



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Utilities

Meeting Date: September 23, 2024

Staff Report: 2406-3193

TITLE

Approval of Four (4) Professional Services Contracts for Reliability and Resiliency On-Call Services for a Period of Up to 5 Years to Support the Implementation of Palo Alto's Reliability and Resiliency Strategic Plan as Needed: 1) Contract Number C25189412A with Buro Happold in an Amount Not to Exceed \$450,000; and 2) C25189412B with EcoMotion, C25189412C with Energeia, and C25189412D with Energy and Environmental Economics, Inc. (E3), in an Amount Not to Exceed \$250,000 (Each); CEQA Status – Not a Project.

RECOMMENDATION

Staff recommends that City Council approve and authorize the City Manager or their designee to execute 4 Professional Services Contracts to support the implementation of Palo Alto's Reliability and Resiliency Strategic Plan (RRSP) with the following companies for a duration of up to five years:

- Contract # C25189412A with Buro Happold for an Amount Not-to-Exceed \$450,000;
- Contract # C25189412B with EcoMotion for an Amount Not-to-Exceed \$250,000;
- Contract # C25189412C with Energeia for an Amount Not-to-Exceed \$250,000;
- Contract # C25189412D with Energy and Environmental Inc (E3) for an Amount Not-to-Exceed \$250,000;

EXECUTIVE SUMMARY

Staff recommends the approval of 4 Professional Service Contracts. Companies retained under these contracts will support the implementation of Reliability and Resiliency Strategic Plan (RRSP) which was approved by the City Council on April 15, 2024.

These contracts are on-call agreements that allow the City to contract for work on specific projects on an as-needed basis. The contract dollar limits above represent the total not-to-exceed cost of work that can be done with any individual contractor, but staff does not anticipate using the full amount for each contract.

BACKGROUND

The City Council approved the Reliability and Resiliency Strategic Plan (RRSP) on April 15, 2024 (2401-2496)¹. The RRSP is intended to address questions the community has had about the electric system's:

- Reliability: how frequently the system experiences outages,
- Modernization: how the system will be upgraded to integrate and effectively utilize new and existing flexible technologies like solar with batteries or vehicle to grid technology,
- Capacity: the capacity of the system to handle electrification, and
- Resiliency: the system's ability to minimize the impacts of a major event, recover quickly, and the utility's role in helping individual customers maintain service during outages.

ANALYSIS

The RRSP includes six strategies, as follows:

- Strategy 1: Replace and modernize electric distribution infrastructure, which includes:
 - the grid modernization project
 - the second transmission line project
 - the Foothills undergrounding project
- Strategy 2: Implement operational practices to improve reliability and manage outages effectively
- Strategy 3: Integrate and ease adoption of flexible and efficient technologies and strategies
- Strategy 4: Evaluate the benefits of flexible and resiliency technologies and efficient electrification strategies to the utility and community
- Strategy 5: Evaluate the resource needs to promote the adoption of various flexible demand reduction and resiliency solutions and efficient electrification strategies.
- Strategy 6: Implement any utility-driven programs identified in Strategy 5 that are chosen by Council.

The four companies selected have the expertise to assist with the tasks required to implement the RRSP, particularly as it relates to Strategies 3, 4, 5 and 6.

Solicitation Process

The City published the Request for Proposals (RFP) for the Funding Study on the City's eProcurement platform, on March 6, 2024. The City received six responsive Proposals from Buro Happold Consulting Engineers, EcoMotion, Energeia USA, Energy Environmental Economics (E3), HGA, and Smith Group.

¹ Agenda Item #4: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13591>

Table 1. Summary of RFP Process

RFP Name/Number	Consulting Services to Scope Projects to Enhance Resiliency RFP No. 189412
RFP Issued	March 6, 2024
Proposals Due	April 9, 2024
# of Firms Notified	3017
Total Days to Respond to RFP	34
# of Proposals Received	6
Non-responsive bidders/ Responsive bidders	0 / 6
Public Link to Solicitation	https://procurement.opengov.com/portal/palo-alto-ca/projects/83948
Proposals Price Range – Retainer Rates	Hourly rate ranging from ~\$202 to ~\$337

An evaluation committee comprised of three Resource Management Division staff reviewed the proposals and conducted interviews with the top four scoring firms. The committee reviewed the firm’s qualifications and submittals in response to the criteria outlined in the RFP, including work quality, the firm’s experience and effectiveness, quality and completeness of the proposal, prior performance, the proposer’s financial stability and ability to provide services. The committee also evaluated each firm’s proposed strategy and approach to supporting the City in these service areas.

Staff recommends contracting with four of the companies on a task order basis to undertake projects as needed. The four companies were: Buro Happold Consulting Engineers, EcoMotion, Energeia USA, and Energy Environmental Economics (E3). The four firms provided competitive proposals with a cross section of expertise needed to implement the RRSP in the coming years. The general type of services under this agreement would be as follows:

- Valuing the benefits of flexible and distributed technologies like rooftop solar PV, battery energy storage, vehicle to grid, efficient electrification, and other strategies in reducing utility electric supply and distribution system cost and in enhancing customer resiliency.
- Identifying ways to utilize efficient electrification technologies such as low powered EV chargers, circuit pausers and circuit sharing, smart electrical panels, and whole home back-up switches to lower electrical system upgrade costs of homes.
- Quantifying the value of resiliency for residents and non-residents
- Analyzing the resiliency strategies currently available to residents, such as backup generators, solar and energy storage, and emergency preparation, and prospective strategies such as vehicle to home technology
- Helping to develop a list of potential resiliency programs and projects the City and its electric utility could take to enhancing electric resiliency for the community, developing

estimates of staff time and budgets needed to evaluate each approach in more depth, and developing preliminary cost and value estimates of implementation of each approach where feasible.

- Evaluating equitable or community-based approaches to the above programs focused on low-income residents, critical facilities, or emergency facilities.
- Evaluating microgrid strategies for the City, its electric utility, and utility customers.
- Other evaluations of home and business energy technologies.
- Identifying ways to communicate the benefit and to encourage the utilization of efficient electrification technologies such as low powered EV chargers, circuit pausers and circuit sharing, smart electrical panels, and whole home back-up switches to lower electrical system upgrade costs of homes.

Work under these contracts will be done on a task order basis, meaning that no work will be authorized by entering into the agreements. Companies are not guaranteed work under these agreements and will only be compensated for work authorized via staff's execution of task orders for specific projects, on an as-needed basis. The scope, budget, and final deliverables for each project under the agreements will be agreed upon by the consultant and City staff before each task begins.

Expected expenditures for Buro Happold are larger in Year 1, compared to the other three companies, because they have been selected to lead Phase I of the analysis to value flexible distributed technologies and develop a list of potential customer resiliency programs. Buro Happold is being engaged to do analysis related to Strategies 3, 4, and 5 of the RRSP. That work encompasses some cost/benefit analysis, barrier identification, and program design related to certain energy technologies. All bidders wrote proposals on a set of tasks related to Strategies 3, 4, and 5 as part of the RFP process, and Buro Happold's proposal was selected due to the highly relevant experience of them and their subcontractor as well as the quality of their proposal and their competitive pricing. When the City establishes a master agreement that from an RFP that includes specific work as well as additional, unspecified future work, normally the scope for that work would be included in the master agreement. But in this case, staff expects to seek Utilities Advisory Commission (UAC) feedback on the scope of work and recently discussed with the commission at their September 4 meeting. Staff chose to specify this feedback and work in the first task order instead of delaying the contract drafting and approval process.

For any additional task orders not specified in the RFP staff plans to seek quotes from all companies before choosing and signing. Variables to be expected in review include cost, timing/availability, and expertise. All task orders will be authorized by the Utilities Director.

POLICY IMPLICATIONS

The services involved will help implement the RRSP which was approved by the City Council in April 2024 and is envisaged by the City's S/CAP Implementation Plan, a Council priority.

FISCAL/RESOURCE IMPACT

Funding for the first year of the services involved is available in the FY 2025 City Adopted Budget. The cost of the initial task order to Buro Happold focused on Strategies 3, 4, and 5 is anticipated to be about \$150,000 to \$250,000 in the first year, but the expenditure need for future years is uncertain. Subsequent year task orders will depend on Council approval of new reliability and resiliency programs for design and implementation or requests for additional analysis to support that policy decision. Microgrid project analyses in particular are costly, if pursued.

The maximum combined annual expenditure under all four contracts is \$400,000 per year for the next three years, though staff does not anticipate expending the full amount.

STAKEHOLDER ENGAGEMENT

City Council and the Utilities Advisory Commission was engaged in the development of the RRSP. The S/CAP Ad-hoc Working Group provided input on the draft consultant scope of work at their meeting June 19th and the Utilities Advisory Commission provided input at their September 4th meeting. Staff will continue to engage with the S/CAP Working Group and the UAC as the study results become available.

ENVIRONMENTAL REVIEW

Approval of the attached agreements described in this staff report does not meet the definition of a project under the California Environmental Quality Act (CEQA), pursuant to the California Public Resources Code Section 21065, because it is not an activity that will cause a direct physical change in the environment.

ATTACHMENTS

Attachment A: Agreement C25189412A Buro Happold

Attachment B: Agreement C25189412B EcoMotion

Attachment C: Agreement C25189412C Energeia

Attachment D: Agreement C25189412D E3

APPROVED BY:

Dean Batchelor, Director of Utilities

Staff: Jonathan Abendschein, Assistant Director of Climate Action