's offsite pumping facilities. GWP's requirement that the vendors provide 24/7 response and deployment may further limit the pool of potential candidates.
- The work of inspecting, maintaining, and overhauling of the equipment at the aforementioned facilities, including the very old equipment at GPP, is highly specialized and very few companies are qualified to do the work.

Project Description:	Contract with Ethos Energy Field Services, LLC (Ethos) to Provide BOP Maintenance and Field Services for the Grayson Power Plant (GPP) and GWP Offsite Pumping Facilities - Specification No. 3805
Plans/Specs Adopted:	N/A
Advertisement Method:	N/A
Specs Issued:	N/A
Bids Opened:	N/A
Company Name and Bid Amount:	N/A
Selection Criteria:	N/A
Recommended Contractor(s):	N/A
New / Existing Contractor:	Existing

Procurement Method (Bid / SS):	N/A
Contract Term:	Two-year term + proposed two- year extension
Construction Phase Begins:	N/A
Construction Phase Ends:	N/A
Change Orders (When Applicable)	
Company Name:	Ethos Energy Field Services, LLC
Original Approved Contract Amount:	\$350,000
Approved Contingency:	N/A
Change Order History:	Amendment No.1 – Total Not-to-exceed contract \$500,000
This Change Order (Increase):	\$200,000
New Contract Total (If Approved):	\$700,000

Cor-ray

The term of the COR-RAY contract will expire on June 4, 2022. The Grayson Power Plant is anticipated to run with all units available through at least the third quarter of 2022, and Unit 9 will remain operational after 2022. If the contract is amended to increase the not-to-exceed amount prior to the contract's expiration, there is a high possibility that some generating units may not be available for the summer peak. In the near term, the following work is necessary:

- Unit 4 Circulating Water Pipe Lining Repair - Necessary to efficiently exchange heat during operation of the unit. This work entails painting, repair of concrete mortar cracks or plastic lining of the pipes to prevent the pipes from breaking down. If there are cracks in the heat exchange system, the system will not run efficiently or not run at all.
- Unit 9 Stack Painting – Necessary to maintain the structural integrity of the stack and extend the life of the stack and the Unit itself. If the stack is not maintained, it may become structurally compromised and the Unit will not be available.

It is in the City's interest to extend the term of the contract with COR-RAY so that the Grayson units can continue to be supported and available when needed. GWP recommends extending the term of the contract for an additional two years and increasing the not-to-exceed amount by \$150,000.00. COR-RAY would continue to provide the services at the rates specified in the contract. The contract can be terminated by the City for convenience at any time.

Article VI, Section 9 of the Glendale Charter authorizes the Council to dispense with competitive bidding when it finds that it is in the City's best interest to do so. It is in the City's best interest to dispense with competitive bidding and extend the existing contract with COR-RAY for the following reasons:

- There is insufficient time to undertake a bidding process, award and execute contracts, and mobilize a new contractor in time to complete necessary repair work to keep the Grayson Units functional for this summer's peak period and to maintain Unit 9 during the Repowering Project.
- A second year extension is recommended as GWP anticipates there will be very limited interest in bidding on "as needed" work that could be anticipated at Grayson Power Plant in the future. The "as needed" work in the next two years is intended for emergency services.

Project Description:	Contract with Cor-ray Painting Co. (COR-RAY) to Provide Industrial Painting Services for the Grayson Power Plant (GPP) – Specification No. 3798R
Plans/Specs Adopted:	N/A
Advertisement Method:	N/A
Specs Issued:	N/A
Bids Opened:	N/A
Company Name and Bid Amount:	N/A
Selection Criteria:	N/A
Recommended Contractor(s):	N/A
New / Existing Contractor:	Existing
Procurement Method (Bid / SS):	Bid
Contract Term:	2 year term + proposed 2 year extension
Construction Phase Begins:	N/A
Construction Phase Ends:	N/A
Change Orders (When Applicable)	
Company Name:	Cor-ray Painting Co.
Original Approved Contract Amount:	\$262,960

Approved Contingency:	N/A
Change Order History:	Amendment No. 1 increase not-to-exceed contract amount to \$420,000
This Change Order (Increase):	\$150,000
New Contract Total (If Approved):	\$570,000

STAKEHOLDERS/OUTREACH

Not applicable.

FISCAL IMPACT

Funds for these services can be absorbed by GWP Fiscal Year 2021-22 budget, and funding for future years will be requested through the annual budgetary process.

ARB

The amendment with ARB Inc. will cost \$250,000. No new appropriation is being requested at this time. Funds for these services will be included as part of the FY22-23 and future year annual budget process (Electric Works Revenue Fund).

Ethos

The Ethos Energy amendment will cost \$200,000. The GWP budget can absorb this cost and therefore no new appropriation is being requested at this time. Funding for future years will be requested through the annual budgetary process.

Cor-ray

This amendment with Cor-ray Painting Co will cost \$150,000. No new appropriation is being requested at this time. Funds for these services will be included as part of the FY22-23 and future year annual budget process (Electric Works Revenue Fund).

ENVIRONMENTAL REVIEW

This proposed amendment to the contract is Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Division 6, Chapter 3, Article 19, Section 15301 which exempts “the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.”

CAMPAIGN DISCLOSURE

The names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, subcontractors and any person or entity with more than 10% interest in the company proposed for contract in this agenda item report are attached in Exhibits A, B and C in accordance with the City Campaign Finance

ALTERNATIVES

ARB

Alternative 1: Adopt a resolution dispensing with further competitive bidding on the grounds that it is in the City's best interest, and authorizing the City Manager, or his designee, to execute a contract amendment with ARB Inc. to increase it by an amount not-to-exceed \$250,000 and extend the term by two years to provide continued mechanical and field services for the Grayson Power Plant and other facilities.

Alternative 2: Do not dispense with competitive bidding, and do not authorize an extension or amendment of Contract 8000616 with ARB, Inc.

Alternative 3: Adopt a motion authorizing the City Manager, or his designee, to execute an amendment to increase the not-to-exceed funding for the Contract with ARB, Inc., but do not extend the contract term beyond its expiration on September 10, 2022. If the City Council adopts this alternative, it is recommended that the contract amount be increased by an amount not to exceed \$180,000 to fund any needed services through the end of the contract term.

Ethos

Alternative 1: Adopt a Resolution dispensing with further competitive bidding on the grounds that it is in the City's best interest, and authorizing the City Manager, or his designee, to execute a contract amendment with Ethos to increase it an amount not-to-exceed \$200,000, and extend the term by two years to provide "BOP" maintenance and field services for the Grayson Power Plant and GWP offsite pumping facilities.

Alternative 2: Do not dispense with competitive bidding, and do not authorize an extension or amendment of the Contract with Ethos. Not having a contract prior to summer peak demand will reduce the reliability of the Units to generate when necessary.

Cor-ray

Alternative 1: Adopt a Resolution dispensing with further competitive bidding on the grounds that it is in the City's best interest, and authorizing the City Manager, or his designee, to execute a contract amendment with Cor-ray Painting Co. to increase the Contract by an amount not-to-exceed \$150,000 and extend the term by two years to provide "as needed" industrial painting services for the Grayson Power Plant.

Alternative 2: Do not dispense with competitive bidding, and do not authorize an extension or amendment of the Contract with Cor-ray Painting Co.

Alternative 3: Adopt a motion authorizing the City Manager, or his designee, to execute an amendment to increase the not-to-exceed funding for the Contract with Cor-ray Painting Co., but do not extend the contract term beyond its expiration on June 04, 2022. If the City Council adopts this alternative, it is recommended that the contract amount be increased by an amount not to exceed \$70,000 to fund any needed services through the end of the contract term.

ADMINISTRATIVE ACTION

Prepared by:

John Escudero, Power Plant Superintendent

Approved by:

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

EXHIBITS / ATTACHMENTS

Exhibit A: Campaign Finance Disclosure Form for ARB Inc.

Exhibit B: Campaign Finance Disclosure for Ethos Energy Field Services, LLC

Exhibit C: Campaign Finance Disclosure for Cor-ray Painting Co. (COR-RAY)