



Agenda Item No. _____

File Code No.

CITY OF SANTA BARBARA **Draft**

COUNCIL AGENDA REPORT

AGENDA DATE: November XX, 2013

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Contract For Re-commissioning the City's Hydroelectric Plant

RECOMMENDATION:

That Council find it in the City's best interest to waive the formal bidding process, as authorized by City Charter Section 519; and, authorize the Public Works Director to:

- A. Award a professional services contract to SOAR Technologies, Inc. in the amount of \$xxx,xxx to re-commission the City's Hydroelectric Plant, and operate and maintain the Plant for one year, and approve expenditures up to \$xx,xxx to cover any cost increases that may result from necessary change orders for extra work; and
- B. Award a professional services contract in the amount of \$xx,xxx to Rockwell Construction Services, LLC to provide construction management and inspection services, and approve expenditures up to \$xx,xxx to cover any costs related to unanticipated extra work.

DISCUSSION:

BACKGROUND

The City owns the idle hydroelectric plant (Plant) located at 1402 San Roque Road. The Plant receives water from the City's Gibraltar Reservoir via Mission Tunnel. In 1985, the Plant, regulated by the Federal Energy Regulatory Commission (FERC), began producing electrical power which was sold to Southern California Edison (SCE). The Plant was idled in 1998 when costs associated with the plant operation, maintenance, and regulatory compliance exceeded the revenues from power sales.

In 2010, Brown and Caldwell performed a cost-benefit analysis for re-starting the Plant, and concluded that it would be economically feasible to re-start the Plant only if a FERC license exemption could be obtained. However, the license exemption would prohibit the Plant from residing on federal property. Brown and Caldwell estimated the cost to re-commission the Plant, including obtaining a FERC license exemption, at \$409,000.

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Staff successfully worked with the federal government to get the land beneath the Plant deemed surplus property. This allowed City Council to authorize the purchase of the land from the federal government. With the Plant located on City property, FERC was able to issue the Plant a FERC license exemption. Council also authorized execution of a Renewable and Alternative Power Public Water and Wastewater Agency Agreement with SCE to allow Plant-generated electrical power to be fed into SCE's power grid.

PROJECT DESCRIPTION

The project scope for restarting the Plant includes renovating and upgrading the existing equipment to better regulate water flows through the facility, and installing modern sensors, telemetry, and programmable logic controllers to manage the power production and feed into the SCE power grid. It is proposed that the contractor be responsible for operating and maintaining the Plant for one year after re-commissioning the Plant. All costs associated with the reliable operation of the Plant during the one-year period would be the contractor's responsibility, unless unforeseen problems arise that are unrelated to the re-commissioning work.

CONTRACTOR SELECTION

Goleta Water District (GWD) owns a similar sized hydroelectric plant at their Van Horne Reservoir, which was in need of repair and renovation. GWD sent a Request for Proposal (RFP) to twenty-one qualified engineering contractor firms. As a result of this competitive process, GWD awarded a contract in 2011 to General Pump and SOAR Technologies Inc. (SOAR) for the replacement of GWD's Van Horne Reservoir Turbine Generator. The project was successfully completed to GWD's satisfaction.

Through a competitive RFP process, GWD selected Rockwell Construction Services (RCS) to perform construction management and inspection services, including contract and design review of SOAR's work on GWD's hydroelectric plant. RCS was selected for their expertise in hydroelectric technology and electronic control systems. RCS also successfully performed similar services for Goleta Sanitary District on the district's recent \$29.5M capital improvement project at their wastewater treatment plant.

In 2012, based on GWD's positive experience with SOAR and on recommendations from agencies with similar facilities, the City issued a purchase order to SOAR for \$10,000 to provide professional services to obtain necessary agreements from SCE for the Plant. In 2013, SOAR's purchase order was increased by \$12,996 for a total of \$22,996, for SOAR to identify all work necessary to renovate, and modernize the Plant.

Based on GWD's recent competitive RFP process whereby they selected SOAR and RCS, and the many positive recommendations staff has received for both firms on their proven ability and relevant experience on similar hydroelectric projects, staff recommends that Council find it in the City's best interest to waive the formal bidding process, as authorized by City Charter Section 519; and, authorize the Public Works Director to award a professional services contracts to both SOAR and RCS to assist

with re-commissioning the Plant. The contract with SOAR for re-commissioning the Plant and operating and maintaining the Plant for one year would be in the amount of \$xxx,xxx, plus approval of expenditures up to \$xx,xxx to cover cost increases that may result from contract change orders. The contract with RCS for construction management and inspection services would be in the amount of \$xx,xxx, plus approval of expenditures up to \$xx,xxx to cover costs related to unanticipated extra work.

FUNDING AND BUDGET IMPACTS

The negotiated proposals with SOAR and RCS are both acceptable to perform the specified contract services. Copies of SOAR and RCS's proposals are available for public review at the City Clerk's office. There are sufficient funds in the Water Fund to cover the cost of services.

It is estimated that once the Plant is operational, the power sales to SCE will result in annual revenues of \$210,000 to the Water Fund. At its meeting of October 14, 2013, the Board of Water Commissioners voted X to X to concur with staff recommendation.

The following summarizes all estimated total Project costs:

ESTIMATED TOTAL PROJECT COST

Initial Condition Assessment of the Plant (SOAR)	\$ 22,996
Estimated Construction Contract w/Change Order Allowance (SOAR)	\$ XXX,XXX
Estimated Construction Management/Inspection (RCS)	\$ XX,XXX
Estimated City Staff Time	\$ XX,XXX
TOTAL PROJECT COST	\$ XXX,XXX

SUSTAINABILITY IMPACT:

Re-commissioning the City's hydroelectric plant will result in the production of clean and renewable hydroelectric power. It has been estimated that initially, the hydroelectric plant can produce 1600 megawatt hours (MWh) of power annually. Because of siltation at Gibraltar Dam, the amount of power generation will decline over time, and eventually will reach a steady annual production of 975 MWh, which is enough to meet the electrical demand of approximately 200 single family homes.

PREPARED BY: Catherine Taylor, Water System Manager

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office