



# City of Palo Alto

## City Council Staff Report

(ID # 11217)

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**Report Type: Consent Calendar**

**Meeting Date: 6/22/2020**

**Summary Title: Utilities Electric Engineering Consulting Services**

**Title: Approval of Three (3) Five-year Professional Service Agreements for Electric Engineering Consulting Services on an As-needed Basis With: 1) AECOM Technical Services, Inc, 2) NV5, Inc, 3) Soudi Consultants, Inc, for an Annual Collective Total Not-to-Exceed Amount of \$1,000,000 per Year, and a Five-year Collective Total Not-to-Exceed Amount of \$5,000,000, With all Work Subject to Assigned Task Orders and Availability of Funds**

**From: City Manager**

**Lead Department: Utilities**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached 3 agreements for utilities electric engineering consulting services with AECOM Technical Services ([Attachment A – C20174597A](#)), NV5 ([Attachment B – C20174597B](#)), and Soudi Consultants, Inc. ([Attachment C – C20174597C](#)). Each agreement is subject to a not-to-exceed amount of \$1,000,000 annually, and a cumulative not-to-exceed amount of \$5,000,000 over the five-year term, subject to the annual appropriation of funds.

Awarding three contracts will allow the City to use objective criteria to solicit and select the firm with the most appropriate skills and technical experience for individual assignments that arise for on-call utilities electric engineering consulting services. These services include substation engineering, distribution engineering, system protection, supervisory control and data acquisition (SCADA), fiber optics, and customer service application reviews over the five-year term of the agreements. Enabling a suite of three vendors will ensure that there are multiple options available for the City as projects arise.

### **Background**

In July 2019, Council approved and adopted the Fiscal Year 2020 capital budget along with the 2020-2024 Capital Improvement Program (CIP) Plan for the City of Palo Alto. The Electric Fund for the 2020-2024 Capital Improvement Program was approximately \$83.2 million, with \$23.8 million budgeted in Fiscal Year 2020. Overall, a total of 38 projects were planned over the 5-year CIP. Due to the revenue shortfall this fiscal year 2019 – 2020 and the estimated budget

deficit, the Electric Fund in the proposed Fiscal Year 2021 budget and 2021-2025 Capital Improvement Program will be reviewed and modified to help close the budget gap and minimize rate increases.

Major projects funded in the 2020-2024 CIP include Smart Grid Technology Installation (\$12.9 million), Electric Customer Connections (\$12.5 million), 4/12kV conversion projects (\$7.6 million), Wood Pole Replacement (\$7.5 million), Electric System Improvements (\$7.5 million), various underground system rebuild projects (\$6.9 million), Overhead to Underground Conversion (\$5.2 million), and Facility Relocation for Caltrain Modernization (\$4.0 million). The budget for the Electric Fund CIP is categorized into three types of projects:

Customer Connections - These projects allow for the completion of work required to meet the needs of customers who have applied for new or upgraded electric service, need temporary power for construction, or require other electric services. In FY 2019, Utilities completed 307 new electric service connections. This category also includes small cell applications; the Electric Utility has about 6,500 wood poles and 6,500 streetlight poles citywide which are of interest to the telecom companies. Small cell applications are anticipated to increase rapidly in the next few years, which will increase staff workload.

System Improvements - Projects in the System Improvements category allow for a variety of improvements, including the replacement/upgrade of old cables and equipment and bringing designs up to current standards, installation of protective equipment and switches, conversion of the electric system from 4,160 Volts (4kV) to 12,470 Volts (12kV), and installation of capacitors to improve efficiency. These projects are necessary to replace electric system components before they reach their end of useful life; to ensure there is adequate capacity for the projected electric load; and to install protective equipment to minimize system problems.

Undergrounding Projects - The City of Palo Alto began a program to underground overhead electric, telephone, and cable TV facilities in 1965 with a project along Oregon Expressway. Since the start of the underground program the City has built 43 underground districts, 2 undergrounds districts are currently in construction, and 8 proposed undergrounds districts are planned to be completed over the next 20-30 years. The City typically takes the lead in the design, bidding, and construction processes with AT&T and Comcast reimbursing the City for construction and administrative costs under the City's joint pole ownership agreement with AT&T.

The prioritization methodology for electric capital improvement projects in the City of Palo Alto is grounded in both the CPAU Mission Statement and Strategic Plan. Each of the 38 projects planned over the 5-year CIP have been reviewed by staff and prioritized. The prioritization of projects is based on multiple criteria such that critical needs are met, risks are managed well, and limited resources are directed to greatest benefit. Intrinsic to both the mission statement and strategic plan is an emphasis on safety, reliability, and customer service excellence. These are the factors which determine the justification and priority of the projects when under

consideration. At a minimum, every project must address at least one area of CPAU's Strategic Plan. The only variable aspect of the planned projects are the timing and resources necessary for completion.

With increasing workload, plans and schedules for CIP projects are frequently impacted by customer service needs and service applications, unplanned maintenance work, and interdepartmental engineering support. In recent years, Utilities has received an increasing number of photovoltaic and electric vehicle charger install applications, and utility pole/streetlight attachments requests. Utilities staff is also pursuing an increase in the rate of replacement for critical infrastructure as equipment reaches its end of life to minimize outages. Utilities is committed to responding to customers within the department's customer service guidelines, which also limits the resources available to work on CIP projects. In the past, the Utilities Engineering division has hired consultants for specific projects to supplement staff resources and for their technical expertise. Award of the four contracts will expedite CIP completion while still allowing the City to use objective criteria to solicit and select the firm with the most appropriate skills and experience for individual assignments in a cost-effective manner.

## **Discussion**

Staff anticipates that the three consultants identified in this staff report can assist the City with a variety of electric engineering consulting services. Further, maintaining multiple on-call consulting contracts provides staff flexibility to commit to both CIP and maintenance projects, customer service excellence, and address technical issues requiring outside assistance as they arise, without delay and with multiple options and prices to consider.

The City's July 2019 Request for Proposal (RFP) was published and distributed to consulting firms known to offer relevant services. The RFP allowed consultants to respond to one or more of the following major sections of the scope of work:

- Substation engineering
- Distribution engineering
- System protection
- SCADA
- Fiber Optics
- Customer Service application reviews

The RFP also stated that more than one consulting firm may be retained to perform the tasks outlined in the scope of work and that award of a contract would not guarantee that the consultant would be awarded any specific tasks. The solicitation process is summarized in Table 1 below:

**Table 1: Summary of Solicitation Process:**

<b>Title</b>	Utilities Electric Engineering Consulting
<b>RFP Number</b>	174597
<b>Proposed Length of Project</b>	5 year
<b>RFP Issued</b>	July 1, 2019
<b>Number of proposal Packages downloaded</b>	51
<b>Number of vendors notified through City's eProcurement system</b>	1,197
<b>Total Days to Respond to proposal</b>	30 days (proposal due 7/30/2019)
<b>Pre-proposal Meeting Date</b>	July 9, 2019
<b>Number of Companies at Pre-proposal Meeting</b> Per the FreeConferenceCall.com report	15
<b>Number of Proposals Received</b>	6

Six firms submitted proposals responding to all or parts of the scope of work. Staff reviewed each firm's qualifications and submittals in response to the RFP relative to the criteria outlined in the RFP. Major evaluation criteria included proposal quality and responsiveness, the overall firm's experience, experience of individuals to be assigned to potential tasks, cost, recent dealing with relevant agencies, and the quality and completeness of the proposal.

The selected three consultants were interviewed by City staff and ranked high based on the evaluation criteria. All of the selected vendors demonstrated an in-depth knowledge of the industry, flexibility to work with City on a variety of tasks, and their availability or responsiveness to respond to work order requests by City staff. The City recommends awarding the contract to [AECOM Technical Solutions](#), [NV5, Inc.](#), and [Soudi Consultants](#).

Work Orders

Council approval of the consulting agreements will enable staff to utilize the agreements for various projects and/or task orders. However, it does not guarantee any work will be carried out with any of the consultants over the term of the agreements. The contracts set each consultant's rates and the general type of work they may be engaged in upon City request and selection. When staff has a specific project or task that requires consulting services, City staff will solicit proposals from amongst the three vendors, evaluate the responses using objective criteria and select amongst the three vendors for the project. Upon selection, a task order with a scope, timeline, and budget will be established with the selected vendor.

**Resource Impact**

The agreements do not guarantee any work to the consultants but set each consultant's rates and the general type of work they may engage in upon City request, solicitation and selection

using individual task orders. When work is performed under a City task order, staff will ensure that the aggregate total compensation to all three consultants does not exceed the aggregate \$1,000,000 per fiscal year, or \$5,000,000 in aggregate over the five-year term. No funds will be encumbered until an individual task budget has been established.

Staff will spend no more than the \$1,000,000 not-to-exceed amount per year in aggregate amongst all 3 consultant agreements, with a not-to-exceed amount of \$5,000,000 in aggregate over five years for all task orders, across all 3 consultant agreements.

The effective date of the three agreements is July 1, 2020. Upon contract and budget approval for Fiscal Year 2021, City staff may use these new agreements to assist with some of the following system improvement projects. City Staff will plan accordingly considering the resource impact to other City departments and divisions for project and contract management, material procurement, and construction.

EL-14002	Rebuild Underground District 20
EL-15000	Colorado/Hopkins System Improvement
EL-17000	Rebuild Underground District 23
EL-17001	East Meadow Circles 4/12kV Conversion
EL-19003	Rebuild Underground District 30
EL-19004	Wood Pole Replacement
EL-20000	Hopkins Substation 4/12kV Conversion
EL-89031	Communication System Improvements
EL-89038	Substation Protection Improvements
EL-89044	Substation Facility Improvements
EL-98003	Electric System Improvements

For FY 2021, the proposed Electric System Improvement fund is approximately \$15 million with Staff estimating \$1,000,000 to be allocated for engineering consulting contract services. Beyond FY 2021, it is anticipated that requests for additional funding beyond this initial \$1,000,000 will be brought forward as part of the City's annual budget process.

### **Policy Implications**

This recommendation sets no new Council policy and is consistent with the Council-approved Utilities Strategic Plan.

These contracts are on the City's professional services template, which permits the City to terminate without cause/for convenience by providing written notice to the contractor. In the event the City finds itself facing a challenging budget situation, and it is determined that City resources need to be refocused elsewhere, the City can terminate for convenience. Other options include termination due to non-appropriation of funds or amending the contract to

reduce the cost, for example, by reducing the scope of work. These contracts may also be temporarily suspended by written notice of the City Manager.

### **Environmental Review**

The Council's approval of these engineering services agreements does not meet the definition of a project under Public Resources Code section 21065, thus, California Environmental Quality Act ("CEQA") review is not required.