



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: September 16, 2019

Approved

Date

9/26/19

SUBJECT: FIRST AMENDMENT TO THE MASTER AGREEMENT WITH FLYNN RESOURCE CONSULTANTS TO PROVIDE PROFESSIONAL CONSULTING SERVICES

RECOMMENDATION

Approve a First Amendment to the Master Consultant Agreement with Flynn Resource Consultants, Inc. for professional consulting services provided to the Community Energy Department, increasing the maximum compensation from \$290,000 to \$990,000 through June 30, 2023, subject to the appropriation of funds, with no change in any other term of the Agreement.

OUTCOME

The Master Consultant Agreement provides City staff with access to highly technical resources, and the amendment would guarantee the continuity of essential energy analysis services to the Community Energy Department.

BACKGROUND

On February 5, 2018, the Community Energy Department released a Request for Proposal for technical consulting services to assist San José Clean Energy. The Request for Proposal included the following scope: power procurement and portfolio management services, energy risk management and analysis, financial analysis, and energy program support.

Flynn Resource Consultants, Inc. ("Flynn") was selected as one of the vendors to provide technical consulting services and a Master Consultant Agreement was executed for a five-year term through June 30, 2023, with a maximum compensation of \$290,000.

ANALYSIS

Staff recommends increasing the maximum compensation from \$290,000 to \$990,000 to the Master Consultant Agreement with Flynn to maintain uninterrupted consultant support. Flynn's extensive energy industry experience has been crucial in supporting Community Energy Department staff with high-level technical services, including energy procurement, quantitative and qualitative assessments, historical and financial analyses. Furthermore, Flynn maintains intricate energy grid models that allow Community Energy Department to perform accurate and strategic procurement planning.

Community Energy Department will continue to require Flynn's expertise and support over the next four years to assist with project planning and performing complex analyses necessary to comply with legislative and regulatory mandates, including but not limited to those related to the state's Renewable Portfolio Standards, Integrated Resource Planning, Greenhouse Gas reduction, and Resource Adequacy programs. Flynn will also assist the Community Energy Department in analyzing distribution and transmission infrastructure issues, including the feasibility of providing electric utility distribution services to new developments within San José and optimization strategies for the transmission infrastructure serving the City in the context of PG&E's Public Safety Power Shutoff program.

The Integrated Resource Planning was established of Senate Bill 350 (de León, Chapter 547, 2015), which, among other things, requires the California Public Utilities Commission focus energy procurement decisions on reducing that Greenhouse Gas emissions by 40 percent by 2030, achieving at least 50 percent renewable energy procurement, doubling energy efficiency, and promoting transportation electrification. The Integrated Resource Planning comprises the planning necessary to achieve these objectives. Flynn was instrumental in assisting San José Clean Energy with its first Integrated Resource Planning in 2018 and San José Clean Energy expects to need additional support to complete the required Integrated Resource Planning due in 2020.

The California Public Utilities Commission and the California Energy Commission implement, administer, certify, and enforce Renewable Portfolio Standards procurement requirements. Renewable Portfolio Standards is one of California's key programs for advancing renewable energy. It requires the state's load-serving entities to increase the renewable energy content of their portfolios until achieving and maintaining a sixty percent Renewable Portfolio Standards content by and after 2030. Flynn's support is needed to analyze potential generation Power Purchase Agreements, understand their locational value in the wholesale market, and optimize battery storage sizing.

EVALUATION AND FOLLOW-UP

No additional follow-up is anticipated at this time.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the October 8, 2019 City Council Agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

There is no commission recommendation or input associated with this action.

COST SUMMARY/IMPLICATIONS

The recommended actions in this memorandum will allow for an amendment to increase the maximum compensation for the Master Consultant Agreement to an aggregate amount not to exceed \$990,000. The actual expenditures for this agreement totaled \$290,000 in 2018-2019, and are projected to total \$200,000 in 2019-2020.

The 2019-2020 budget for this agreement is included in the Community Energy Non-Personal/ Equipment appropriation. The ability to expend against this Master Consultant Agreement in future years through the term of the agreement is subject to the appropriation of funds in future years.

HONORABLE MAYOR AND CITY COUNCIL
September 16, 2019
Subject: Amendment to Master Agreement
Page 4

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
LORI MITCHELL
Director, Community Energy

For questions, please contact Jeannette Mestaz-Romero, Analyst, at (408) 535-3828.