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Title: Approve a cooperative purchase agreement with Quinn Power Systems, for the purchase of three new Caterpillar natural gas generators in the amount of \$7,762,480.04, for the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3).

Sponsors: Department of Public Utilities

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Attachments: 1. Attachment 1-Quinn Power Systems Quotation.pdf, 2. Attachment 2-Cooperative Purchase Agreement.pdf, 3. Attachment 3- Proof of Publication.pdf, 4. Attachment 4- Sourcewell Proposal Opening Record.pdf, 5. Attachment 5- Sourcewell Proposal Evaluation.pdf, 6. Attachment 6- Sourcewell Comment and Review.pdf, 7. Attachment 7- Minnesota Board Resolution.pdf

Date	Ver.	Action By	Action	Result
5/25/2023	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

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SUBJECT

Approve a cooperative purchase agreement with Quinn Power Systems, for the purchase of three new Caterpillar natural gas generators in the amount of \$7,762,480.04, for the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3).

RECOMMENDATION

Staff recommends that Council approve a cooperative purchase agreement with Quinn Power Systems for the purchase of three new natural gas generators in the amount of \$7,762,480.04, inclusive of \$598,216.04 in sales tax, for the Fresno-Clovis Regional Wastewater Reclamation Facility (RWRF); and authorize the Director of Public Utilities, or designee, to sign the agreement on behalf of the City of Fresno (City).

EXECUTIVE SUMMARY

The RWRF currently does not have sufficient emergency backup generators to operate during periods of region-wide power outages. Pacific Gas and Electric Company (PG&E) has temporarily designated the RWRF in the essential use customer classification, which exempts the RWRF from rotating outages however, the Department of Public Utilities (DPU) is obligated to install backup generation that can adequately support critical loads for up to two hours. Based on the electrical needs of the facility and emission requirements set by the San Joaquin Air Pollution Control District, DPU seeks to purchase three new Caterpillar natural gas generators available through a cooperative purchase agreement. DPU is requesting Council approve the cooperative purchase agreement after which time it will be signed by Quinn Power Systems, and executed by the Director of Public Utilities, or designee.

BACKGROUND

The Wastewater Management Division (WMD) is responsible for the collection, conveyance, treatment, and reclamation of wastewater generated by the residential, commercial, and industrial sewer customers in the Fresno-Clovis metropolitan area. As wastewater reclamation is considered a vital service to the public, the RWRF has been placed on the Block 50 exemption list by PG&E, the RWRF energy provider, which designates the RWRF as an essential use customer classification exempt from rotating outages. Other facilities commonly on the Block 50 exemption list include: fire and police stations, acute care hospitals, communication utilities, radio and TV emergency broadcasting stations, electric utility facilities and fuel transportation, and water treatment facilities. However, placement on the list is only temporary, and the Department of Public Utilities must ultimately install backup generation that can adequately support critical loads for up to two hours.

The current RWRF electrical power system is fed from 70 kilovolt (KV) PG&E transmission lines, the energy from which is converted to 12 KV by an existing City-owned 10 mega volt amp substation and in the future a second substation currently under construction. The second substation will provide redundancy however if power is completely unavailable, the proposed emergency generator system would be brought on-line. The peak hourly/daily demand over the last twelve months was 7.2 MW in July 2021. This corresponds to previous peak demand values in previous years.

For the 7.2 MW peak hourly/daily demand, DPU is seeking to purchase three 2,500 KW natural gas emergency generators, with a total 7.5 MW capacity, from Caterpillar. WMD staff evaluated both diesel and natural gas generators and selected that natural gas generators primarily due to the availability and reliability of the fuel supply during prolonged power outages. For natural gas generators, there are three possible sources of supply: (1) PG&E natural gas lines, (2) renewable natural gas (RNG) generated at the RWRF, and (3) liquefied natural gas that may be delivered via a tanker truck to the RWRF. Natural gas was preferred to diesel due to the potential supply shortage during periods of prolonged power outages, where critical infrastructure region-wide may be relying on diesel generators.

The new natural gas generators will be acquired through a cooperative purchase agreement administered by Sourcewell, formerly the National Joint Powers Alliance (NJPA). The purchase price is \$7,762,480.04. This price includes the Sourcewell cooperative purchasing discount applied to City purchases as well as 8.35% local sales tax in the amount of \$598,216.04. Funding for this project is included in the Fiscal Year 2023 Wastewater Enterprise Fund 40501. Upon approval by the City Council, the cooperative purchase agreement will be signed by Quinn Power Systems, and executed

by the Director of Public Utilities, or designee.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the award of this contract does not qualify as a “project” for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not implemented because this is a cooperative purchase agreement.

FISCAL IMPACT

There is no impact to the General Fund. Funding for this Project is included in the Fiscal Year 2023 Wastewater Enterprise Fund 40501.

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