

# Agenda Report

April 11, 2005

**TO:** CITY COUNCIL

**THROUGH:** FINANCE COMMITTEE

**FROM:** CITY MANAGER

**SUBJECT:** AUTHORIZE AN AMENDMENT TO THE FISCAL YEAR 2005 CAPITAL IMPROVEMENT PROGRAM BUDGET AND; AMEND CONTRACT NUMBER 18,453 WITH R. W. BECK TO ASSIST WITH THE DEVELOPMENT OF AN IMPLEMENTATION AND FIVE-YEAR SPENDING PLAN FOR THE POWER DISTRIBUTION SYSTEM MASTER PLAN

## **RECOMMENDATION**

It is recommended that City Council:

1. Authorize an amendment to Contract Number 18,453, increasing the not to exceed amount from \$498,493 to \$598,493, with R. W. Beck to assist with the development of a Five-Year Implementation and Spending Plan and, to the extent the proposed additional work scope could be considered separate, distinct, and subject to a competitive selection process, find that it is exempt from competitive selection pursuant to P.M.C. 4.08.049 (B) contracts for which the City's best interests are served.
2. Authorize a journal voucher appropriating \$150,000 from the unappropriated Light and Power Fund, fund balance to the Capital Improvement Program Budget Number 3184. Of this amount, \$100,000 is to cover the increase in the R. W. Beck contract and \$50,000 is to cover the cost of a financial advisor.

## **BACKGROUND**

On March 28, 2005 City Council adopted the Water and Power Department's 20-year Electric Distribution System Master Plan (Master Plan) prepared by R. W. Beck (RWB).

The Master Plan provides a guide for forward planning along with recommendations for the operation and maintenance of the electric distribution system over the 20-year period of 2005–2025. The plan identifies the long-term vision for the safe, reliable, and cost effective operation of the electric utility, assesses its current condition and capability, and provides a development plan to address replacement of aging infrastructure, the addition of capacity

to serve new customers, and improvements designed to increase reliability, safety, and cost-effectiveness.

However, detailed capital project implementation and spending plans covering the first five years are needed in order to plan, procure, and schedule all necessary resources to meet the Master Plan objectives.

An amendment to increase Contract Number 18,453 with RWB, by an additional \$100,000, for a total contract value of \$598,493 to provide for the development of a five-year Implementation and Spending Plan is needed. Competitive bidding is not required pursuant to City Charter 1002(F), contracts for professional or unique services.

The Implementation and Spending Plans will include:

- A five-year capital budget plan; including detailed project descriptions and justifications, based on the Master Plan recommendations;
- Five-year spending estimates, by project;
- Scopes of work for the initial Master Plan implementation projects including:
  - Enterprise Asset and Work Management System;
  - Distribution system modeling;
  - Update of distribution construction standards and equipment specifications; and
  - Environmental compliance for spill prevention and containment.

RWB will assist Pasadena Water and Power (PWP) staff in preparing the five-year capital budget. The Five-Year Plan will include:

- Detailed project descriptions including the scopes of required work and the basis for the justification of the work;
- A detailed budgetary cost estimate including labor, equipment and materials for planning, engineering, design and construction of each project;
- A detailed schedule in MS Project® format broken down into planning, engineering, and construction phases will be provided; and
- A summary that will convey the total requirements on a monthly and an annual basis for all costs, labor, material, and equipment required to accomplish the overall plan.

Much of the critical information necessary to prepare a five-year spending plan was obtained by RWB in developing the Master Plan. It will be necessary to work closely with other department staff, including Public Works and Planning and Development Departments, in order to ensure coordination between the various capital projects, and current and future construction in the city that will be integrated into the implementation and spending plans. As the development of the Implementation and Spending Plans is time


sensitive RWB appears to be the best choice to assist in this work since they are already mobilized in Pasadena and already have much of the material necessary for plan development. Their participation will help PWP meet its target for a June 2005 submission.

Additionally, since PWP's goal is to remain competitive in terms of rates, a detailed Financial Plan is also necessary in order to evaluate the potential impact of the Master Plan spending on utility rates over a 10-year period. In order to aid in developing a Financial Plan, financial advisory services will be retained through the request for proposals process and \$50,000 has been allocated for this purpose.


**FISCAL IMPACT**

Sufficient funds are available in the unappropriated Light and Power Fund, fund balance to provide the \$150,000 increase in the Fiscal Year 2005 Capital Improvement Program Number 3184 "Distribution System Master Plan."


Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

Prepared by:

  
GEORGE C. WILSON, JR.  
Director of Power Delivery Services  
Water and Power Department

Approved by:

  
PHYLLIS E. CURRIE  
General Manager  
Water and Power Department