AGENDA
FINANCE COMMITTEE
SPECIAL MEETING NOTICE
MAY 10, 2021
PUBLIC MEETING 3:30 P.M.

Members
Victor M. Gordo, Mayor
Felicia Williams, District 2
John J. Kennedy, District 3
Andy Wilson, District 7

STAFF
Matthew Hawkesworth, Director of Finance
Theresa Fuentes, Assistant City Attorney
Gloria Acevedo, Recording Secretary

MISSION STATEMENT

The City of Pasadena is dedicated to delivering exemplary municipal services, responsive to our entire community and consistent with our history, culture and unique character.

In compliance with the Americans with Disabilities Act of 1990, Assistive Listening Devices are available from the City Clerk's Office with a 24-hour advance notice. Please call (626) 744-4124 to request use of a listening device.

Language translation services are available for this meeting by calling (626)744-4124 at least 24 hours in advance. Habrá servicio de interpretación disponible para éstas juntas llamando al (626)744-4124 por lo menos con 24 horas de anticipación.

Meetings are broadcast live on cable Channel 3 and on the Internet at http://pasadena.granicus.com/mediaplayer.php?camera_id=2&publish_id=9 and https://www.pasadenamedia.org/watch/ (Click on Video Streamlining on the right side of the screen).

Items on the agenda may not be called in order listed. Agendas and supporting documents are available on the Internet at https://www.cityofpasadena.net/commissions/city-council-finance-committee/

*Materials related to an item on this Agenda submitted to the Finance/Audit Committee **after** distribution of the agenda packet will be posted online and listed as: "Supplemental Agenda Material Received after the Posting of the agenda"*

PURSUANT TO EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, THE SPECIAL FINANCE COMMITTEE MEETING FOR MAY 10, 2021 AT 3:30 P.M. WILL TAKE PLACE *SOLELY* BY VIDEOCONFERENCE/TELECONFERENCE.

TO ACCESS THE MEETING:

http://pasadena.granicus.com/MediaPlayer.php?publish_id=9

AND

WWW.PASADENAMEDIA.ORG

In order to facilitate public participation at meetings held solely by electronic means, the City will accept public comment in the following manner:

1. During the meeting, members of the public may provide live public comment by submitting a speaker card prior to the start of public comment on that item, at the following webpage:

   www.cityofpasadena.net/commissions/public-comment

   After submitting a public speaker card, join the virtual meeting at the published start time with a computer, other electronic device, or by telephone. The same name or telephone number on the Speaker Card **must** be used for the virtual meeting in order to locate and unmute the speaker.

   Computer or electronic devices, join the meeting at: **https://us02web.zoom.us/j/161482446**

   Telephone only dial-in: 1-669-900-6833, Meeting ID: 161 482 446

2. Members of the public may submit correspondence of any length prior to the start of the meeting, at the following email address:

   gacevedo@cityofpasadena.net

   Correspondence will be forwarded to the legislative body prior to the start of the meeting.

3. If assistance is needed by phone, please call the City Clerk's Office at: (626) 744-4124.

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OFFICE OF THE MAYOR

CITY OF PASADENA
NOTICE OF SPECIAL MEETING
OF THE FINANCE COMMITTEE

MAY 10, 2021
PUBLIC MEETING: 3:30 P.M.
PASADENA CITY HALL, COUNCIL CHAMBER
100 NORTH GARFIELD AVENUE, ROOM S249

Note to the Public: City Hall is closed to the public until further notice.

NOTICE IS HEREBY GIVEN that the regular meeting of the Finance Committee that would have been scheduled for Monday, May 10, 2021 at 4:00 p.m. is now taking place at 3:30 p.m. by videoconference/teleconference to discuss matters on the attached agenda. This virtual meeting is held pursuant to Executive Order N-29-20 issued by Governor Gavin Newsom.

Victor M. Gordo, Mayor
City of Pasadena

I HEREBY CERTIFY that this notice, in its entirety, was posted on the Internet at www.cityofpasadena.net/commissions/city-council-finance-committee and on the Council Chamber Bulletin Board, Room S249 and the Bulletin Board in the rotunda area, City Hall, 100 North Garfield Avenue, this 6th day of May, 2021, by 5:30 p.m., and that copies hereof were faxed, emailed or delivered to each member of the City Council and to each local newspaper of general circulation, radio or television station requesting notice in writing, all of which recipients are identified on the distribution list set forth herein below.

Gloria Acevedo, Recording Secretary
Finance Committee

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SPECIAL MEETING
AGENDA
FINANCE COMMITTEE
MAY 10, 2021

Public Meeting: 3:30 P.M.
Council Chamber, Pasadena City Hall
100 North Garfield Avenue, Room S249

PUBLIC MEETING - 3:30 P.M.

ROLL CALL

PUBLIC COMMENT – LIMITED TO ITEMS ON THIS SPECIAL MEETING AGENDA AND WILL BE HEARD AT THE TIME THE ITEM IS CONSIDERED

APPROVAL OF MINUTES

April 26, 2021 Special Meeting

NEW BUSINESS

1. **RECOGNIZE AND APPROPRIATE $1,222,000 TO THE FISCAL YEAR 2021 PUBLIC HEALTH DEPARTMENT OPERATING BUDGET AND INCREASE THE DEPARTMENTAL PERSONNEL ALLOCATION BY 12.0 FULL-TIME EQUIVALENT ("FTE") FOR THE COVID-19 EPIDEMIOLOGY AND LABORATORY CAPACITY ("ELC") SUPPLEMENTAL PROGRAM**

2. **REINSTATEMENT OF LATE FEES AND PENALTIES**

3. **AUTHORIZATION TO ENTER INTO A CONTRACT WITH INTEGRATED TURBO MACHINERY, INC. FOR AN AMOUNT NOT TO EXCEED $479,720 FOR THE REPAIR OF GLENARM TURBINE 5 STEAM TURBINE**

INFORMATION ONLY

ADJOURN

APPROVAL OF MINUTES

- **APRIL 26, 2021 SPECIAL MEETING**

Special Meeting Minutes
FINANCE/AUDIT COMMITTEE
Monday, April 26, 2021 ▪ 3:00 p.m.
Videoconference/Teleconference Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance Committee was called to order at 3:09 p.m. with Mayor Gordo, and Councilmembers, Kennedy and Williams, comprising the quorum.

Attendees (Absent as indicated):

Councilmembers	**Staff**	**Guests**
Mayor Gordo, Chair	Steve Mermell	Bob Callanan, CliftonLarsonAllen LLP
Andy Wilson	Julie Gutierrez	Joe Ludin, CliftonLarsonAllen LLP
John Kennedy	Theresa Fuentes	Michael Ross, PCOC
Felicia Williams	Matthew Hawkesworth	
	Vic Erganian	
	Ara Maloyan	
	Robert Ridley	
	Laura Rubio-Cornejo	
	Alex Hernandez	
	Phyllis Hallowell	
	Valerie Gibson	
	Kris Markarian	
	Brent Maue	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- April 12, 2021 Special Meeting

The minutes were approved as submitted

D. NEW BUSINESS

1. PROPOSITION A LOCAL RETURN FUND EXCHANGE WITH THE CITY OF CUDAHY

Laura Rubio-Cornejo, Director of Transportation, introduced the item and Alex Hernandez, Management Analyst, presented a PowerPoint recommending the City Manager to execute a one-year agreement with the City of Cudahy to exchange $110,775 of the General Funds' dollars dedicated for transit service for $147, 000 of Cudahy's Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs, and project in Pasadena.

Councilmember Williams asked if the reason for the build-up of funds was that the department was not spending the money on what it should be spent on and if staff was over budgeting for the Transportation Department. Ms. Rubio-Cornejo responded there

are no items the department is not spending money on that would lead to the General Fund Transportation money to build up and that there is a need to demonstrate a local funding commitment for Metro.

Vice Mayor Wilson requested clarification on whether the discount rate of 25% was the industry standard and if it was scaled. Ms. Cornejo-Rubio indicated the discount rate is at industry standard and the rate is a flat rate.

The Finance Committee approved forwarding this report to the full City Council.

2. FINANCIAL UPDATE MARCH 2021

Matthew Hawkesworth, Director of Finance, gave a financial update on the impacts of the health pandemic as it relates to the General Fund Revenue, taxes, General Fund expenditures, and how it all affects the General Funds' five-year forecast.

Vice Mayor Wilson requested staff provide a methodology on how the American Recovery Act dollars will be spent. Steve Mermell, City Manager, indicated that as the City learned how the money can be spent, it will prepare recommendations for the City Council through the Finance Committee. Mr. Hawkesworth provided general parameters that are available so far; reimburse the City for public services provided during the pandemic that are not eligible for other type of reimbursement, respond to workers performing essential work during the health emergency, ability to rebuild reserves based on revenue loss, and in investments in water, sewer, and broadband infrastructure.

Mayor Gordo asked for clarification on how Measures I and J were structured and if there is a cap. Mr. Mermell provided an overview, Measure I was structured to receive 3/4 of sales tax or $21 million in the first year and Measure J is an advisory measure, which advices to the City Council to share 1/3 of Measure I funds received with the Pasadena Unified School District (PUSD). Measure J was fixed for the first year to provide a guaranteed floor of $5 million to PUSD. Mayor Gordo requested the discussion be brought to the City Council during the budget discussions on how to address revenues above and beyond the $5 million floor, considering preserving essential City services as promised to the citizens, and to consider providing transparency on how the dollars collected have been spent, before going out to the citizens for additional funding requests.

The Finance Committee acknowledged receiving the report.

3. REFINANCING OPTIONS - PCOC BONDS

Matthew Hawkesworth, Director of Finance, introduced the agenda item and Vic Erganian, Deputy Director of Finance/Treasurer, presented the item that provided three options to refinance the Pasadena Center Operating Company's (PCOC) outstanding 2008A Variable Rate Demand Certificate of Participation Bonds . Options include, terminating the swap and refinance on a fixed rate basis, terminate the swap and refinance on a variable rate basis, and partially terminate the swap and refinance the same portion on a fixed rate basis.

Councilmember Williams requested a graph that shows how the termination payment amount changes over time using interest rate to project the amount of time remaining in the notional amount. Mr. Erganian agreed to provide the graph. Councilmember Williams suggested staff should start thinking of the PCOC, the visitor's bureau, and events in Pasadena in a broader term, to allow for the capitalization of revenue generating opportunities such as assets that sustain themselves, thus allowing the opportunity to potentially refinance bonds.

Vice Mayor Wilson thanked staff for the report and suggested picking up the topic brought by Councilmember Williams at an Economic Development and Technology meeting.

Mayor Gordo asked if adding debt to the bonds impacted the bonding capacity for other capital improvement projects for the City. Mr. Hawkesworth stated it did not; however, it does affect the City's debt to capital ratio and rating agencies could wonder why the City is refunding something that is not generating a savings.

The Finance Committee approved forwarding this report to the full City Council.

4. FISCAL YEAR JUNE 30, 2020 SINGLE AUDIT REPORT

Matthew Hawkesworth, Director of Finance introduced the item and Robert Ridley, Controller, provided a high overview of the City's Single Audit Report on Federal Awards. The single audit report includes two auditor's reports and three schedules.

Vice Mayor Wilson asked if the material weakness was a liability claims exposure. Mr. Ridley stated it was the failure to accrue two claims totaling six million and the second was that were duplicated/overstated resulting in a large amount of money, material weaknesses are the worse type of weakness, and the two claims reconciled each other. Vice Mayor Wilson asked that staff work closely with the City Attorney's office who manages the exposure, as a remedy. Mr. Ridley agreed and shared the Finance Department is adding a step to the review process to correct that item.

The Finance Committee approved forwarding this report to the full City Council.

E. INFORMATION ONLY

5. CAPITAL IMPROVEMENT PROGRAM - FY 2021 THIRD QUARTER MONITORING REPORT

Councilmember Kennedy inquired on the status of the pool and pool house at Robinson Park and reminded staff not to forget about Villa Parke if funding is received through the Los Angeles County Supervisor's Office. Ara Maloyan, Director of Public Works, responded that Villa Parke is fully funded and that a contract award is expected to be issued by the end of May. He also stated that the pool and the pool house at Jackie Robison Park are currently in the design phase and that the Department had received funding from the Community Development Block Grant. Mr. Kennedy, requested a side bar to discuss funding. Mayor Gordo requested a Memo with current updates.

Vice Mayor Wilson requested an update on the Playhouse Park. Mr. Maloyan indicated the project is moving along and staff is prepared to go to the City Council on May 24, 2021 for authorization to award a contract. Staff is also conducting public outreach for the renaming of the park. Councilmember Kennedy thanked Staff and the Playhouse Leadership, recommended the naming to be as robust as possible, and shared he had given his preliminary views on the name.

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the committee, the meeting adjourned at 4:27 p.m.

_____

Victor M. Gordo Date
Chair, Finance Committee

_____

ATTEST: Gloria Acevedo, Date
Recording Secretary

NEW BUSINESS

1. **RECOGNIZE AND APPROPRIATE $1,222,000 TO THE FISCAL YEAR 2021 PUBLIC HEALTH DEPARTMENT OPERATING BUDGET AND INCREASE THE DEPARTMENTAL PERSONNEL ALLOCATION BY 12.0 FULL-TIME EQUIVALENT ("FTE") FOR THE COVID-19 EPIDEMIOLOGY AND LABORATORY CAPACITY ("ELC") SUPPLEMENTAL PROGRAM**

Agenda Report

May 10, 2021

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (May 10, 2021)

FROM: Public Health Department

SUBJECT: **RECOGNIZE AND APPROPRIATE $1,222,000 TO THE FISCAL YEAR 2021 PUBLIC HEALTH DEPARTMENT OPERATING BUDGET AND INCREASE THE DEPARTMENTAL PERSONNEL ALLOCATION BY 12.0 FULL-TIME EQUIVALENT ("FTE") FOR THE COVID-19 EPIDEMIOLOGY AND LABORATORY CAPACITY ("ELC") SUPPLEMENTAL PROGRAM**

RECOMMENDATIONS:

It is recommended that the City Council:

1. Find that the proposed action is not subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378, as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment;

2. Authorize the City Manager to enter into a contract with the County of Los Angeles to accept and administer federal grant funds on behalf of the City of Pasadena to expand epidemiology, surveillance, and testing capacity to combat COVID-19; and

3. Amend the Fiscal Year 2021 Public Health Department operating budget by recognizing and appropriating $1,222,000 in Los Angeles County grant pass-through funding from the Centers for Disease Control and Prevention and increase the departmental personnel allocation by 12.0 new full-time equivalent ("FTE") limited-term grant-funded positions.

BACKGROUND:

Through the ELC for Infectious Diseases Cooperative Agreement established in 1995, the Centers for Disease Control and Prevention ("CDC") distributes federal resources to state and local public health departments to strengthen the nation's infectious disease infrastructure. The CDC currently provides ELC funding to 50 states, 8 territories, and 6 of the nation's largest local health departments including Los Angeles County.

While prevention and control of diseases such as tuberculosis and HIV is funded through large categorical grants from the CDC, the ELC grant strengthens infrastructure for surveillance and response to infectious diseases in general, including emerging pathogens such as SARS-CoV-2.

Through the Coronavirus Response and Relief Supplemental Appropriations Act 2021, the CDC awarded $19.1 billion in supplemental ELC funding to grant recipients. Recognizing the need for regional investment, Los Angeles County issued ELC sub-awards to the City of Pasadena Public Health Department ("PPHD") and City of Long Beach Public Health Department. Los Angeles County awarded the PPHD $8,263,037 through November 2023 to expand epidemiology, surveillance, and testing capacity to combat COVID-19. The PPHD recommends recognizing $1,222,000 of the grant funding in FY 2021.

ELC funding may only support activities that complement, not duplicate, existing infectious disease efforts and programs with the intent of maximizing public health impact. The program will fund pandemic response efforts including investigation, surveillance, vaccine delivery and post-pandemic recovery trainings. System improvements will improve department ability to process, manage, analyze, use, and report public health data. The program will also improve infection prevention capacity and optimize COVID-19 diagnostic testing and reporting. To meet the objectives of the grant, PPHD requests an increase in personnel by 12.0 FTE limited-term positions including four (4) 1.0 FTE Public Health Nurses, two (2) 1.0 FTE Registered Nurses, five (5) 1.0 FTE Community Service Representatives III, and one (1) 1.0 FTE Management Analyst I.

The Department requests the following appropriations for the FY 2021 program budget:

Budget Category	**Item(s)**	**Amount**
Personnel	12.0 FTE	$750,000
Other Contracted Services	Nursing Registry, Storage	$402,000
Materials & Supplies	Office Supplies, Apparel	$50,00
Printing Services	Flyers, promos, signage	$20,000
TOTAL		$1,222,000

Additionally, the Department will redeploy staff already budgeted in other public health programs to support this new grant. The recommended actions provides support for the Pasadena Public Health Department to add needed staff, advance systems, and establish practices that will enhance local capacity to identify, respond, and manage infectious disease control efforts for COVID-19 and other pathogens. This investment is expected to improve emerging infectious disease planning, preparedness and quality improvement from lessons learned during the COVID-19 response.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City Council's strategic planning goal to ensure public health and safety by expanding access to COVID-19 testing, increasing infection control capacity, and improving systems needed to collect and report public health data.

ENVIRONMENTAL ANALYSIS:

The subject contract and appropriation of funds is not subject to CEQA pursuant to State CEQA Guidelines Section15060(c)(2), 15060(c)(3), and 15378. CEQA Guidelines Section 15060(c)(2) states that an activity is not subject to CEQA if "The activity will not result in a direct or reasonably foreseeable indirect physical change in the environment." The proposed action consists of a contract and appropriation of funds. No direct or reasonably foreseeable indirect physical change in the environment would result. Additionally, 15378(b)(2) states "Continuing administrative or maintenance activities, such as...personnel-related actions" are not a project. Under this definition, the proposed activity is not a CEQA "Project" and is, therefore, also not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

FISCAL IMPACT:

It is anticipated that the grant award of $1,222,000 will be received and spent in Fiscal Year 2021. Pending approval by the City Council, the Fiscal Year 2021 Public Health Department operating budget will be increased by $1,222,000 for project implementation and the department personnel allocation will be increased by 12.0 FTE. No net impact to the unappropriated fund balance is anticipated. Remaining grant funding will be included in the annual budget submission in future fiscal years.

Respectfully submitted,

YING–YING GOH, MD, MSHS
Director of Public Health & Health Officer
Department of Public Health

Prepared by:

Matthew Feaster, MPH, PhD
Epidemiology & Disease Control
Division Manager

Approved by:

STEVE MERMELL
City Manager

PASADENA

Public Health Department

RECOGNIZE AND APPROPRIATE $1,222,000 TO THE FISCAL YEAR 2021 PUBLIC HEALTH DEPARTMENT OPERATING BUDGET AND INCREASE THE DEPARTMENTAL PERSONNEL ALLOCATION BY 12.0 FULL-TIME EQUIVALENT ("FTE") FOR THE COVID-19 EPIDEMIOLOGY AND LABORATORY CAPACITY ("ELC") SUPPLEMENTAL PROGRAM

Finance Committee Item No. #1

May 10, 2021

COVID-19 ELC Supplemental Grant

Public Health Department

- Centers for Disease Prevention & Control grant funding through Los Angeles County
- $8,263,037 through November 2023
  - ELC supplemental funding will support activities that complement, not duplicate, existing COVID-19 infectious disease efforts
  - The program will fund pandemic response efforts including investigation, enhanced infection control, vaccine delivery and post-pandemic recovery trainings

COVID-19 ELC Supplemental Grant

Public Health Department

- Total of $1,222,000 to the Fiscal Year 2021
- Projected Expenses
  - Personnel costs $750,00
  - Contracted services $402,000
  - Other costs $70,000
- Department will request remaining funding be appropriated through the FY22 budget amendment process and the annual budget process in future fiscal years
- No net impact to unappropriated fund balance

COVID-19 ELC Supplemental Grant

Public Health Department

- Increase PPHD personnel allocation by 12 FTE
  - Four (4) 1.0 FTE Public Health Nurses
  - Two (2) 1.0 FTE Registered Nurses
  - Five (5) 1.0 FTE Community Service Representatives III, and;
  - One (1) 1.0 FTE Management Analyst I

Staff Recommendations

Public Health Department

- It is recommended that the City Council:

  > Find that the proposed action is not subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378, as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment;

  > Authorize the City Manager to enter into a contract with Los Angeles County to accept and administer federal grant funds on behalf of the City of Pasadena to expand epidemiology, surveillance, and testing capacity to combat COVID-19;

Staff Recommendations

Public Health Department

- Recommendations (continued)

  > Amend the Fiscal Year 2021 Public Health Department operating budget by recognizing and appropriating $1,222,000 in Los Angeles County grant pass-through funding from the Centers for Disease Control and Prevention and increase the departmental personnel allocation by 12.0 new full-time equivalent (“FTE”) limited-term grant-funded positions.

NEW BUSINESS

2. REINSTATEMENT OF LATE FEES AND PENALTIES

Agenda Report

May 10, 2021

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Finance Department

SUBJECT: **REINSTATEMENT OF LATE FEES AND PENALTIES**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required; and
2. Rescind the suspension of late fees and penalties on City provided services that was approved on March 17, 2020 and not previously approved by other action.

BACKGROUND:

On March 17, 2020, the City Council approved the suspension of all late fees and penalties on City provided services including but not limited to municipal services and administrative citations, the suspension of all utility shut-offs for non-payment, and modified various parking policies. Since that time, the City Council has taken separate action to reinstate various parking policies and approve a timeline to resume utility late fees and shut-offs for non-payment. The proposed action will end the suspension of late fees and penalties for any other City fees or charges not previously approved. This includes fees for emergency medical services, license or permit renewals, rents, and other accounts receivables.

COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council's strategic planning goal of maintaining fiscal responsibility and stability the collection of amounts due to the City.

ENVIRONMENTAL ANALYSIS:

This action is exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the common sense exemption. The common sense exemption can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action is the modification of fees, and will not result in any new development or physical changes.

FISCAL IMPACT:

The approval of the proposed reinstatement of late fees and penalties would maintain a balanced operating budget for Fiscal Year 2022 without the need to draw upon reserves.

Respectfully submitted,

MATTHEW E. HAWKESWORTH
Director of Finance

Approved by:

STEVE MERMELL
City Manager

Reinstatement of Late Fees

Matthew Hawkesworth
Director of Finance

May 10, 2021
Finance Committee/City Council
Item 2 (Finance Committee), Item xx (City Council)

Background

- March 17, 2020 the City Council suspended all late fees and penalties

- April 12, 2021- City Council approved:
  - > A plan to reinstitute parking and transit related fees and fines
  - > A plan to reinstitute late fees and shut-offs for non-payment of utilities

PASADENA

Recommendation

- Rescind the suspension of late fees or penalties for all services or fees not previously approved by the City Council on April 12, 2021

  > Includes Business License, health permits, emergency medical services, permits, rents, and miscellaneous receivables.

PASADENA

NEW BUSINESS

3. AUTHORIZATION TO ENTER INTO A CONTRACT WITH INTEGRATED TURBO MACHINERY, INC. FOR AN AMOUNT NOT TO EXCEED $479,720 FOR THE REPAIR OF GLENARM TURBINE 5 STEAM TURBINE

Agenda Report

May 10, 2021

TO: Honorable Mayor and City Council

FROM: Department of Water and Power

THROUGH: Finance Committee (May 10, 2021)

SUBJECT: **AUTHORIZATION TO ENTER INTO A CONTRACT WITH INTEGRATED TURBO MACHINERY, INC. FOR AN AMOUNT NOT TO EXCEED $479,720 FOR THE REPAIR OF GLENARM TURBINE 5 STEAM TURBINE**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities; and Section 15302, Replacement or Reconstruction; and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances;
2. Authorize the City Manager to enter into a contract, without competitive bidding pursuant to City Charter Section 1002(C), contracts for labor, material, supplies, or services available from only one vendor, with Integrated Turbo Machinery, Inc. ("Integrated") for the repair of Glenarm Turbine 5 ("GT-5") steam turbine for an amount not to exceed $479,720, which includes the base contract amount of $417,148 and a 15% contingency of $62,572 to provide for any necessary change orders;
3. Appropriate an additional $479,720 from the Power Fund to Capital Improvement Project No. 3236 entitled "Power Production Facility Improvements" to fund expenses for this contract; and
4. Grant the proposed contract an exemption for the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The 71 megawatt ("MW") combined cycle unit, GT-5, is the biggest and most efficient of the five electric generating units located in Pasadena. GT-5 has two electric generating

components. The gas turbine generates 55 MW using natural gas fuel and the steam turbine generates 16 MW using heat from the exhaust gases.

In March of 2021, the steam turbine exhibited a vibration that exceeded the manufacturer's recommendations. Staff contacted Shin Nippon Machinery Co., Ltd. ("Shin Nippon"), the original equipment manufacturer located in Japan. They advised staff to check the eleventh stage turbine blades. Upon inspection, staff discovered that one of the eleventh stage blades had moved from its normal position.

The steam turbine is inoperable at this time. As a result, the generating capacity of GT-5 is reduced to 55 MW from 71 MW. It is necessary to repair the steam turbine as quickly as possible to maintain the reliability of Pasadena's electric system, meet back-up capacity requirements and also generate revenues. It is highly desirable to repair the unit before summer when the electric demand is highest.

Integrated, located in Montebello, California, is an authorized Shin Nippon west coast service facility for this steam turbine. Shin Nippon has provided guidance to Integrated regarding scope of work, which Integrated used to provide a quote to PWP on May 4 in an amount of $417,148. It is possible that when the turbine is disassembled, additional repairs may be needed. Staff will keep a close eye on repairs and assist Integrated to contain repair cost. Integrated will supply the field service, tooling, transportation and equipment necessary to remove the upper turbine case, remove and transport the turbine rotor to the shop to allow for the blade replacement, and balancing necessary after the repair is complete.

Shin Nippon has agreed to provide three new blades and remote technical assistance to facilitate the repair work free of charge.

There have not been any contracts or purchase orders in place between Integrated and the City in the past five years. Staff is not aware of any local vendors capable of performing this work. It is in the City's best interest to have this work performed by the authorized repair shop for this piece of equipment. Integrated is supported by Shin Nippon engineering group and are singularly equipped to perform this work efficiently and correctly under the guidance of the manufacturer.

COUNCIL POLICY CONSIDERATION:

The proposed contract supports the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. It also supports the Public Facilities Element of the General Plan by maintaining public facilities to enhance the quality of life of the community.

ENVIRONMENTAL ANALYSIS:

The nature of the work performed by Integrated qualifies for a categorical exemption from CEQA in accordance with Title 14, Chapter 3, Article 19, Section 15301 (Existing Facilities). Section 15301 allows for the categorical exemption from CEQA for repair work on existing publically-owned facilities used to provide electric power that will not result in an increase in capacity or an expansion of existing use. The repair of the GT-5 Steam Turbine adheres to these guidelines. The proposed action is also categorically exempt pursuant to Section 15302, which exempts from CEQA the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced.

FISCAL IMPACT:

The maximum cost of this action will be $479,720, which includes a base contract amount and a 15% contingency to provide for any unforeseen change orders. Funding for this action will be addressed by the recommended additional appropriation for the expenses of this contract. It is expected that the entire amount of $479,720 will be spent in the current fiscal year.

The approval of this action will have no impact to other operational programs or capital projects.

Respectfully submitted by,

GURCHARAN S. BAWA
General Manager
Pasadena Water and Power

Prepared by:

Arturo Silva
Power Plant Manager

Approved by:

STEVE MERMELL
City Manager

PASADENA

Pasadena Water and Power

AUTHORIZATION TO ENTER INTO A CONTRACT WITH INTEGRATED TURBO MACHINERY, INC. FOR AN AMOUNT NOT TO EXCEED $479,720 FOR THE REPAIR OF GLENARM STEAM TURBINE 5

May 10, 2021

Finance Committee Item 3, City Council Item #X

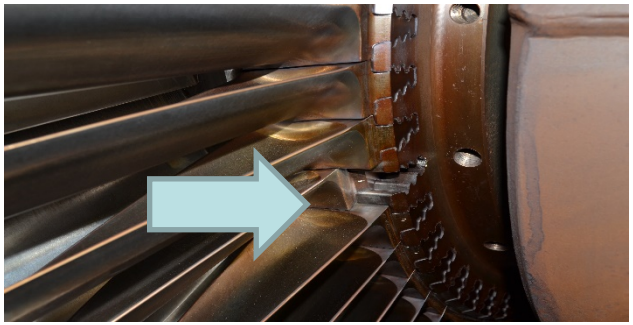
Background

- GT-5 is a 71 MW gross combined cycle unit
- Largest and most efficient of the five electric generating units located in Pasadena
- Two electric generating components:
  - Gas turbine generates 55 MW using natural gas fuel
  - Steam turbine generates 16 MW using heat from the exhaust gases

Background

Pasadena Water and Power

- Steam turbine exhibited a vibration that exceeded the manufacturer's recommendations
- Staff contacted the original equipment manufacturer located in Japan (Shin Nippon)
- Staff discovered that one of the eleventh stage blades had moved from its normal position



Background

- The steam turbine is inoperable at this time
- As a result, the generating capacity of GT-5 is reduced to 55 MW from 71 MW
- It is necessary to repair the steam turbine as quickly as possible to:
  - Maintain the reliability of Pasadena's electric system
  - Meet back-up capacity requirements
  - Generate revenues
- It is highly desirable to repair the unit before summer when the electric demand is highest

Background

Pasadena Water and Power

- Integrated is Shin Nippon's west coast service agent
- Shin Nippon has provided guidance to Integrated
- It is possible that additional repairs may be needed
- Integrated will supply the field service, tooling, transportation, and equipment
- Shin Nippon has agreed to provide three new blades and remote technical assistance free of charge
- It is in the City's best interest to have this work performed by the authorized agent

Recommendation

- Proposed action exempt form CEQA Section 15301 Existing Facilities
- Authorize contract with Integrated for an amount not to exceed $479,720 for the steam turbine repair of GT-5
- Appropriate an additional $479,720 from the Power Fund to CIP No. 3236

Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name:
INTEGRATED TURBOMACHINERY, INC

2. Type of Entity:
□ non-government □ nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

MICHAEL WAYNE
JIM PERDUE

Prepared by: RICK HERNANDEZ

Title: SALES MANAGER

Phone: 323-707-0671

Date: MAY 7, 2021

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