

Agenda Report

November 23, 2020

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: **AUTHORIZATION TO ENTER INTO A CONTRACT WITH OSMOSE UTILITIES SERVICES, INC. TO PROVIDE LABOR AND SERVICES FOR WOOD POLE INSPECTION, REPAIR, AND TREATMENT FOR A MAXIMUM CONTRACT AMOUNT NOT-TO-EXCEED \$3,274,110.**

RECOMMENDATION:

We recommend that the City Council:

1. Find that the proposed action is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(9); and California Code of Regulations, Title 14, Division 6, Chapter 3, Section 15301 (Class 1 Existing Facilities) and Section 15302 (Class 2 Replacement or Reconstruction), and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances; and
2. Accept the bid dated September 8, 2020 submitted by Osmose Utilities Services, Inc. ("Osmose") in response to the Specifications to provide labor and services for wood pole inspection, repair, and treatment for the Water and Power Department ("PWP"); authorize the City Manager, or his designee, to enter into a Contract with Osmose for an amount not-to-exceed \$1,964,466 for three years or until the not-to-exceed amount has been expended, whichever occurs first, with two optional one-year extensions each for an amount not-to-exceed \$654,822, at the discretion of the City Manager, or his designee, for a maximum contract term of five years in an amount not-to-exceed \$3,274,110.

BACKGROUND:

The Public Utilities Commission General Order 165 ("GO 165") mandates various inspection programs as part of reliability improvements to the power distribution system. Inspections include visual inspection of poles for problems such as rot, and insect or mechanical damage. Poles may be partially excavated if testing is needed to determine interior or exterior decay. Treatment entails fumigating the interior of the pole, or stripping off exterior decay and applying preservatives and/or a protective wrap. Poles weakened by decay, insects, or mechanical damage may be reinforced with a steel truss. Poles that are weak or rotten and cannot be reinforced with a truss must be replaced. PWP anticipates less than two percent (<2%) of poles being replaced

Contract Award to Osmose for Wood Pole Inspection

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annually as a result of inspection. PWP's power distribution system has approximately 11,000 wood poles, some of which are jointly owned with other utilities. Inspection identifies poles that need mitigation or replacement. Fumigation and trussing are tools used to extend the useful life of poles, minimizing catastrophic structure or line failures while increasing safety to the public and line crews. Approximately 2,000 poles will be inspected each contract year.

On July 23, 2020, a Notice Inviting Bids for Wood Pole Inspections was published in the Pasadena Journal as well as posted on PlanetBids. The posting generated notices to all vendors who have previously registered with the City for this particular commodity class. A total of 41 vendors downloaded the Specifications, of which none were local. A total of three bids were received by the bid opening date, none from local firms. Staff is not aware of any local vendors performing this type of service.

Bidder	Annual Bid Amount
Intec Services, Inc., Fort Collins, CO	Non-Responsive
Osmose Utilities Services, Inc., Peachtree City, GA	\$654,821.50
VCI Utility Services, LLC, Rancho Cucamonga, CA	\$1,927,954.50

Osmose was the lowest responsive bidder for this contract. Intec (although deemed a non-responsive bidder) and Osmose, the two primary contractors in the intrusive pole inspection industry, provided similar pricing that is in line with PWP's expectation. While VCI Utility Services does design, construction and maintenance activities for other power and telecom utilities, PWP staff is not aware of them having pole inspection and mitigation expertise, which may help explain their high bid. Therefore, staff recommends that the City Council authorize the City Manager, or his designee, to enter into a Contract with Osmose for a period of three years or until \$1,964,466 has been expended, whichever occurs first, with two optional extensions each for an amount not-to-exceed \$654,822, or one year, whichever occurs first. Each optional extension must be authorized by the City Manager. PWP has not had any contracts with Osmose for the last five years.

Initial Contract and Extensions

Contract Period	Maximum Expenditures
Years 1 to 3, Initial Contract	\$1,964,466
Year 4, First Optional Extension	\$654,822
Year 5, Second Optional Extension	\$654,822
Total Amount of Contract	\$3,274,110

*The Osmose bid represents a multi-year fixed cost.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity, and maintain PWP's fiscal health and stability.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from CEQA in accordance with State CEQA Guidelines Sections 15301 and 15302. Section 15301 (Existing Facilities) exempts actions such as maintenance, repair, and operations relating to existing facilities or structures where there is negligible or no expansion of the use. Section 15302 (Replacement or Reconstruction) exempts the replacement and/or reconstruction of existing facilities or structures including utility systems and/or facilities involving negligible or no expansion of capacity. The proposed work will provide inspection services and repairs as necessary to extend the life and safety of the existing electrical infrastructure.

FISCAL IMPACT:

The maximum cost of this action will be \$3,274,110, which includes the initial term of three years and two optional one-year extensions. Funding for this action will be addressed by the utilization of existing and future appropriations in Power Operating Fund 401, Other Contract Services (Account 811400). It is anticipated that \$500,000 of the cost will be spent during the current fiscal year. The table below shows a summary of contract costs.

Contract Summary

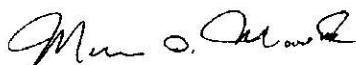
Contract Expenditures	Amount
First three-year Contract amount	\$1,964,466
Two optional one-year extensions	\$1,309,644
Maximum amount of Contract	\$3,274,110

Respectfully submitted,



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