



Agenda Report

January 11, 2021

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: AUTHORIZATION TO ENTER INTO CONTRACT WITH ACCO ENGINEERED SYSTEMS, INC. FOR THE LABOR AND MATERIALS TO REPLACE THE GT-3 CHILLER COMPRESSOR #2

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities; and Section 15302, 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;
2. Accept the bid dated October 27, 2020, submitted by ACCO in response to Specifications to furnish labor and materials to Remove and Replace GT-3 chiller compressor #2; reject all other bids, and authorize the City Manager, or his designee, to enter into a contract with ACCO for an amount not to exceed \$269,570 which includes a base contract amount of \$245,070 and a 10% contingency of \$24,500 to provide for any unforeseen change orders.

BACKGROUND:

The City of Pasadena ("City") owns and operates its electric generation facility ("Power Plant") located east of Fair Oaks Avenue, west of the State Route 110 Freeway and south of Glenarm Street in Pasadena. The Power Plant consists of five natural gas-fueled quick start electric generating units with a total capacity of approximately 200 Megawatts ("MW") and are capable of generating power within ten minutes. These units provide the vital support necessary to maintain the reliability of the electric system in Pasadena. The City imports power from outside resources using the transmission system provided by the California Independent System Operator ("CAISO"). Historically, the City's peak electric demand is over 300 MW. The City's maximum import capability is only 280 MW, which is further reduced during times of maintenance, repairs, or forced outages of the transmission system or the City's internal electric distribution system.

During times of transmission system constraints, the local Power Plant supplements imported power to avoid a shortage of power within the City and rolling blackouts. Additionally, the quick start capability of the units provides valuable backup capacity to support the integration of intermittent renewable energy resources such as solar and wind. Given the significant amount of these resources in the state's electric grid, CAISO is demanding a pre-determined amount of quick start backup capacity from each utility. As a result, the capacity of the local Power Plant commands the highest market premium as an energy resource in the greater Los Angeles area.

The Power Plant's Gas Turbine 3 ("GT-3"), a 47 MW electric generating unit, is an integral part of the City's electric system. It was built in 2002 along with GT-4, an identical unit. The generating unit is equipped with a chilled water air inlet cooling system to increase its generating capacity when the outside air temperature exceeds 70 degrees Fahrenheit. In 2015, one of the two chiller compressors serving chilled water system to GT-3 failed. In hot weather when chiller is operated, only one refrigeration compressor is needed and the second one serves as back up. Therefore, the generating unit's performance was not affected. In the time since the compressor failure staff explored several repair options for the failed compressor. The nature of the repair is complicated by the fact that a true repair cost would not be known until after the removal and disassembly of the compressor. After several attempts to devise a work plan and draft a repair specification that would adequately protect the City's interests it was determined that taking into account the cost variables and the impact to unit operation while the chiller is out of service the best course of action was to replace the chiller.

On September 24, 2020, a Notice Inviting Bids for Remove and Replace GT-3 chiller compressor #2 Specification was published in the paper 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 28 vendors downloaded the Specifications, of which one was local. A total of 2 bids were received by the bid opening date, one from a local firm. ACCO was determined the lowest responsive bidder. See Table 1.

Table 1

Vendor	Location	Bid Amount
ACCO Engineered Systems, Inc.	Pasadena, CA	\$245,070
Diversified Thermal Services, Inc.	Anaheim, CA	\$269,025

Since 2012, the City has awarded 7 contracts collectively valued at \$799,945 to ACCO.

It is recommended that the City Council: i) accept the bid dated October 27, 2020 submitted by ACCO in response to specifications for Remove and Replace GT-3 chiller

compressor #2; ii) reject all other bids received; and, iii) authorize the City Manager to enter into a contract not to exceed \$269,570, which includes the base contract amount of \$245,070 and a contingency of \$24,500 to provide for any necessary change orders for a duration of six months from the date of execution or until the amount of the contract has been expended, whichever occurs first. The intent is to execute the contract and start the project immediately upon Council Approval. The on-site work to remove and install a new chiller compressor is expected to take one month.

COUNCIL POLICY CONSIDERATION:

The proposed contract supports the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. 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 nature of the work performed by ACCO qualifies for a categorical exemption from CEQA in accordance with Title 14, Chapter 3, Article 19, Section 15301 (Existing Facilities). Section 15301 allows for the categorical exemption from CEQA for repair work on existing publically-owned facilities used to provide electric power that will not result in an increase in capacity or an expansion of existing use. The repair of the GT-3 chiller compressor #2 adheres to these guidelines. The proposed action is also categorically exempt pursuant to Section 15302, which exempts from CEQA the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced.

FISCAL IMPACT:

The maximum cost of this action will be \$269,570, which includes a base contract amount and a 10% contingency to provide for any unforeseen change orders. Funding for this action will be addressed by the utilization of existing appropriations in the Power Fund, CIP 3186 – GT-3 and GT-4 Upgrades and Replacements. It is expected that \$245,070 will be spent in the current fiscal year.

The approval of this action will have no impact to other operational programs or capital projects.

Respectfully submitted,



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 for

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