



# Agenda Report

February 5, 2018

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH NORTHWEST ECONOMIC RESEARCH LLC FOR ASSISTANCE IN DEVELOPING A COMPREHENSIVE 20-YEAR INTEGRATED RESOURCE PLAN FOR PASADENA WATER AND POWER**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed contract authorization is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15262, Feasibility and Planning Studies;
2. Authorize the City Manager to enter into a two year contract, as the result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with Northwest Economic Research LLC for professional consulting services to assist the Pasadena Water and Power Department ("PWP") with its 20-year Power Integrated Resource Plan ("IRP"), in an amount not to exceed \$345,000, which includes the base contract amount of \$189,500, and a contingency of \$155,500. Competitive price bidding is not required pursuant to City Charter Section 1002(F)(contracts for professional or unique services); and,
3. Authorize the City Manager to enter into an option for the contract with Northwest Economic Research LLC for an amount not to exceed \$110,000, to provide an additional update to the IRP.

## **EXECUTIVE SUMMARY:**

The IRP serves as a blueprint for PWP to deliver reliable, environmentally responsible electricity service at competitive rates over a 20-year planning period. The purpose of the IRP is to establish a long term plan for PWP's portfolio of energy supply resources, while balancing (i) system reliability, (ii) fiscal responsibility, and (iii) environmental stewardship to address climate change concerns. The IRP will analyze at least three scenarios (i) 100% renewable portfolio standard ("RPS"), (ii) 75% RPS and (iii) 50% RPS along with corresponding impacts on rates, reliability and operations.

The City Manager will form a Stakeholder Technical Advisory Group (“STAG”), to advise PWP in evaluating a variety of scenarios to determine the most suited energy future for Pasadena. The STAG will represent a cross section of the Pasadena community. PWP will also hold public meetings and outreach through its website and social media to seek input as it determines its final recommendation to the City Council.

Additionally, the IRP is necessary to comply with Senate Bill 350 (“SB 350”), which was signed into law on October 7, 2015 and mandates that load serving entities (“LSE”) with load greater than 700 GWh, such as PWP, develop an IRP by January 1, 2019 and requires updates to the IRP every five years. SB 350 includes a number of prescriptive requirements which are further defined in the California Energy Commission (“CEC”) Publicly Owned Utility Integrated Resource Plan Submission and Review Guidelines (“CEC IRP Guidance Document”), which was approved on August 9, 2017 and updated on September 5, 2017. This CEC IRP Guidance Document provides the step by step requirements of the IRP for CEC jurisdictional entities (such as PWP).

Subsequent to a competitive Request for Proposals (“RFP”) selection process, staff recommends a contract with Northwest Economic Research LLC, a local and small business, to provide services to develop an IRP in 2018, with an option to update the IRP after two years, at a not total exceed amount of \$455,000, for both services.

**BACKGROUND:**

On October 16, 2017, PWP issued a RFP for consulting services to assist in the preparation of the 2018 IRP. Five consulting firms responded and were evaluated on a combination of criteria, including, but not limited to, the quality of their submitted proposals, qualifications and experience, and cost. The proposals received in response to the RFP were scored based on the criteria shown in Table 1.

**Table 1  
RFP Scoring Criteria**

<b>Scoring Criteria</b>	<b>Max Points</b>
Strength of Proposal	30
Cost of Services	40
Qualifications and Experience	20
Small Business Preference	5
Local Business Preference	5
<b>Total Score</b>	<b>100</b>

Table 2 summarizes the evaluated total scores of the five respondents based on the average score of the three evaluators. Additional scoring details are provided in Attachment A. Northwest Economic Research LLC received the highest evaluated score due to their experience, qualifications, and strength of proposal. In addition, Northwest Economic Research LLC is both a local and small business

**Table 2  
 Final Bidder Evaluation Scoring**

Vendor/Bidder	Office Location	Average Score (Out of 100)
Northwest Economic research LLC	Pasadena, Ca	86.5
ABB Enterprise Software, Inc.	San Jose, CA	76.25
Navigant Consulting, Inc.	Folsom, CA	67.75
PA Consulting Group, Inc.	Los Angeles, CA	66
EES Consulting, Inc.	Kirkland, WA	53

Northwest Economic Research LLC will subcontract some of the work to Siemens Industry, Inc. (formerly Pace, who worked on the 2009 and 2012 PWP IRP) and ASWP Engineering. It is recommended that the City Council authorize the City Manager to execute an agreement with Northwest Economic Research LLC in an amount not to exceed \$345,000 to assist PWP with preparing and developing the 2018 IRP.

PWP has not worked with Northwest Economic Research LLC, in the past; however, the owner of Northwest Economic Research LLC was the former IRP Administrator at Glendale Water and Power and has IRP experience.

This RFP selection process was done in compliance with the City's procurement policy. Northwest Economic Research LLC complied with all of the requirements of the RFP and the proposed contract fully complies with the Prevailing Wage Law (Senate Bill 7) per Resolution 9406 adopted by the City Council on December 15, 2014.

Northwest Economic Research LLC proposal includes the following scope of work at a fixed cost of \$189,500:

**Table 3  
 Proposed "Fixed Cost" Scope of Work**

1.	Develop Background Section in IRP
2.	Develop IRP Assumptions and Provide Documentation
3.	Develop Three Scenarios
4.	Develop Reports, Presentations and other Communication Reports
5.	Develop Data and Input Assumptions, working with the Stakeholder Technical Advisory Group
6.	Perform Portfolio Production and Risk Analysis Modeling
7.	Develop and Manage Stakeholder Processes

Based on past experience, the process of developing an IRP is an evolving document and can include unexpected developments. To address new ideas or information that may arise during the process, stakeholder requests, stakeholder input, or needs for more detailed analysis in areas where PWP may lack expertise. PWP anticipates requesting additional services (on an as needed basis), as described below. The RFP requested that the vendor also include associated pricing for these circumstances. Additional services include:

- Modeling additional resource portfolio scenarios;
- Need for additional STAG and public meetings; and,
- Other items, as requested by PWP (including an evaluation of potential future renewable energy integration cost through CAISO Markets; impact of IPP replacement or renewable, and additional technical research, analysis and evaluation).

Based on PWP's expectations, the cost of additional services could be an additional \$155,500.

The total proposed contract authorization is an amount not to exceed \$455,000, including a fixed cost of \$189,500, up to \$155,500 for additional services as needed and a fixed cost of \$110,000 for an update to the IRP in approximately two to three years as an option.

### **IRP STAKEHOLDER PROCESS:**

The IRP would be developed with extensive public input, including the STAG, public meetings and website and social media outreach. PWP will regularly update the Municipal Services Committee ("MSC") and the Environmental Advisory Commission ("EAC") while the IRP is under development. Finally, the staff recommendation would be presented to the MSC and EAC, prior to seeking approval from the City Council. The IRP development process is expected to take six to eight months, after the contract is awarded.

### **COUNCIL POLICY CONSIDERATION:**

Developing an IRP is consistent with the City's Urban Environmental Accords goals with respect to increasing renewable energy and reducing greenhouse gas emissions, the General Plan Energy Element, and the City Council's Strategic Planning Goals. The IRP will support the following Urban Environmental Accords goals: Action 1- Renewable Energy; Action 2- Energy Efficiency; and Action 3- Climate Change.

### **ENVIRONMENTAL ANALYSIS:**

The proposed action is the execution of an agreement for professional consulting services to assist in the preparation of an IRP. This action has been determined to be statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15262. This Section states that a project involving only feasibility and planning studies for possible future actions which the agency has not approved, adopted, or funded are exempt from CEQA. Execution of a professional services agreement for the preparation of an IRP does not commit the City to undertaking any improvements or other actions that would result in a physical change in the environment.

**FISCAL IMPACT:**

The maximum cost of the initial term of this action will be \$345,000, which includes a fixed cost of \$189,500 and up to \$155,500 for additional services, as needed. Funding for this action will be addressed by the utilization of existing budgeted appropriation in Capital Improvement Program ("CIP"), Budget No. 3160 for Power Supply Integrated Resource Planning and Design Project. It is anticipated that \$200,000 of the cost will be spent during the current fiscal year. The remainder will be spent over the next fiscal year.

If exercised, the option to extend the contract for an IRP update in two years would be a fixed cost of \$110,000, bringing the total contract not to exceed amount to \$455,000. Funding for these actions will be addressed in future budget appropriations for CIP 3160.

The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,



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GURCHARAN S. BAWA  
General Manager  
Water and Power Department

Prepared by:



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Mandip Samra  
Power Resource Planning Manager

Approved by:



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STEVE MERMELL  
City Manager

Attachments:

Attachment A- Final Bidder Evaluation Scoring