

Agenda Report

June 9, 2008

To: City Council

From: City Manager

Subject: AUTHORIZATION TO ENTER INTO A CONTRACT WITH PACE GLOBAL ENERGY SERVICES, LLC, FOR AN AMOUNT NOT TO EXCEED \$372,091 TO DEVELOP A COMPREHENSIVE 20-YEAR INTEGRATED RESOURCE PLAN ("IRP") FOR PASADENA WATER AND POWER.

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to enter into a contract with Pace Global Energy Services, LLC, ("Pace") for an amount not to exceed \$372,091 to evaluate existing energy procurement policies and practices, recommend potential revisions to such policies and practices and develop a comprehensive 20-year Integrated Resource Plan ("IRP") for Pasadena Water and Power Department ("PWP"). Competitive bidding is not required pursuant to City Charter Section 1002 (F) for contracts for professional or unique services. This agreement is exempt from the requirements of the CEQA pursuant to Title 14, Chapter 3, Article 18, Section 15262.

ENVIRONMENTAL ADVISORY COMMISSION RECOMMENDATION:

The Environmental Advisory Commission ("EAC") recommends that the City Council approve this contract.

BACKGROUND:

On July 23, 2007, the City Council deferred consideration of the Draft 2007 IRP until an independent study was performed to:

- A. Evaluate and revise existing energy policies and practices including but not limited to:
 1. reliability,
 2. rates and incentives to end customers,
 3. renewable energy goals, including an examination of the potential for local renewable energy generation from City, residential, commercial and other institutional properties, and for procurement of renewable energy from remote sources as part of the

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- Renewable Portfolio Standard ("RPS") goals for PWP,
 4. feasibility of various technology options for local renewable energy generation and procurement from remote sources,
 5. the financial and economic implications for various renewable energy goals, and the policy mechanisms necessary for implementation,
 6. avoided costs,
 7. repowering of the local power plant,
 8. review of the existing fossil fuel and power contracts,
 9. energy efficiency programs,
 10. demand response programs,
 11. photo voltaics programs,
 12. resource adequacy, and
 13. transmission;
- B. Develop new policies such as climate action and others if necessary;
- C. Provide a substantial stakeholder input process; and
- D. Develop a comprehensive 20-year IRP that should provide clear and sustainable action plan.

Following the City Council's deferral, the EAC and the Electric and Water Committee ("EWC"), a subcommittee of the EAC, held two public meetings through which stakeholders and the EAC were able to provide input to assist PWP in developing the scope and evaluation criteria for a Request For Proposal ("RFP") seeking an independent consultant for energy policy and developing the IRP. The scope of work was divided into two phases. Phase I required consultant to review the Draft 2007 IRP and associated policies (e.g., RPS, energy efficiency, demand response, and photovoltaic program goals), and to develop and recommend alternative policy goals, strategies, resource and program options, develop analytic tools and methods, and environmental goals in the context of PWP's overall objectives to reliably serve electricity at reasonable and stable rates to facilitate informed policy-level decision making. Phase II effort included development of a revised 20 year IRP that will incorporate policies, goals, methodologies, resource options, and processes adopted as a result of the Phase I effort. Any or all of the Phase II tasks will be authorized separately if, in PWP's sole discretion, the tasks are necessitated as a result of findings in the Phase I work scope. PWP may choose separate vendors for Phase I and Phase II work scope.

A RFP for an IRP was issued on December 11, 2007 and distributed to 13 potential bidders. PWP received seven proposals in response to the RFP, which were evaluated and scored by an evaluation team consisting of staff and Dr.

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Carol Carmichael of the EAC and EWC. Based on their written proposals the top three bidders were interviewed by the evaluation team, which concluded that Pace would best meet the City's needs for the new IRP. The following table shows the final scoring of bidders.

Final Bidder Evaluation Scoring

Vendor/Bidder	ICF	R.W. Beck	Rumla	Plexos	Pace Global Energy	Global Energy	GDS
Score (out of 80) pre interview	40.8	47.4	38.2	46.7	50.1	52.6	46.3
Score (out of 100) post interview	NA	60.4	NA	NA	65.0	59.6	NA

Staff recommends that the City Council award a contract to Pace, in an amount not to exceed \$372,091 including \$100,107 for Phase I work and up to \$271,894 for Phase II work and contingencies that will be authorized at staff's discretion.

SUMMARY OF CONTRACT - DESCRIPTION BY ITEM

Phase I	Base Contract Price (time & material)	\$99,607
	Optional License for Screening Tool	\$500
Phase II	Optional	\$223,451
	15% Contingency	<u>\$48,533</u>
	Phase I and Phase II Total	\$372,091

In addition to utilizing services from Pace, PWP anticipates retaining additional outside consultants, extending existing contracts, and possibly procuring planning software as appropriate to effectively and efficiently complete the studies and additional IRP analysis outlined above.

Depending on the results of stakeholder outreach, potential need to revise energy procurement polices, and extent of analysis that may be required as a result, staff anticipates that a revised draft IRP will not be prepared prior to January 2009.

FISCAL IMPACT:

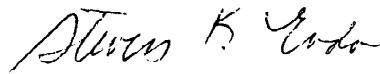
Funding is available in the approved FY 2008 Capital Improvement Program, Budget No. 3160 for Power Supply Integrated Resource Planning and Design Project, Account Number 8114-411-841600-0341-23036-04.

Respectfully submitted,



BERNARD K. MELEKIAN
City Manager

Prepared by:



Steven K. Endo
Principal Engineer
Power Supply
Water and Power Department

Approved by:



PHYLLIS E. CURRIE
General Manager
Water and Power Department

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment of 2000
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name:

Pace Global Energy Services, LLC

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

Partners:
1) CC PACE RESOURCE MANAGEMENT LLC
2) SUTHERLAND HOLDINGS, INC

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

1) CC PACE RESOURCE MANAGEMENT LLC
2) Sutherland Holding, Inc

Prepared by: Linda Jones

Title: CFO

Date: 01-07-08

For office use only: Contract/Transaction No. _____ If not a contract, type of transaction: _____
