

Agenda Report

December 7, 2015

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH NOVINIUM, INC. FOR A CABLE REJUVENATION PROJECT FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301(b) (Existing Facilities); and
2. Accept the proposal dated June 30, 2015 from Novinium, Inc. in response to a Request for Proposals for engineering, design and installation of 34.5kV line rejuvenation services; and
3. Authorize the City Manager to enter into a contract without competitive bidding, pursuant to the City Charter Section 1002 (F), Contracts for Professional or Unique Services, with Novinium, Inc. for an amount not to exceed \$1,959,718.20 for a period of (3) three years

BACKGROUND:

Most of the synthetic cable used on the City of Pasadena's underground electric distribution system has an expected useful life of forty years. As it ages, cracks develop in the insulation and the cable becomes less reliable. Replacing cable is very costly, time consuming and disruptive to residents and businesses. Products have been developed that rejuvenate and extend the life of cable. The process consists of injecting proprietary fluid directly into the cable. The fluid migrates into the conductor shield and insulation to extend the life of the cable by approximately forty years. Over the last 27 years, more than 130 million feet of medium voltage cable in North America was rejuvenated. The failure rate of the cable is under 1%.

The Pasadena Water and Power Department's ("PWP") first cable rejuvenation took place in March 2014 on three conductors in one circuit for a total of 18,630 feet. The rejuvenation included the installation of new inline splices and terminations. Such an effort did not affect or cause disruptions to customers. PWP is satisfied with the results of this initiative and has plans to rejuvenate more conductors over a three year period.

PWP issued a Request for Proposals for cable rejuvenation services on May 28, 2015. Novinium, Inc. was the only vendor who responded to the RFP; its proposal was received on June 30, 2015. The proposal was evaluated per the following criteria: qualifications and experience, staff support and responsiveness, cost of service, schedule, references, local preference and micro or small business designation.

Due to the patented, proprietary and unique nature of cable rejuvenation, there is a limited amount of companies that can provide these services. One known competitor, UtilX, was acquired by Novinium, Inc. in 2015. There are no local vendors who provide this innovative process. Novinium, Inc. and UtilX were the only respondents to PWP's first Request for Proposals in 2013 for cable rejuvenation services. Novinium, Inc. was the recipient of the initial contract award to test cable rejuvenation technology on November 2, 2013, in the amount of \$275,000.

Staff recommends a contract award to Novinium, Inc. for an amount not to exceed \$1,959,718.20 for a period of (3) three years. Approximately 100,000 feet will be rejuvenated during that period. The total length of cable being rejuvenated will depend on the size of the conductors in the chosen circuit, the number of splices and terminations, the number and duration of mobilizations and the availability of the circuit. The average unit price in 2015 is 29% more than in 2014 due to multiple numbers of mobilizations and demobilizations, size of conductors, and higher costs for splices and connectors, mobilizations and labor. Despite this increase, the cost of rejuvenation is approximately 60% of the cost of replacing the cable.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's goals to improve, maintain and enhance public facilities and infrastructure and maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from CEQA pursuant to the State CEQA Guidelines Section 15301(b) (Existing Facilities). Section 15301 exempts the operation, repair, maintenance, permitting, leasing, licensing and minor alteration of existing public or private structures, facilities, mechanical equipment or topographic features involving negligible or no expansion of use. Section 15301(b) specifically exempts existing facilities of utilities used to provide electric power.

FISCAL IMPACT:

The maximum cost of this action is \$2,159,718.20, which includes the cost of project management and in-house labor for the duration of the project. Engineering staff in the Power Delivery Business Unit will monitor spending on the contract. Funding for this action will be addressed by the utilization of appropriations in the Power Capital Fund 411, Capital Improvement Project 3205, Subtransmission System Enhancements. Existing appropriation will fund the anticipated \$500,000 expenditure needed in Fiscal Year 2016. PWP will request additional funding for subsequent years as part of the Capital Improvement budget process. This expenditure will have a minimal impact on other operational or capital projects.

The following table represents a contract summary.

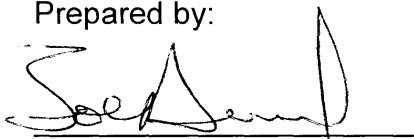
Base Contract Amount (3-Years)	\$1,781,562.00
Contingency (10%)	\$178,156.20
Not To Exceed Amount	\$1,959,718.20
Project and Contract Management	\$200,000.00
TOTAL MAXIMUM FISCAL IMPACT	\$2,159,718.20

Respectfully submitted,



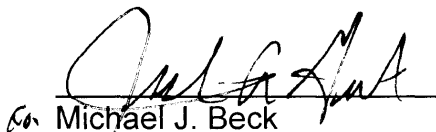
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