



Legislation Details (With Text)

File #: ID16-1156 **Version:** 1 **Name:**

Type: Action Item **Status:** Continued

File created: 9/28/2016 **In control:** City Council

On agenda: 10/13/2016 **Final action:**

Title: Actions pertaining to the Fresno/Clovis Regional Wastewater Reclamation Facility consultant contract to revise and update a Request for Proposal for a design-build contract for a new 2-Megawatt Solar Energy Facility (Council District 3)

1. *** RESOLUTION - 15th amendment to the Annual Appropriation Resolution (AAR) No. 2016-118 to appropriate \$256,000 for engineering services for the preparation of an RFP for a design-build contract for a 2-Megawatt Solar Energy Facility (Requires 5 affirmative votes)

2. Uphold City Manager's determination that Parsons Water and Infrastructure, Inc. is uniquely qualified.

3. Award a \$250,560 consultant contract (including a \$25,000 contingency) to Parsons Water and Infrastructure, Inc., a Delaware corporation, for the preparation of an RFP for a design-build contract for a 2-Megawatt Solar Energy Facility

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 17 15th Eng Svcs RFP Solar Energy Fac SAM.pdf, 2. Fiscal Impact Statement.pdf, 3. Agreement - Parsons.pdf

Date	Ver.	Action By	Action	Result
10/13/2016	1	City Council	continued	Pass

REPORT TO THE CITY COUNCIL

October 13, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

THROUGH: KEVIN L. NORGAARD, PE, Supervising Professional Engineer
Department of Public Utilities - Wastewater Management Division

BY: RAUL S. GONZALEZ, PE, Professional Engineer
Department of Public Utilities - Wastewater Management Division

SUBJECT

Actions pertaining to the Fresno/Clovis Regional Wastewater Reclamation Facility consultant contract to revise and update a Request for Proposal for a design-build contract for a new 2-Megawatt Solar Energy Facility (Council District 3)

1. *** RESOLUTION - 15th amendment to the Annual Appropriation Resolution (AAR) No. 2016-118 to appropriate \$256,000 for engineering services for the preparation of an RFP for a design-build contract for a 2-Megawatt Solar Energy Facility (**Requires 5 affirmative votes**)
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RECOMMENDATIONS

The Department of Public Utilities (DPU) recommends that the Fresno City Council award a consultant contract in the amount of \$250,560 to Parsons Water and Infrastructure, Inc. for the preparation of an RFP for a design-build contract of a 2-Megawatt (MW) Solar Energy Facility and approve the Appropriation Resolution to appropriate the necessary funds. The solar facility will be located at the Fresno-Clovis Regional Wastewater Reclamation Facility (Site).

EXECUTIVE SUMMARY

The Department of Public Utilities recommends the award of a consultant services agreement to Parsons Water and Infrastructure for the preparation of a Request for Proposals for a design-build contract for a new 2-Megawatt Solar Energy Facility at the Site. The 2-MW Solar Energy Facility has been sized to offset 50% of the increased electrical demands associated with the construction and operation of a new 30 million gallon per day (mgd) Tertiary Treatment and Disinfection Facility (Facility). The 30-mgd Facility is the cornerstone project for the City's Recycled Water Program, which will provide 25,000 acre-feet per year of non-potable water supply for the community. Phase 1 of the Facility is being commissioned with a capacity of 5-mgd, and it is scheduled to be placed into service October 2016.

BACKGROUND

In August 2010 (and amended in April 2012), the Fresno City Council approved a consultant services agreement with Parsons Water and Infrastructure Inc. to initiate the planning, permitting, and design for the first phase (5-mgd) of the Facility Project and a 2-MW Solar Energy Facility at the Site.

On June 26, 2014, the Fresno City Council (a) adopted the finding of Mitigated Negative Declaration for the construction of the 5.0-mgd Facility and 2-MW Solar Energy Facility, and (b) awarded a construction contract in the amount of \$28.6 million to construct the first phase (5-mgd) of the Facility. Startup and commissioning of the first module is nearing completion and is scheduled to begin producing recycled water in October 2016.

The procurement process for the 2-MW Solar Energy Facility was based on soliciting proposals for a design-build-operate contract. Using this approach, DPU provided prospective proposers with (a) specifications and warranty requirements for all equipment items to be provided, (b) performance requirements for electrical power production, (c) performance requirements for system operations and maintenance, and (d) general arrangement drawings showing the proposed location and

orientation of the system and the points of interconnect, at the Site.

The Request for Proposals (RFP) was advertised by the City's Purchasing Department on April 1, 2015, with a Proposal due date of May 5, 2015. Eleven prospective proposers requested plan sets for the 2-MW Solar Energy Facility, but only a single proposal was received. With only a single proposal and the belief that costs were excessive, the project was not awarded. A third party energy consultant was asked to perform a thorough review of the RFP and a market survey to determine the reasons for such low proposer participation. Some of the reasons given by solar contractors for not proposing were that the RFP was too restrictive, the 10-year warranty was too long, the maintenance contract period was long, federal requirements imposed by the State Revolving Fund (SRF) complicated proposal process, insufficient outreach among utility-scale solar contractors was conducted, and that other tasks were included that are not normally part of a solar contractor's normal scope. A Value-Engineering meeting was conducted with DPU staff and the third party consultant to determine which contact elements added value and which added cost only. Following the recommendations of the Value-Engineering meeting, Parsons was asked to provide a Scope and Level of Effort for revising the RFP to provide competitive proposals. Staff negotiated a contract in the amount of \$250,560.

ENVIRONMENTAL FINDINGS

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

LOCAL PREFERENCE

Local preference was not implemented because Parsons Water and Infrastructure, Inc. is uniquely qualified.

FISCAL IMPACT

This project will be located in Council District 3. A State Revolving Fund loan has been approved for the construction of this project. Funds for the design are available in the Sewer Enterprise Fund. The adoption of the AAR allocates monies from the Sewer Enterprise Fund for the design. Funds in the amount of \$14,325,000 were budgeted for construction in the FY15 Sewer Enterprise Fund No. 40527. The award of the project was postponed into FY17 to allow additional technical and financial review. This delay was deemed prudent given there was only one proposal. Funds were budgeted in 40527 in FY16 for construction. The fiscal impact of this contract will be \$256,000. An AAR is necessary to appropriate funding in the Sewer Enterprise Fund 40501 for this contract.

Attachments:

Annual Appropriations Resolution
Fiscal Impact Statement
Contract