

Agenda Report

April 20, 2020

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: ADOPT A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PARTICIPATE IN WATER AND POWER INDUSTRY GROUPS, APPROVE PAYMENT OF MEMBERSHIP DUES AND OTHER COSTS, AND EXECUTE AND IMPLEMENT AGREEMENTS FOR THE JOINT PROCUREMENT OF PRODUCTS AND SERVICES THROUGH JOINT POWERS AUTHORITIES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required; and,
2. Adopt a resolution authorizing the General Manager of the Water and Power Department ("PWP") to:
 - a. Apply for membership, sign participation agreements, and authorize payment of membership dues for associations or agencies representing the interests of municipal water and power agencies;
 - b. Act as a representative, or designate a representative, on the Board of Directors or any other committee established by an association or agency of which PWP is a member, and take actions as may be required in that capacity including, but not limited to, advocacy, policies, procurement, and selection of staff;
 - c. Authorize payment of any pro-rata share of expenses for professional services incurred by such associations or agencies that may be allocated to Pasadena; and,
 - d. Participate in joint procurement activities conducted by Joint Powers Authorities ("JPA") of which Pasadena is a member without competitive bidding pursuant to City Charter Section 1002 (H) Contracts with other governmental entities or their contractors for labor, material, supplies, or services, when it is in the best interest of the City, by signing participation memos or task order agreements with the JPA that commit Pasadena to fund its pro-rata share of the associated products and services.

BACKGROUND:

It is imperative that PWP participates in water and power related JPAs and associations to maintain a diversified, reliable and cost effective portfolio of water and power resources as well as an effective voice in legislative and regulatory matters. Historically, Pasadena's participation in all of these organizations has been enabled pursuant to authority delegated to the General Manager or City Manager under various resolutions adopted by the City Council. However, staff has realized it has to perform certain essential functions as a member of these JPAs and associations for which the authority from the City Council is not explicitly stated. In order to avoid ambiguity and maximize the potential benefits of membership, staff is seeking formal approval of the City Council to authorize the General Manager to perform functions as stated under the recommendations.

Water and Power Utility Associations

PWP participates in numerous utility associations or agencies that enable collective information exchange, research, and advocacy with respect to water and power infrastructure, operations, and related issues. Such agencies include the California Municipal Utilities Association ("CMUA"), the American Public Power Association, the Association of California Water Agencies, the American Water Works Association, the WateReuse Association, CALSTART, and a few others.

CMUA is a utility-related member organization that represents the interests of California's community-owned utilities. PWP has been a CMUA member since 1937 and actively participates in legislative and regulatory stakeholder meetings with almost 60 other member utilities. CMUA is unique in that it is the only utility-related organization that represents both municipal water agencies and public power utilities. It closely monitors the highly complex and continuously evolving legislative, regulatory, and operating requirements affecting California utilities. CMUA provides invaluable research and analysis to its members, as well as advocacy on behalf of its members. Due to these increasing demands of the utility climate, CMUA's membership dues have increased to a level requiring additional authorization from the City Council (approximately \$99,500 for the current Fiscal Year).

CMUA delivers high-value services and it is in the best interest of the City that PWP remain a member of CMUA to help ensure that both PWP and the community's interests are protected. Staff is recommending that the City Council adopt a resolution providing the General Manager with the necessary authority to continue membership in CMUA, as well as other water and power utility associations and agencies where such participation serves the best interest of the City.

Joint Powers Authorities

According to the California Joint Exercise of Powers Act (Government Code section 6500 et seq.), two or more public agencies may create a third independent agency through a joint powers agreement. In general, these JPAs, are created in order for the founding public agencies to jointly share a common power, implement a program, build new facilities, or deliver a service. Agencies that can exercise joint powers include federal

agencies, state departments, counties, cities, special districts, school districts, redevelopment agencies, and even other joint powers organizations. JPAs are used commonly for groundwater management, road construction, habitat conservation, airport expansion, redevelopment projects, stadium construction, mental health facilities construction, educational programs, employee benefits services, insurance coverage, and regional transportation projects.

The city of Pasadena is a member of one such JPA, the Southern California Public Power Authority ("SCPPA"). SCPPA was created in 1980 for the purpose of providing joint planning, financing, construction, and operation of transmission and generation projects. Comprised of eleven municipal utilities and one irrigation district, SCPPA's members serve more than 2 million customers across a service area of 7,000 square miles. SCPPA members supply 16% of California's power.

SCPPA provides collaborative advocacy, value-added services, and joint procurement to enhance operational efficiencies and increase savings for its members. SCPPA routinely procures contract services in order to support its own administrative functions, perform analysis and secure other support related to joint projects, and, to enable its members to procure more cost-effective products and services by leveraging the economies of scale made possible through joint procurement. Over the years, PWP has benefited by participating in joint procurement activities related to energy and transmission, including both supply- and demand-side resources such as energy efficiency studies, and related program support.

The Joint Powers Agreement between SCPPA and its members, including the City, imbues the SCPPA Board of Directors with broad authorizations necessary to conduct and implement SCPPA's powers. The Joint Powers Agreement designates that the SCPPA Board of Directors shall consist of the General Manager or Director of each member utility.

Staff recommends that the City Council adopt a Resolution to formalize the General Manager's authority to enable Pasadena to participate in joint procurement activities conducted by JPAs of which the City is a member, such as SCPPA. The resolution will provide the General Manager authority to sign letters of participation, contract task orders, or similar agreements with JPAs that commit Pasadena to fund its pro-rata share of the products and services procured by the JPA on behalf of Pasadena.

SCPPA Joint Procurement Process

SCPPA typically solicits vendors through a Request For Proposals ("RFP") competitive selection process. The RFPs are reviewed by a panel of member representatives and SCPPA staff to determine which vendor or vendors provide the best combination of qualifications, effectiveness, cost competitiveness, and overall value. In some instances, SCPPA uses a Request for Qualifications ("RFQ") process to select a slate of vendors that individual members can utilize. Occasionally, consultants or software product services are engaged through a negotiated process without an RFP/RFQ due to specific expertise or unique product.

Once a preferred vendor is selected, SCPPA staff prepare a recommendation to authorize a contract for the SCPPA Board to consider. Upon approval by the Board, SCPPA enters into a contract with the vendor that enables member utilities to participate either by submitting a signed task order that describes the specific deliverables, costs, and other terms; or, by submitting a participation letter to SCPPA committing the member agency to pay only for its share of the products or services provided.

Best Interest

Procuring utility-related products and services through JPA joint procurement processes provides a number of unique benefits to the City. In addition to significant cost savings that can be achieved through bulk discounts, when multiple JPA members utilize the same vendors for specific services it greatly increases the vendors' relevant expertise, knowledge of projects and initiatives, issues facing member utilities, and their local presence. This allows sharing of costs needed to acclimate vendors and consultants to relevant issues (i.e., accelerates and lowers cost for the vendor learning curve), and sometimes completely eliminates such costs as the vendors build member-specific expertise. Furthermore, participating in a single procurement process and entering into a single contract with a JPA for multiple members creates significant administrative efficiencies for the vendor, which helps further lower the costs incurred by the members for these products and services. For these reasons, it is in the City's best interest to utilize contractors and vendors secured by a JPA on behalf of its members. Note that a "Best Interest" exemption would only be necessary in those instances where the JPA's selection process does not comply with the City's competitive selection process pursuant to Pasadena Municipal Code Section 4.08.047.

Direct Contracts with SCPPA/JPA Vendors

Despite the many advantages of participating in joint procurement processes and utilizing vendors through a JPA, there are times when it is more appropriate for the City to contract directly with a vendor under contract with SCPPA or another JPA, such as services that involve construction, extensive on-site services or entail significant risk of liabilities. Recent examples include City Council authorizations for a multi-million dollar contract for electrical vehicle charging infrastructure, and another large contract for commercial energy efficiency and electrification program support. When appropriate, such products and services will continue to be procured through a direct contract with the City consistent with the City's existing procurement policies.

COUNCIL POLICY CONSIDERATION:

The proposed action supports the City Council Strategic Planning Goals to maintain fiscal responsibility and stability; and, to increase conservation and sustainability by effectively securing cost effective support services and products through joint procurement.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a project subject to the CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The subject resolution regarding certain roles and responsibilities of the General Manager of PWP is an organizational and administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

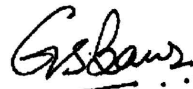
FISCAL IMPACT:

There is no direct fiscal impact associated with adopting the proposed resolution. The resolution will facilitate association memberships and other agreements that do have associated fiscal impacts. The estimated total cost of water and power association/agency memberships for fiscal year 2021 is approximately \$240,000. Any products and services procured through participation in SCPPA or other JPA procurement processes will be funded from existing operating budget appropriations in the Light and Power Fund or Public Benefits Fund. Staff estimates expenditures through SCPPA will be approximately \$350,000 to \$750,000 per year.

Association and agency memberships provide valuable information, resources, and services that reduce direct and administrative costs that would otherwise be incurred by the City. Likewise, joint procurement activities also result in lower costs for products and services as well as reduced indirect administrative costs.

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

Respectfully submitted,



GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



Eric R. Klinkner
Deputy General Manager
Water and Power Department

Approved by:



STEVE MERMELL
City Manager