



**CITY OF GLENDALE, CALIFORNIA
REPORT TO THE CITY COUNCIL**

AGENDA ITEM

Report: Amendment of Contracts with Stantec Consulting Services, Inc. and Black & Veatch Corporation for Additional Professional Services Pertaining to the Limited Notice to Proceed Phase of the Proposed Grayson Repowering Project Alternatives

- 1) Motion authorizing the Interim City Manager, or his designee, to execute an Amendment to Contract No. 8000053 with Stantec Consulting Services, Inc. to increase the contract amount by \$570,000 to provide additional professional services for the Limited Notice to Proceed Phase of the proposed Grayson Repowering Project Alternatives.

- 2) Motion authorizing the Interim City Manager, or his designee, to execute an Amendment to Contract No 8000847 with Black & Veatch Corporation to increase contract amount by \$350,000 to provide additional professional services for the Limited Notice to Proceed Phase of the Proposed Grayson Repowering Project Alternatives.

- 3) Resolution of Appropriation

COUNCIL ACTION

Item Type: Action Item

Approved for December 15, 2020 **calendar**

ADMINISTRATIVE ACTION

Submitted by:

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Reviewed by:

Michele Flynn, Director of Finance

Michael J. Garcia, City Attorney

Approved by:

Roubik R. Golanian, P.E., Interim City Manager

RECOMMENDATION

Glendale Water & Power (GWP) respectfully recommends that the City Council authorize the Interim City Manager, or his designee, to execute Amendments to Professional Services Agreements with Stantec Consulting Services, Inc. and Black & Veatch Corporation for additional professional services pertaining to Limited Notice to Proceed Phase of the proposed Grayson Repowering Project Alternatives. The additional professional services include environmental analyses and reviews, permitting support, technical studies and assessments, and engineering support and plans. It is further recommended that the City Council adopt a Resolution of Appropriation to fund the above-referenced amendments and other limited notice to proceed activities, such as South Coast Air Quality Management District (South Coast AQMD) permit application fees for the proposed Grayson Repowering Project Alternatives.

BACKGROUND/ANALYSIS

On July 23, 2019, the City Council adopted the GWP 2019 Integrated Resource Plan (IRP). The IRP identified a preferred energy supply portfolio that included, among other things, the following resources selected from a 2018 Request for Proposals for Local and Regional Renewable, Low-Carbon, and Zero Carbon Resource Options to Serve the City of Glendale (the Clean Energy RFP): (1) a 75 megawatt (MW) / 300 megawatt-hour (MWh) battery energy storage system (BESS) of which 50 MW / 200 MWh would be installed in the near term, followed by an additional 25 MW / 100 MWh BESS to be installed in the future; (2) 93 MW of reciprocating internal combustion engine (ICE) generators; and (3) up to 50 MW of clean distributed energy resources.

At the July 23, 2019 meeting, the City Council authorized GWP to proceed with the Limited Notice to Proceed (LNTP) phase, or study and development phase, for the proposed BESS and ICE unit alternative at the Grayson Power Plant. The Council authorized Professional Services Agreements with Tesla, Inc. (Tesla) and Wartsila North America, Inc. (Wartsila) for preliminary engineering and planning services for the proposed 50 MW / 200 MWh of BESS and up to five ICE generators (93 MW of capacity). Additionally, the City Council authorized amendment of an existing Professional Services Agreement with Stantec Environmental Services, Inc. (Stantec) for environmental review of the proposed BESS and ICE alternative.

On March 10, 2020, following a request for proposal process, the City Council authorized a Professional Services Agreement with Black & Veatch Corporation (Black & Veatch) for Owner's Engineering services during the LNTP phase of the proposed Grayson Repowering Project Alternative. Black & Veatch's services include technical studies, engineering plans, development of specifications, financial analysis, support for environmental analysis, and engineering consulting services as needed for the proposed project alternative.

Pursuant to the City Council's direction, the City has undertaken engineering, technical studies, and environmental reviews of the proposed BESS/ ICE project alternative. The proposed new project Alternative, termed "Alternative 6" for the Environmental Impact Report, is comprised of the following:

1. Decommissioning, demolition, and removal of Grayson Units 1-8 including the "Boiler Building" that houses the existing Units 1-5 steam plant and, the decommissioning and removal of the existing 34.5 kilovolt (kV) switchyard;

2. Engineering, procurement, and construction (EPC) of a BESS (with a 50 MW BESS to be installed now, and an additional 25 MW BESS to be installed under a separate contract in the future) and a 93 MW ICE generator plant;
3. A new control room and office spaces for operations;
4. Separation of Grayson Unit 9 from the existing Grayson infrastructure that would be demolished; installation of temporary infrastructure to support continued operation of Unit 9 during the demolition and construction phase, then reintegration of Unit 9 into the overall Grayson Power Plant after the proposed Alternative 6 project is completed;
5. Protection-in-place of existing Grayson water wells 1 and 2 for future use by the GWP Water Department;
6. EPC of a new 34.5/69 kV switchyard (referred to as the Glendale Switching Station) to replace the existing 34.5 kV switchyard and increase the resilience of GWP's electrical system; and,
7. Other balance-of-site EPC work, such as a new water treatment system, station service substation, warehouse/workshop for plant maintenance, storm water system, and the replacement of existing water main and plant potable/fire suppression water systems.

In July of 2020, GWP learned that the California High Speed Rail Authority (Rail Authority) had concluded in a Historic Architectural Survey Report for the EIR associated with the California High Speed Rail (Burbank to Los Angeles Section), that the L.W. Grayson Steam-Electric Generating Station (i.e. the Boiler Building at the Grayson Power Plant) was potentially eligible for listing in the National Register of Historic Places. The conclusions of the Rail Authority differed from the 2016 Architectural Resource Evaluation prepared for the Grayson Repowering Project EIR, which found that the existing structures at the Grayson site are not eligible for listing on national, state or local historic registers. Discussions with the Rail Authority's consultant confirmed that the Rail Authority's findings were based on a much more limited review and no access to the site or the Boiler Building itself.

On November 4, 2020, the Rail Authority notified the City of Glendale and the State Historic Preservation Officer that it considers the L.W. Grayson Steam-Electric Generating Station to be ineligible for listing in the National Register of Historic Places, and the State Historic Preservation Officer has concurred with this determination.

Project Alternatives 7 and 7A

Due to the assertion that Boiler Building may be historic, GWP commenced evaluation of a project alternative ("Alternative 7") that would retain the Boiler Building in place and move the ICE and BESS power islands to a different location on the Grayson site.

Based upon preliminary evaluation, retaining the Boiler Building would delay construction of the BESS as more demolition work would be needed in order to clear space where the BESS power island would be located. Additionally, taller exhaust stacks with more extensive foundations would be required if the Boiler Building were to be retained. Retaining the Boiler Building carries an opportunity cost as it would also eliminate space that was envisioned for additional energy storage facilities in the future (beyond the 75 MW). On the other hand, based upon a preliminary assessment, the new layout would reduce the number of old existing piles that must be removed for the new ICE power island and could reduce the number of piles required.

While the Boiler Building is not a historic resource, GWP proposes to evaluate the new alternative layout in the EIR, both with and without the Boiler Building. This proposed new layout for the BESS/ ICE plant would be designated in the Grayson Repowering Project EIR as Alternative 7 (new layout retaining the Boiler Building) and Alternative 7A (new layout without the Boiler Building).

To fully assess Alternatives 7 and 7A, additional studies are needed that were not included within the scope of the original Stantec and Black & Veatch Professional Services Agreements. The reconfiguration of the site necessitates that various studies that are dependent upon the physical arrangement of the equipment (such as noise and air quality studies) must be re-studied. Additionally, given the age of the Boiler Building, more work is needed to understand what modifications would be needed to extend the building's life and/or comply with mandatory upgrades, if the Boiler Building were to be retained. Therefore, an amendment to the Professional Services Agreements is needed to complete the work.

Alternative 8 – Extend the Life of Units 8A and 8BC

As another alternative to the proposed Grayson Repowering Project, GWP is also evaluating an option that would retain combustion turbine generator Units 8A and 8BC. This alternative would result in extending the lives of these units by refurbishing the gas turbine generators and replacing other elements of the units with new equipment. The result would be units that are more reliable, efficient, capable of meeting a ten-minute to full load start requirement, and capable of meeting new South Coast AQMD emission requirements set to take effect January 1, 2024. This new option is being evaluated in the proposed Grayson Repowering Project EIR as Alternative 8.

In addition to extending the life of Units 8A and 8BC, Alternative 8 would include the 75 MW / 300 MWh BESS that is also part of Alternatives 6, 7, and 7A. As with Alternatives 6, 7 and 7A, with Alternative 8, the Grayson Units 1-5 steam plant and related facilities would be demolished, and the new Glendale Switching Station would be added. This Alternative could support both the demolition or retention of the Boiler Building.

The work needed to study and evaluate this alternative was not in the Professional Services Agreements with Stantec and Black & Veatch for the LNTP Phase for Alternative 6. This additional work includes plant configuration studies, conceptual designs, engineering cost estimates, environmental reviews, and air modeling. Therefore, an amendment to the Professional Services Agreements would be required to evaluate this Alternative.

Alternative 6 – Additional Required Studies

In addition to the above costs associated with the analysis of Alternatives 7, 7A, and 8, an Amendment to the Professional Services Agreement with Stantec is needed for additional work that was not included in the original scope of work for the LNTP phase for Alternative 6. The additional work includes noise and visual impact evaluations related to Confluence Park; a quantitative analysis of potential air quality impacts of a potential BESS thermal event; a quantitative assessment of construction noise; demolition engineering support; and a Phase II study of the existing 34.5 kV switching station. Work that is common to other proposed alternatives will not be duplicated.

FISCAL IMPACT

Staff is requesting a Resolution of Appropriation to transfer funds from Net positions, Electric Fund Balance (27900-5810-0000) to Contractual Services, Electric Depreciation Fund, GWP Projects (43110-5830-GWP-0020-P0000-T0000-Various FERCs) in the amount of \$1,255,000, as follows:

Stantec Consulting Services, Inc.

To amend existing Professional Services Agreement No. 8000053 with Stantec Consulting Services, Inc. to increase the contract amount by \$570,000 to fund the additional scope of work pertaining to the evaluation of Alternatives 6, 7, 7A and 8. Funds for this project will be made available from the Grayson Repower Project (P13748). Therefore, staff is requesting a Resolution of Appropriation to transfer funds from Net positions, Electric Fund Balance (27900-5810-0000) to Contractual Services, Electric Depreciation Fund, GWP Projects, Admin General Plant Allocation FERC (43110-5830-GWP-0020-P0000-T0000-F3890; Munis PL P13748-CNTRCSVCS-F3991) in the total amount of \$570,000 to fund the cost associated with this Professional Services Agreement.

Black & Veatch Corporation

To amend existing Professional Services Agreement No. 8000847 with Black & Veatch Corporation to increase the contract amount by \$350,000, to fund the additional scope of work for pertaining to the LNTP phase of the proposed modernization of the Grayson Power Plant. Therefore, staff is requesting a Resolution of Appropriation to transfer funds from Net positions, Electric Fund Balance (27900-5810-0000) to Contractual Services, Electric Depreciation Fund, GWP Projects, Owner's Engineering Services for Grayson Power Plant (43110-5830-GWP-0020-P0000-T0000-F3000 and F3500; Munis PL GWP00170CN-CNTRCTSVCS-F3437 & F3510) in the amount of \$350,000 to fund the cost associated with this Professional Services Agreement.

Additional LNTP Costs

Staff anticipates that there will be costs associated with additional LNTP phase, including South Coast AQMD permit application fees for the additional alternatives and legal services associated with the preliminary development and permitting, estimated at \$335,000. Therefore, staff is requesting a Resolution of Appropriation to transfer funds from Net positions, Electric Fund Balance (27900-5810-0000) to Contractual Services, Electric Depreciation Fund, GWP Projects, Admin. General Plant Allocation FERC (43110-5830-GWP-0020-P0000-T0000-F3890; Munis PL P13748-CNTRCSVCS-F3991) in the total amount of \$335,000 for above mentioned activities.

ALTERNATIVES

Alternative 1: The City Council may choose to authorize the Interim City Manager, or his designee, to execute the proposed amendments as recommended herein to cover the costs of completing the evaluation and development of Alternative 6 and evaluating and developing Alternatives 7, 7A, and 8.

Alternative 2: The City Council may choose to authorize the Interim City Manager, or his designee, to execute Amendments to cover the cost of additional work to evaluate some, but not all, of the Alternatives.

Alternative 3: The City Council may consider any other alternative not proposed.

CAMPAIGN DISCLOSURE

The completed Campaign Disclosures for Black & Veatch Corporation and Stantec Consulting Services, Inc. are attached as Exhibit 1.

EXHIBIT(S)

Exhibit 1: Campaign Finance Disclosure Information for Black & Veatch Corporation and Stantec Consulting Services, Inc.