TO:       HONORABLE CITY COUNCIL  
FROM:    CITY MANAGER                   DEPARTMENT: UTILITIES  
DATE:    OCTOBER 7, 2002          CMR: 384:02  
SUBJECT: CHANGE ORDER TO INCREASE EXISTING CONTRACT (S2140631) WITH PACIFIC GAS AND ELECTRIC COMPANY IN THE AMOUNT OF $50,000 FOR ADDITIONAL TRAINING AND TRAINING CONSULTING SERVICES MANDATED BY THE U.S. DEPARTMENT OF TRANSPORTATION OPERATOR QUALIFICATION COMPLIANCE  

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the Mayor to execute a change order to attached contract with Pacific Gas & Electric, Company (PG&E) in the amount of $50,000 for training and training consulting services.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with PG&E for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $5,000.

BACKGROUND
The City of Palo Alto Utilities Gas Operator Qualification Plan outlines the City’s responsibilities and procedures to ensure that it maintains a qualified workforce in keeping with Utilities Strategic Plan (Strategies 1 and 5) and that its operations comply with relevant Federal Pipeline Safety Regulations.

In compliance with Sections 106 and 205 of the Pipeline Safety Act of 1992 and Section 4 of the Accountable Pipeline Safety and Partnership Act of 1996, the U.S. Department of Transportation (DOT), through its Research and Special Program Administration
(RSPA), adopted regulations requiring that all individuals who operate and maintain pipeline facilities:

- Be qualified to operate and maintain the pipeline facilities, and
- Have the ability to recognize and react appropriately to abnormal operating conditions that may indicate a dangerous situation or a condition exceeding design limits.

These regulations are in Title 49 Code of Federal Regulations (CFR) Part 192 Subpart N.

**DISCUSSION**
The requested contract increase is needed to ensure the City of Palo Alto Utilities department will continue to be in compliance with the above regulations by October 2002. PG&E will assist the City of Palo Alto Utilities department with training and qualification of employees and other individuals who may perform tasks covered under the regulatory requirements. Attachment B identifies the covered tasks that are required for operation and maintenance of the City gas system. The Qualification Summary provides guidance for achieving compliance with the CFR requirements that establishes a qualification method for performing each covered task when working on gas pipeline facilities. The attachment is a list of tasks and sub tasks that each employee must be qualified in order to meet the required qualification and training for working on gas.

**Selection Process**
Although other firms were contacted, only PG&E had the proximity and the specialized training facilities required by the Utilities Department. Again, to ensure compliance with the above regulations and the City Operator Qualification Plan, PG&E will assist the Utilities Department in ensuring that the City has a qualified work force to operate and maintain the City gas system as required by the U.S. Department of Transportation. A sole source justification was prepared and approved as part of the contract file (CMR: 406:01). PG&E is an established local firm that provides excellent technical service and support, quality workmanship, and has successfully provided required training for the City of Palo Alto Utilities Department in the past. A local training facility is located in San Ramon, California and is equipped to handle the City’s needs for qualification, training, assistance, and support.

**RESOURCE IMPACT**
Funds for this contract amendment are included in the adopted operating budget for 2002-03 budget.
POLICY IMPLICATIONS
This report will not represent a change to existing City of Palo Alto Rule and Regulations and/or policies at this time.

This recommendation supports the Utilities Strategic Plan, Strategy 1; Operate distribution systems in a cost effective manner and, Strategy 5; Attract and retain employees with critical skills and knowledge.

ENVIRONMENTAL REVIEW
This project is not a project for the purposes of the California Environmental Quality Act.

ATTACHMENTS
A. Contract with PG&E
B. Identifies relevant operating and maintenance tasks (covered tasks), provide guidance for achieving compliance with the CFR requirements and establishes qualification methods for performing each covered task on a gas pipeline facility

PREPARED BY:

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