



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

---

Report: Grayson Repowering Project – Balance of Site Engineer, Procure, and Construct Request for Proposals.

1. Resolution dispensing with competitive bidding, and authorizing the City Manager, or his designee, to directly negotiate with ARB, Inc. (ARB) towards a contract for the Balance of Site (BOS) Engineer, Procure, and Construct (EPC) effort specific to the Grayson Repowering Project.
2. Motion authorizing the City Manager, or his designee, to enter into a Professional Services Agreement (PSA) with ARB, Inc. in the not-to-exceed amount of \$300,000, for preliminary engineering work relating to the Grayson Repowering Project BOS EPC.
3. Resolution of appropriation.

### COUNCIL ACTION

---

**Item Type:** Action Item

**Approved for** June 6, 2023 **Calendar**

### EXECUTIVE SUMMARY

---

The Grayson Repowering Project, as approved by City Council, consists of three primary phases: *Unit 9 Separation* which includes the decoupling of Unit 9 from the rest of the power plant that is planned for demolition; *Demolition and Site Improvement* which includes hazardous material abatement, demolition, disposal/recycling, structural backfill, and site geotechnical improvement; and, *Engineering, Procurement, and Construction* of new facilities including a three-engine 56-megawatt (MW) Wartsila power plant, a 75-MW/300-megawatt-hour battery energy storage system, and replacing the obsolete control system on Unit 9, and associated facilities.

With the City Council's authorization per Resolution 22-127 adopted on August 16, 2022, to utilize the alternative delivery method of EPC process, staff requested proposals for the BOS EPC project and agreement. After a concerted effort to engage with as many qualified contractors as possible, including making the initial Request for Proposal (RFP) qualifying criteria less restrictive and reissuing the RFP, staff only received one qualification package from a proposing team. As such, GWP is recommending that the City Council dispense with competitive bidding process and authorize staff to negotiate with the only qualified proposing team: ARB and its team comprised of POWER Engineers, Inc. (POWER Engineers), FlexGen Power Systems, Inc. (FlexGen), and Morrow-Meadows Corporation (Morrow-Meadows).

**{{section.number}}c**

## **COUNCIL PRIORITIES**

Infrastructure: The Grayson Repowering Project will replace the aging infrastructure at the Grayson Power Plant with state-of-the-art generation and storage technology providing GWP with the ability to quickly start and generate smaller increments of power when needed, the ability to balance and integrate renewable resources, and the ability to store energy that is a major step in transitioning the City toward a 100% renewable power portfolio.

## **RECOMMENDATION**

---

Dispense with competitive bidding and authorize the City Manager to directly negotiate with ARB as primary contractor to furnish all engineering, procurement, and construction for the Grayson Repowering Project. Staff further recommends that the City Council authorize a PSA with ARB in the not-to-exceed amount of \$300,000 for ARB to finalize the project arrangement and electrical design in concert with soil improvement and Wartsila engines design efforts.

## **BACKGROUND**

---

On January 12, 2023, GWP issued the Grayson Repowering Project BOS EPC RFP, Specification No. 3646. The RFP was posted on the City's website and on eBidboard.com. GWP sent emails to 21 contractors, including those who participated in the 2017-2018 EPC Contractor Request for Qualification/Proposal process, notifying them of the RFP, directions on how to download a copy of the RFP, and the scheduled mandatory pre-proposal conference. A total of five addenda were issued releasing remaining RFP attachments, clarifying, and modifying certain RFP documents, and providing relevant project information. The City's network recorded over 1,000 views of the RFP webpage.

On February 23, 2023, a mandatory pre-proposal conference was held at the GWP Utility Operations Center where staff and consultants explained the scope of the project and answered questions from prospective proposers. A total of 16 individuals representing 12 different contractors and vendors attended the conference of which only two were prospective general contractors. The conference was followed by a group tour of the Grayson Power Plant. One of the two general contractors subsequently indicated they would probably not bid the project due to the heavy electrical component but had introduced an electrical firm to another prime to see if they might be interested. The other prime, to whom GWP had previously e-mailed an invitation, never participated in the RFP process.

Faced with the likelihood of only having one bidder, on March 1, 2023, via Addendum No. 5, GWP cancelled the RFP to revise the minimum required qualifications and encourage broader participation. Doing so was not without consequence as it resulted in a two-month extension of the BOS EPC procurement schedule. This was at a time when Wartsila had already started their engineering effort and coordination with the BOS EPC would have maximized the opportunity for Wartsila and the BOS EPC to coordinate their engineering design, start long-lead procurements, and synchronize their construction planning during the demolition phase of the project. An additional

consideration was that lead times for major electrical equipment such as transformers and switchgear are running well in excess of one year.

On March 7, 2023, GWP issued the revised RFP as Specification No. 3646R, which was again posted on the City's website and on eBidboard.com. GWP emailed 30 different companies including those who were notified of the original BOS EPC RFP and those who attended the February 23, 2023, pre-proposal conference. In both cases, it was made clear that the qualification criteria had been revised to encourage broader participation.

On April 18, 2023, another mandatory pre-proposal conference was held when GWP staff and consultants explained the revisions that were made to the original BOS EPC RFP and answered any questions from prospective proposers. This time, a total of nine individuals representing six different companies attended the conference of which only one was a prospective general contractor.

On May 2, 2023, in accordance with the RFP instructions, again ARB was the only company that submitted its minimum qualifications in advance of the proposal deadline as further discussed below.

## **ANALYSIS**

---

Qualification packages were due to the City by 2:00 PM on May 2, 2023. By that time, GWP had received only one qualification package from a team consisting of ARB, FlexGen, POWER Engineers, and Morrow-Meadows. The qualification package was reviewed, and the team met all the requirements.

GWP is faced with two alternatives:

- 1) Cancel the RFP and try again. Given the efforts made thus far and the results, the history of the Grayson Repowering Project from the perspective of potential bidders, and the schedule impact of another delay, this was not a feasible option.
- 2) Proceed with the sole proposer/bidder. This is a practicable option as ARB is well known to GWP, having supplied O&M on-call maintenance repair services for Grayson in a very satisfactory manner. In addition, ARB recently successfully completed the Unit 9 Separation work. Lastly, the ARB team have all worked together before on other projects, and ARB and POWER Engineers are currently engaged in another Wartsila project.

As a result, GWP is recommending that the City Council dispense with competitive bidding and proceed with direct negotiations with the ARB team with the goal of developing an agreement that embodies transparency in developing work scope and pricing and performing the bulk of the procurement and construction on a lump sum basis. Additionally, such an approach offers the possibility of recovering lost schedule as some initial engineering work could proceed under a PSA while the contract negotiations are concluded. This initial engineering work, for a not-to-exceed PSA amount of \$300,000, entails: development of a final general arrangement and foundation plan so the soil improvement plans can be finalized; development of the electrical design for the battery energy storage system power (BESS) island and the

interfaces with the Wartsila Power Island; updating the noise and battery fire release analyses performed as part of the environmental impact report (EIR) for the FlexGen batteries in place of the Tesla batteries; and, participation in project planning and design review meetings.

City of Glendale Charter, Article VI, Section 9, allows City Council to dispense with competitive bidding where the City Council determines that dispensing with competitive bidding is in the best interests of the City. Since this project contains engineering, design and construction components, staff recommends that Council dispense with competitive bidding for the construction component of the project, pursuant to Article VI, Section 9 of the Glendale Charter, and authorize staff to negotiate with the ARB and its team towards an EPC contract.

Upon the completion of negotiations, staff will return to City Council with the results for the Council's further consideration and award of the EPC contract to ARB.

<b>Project Description:</b>	Grayson Repowering Project Balance of Site Engineering, Procurement, and Construction to provide a 75 MW/300 MWH Battery Energy Storage System, upgrade the Unit 9 controls, integrate the Wartsila Power Island into the Utility Operations Center, a Control Building, Admin/Maintenance Building, and other associate infrastructure.
<b>RFP Approved:</b>	August 16, 2022 (Reso 22-127)
<b>Advertisement Method:</b>	City website, eBidBoard.com, e-mails to past bidders, and e-mails to industry contacts.
<b>RFP Issued:</b>	March 7, 2023
<b>RFP Due Date:</b>	August 8, 2023
<b>Company Name(s) and Proposal Amount(s):</b>	ARB has provided a qualification package. Priced proposals were not due until August 8, 2023.
<b>Selection Criteria (If SS, list applicable Provision):</b>	<p><b>Evaluation Criteria</b></p> <p>The proposals were to be evaluated using the following criteria and recommended for award on a best value basis, as determined by the City.</p> <ul style="list-style-type: none"> <li>• Minimum Mandatory Qualifications – Pass/Fail</li> <li>• Battery Energy Storage System - 25% (25 points)</li> <li>• Base Proposal Price – 25% (25 points)</li> <li>• Conformance with City Requirements; Proposed Schedule of Values –10% (10 points)</li> <li>• Conformance with Technical Requirements – 10% (10 points)</li> <li>• Proposal Supplement and Presentation – 30% (30 points) The City will consider value</li> </ul>

	engineering proposals, if any, made in the Proposal Supplement and may add up to a total of 5 additional points to the Proposer's score based upon the City's evaluation thereof.
<b>Consultant(s):</b>	Clean Power Consulting Partners Stantec Consulting Services Inc. Black & Veatch Corp.
<b>New / Existing Consultant(s):</b>	New
<b>Procurement Method (RFP / SS):</b>	RFP
<b>Contract Term:</b>	36-months
<b>Project Begins:</b>	Preliminary engineering July 2023 Mobilization at the site September 2024 or earlier if possible
<b>Project Ends:</b>	3 <sup>rd</sup> Quarter 2026
<b>Change Orders (When Applicable)</b>	
<b>Company name:</b>	N/A
<b>Original Approved Contract Amount:</b>	N/A
<b>Approved Contingency:</b>	N/A
<b>Change Order History:</b>	N/A
<b>This Change Order (Increase):</b>	N/A
<b>New Contract Total (If Approved):</b>	N/A

## STAKEHOLDERS/OUTREACH

Not applicable.

## FISCAL IMPACT

The proposed cost of \$300,000 for the professional services agreement to be rendered by ARB, Inc. was not included as part of the FY2022-23 approved budget. Therefore, staff is requesting for an appropriation of \$300,000 from the Electric Surplus Fund Balance.

Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$300,000	GL: 27900-5810-GWP-0000	GL: 43110-5830-GWP-0020-P0000- PL: GWP00171CN	Net Position, Electric Fund Balance

## **ENVIRONMENTAL REVIEW**

---

On February 15, 2022, the City certified a Final Environmental Impact Report (FEIR), Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program for the Grayson Repowering Project ("Project") pursuant to the California Environmental Quality Act (CEQA) Guidelines (14 Cal Code Regs. 15000 et seq. and Public Resources Code Sections 21000 et seq.) The Project includes all aspects of Project implementation, including, demolition and site improvements. The action presented to the City Council here involves the authorization to dispense with further competitive bidding and negotiating with ARB, the sole proposer/bidder. Staff will return to City Council with the results of the negotiations and a recommendation relating to the award of the contract for City Council's consideration and authorization to award the EPC contract. All actions will be pursuant to the certified FEIR.

## **CAMPAIGN DISCLOSURE**

---

In accordance with the City Campaign Finance Ordinance No. 5744, the attachment to this Report contains 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 or more in the company proposed for contract in this Agenda Item (see Exhibits 1, 2, 3 and 4).

## **ALTERNATIVES**

---

Alternative 1: Authorize and approve the actions requested and recommended herein.

Alternative 2: Not authorize and approve the actions described herein. However, doing so would delay the implementation of the Grayson Repowering Project.

Alternative 3: Consider any other alternatives not proposed by staff.

## **ADMINISTRATIVE ACTION**

---

### **Prepared by:**

Scott Mellon, P.E., Assistant General Manager - Power Management

### **Approved by:**

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

## **EXHIBITS/ATTACHMENTS**

---

Exhibit 1: Campaign Finance Disclosure for ARB, Inc.

Exhibit 2: Campaign Finance Disclosure for FlexGen

Exhibit 3: Campaign Finance Disclosure for POWER Engineers, Inc.

Exhibit 4: Campaign Finance Disclosure for Morrow-Meadows Corporation