

Agenda Report

October 27, 2003

To: City Council
Through: Finance Committee

From: City Manager

Subject: Amendment to Purchase Order Contract with Perry C. Thomas Construction, Inc. to Complete Azusa Hydro Conduit Repair In an Amount Not To Exceed \$225,000; and, FY2004 CIP Amendment

RECOMMENDATION:

It is recommended that the City Council:

- (1) Authorize the City Manager to increase the amount of Purchase Order Contract No. 19,429 with Perry C. Thomas Construction, Inc. to complete repairs of the Azusa Hydro conduit by \$150,001 to an amount not to exceed \$225,000;
- (2) Find that the proposed contract is exempt from competitive bidding based on impracticality; and
- (3) Amend the Fiscal Year 2004 CIP to appropriate an additional \$270,000 to the Light and Power Fund Capital Improvement Program under Budget #3179 for the "Azusa Hydro Renewals and Replacements" from the unappropriated Light and Power Fund funds.

BACKGROUND:

As a result of fires, rains, and subsequent landslides that occurred during the winter of 2002-2003, the 3.4 mile upper conduit between San Gabriel Dam and Morris Dam that carries water to the Azusa hydroelectric generating plant ("Azusa Hydro") in Azusa, California was blocked with debris in multiple locations and partially collapsed in a rugged canyon area. Pasadena Water and Power ("PWP") retained the services of Perry C. Thomas Construction, Inc. ("Contractor") in order to clear debris as needed to assess the conduit damage.

The logistics of performing this work are particularly challenging. The conduit is located in very rugged and unstable hillside terrain in the San Gabriel Mountains, paralleling the San Gabriel River. The U.S. Department of Agriculture, U.S. Forest Service, and the Metropolitan Water District control access, which also must be coordinated with L.A. County Public Works and L.A. County Flood Control Operations Center. Large equipment and materials require helicopter transportation. Smaller equipment and work crews must be ferried by small boats to the repair site while the water level behind Morris Dam is at the appropriate level. High water may flood the repair area, and if the water drops too low, it may not be possible to cross the mud flats and access the site.

The City Council is asked to approve these repairs without competitive bidding on the grounds that it is impractical to bid and that the public interest would not be served by bidding. The impracticality doctrine is recognized and created by the case of Graydon v. Pasadena Redevelopment Agency. It is impractical to bid and the public interest would not be served by bidding for the following reasons: (i) It is impossible to develop a work scope specification for bid prior to clearing the debris, which cannot continue without the requested increased spending authority with the Contractor; (ii) As in Graydon v. Pasadena Redevelopment Agency, 104 Cal. App. 3d631, 164 Cal. RTTR. 56 1980, the Contractor is already mobilized at this remote site, is acceptably performing the work, has obtained necessary access permits, and is able to perform the repairs under the new terms of the Contract without delay; and (iii) Delaying this repair work to enable a competitive bidding process would result in significant additional cost and risk to the City. In addition to costs for mobilizing a new vendor, there is substantial risk that rainfall could lead to mudslides that could reverse the debris clearing efforts performed to date, cause additional damage to the conduit, further complicate repairs and increase costs. Also, the downstream water users have demanded that the conduit be returned to service as soon as feasible.

Project Budget and CIP Amendment

The table below summarizes the budget for this repair project:

Budget Item	Total
Debris clearing and conduit repairs (Perry Thomas Contract)	225,000
Other contract services	25,000
In-house labor & other contingencies	20,000
Total	270,000

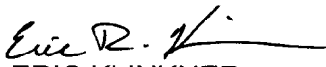
This project is an addition to Capital Improvement Project (CIP) Budget Number 3179, "Azusa Hydro Renewals and Replacements", which was created in the FY2004 budget and \$30,000 was appropriated to fund a minor electrical repair to Azusa Hydro. An additional appropriation of \$270,000 is being requested to fund the additional repair work outlined above. It is requested that the total estimated project cost for CIP 3179 likely be increased by \$270,000. Funds are available in the Light and Power Fund.

Additional damage may be discovered upon completion of debris clearing or when the conduit is returned to service. Should this occur, an amendment to the project and CIP budget will be requested at that time.


FISCAL IMPACT:

The additional appropriation of \$270,000 requested for the Light and Power Fund Capital Improvement Program under Budget #3179 for the "Local Generation Repowering Plan" is available from the Light and Power Fund unappropriated fund balance. These funds will be recovered in the electric Energy Charge and have no impact on the General Fund and a negligible impact on electric rates.


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Respectfully submitted,


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Approved by:


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