

Agenda Report

Date: February 4, 2008

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH ACCURATE AIR ENGINEERING, INC. FOR FURNISHING AND DELIVERY OF SKID-MOUNTED COMPRESSED AIR SYSTEM FOR GLENARM AND BROADWAY POWER PLANTS FOR NOT-TO-EXCEED \$102,749.

RECOMMENDATION

It is recommended that the City Council:

1. Accept the bid dated November 14, 2007 submitted by Accurate Air Engineering, Inc. in response to Specifications LD-07-6 for Furnishing and Delivery of Skid-Mounted Compressed Air System for Glenarm and Broadway Power Plants.
2. Reject the other bid.
3. Authorize the City Manager to enter into a contract with Accurate Air Engineering, Inc. for an amount not-to-exceed \$102,749.

BACKGROUND

On July 23, 2007, the City Council deferred consideration of the Draft 2007 Integrated Resource Plan ("IRP") until certain underlying policies and principles are reviewed and adopted by the Council as necessary or appropriate. One of the IRP recommendations was the replacement of the city's aging electric generating units B-3, GT-1, and GT-2 with new, energy-efficient and reliable generating units ("Repowering Project").

On November 13, 2007, staff discussed with the Environmental Advisory Commission (EAC) the need to proceed with certain studies and services that are a prerequisite to any future decisions regarding local generation. The EAC supported completion of such studies and projects.

This project to install a new compressed air system is necessary for Unit B-3 and other electric generating units GT1, GT2 to operate independently after demolition of Units B-1 and B-2. Units B-1 and B-2 were decommissioned (i.e. rendered inoperable) when

Units GT3 and GT4 were built and placed into service in 2004. Regardless of the City's future decision regarding the scale of a Repowering Project, a new compressed air system is needed to replace the existing air compressors, which are over fifty years old and located within the footprint of decommissioned units B-1 and B-2. The new system will be more energy efficient resulting in savings of approximately \$20,700 per year in electricity consumption and provide corresponding environmental benefits. The payback period is about six years. The new compressed air system will be installed in an area that would not be affected by a future repowering plan. Relocating the existing compressed air system or refurbishing it would be more costly.

On July 5, 2007, a Notice Inviting Bids was published in the Pasadena Journal and the Specifications LD-06-9 were mailed to nine prospective bidders. On November 14, 2007, the City Clerk received and opened two bids.

The bids are as follows:

<u>BIDDER</u>	<u>BID PRICE</u>
ARNELL COMPRESSOR COMPANY	\$96,500
ACCURATE AIR ENGINEERING, INC.	\$102,749

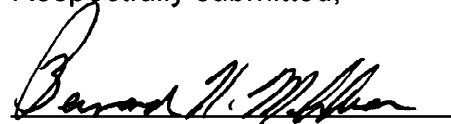
Arnell Compressor Company's bid did not meet the noise level requirements of the specifications, and therefore is non-responsive. Accurate Air Engineering, Inc., the other bidder, meets all requirements of the Specifications and is recommended to receive the contract award for the amount not-to-exceed \$102,749.

The price quoted in the bid is consistent with the engineer's estimate of \$120,000. The proposed contract is in compliance with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder.

FISCAL IMPACT

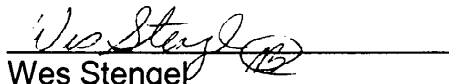
Sufficient funds are available in the approved FY 2008 Capital Budget 3169, account number 8114- 411-841200-0316-21048-04.

Respectfully submitted,



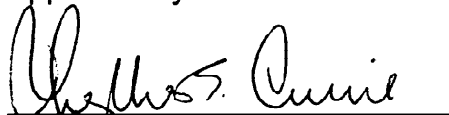
Bernard K. Melekian
City Manager

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