

Agenda Report

March 17, 2025

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH RADIAN GENERATION HOLDCO, LLC DBA RADIAN GENERATION FOR NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION COMPLIANCE SERVICES FOR UP TO SEVEN YEARS FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$717,000

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. Authorize the City Manager to enter into a contract, as the result of the competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with Radian Generation Holdco, LLC DBA Radian Generation ("Radian Generation") for North American Electric Reliability Corporation ("NERC") Compliance Services for up to seven years for a grand total amount not-to-exceed \$717,000, which includes the option for two additional one-year extensions or an amount not-to-exceed \$178,640, whichever occurs first, at the discretion of the City Manager. Competitive price bidding is not required pursuant to City Charter Section 1002 (F), contracts for professional or unique services.

BACKGROUND:

Pasadena Water and Power ("PWP") delivers electricity to over 65,000 residential, commercial, and industrial customers within the City of Pasadena. As a key provider of essential services, PWP supports the City's critical infrastructure by ensuring reliable water and power services, while also prioritizing environmental sustainability and superior customer service.

NERC is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risk to the reliability and security of the electric grid.

NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the bulk power system through system awareness; and educates, trains, and certifies industry personnel. The NERC compliance monitoring is the process used to assess, investigate, evaluate, and audit in order to measure compliance with the NERC reliability standards. In addition, NERC has enforcement responsibility with authority to impose fines up to \$1,000,000 per day per violation of any applicable NERC reliability standard.

PWP performs a number of electric power generation, transmission, and distribution functions that are subject to NERC's jurisdiction, and it is essential that PWP ensure compliance with applicable reliability standards at all times. PWP consistently complies with all applicable and evolving NERC reliability standards through monitoring, self-certification, and improved policies and procedures.

On November 14, 2024, a Request for Proposals (“RFP”) for NERC Compliance Services was published on OpenGov, which generated notices to all vendors previously registered with the City for this particular commodity class. A total of 32 vendors downloaded the RFP, none of which were local. One proposal was received by the due date of December 16, 2024, with no proposals received from a local firm. PWP is aware of only two consulting firms, including Radian Generation, capable of meeting the utility’s requirements outlined in the RFP. PWP staff contacted the second firm to determine why they did not submit a proposal. The firm stated they chose not to respond due to limited internal resources available to support PWP’s needs.

PWP staff reviewed the proposal in accordance with the evaluation criteria stated in the RFP.

Table I: RFP Evaluation Criteria

Scoring Criteria	Maximum Points
Proposed Solution	35
Experience and References	30
Cost Proposal	25
Local Pasadena Business	5
Small or Micro Business	5
Total Possible Score	100

Based on this criteria, Radian Generation received the evaluated score as summarized in Table II below. A scoring evaluation summary is provided in Attachment A.

Table II: RFP Scoring Results

Vendor/Respondent	Company Location	Evaluated Score (Out of 100)
Radian Generation, LLC	Charlotte, NC	80.33

Staff recommends that the City Council authorize the City Manager to enter into a contract with Radian Generation for an amount not-to-exceed \$717,000, for up to seven years, which includes the option for two additional one-year extensions or an amount not-to-exceed \$178,640, whichever occurs first, at the discretion of the City Manager.

To ensure ongoing compliance with evolving and technically complex NERC Reliability Standards, PWP needs to retain an expert consultant to assist with all NERC compliance related issues. Radian Generation has satisfactorily provided these professional services to PWP since 2020.

The City of Pasadena has awarded one contract to Radian Generation since 2020 for a total not-to-exceed amount of approximately \$288,000.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence and improve efficiency and business continuity.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not subject to CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. Entering into a contract for NERC compliance consulting services 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:

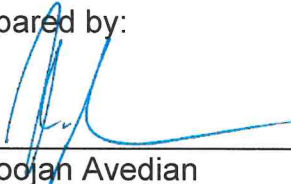
The cost of the recommended action is \$717,000 over seven years, which includes the option for two additional one-year extensions or an amount not-to-exceed \$178,640, whichever occurs first, at the discretion of the City Manager. The Department will utilize existing budgeted appropriations in the Power Operating Fund (401) to support the first year of contract costs. Future contract costs will be budgeted as part of the department's annual operating budget. There is no impact to the General Fund.

Respectfully submitted,



DAVID M. REYES
Interim General Manager
Water and Power Department

Prepared by:



Varoijan Avedian
Assistant General Manager
Water and Power Department

Approved by:



MIGUEL MÁRQUEZ
City Manager