

Agenda Report

July 11, 2011

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AMENDMENT TO CONTRACT NO. 20,119 WITH WORLEY PARSONS, GROUPS, INC. FOR AIR QUALITY ANALYSIS AND AIR PERMITTING SERVICES AND CONTRACT NO. 20,208 WITH PCR SERVICES CORP. FOR THE CEQA STUDY AND DOCUMENTS PREPARATION FOR THE GLENARM REPOWERING PROJECT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the contracts proposed herein are exempt from CEQA pursuant to State CEQA Guidelines Section 15061 (General Rule).
2. Authorize the Assistant City Manager to amend Contract No. 20,119 with Worley Parsons to increase the contract not-to-exceed amount from \$255,000 to \$317,000, an increase of \$62,000, for the additional air dispersion modeling and greenhouse gas (GHG) analysis for the Glenarm Repowering Project (Repowering Project).
3. Authorize the Assistant City Manager to amend Contract No. 20, 208 with PCR Corp. to increase the contract not-to-exceed amount from \$67,700 to \$233,107, an increase of \$165,407, for the preparation of an Environmental Impact Report (EIR) for the Repowering Project.

BACKGROUND:

On December 1, 2009, Contract No. 20,119 was awarded to Worley Parsons for the air quality analysis and permitting for the Repowering Project. On February 5, 2010, Contract No. 20,208 was awarded to PCR for the CEQA study and document preparation for the Repowering Project. The Repowering Project was one of the preferred resources identified in Pasadena Water & Power's (PWP) 2009 Integrated Resource Plan to satisfy PWP's electric power requirements over the next twenty years and involves replacing the inefficient 65 MW Broadway Unit B3 with a new 65 MW gas-

fired combined cycle plant by 2014. The new unit, which will be located at the Glenarm Plant, will have higher efficiency, superior operational flexibility, and lower air pollutant emissions than Unit B3.

In May 2010, while work on the engineering and environmental studies for the Repowering Project was proceeding, the existing unit GT-1 caught fire and the extensive damage rendered the unit inoperable. Subsequently, the Department stopped all work relating to the Repowering Project to reconsider its plans in light of lost generation capacity of GT-1. In January 2011, PWP completed its study of various options to replace the lost capacity of GT-1 and resumed the engineering and environmental studies for the Repowering Project. The nine-month delay has subjected the Repowering Project to new and amended environmental regulations which significantly revised the scope of the air quality analysis and permitting as well as the preparation of CEQA documents. The work scope and contract changes for these studies are described below.

Air Quality Analysis and Permitting

The existing contract with Worley Parsons for air quality analysis and permitting service provides for consulting, performance of an air quality analysis, preparation of necessary air quality related approvals, certification, and permitting for the Repowering Project. After the original contract was signed, the U.S. Environmental Protection Agency (EPA) revised the requirements for the dispersion modeling that predicts the air pollutant concentration of the proposed project and compares it with the federal ambient air quality standards. In addition, the South Coast Air Quality Management District (SCAQMD) amended the rule that applies to construction of new units to include the estimation of GHG emissions and determination of the best available technology to reduce such emissions.

The extra work included under this contract amendment is to perform the additional environmental work as a result of the new and amended regulations. Increasing the amount of the existing contract rather than going to bid for the additional work will expedite completion of the repowering project and will be most cost effective since Worley Parsons has already collected the technical information for the study.

The proposed contract amendment will increase the not-to-exceed amount as follows:

Base Contract	\$235,000
Contingency Allowance	20,000
Additional Cost	<u>62,000</u>
Total Not To Exceed Amount	\$317,000

CEQA Study and Document Preparation

The existing contract with PCR for the CEQA study and document preparation included the preparation of a Mitigated Negative Declaration to provide the CEQA clearance for the Repowering Project. PCR is one of the City of Pasadena’s (City) listed pre-qualified EIR consultants. The new and amended regulations will now require the analysis for GHG emissions. The City and PCR determined that an EIR will likely be the proper document to prepare for the project.

The extra work included under this contract amendment is to perform an EIR for the Repowering Project. Increasing the amount of the existing contract rather than going to another pre-qualified consultant will expedite completion of the Repowering Project and will be most cost effective since PCR has already collected the technical information for the study.

Due to the potential for unforeseen work during the EIR process, an additional 10% contingency allowance based on the additional cost is requested. The proposed contract amendment will increase the not-to-exceed amount as follows:

Base Contract	\$ 61,590
Contingency Allowance	6,110
Additional Cost	150,407
Additional Contingency Allowance	<u>15,000</u>
Total Not To Exceed Amount	\$233,107

COUNCIL POLICY CONSIDERATION:

The proposed contract supports the City Council Strategic Goal to effectively manage and improve infrastructure to deliver reliable water and power services.

ENVIRONMENTAL ANALYSIS:

The purpose of entering into these contracts is to prepare the information that will be required to conduct the environmental analysis of the proposed Repowering Project. These contracts do not commit the City to a definitive course of action regarding the Repowering Project, and no construction activities will be undertaken pursuant to these contracts. Accordingly, these contracts are exempt from California Environmental Quality Act pursuant to State CEQA Guidelines Section 15061 (general rule). Once the environmental analysis is done, the public process required by CEQA will be undertaken and further discretionary action by the City will be required that will commit the City to the proposed Repowering Project.

FISCAL IMPACT:

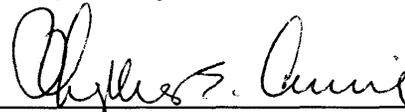
The cost of this action will be \$227,407. Funding for this action will be addressed by the utilization of existing budgeted appropriations in account CIP 3194 – Local Generation Repowering Project Phase II. It is anticipated that \$227,407 will be spent during the current fiscal year.

The following table presents a contract summary.

Air Quality Analysis and Permitting:	
Contract Amendment Amount	\$62,000
Contingency	0
CEQA Study and Document Preparation:	
Contract Amendment Amount	150,407
Contingency	15,000
Total Fiscal Impact	\$227,407

There are no other anticipated impacts to other operational programs or capital projects as a result of this action.

Respectfully submitted,

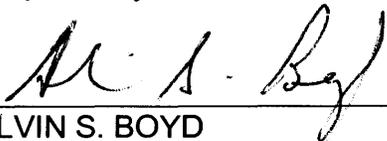


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