

Agenda Report

March 17, 2025

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: AUTHORIZE THE CITY MANAGER TO UTILIZE ALTERNATIVE PROJECT DELIVERY METHOD FOR THE HYDROGEN FUELING STATION PROJECT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action does not constitute 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 utilize alternative project delivery method, design-build-operate-maintain, for the Hydrogen Fueling Station project as per Pasadena Municipal Code (PMC) Section 4.08.136 (Alternative project delivery).

EXECUTIVE SUMMARY:

In 2023, the City of Pasadena adopted the Zero Emission Bus (ZEB) Rollout Plan, a transformative initiative aimed at reducing greenhouse gas emissions and improving public transit efficiency. As part of this plan, the City will transition its fixed-route transit fleet to hydrogen fuel cell buses by 2037, which requires a hydrogen fueling station to support this transition. This fueling facility will be built on City-owned property at 159 South Kinneloa Avenue and will include a liquid storage system, fueling island, mechanical equipment enclosure, and various site improvements to enhance accessibility and traffic safety.

As one of three large projects envisioned to benefit from alternative project delivery methods, staff recommends utilization of the Design-Build-Operate-Maintain (DBOM) method, as outlined in the Pasadena Municipal Code (PMC) Section 4.08.020, to execute the project. This approach enables a single entity to manage the design and construction, as well as operation and maintenance, for a specified period of time, of the hydrogen fueling station, offering greater collaboration and alignment between all phases of the

project. By integrating design, construction, operation, and maintenance, the DBOM method enhances cost control, reduces project risks, and ensures long-term functionality and sustainability of the facility.

BACKGROUND:

In 2023, the City adopted the Pasadena Zero Emission Bus (ZEB) Rollout Plan. The ZEB Rollout Plan greatly transforms Pasadena's transit system by utilizing zero-emission vehicles and constructing infrastructure to fuel/charge and maintain the City's zero-emission transit and paratransit fleets. It will also provide system optimization that makes using the transit system more safe, convenient, efficient, and comfortable. As part of the ZEB Rollout Plan, the City's fixed-route transit fleet will transition to primarily hydrogen fuel cell buses. Pasadena Transit plans to obtain 45 zero-emission fixed-transit buses by 2037 and 16 zero-emission paratransit vehicles by 2030.

This project includes the design of a new hydrogen fueling facility to be constructed on City-owned property, located at 159 South Kinneloa Avenue. The facility would have onsite liquid storage of 18,000 gallons gross capacity, capable of fueling the planned fleet size in 2027 and possible future expansion; a fueling island with a minimum of two dispensers and an overhead canopy; and a mechanical equipment enclosure. Site improvements would also be implemented, including, but not limited to, landscaping, construction of a surface parking lot, installation of pedestrian infill lighting off South Kinneloa Avenue, and furnishing a new traffic signal and crosswalk at the corner of South Kinneloa Avenue and East Del Mar Boulevard.

The project is partially funded through the Transit and Intercity Rail Capital Program (TIRCP) that is overseen by the California State Transportation Agency (CalSTA) and administered by the California Department of Transportation (Caltrans); and the Energy Infrastructure Incentives for Zero-Emission Commercial Vehicles (EnerglIZE), which is funded by the California Energy Commission's Clean Transportation Program and implemented by CALSTART, Inc. As such, the project will follow the policies and administrative practices that govern said State grant funding. The objective of both grants is to fund transit improvements to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion, as well as incentivize new or planned expansion of zero emission vehicle infrastructure. As such, costs eligible for reimbursement by both grants are limited to developments that achieve these goals.

The TIRCP grant is appropriated to the City in three phases (Project Approval & Environmental Document Phase, Design Phase, and Construction Phase). Upon completion and approval of each phase, Caltrans authorizes expenditures for the following phase. The City has received authorization to proceed with Phase I – Project Approval and Environmental Document (PA&ED).

On August 15, 2024, City Manager approved the contract award to Stantec Consulting Services, Inc. for Phase I. To date, Stantec has conducted public outreach and hosted two community meetings to introduce preliminary concepts and renderings from various phases of the project to solicit feedback on the design. Under a separate contract, the

project's environmental consultant, Michael Baker International, Inc., has begun development of the project-specific environmental documents to ensure compliance with the California Environmental Quality Act (CEQA).

As part of Phase I, Stantec will prepare a submittal package that includes a detailed project description and scope, conceptual designs, and updated schedule and budget. Michael Baker will then develop the environmental documents based on Stantec's package. The TIRCP grant administrators will review and approve the combined submission to ensure compliance with regulatory requirements. The approved documents will serve as the foundation for the DBOM contractor procurement and subsequent design phase.

Design-Build-Operate-Maintain

Design-Build-Operate-Maintain (DBOM), as defined in the Pasadena Municipal Code (PMC) Section 4.08.020, is a project delivery method where a single entity, known as the design-build-operate-maintain contractor, is responsible for the design, construction, operation, and maintenance of the project. Under DBOM, the City awards a contract to a single contractor who not only handles the design and construction, but is also responsible for operating and maintaining the hydrogen fueling station for a specified period after construction is completed.

This integrated approach allows for enhanced collaboration between the design, construction, and operational teams throughout the entire project lifecycle. The contractor's responsibility extends beyond construction, ensuring that the design is optimized for long-term functionality and that operational considerations, including maintenance needs and efficiency, are factored in during the early stages. This helps reduce potential issues during the operational phase and promotes a more sustainable and cost-effective solution for the City.

DBOM offers several advantages over traditional delivery methods such as Design-Bid-Build (DBB). In DBB, the design and construction phases are treated separately, which can result in misalignment between the design intent and operational requirements. In contrast, DBOM allows the contractor to oversee both the design and operation, ensuring that the station is built to meet long-term performance goals and that maintenance requirements are incorporated from the start.

Additionally, the DBOM method can improve cost control and risk management by providing the owner with more predictable outcomes. Since the contractor is responsible for both the design and operational phases, any design or construction issues are directly tied to the entity maintaining the facility, reducing the likelihood of delays or cost overruns. The project's life-cycle cost is considered early, and continuous maintenance ensures the station operates efficiently over time, providing the City with a comprehensive, well-managed solution.

For this project, the operating and maintenance period will be for three years. Before the initial operating and maintenance period expires, the City will issue a Request for Qualifications (RFQ) to procure a new operations and maintenance vendor contract.

Policies and Procedures for Selection of DBOM Entities

The City of Pasadena is committed to a transparent process for selecting qualified DBOM entities to manage its construction projects. As outlined in the City's *Purchasing Procedures Manual* for Alternative Project Delivery, this process strives to identify the best entity to complete the project on time, within budget, and to the highest standards of quality, safety, and sustainability, while fostering a fair and competitive environment to achieve the best value for the City.

The selection process involves a coordinated effort, with the Project Manager initiating the procurement process by drafting and releasing the RFP, with concurrence of the Procurement Oversight Committee. The Project Manager also serves as the point of contact for proposer inquiries during the advertising period. The Procurement Oversight and Selection Committees are responsible for evaluation and decision-making. The Project Manager does not participate in the evaluation of proposals or make any recommendations to the Committees.

Appointed by the City Manager and comprised of representatives from the Finance Department, City Manager's Office, and subject matter experts from relevant stakeholder departments, such as Department of Transportation and Public Works, the Procurement Oversight Committee ensures compliance with City policies and procedures throughout the procurement process. The committee approves evaluation criteria and weighted scoring prior to the RFP advertisement, reviews procurement documentation to ensure compliance with internal policies and external regulations, audits the process to identify any deviations from established procedures, and recommends corrective actions when necessary.

The Selection Committee, consisting of at least five members from various departments, is responsible for evaluating the proposals submitted by DBOM candidates. The committee reviews the completeness and accuracy of each submission to ensure that all required information is included. After this initial review, the committee's evaluation scoring process is structured into two parts: proposal scoring and interview scoring. The scores are based on pre-established criteria, tailored to the specific project scope and funding requirements, to assess each DBOM candidate's qualifications, approach, and ability to deliver the project successfully. To ensure a fair and impartial evaluation, all members of the Selection Committee are required to submit signed Disclosure of Conflicting Interest and Confidentiality Statements prior to participating in the evaluation process.

The criteria, approved by the Procurement Oversight Committee prior to the release of the Request for Proposal (RFP), may include:

- Experience and references with projects of similar size and scope;
- Project team organization and qualifications of key personnel;
- Cost proposal for design and construction services;
- Cost proposal for operations and maintenance (O&M) services;
- Technical approach and understanding of the project including quality and feasibility of design approach, constructability, and innovation;
- Safety and risk management including safety record, approach to safety management, and risk mitigation strategies for schedule and budget adherence are evaluated to minimize the risk of delays or cost overruns;
- Sustainability practices and innovative approaches focused on environmental stewardship;
- Local Pasadena business preference as per PMC Section 4.08.048, unless in conflict with federal or state regulations;
- Small or micro-business scoring preference in compliance with applicable laws; and
- Disadvantaged Business Enterprises scoring preference dependent on funding source requirements.

After reviewing the written proposals, the top-ranked candidates are invited to participate in interviews with the Selection Committee. The interview allows the committee to assess the DBOM candidates' understanding of the project, their approach, team dynamics, and ability to collaborate with the City and design team. The interview scoring may be based on the following criteria:

- Approach and execution including understanding of the project's scope, objectives, risks, and the proposed construction strategy, including ability to meet key project milestones;
- Team dynamics and communication; and
- Presentation and professionalism including ability to respond to questions and demonstrate expertise.

Once both parts of the evaluation are completed, the Selection Committee combines the proposal and interview scores to determine the final ranking of each DBOM candidate. The Project Manager will then enter into contract negotiations with the highest-ranked DBOM candidate to finalize the terms, including scope, cost, and schedule. Additional terms, such as performance incentives for expedited delivery of project milestones and allowable working hours, may also be negotiated. If an agreement cannot be reached, negotiations will proceed with the second-ranked candidate. If the City is unable to negotiate a satisfactory contract with any of the qualified firms, the City may take any action(s) it deems in its best interest, including, but not limited to, proceeding with the project using the traditional Design-Bid-Build delivery method.

After contract negotiations are concluded, the Selection Committee will present its recommendation to the Procurement Oversight Committee for concurrence. Following Procurement Oversight approval, the recommendation will be submitted to the City Council for contract award.

Justification for Alternative Project Delivery

Pasadena Municipal Code Section 4.08.136 (Alternative project delivery) allows the City Council to approve the use of alternative project delivery methods for projects valued at more than \$1 million, provided the selected method meets the criteria set forth in 4.08.136(B).

The Hydrogen Fueling Station project meets the following criteria under 4.108.136(B), Subsection 1:

- The project has a high level of technical complexity due to proprietary zero-emission vehicle infrastructure and specialized maintenance of the facility;
- The project requires expertise that City staff does not possess, particularly in managing a facility serving a zero-emission hydrogen fleet;
- The project will benefit from early contractor involvement to identify potential issues during the design phase; and
- The project involves high levels of risk management, especially in coordinating design, construction, and specialized systems integration.

The DBOM method meets the criteria outlined in 4.108.136(B), Subsection 2, as it is expected to:

- Improve the project's quality or functionality by allowing for better collaboration and alignment between the design, construction, and O&M teams, which will ensure a high-quality outcome and a fully-functional hydrogen fueling station that meets the City's operational needs; and
- Minimize project delivery time so that the new facility is completed and operational as soon as possible.

COUNCIL POLICY CONSIDERATION:

This action is consistent with the City Council's goal to maintain fiscal responsibility and stability. The action promotes sustainable energy and infrastructure policies of designing, constructing, and improving the City's infrastructure to conserve and reduce impacts to the natural environment.

ENVIRONMENTAL ANALYSIS:

The action proposed herein does not constitute a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378. The authorization to utilize the design-build-operate-maintain alternative project delivery method is an administrative activity that would not result in direct or indirect physical changes in the environment. The proposed action is limited to the preparation of a competitive selection procedure seeking proposals for professional services for the Hydrogen Fueling Station

project and does not commit the City to constructing the project. 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 fiscal impact as a result of this action. The project is fully funded by existing budgeted appropriations in the *Hydrogen Fueling Station (75133) Capital Improvement Program* project.

Respectfully submitted,



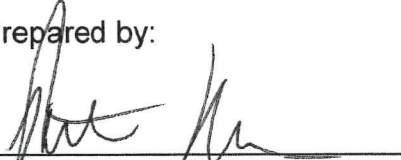
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