

# Agenda Report

April 7, 2014

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT:** AUTHORIZATION TO ENTER INTO A CONTRACT WITH MATHESON FOR THE FURNISHING AND DELIVERY OF CALIBRATION AND INDUSTRIAL GASES FOR THE BROADWAY AND GLENARM POWER PLANTS.

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that contracting with Matheson for the furnishing and delivery of calibration and industrial gases for the Broadway and Glenarm Power Plants is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities; and
2. Accept the bid dated February 17, 2014 submitted by Matheson in response to Specifications LD-13-15 for the furnishing and delivery of calibration and industrial gases for the Broadway and Glenarm Power Plants; and
3. Authorize the City Manager to enter into a contract with Matheson for the furnishing and delivery of calibration and industrial gases for the Broadway and Glenarm Power Plants for an initial term of three years or \$165,000, whichever comes first; and two additional two-year extension options of \$110,000 each subject to the approval of the City Manager. The total cost of the contract, including the two options is \$385,000 over a seven-year period.

**BACKGROUND:**

Pasadena Water and Power Department ("PWP") requires regular deliveries of calibration and other industrial gases for daily use and testing of the Continuous Emissions Monitoring Systems at the Broadway and Glenarm Power Plants to assure functionality of plant monitoring systems, compliance with Southern California Air Quality Management District regulations, and for the repair and maintenance of plant equipment. Currently these gases are delivered by Airgas West, Inc. The existing contract amount will be spent within approximately five weeks.

On January 30, 2014, a Notice Inviting Bids was published in the Pasadena Journal. Specifications LD-13-15 for Furnishing and Delivery of Calibration and Industrial Gases were posted on Planet Bids and also sent to four prospective bidders. A mandatory pre-bid conference was held on February 6, 2014 and attended by four prospective bidders. On February 19, 2014, the City Clerk received three responsive bids:

<b>BIDDER</b>	<b>TOTAL BID PRICE</b>
Matheson, Rancho Cucamonga, CA	\$50,568.00/year
Airgas West, Inc., Carson, CA	\$55,271.66/year
Air Liquide, LLC, Santa Fe Springs, CA	\$75,937.01/year

Total bid prices were determined by multiplying the unit prices of specified gases by the annual consumption at the plant. The lowest bidder, Matheson, met all the requirements of the Specifications and is therefore recommended to be awarded the proposed contract.

The duration of the proposed contract will be three years, or until \$165,000 is expended, whichever occurs first. The proposed contract amount of \$165,000 is based on the bid price plus approximately 10% contingency for price escalation and potential increases in the number of deliveries. The number of deliveries may increase as a result of more frequent starts of the units as required by California Independent System Operation (CAISO) and unexpected increase in plant repairs and maintenance.

The contract may be extended for two additional two-year periods for not to exceed \$110,000 each, subject to approval of the City Manager. The extension amounts are based on the total bid price for two years plus approximately 10% contingency.

The proposed contract complies with the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code, Chapter 4.08, and the rules and regulations promulgated thereunder.

#### **COUNCIL POLICY CONSIDERATION:**

This authorization supports the City Council strategic goals to effectively manage and improve public facilities and infrastructure to deliver reliable water and power services. It also supports the Public Facilities Element of the General Plan by maintaining public facilities to enhance the quality of life of the community.

#### **ENVIRONMENTAL ANALYSIS:**

The project has been determined to be categorically exempt from CEQA per Section 15301; Existing Facilities. Section 15301 allows for the operation, repair and maintenance etc. of existing private and public facilities that involve negligible or no expansion of the use. The continued delivery of calibration and industrial gases is required for the operation of the generating plant and does not involve any expansion of the facility.

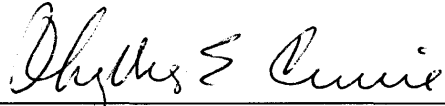
**FISCAL IMPACT:**

The total cost of this action will be \$385,000. It is anticipated that \$165,000 of the cost will be spent for the initial three-year term of the contract which may be extended to two additional 2-year terms at a cost of \$110,000 each, subject to approval by the City Manager. Funding for this action will be addressed by utilization of budgeted and future appropriations in the following accounts in Power Operating Fund:

Account	Allocation %	Initial 3-year Term	Two 2-year Options	Total
8101-401-841200-0548	70%	\$115,500	\$154,000	\$269,500
8101-401-841200-0502	30%	\$ 49,500	\$ 66,000	\$115,500
TOTAL	100%	\$165,000	\$220,000	\$385,000


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

Respectfully submitted,



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