



TO: Mayor and Councilmembers

FROM: Peter Imhof, Planning and Environmental Review Director

CONTACT: Anne Wells, Advance Planning Manager

SUBJECT: Amendment No. 3 to the Agreement for Professional Services with Willdan Engineering for Building, Safety, and Engineering Services

RECOMMENDATION:

Authorize the City Manager to execute Amendment No. 3 to Professional Services Agreement No. 2017-060 with Willdan Engineering for building, safety, and engineering services in conjunction with oil and gas projects within the City (Attachment 1), increasing the maximum contract amount by \$30,000, for a total not-to-exceed amount of \$70,000, retroactive to January 1, 2019.

BACKGROUND:

On July 31, 2017, the City executed a professional services agreement with Willdan Engineering (Willdan) (Attachment 2). The scope of services included supervision of oil and gas project-related building and safety activities, attendance at the Systems Safety and Reliability Review Committee (SSRRC). The SSRRC is a committee comprised of Santa Barbara County Energy Minerals & Compliance, Santa Barbara County Building & Safety, Phillips 66, Santa Barbara County Air Pollution Control District, Santa Barbara County Fire, Freeport-McMoRan Oil & Gas, E&B Natural Resources, ExxonMobil, Greka Group, Beacon West, Willdan, and the City of Goleta, which is tasked with the review of environmental documents related to proposed oil and gas projects throughout the County. Willdan reviews and reports on those facilities and projects within and impacting the City, audits and inspections of the Ellwood Onshore Oil and Gas Processing Facility (EOF), and other oil and gas building, safety, and engineering tasks as needed and where applicable to oil and gas deposit cases. The agreement with Willdan includes subcontractor Robert Brown Engineers (with a 15% upcharge) who provide unique oil and gas-specific expertise in their review. Both Willdan and Robert Brown Engineers have longstanding relationships with the City and extensive knowledge of oil and gas facilities within the City, including the EOF and landward portions of the PRC 421 piers.

Initially, Venoco deposit cases were expected to cover all costs under the Agreement. However, on April 17, 2017, Venoco filed a petition for relief under Chapter 11 of the Bankruptcy Code. Since the Venoco bankruptcy, third-party funding has been unavailable for monitoring and enforcing compliance with the various permits and conditions of approval associated with operation of oil and gas facilities. To ensure permit compliance, the City has relied on General Fund monies to backfill what previously had been paid by Venoco.

The original not-to-exceed amount for the agreement was \$10,000 with a termination date of June 30, 2019. On March 26, 2018, the City amended the Agreement to add an additional \$10,000 in total compensation to address additional oversight needs related to the ownership changes at the EOF (Attachment 3). On November 6, 2018, the City amended the Agreement a second time to add an additional \$20,000 in total compensation to address ongoing monitoring and reporting (Attachment 4).

DISCUSSION:

Since the execution of the amended Agreement, Willdan has continued to provide oil and gas inspection, oversight, and meeting attendance services consistent with the scope of services. Field inspections were extended due to facility changes, warranting additional time. Costs associated with the additional hours in the field and at related meetings were unanticipated, but necessary to ensure safety compliance. The cost overrun was exacerbated by the fact that the Willdan invoices were delayed and submitted out of sequence, causing challenges in tracking the budget.

On January 1, 2019, the City authorized services in the amount of \$6,052 in excess of the remaining funds of the contract, which were necessary to perform requisite audits and oversight at the EOF. This amendment seeks Council's authorization for an additional \$30,000 to the contract to pay for the services that were rendered between January 1 and January 30, 2019 and future services necessary for continued monitoring and reporting on oil and gas projects. The authorization will have to be retroactive to January 1, 2019 in order to cover the services that were rendered outside of the contract. Future services include conducting inspections and full assessment of oil and gas facilities, including Platform Holly, to ensure that the Safety Inspection, Maintenance and Quality Assurance Plan (SIMQAP) has been followed prior to the start of plugging and abandonment work. Future invoices will reflect these work efforts as well as reporting results to SSRRC. The inspections and full assessment will establish a baseline conditions report to memorialize the status of the facilities upon transfer of all regulatory oversight from the City to the State, pursuant to the recently approved Memorandum of Understanding (MOU) with the State Lands Commission

FISCAL IMPACTS:

The FY 2018/19 Revised Budget includes a total of \$742,464 in the Advance Planning Professional Services account (101-5-4300-500). The current balance in the account is \$221,037. No new appropriations are required for the proposed amendment of \$30,000.

Amendment is recommended to pay for services previously rendered in excess of contract authority of \$6,052 and additional costs of approximately \$33,948 for a total not to exceed

amount of \$70,000. The table below summarizes the current contract with Willdan Engineering and the proposed amendment:

Willdan Engineering Contract Analysis

Agreement No.	Term	Contract Authority	Willdan Invoices	Balance
2017-060	7/31/2017 – 6/30/2019	\$10,000	\$10,000	\$0
2017-060.1	3/26/2018-6/30/2019	\$10,000	\$10,000	\$0
2017-060.2	11/6/2018 – 6/30/2019	\$20,000	\$21,852	-\$6,052
Total Contract Authority		\$40,000	\$46,052	-\$6,052
Proposed Amendment				
2017-060.3	11/6/2018 – 6/30/2019	\$30,000	TBD	TBD
Total Contract Authority w/ Amendment		\$70,000	\$46,052	\$23,948

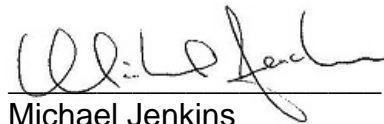
Sufficient budget is available in Advance Planning – Professional Services account 101-5-4300-500 to support the \$30,000 amendment, as shown in the table below:

Willdan Engineering Amendment, FY 18/19				
Fund Type	Account	FY 18/19 Budget	FY 18/19 YTD + Enc.	Available Budget
General Fund	101-5-4300-500	\$742,464	\$521,427	\$221,037

ALTERNATIVES:

The City Council could elect not to authorize the recommended action. If the recommended action is not authorized, the City will close the agreement with no payment for services rendered that were beyond the contract compensation amount. If closed, the City would be unable to ensure a quality transition of regulatory authority over to the State for the EOF.

Legal Review By:



Michael Jenkins
City Attorney

Approved By:



Michelle Greene
City Manager

ATTACHMENTS:

1. Amendment No. 3 to Professional Services Agreement No. 2017-060
2. Professional Services Agreement No. 2017-060 (Available Online Only)
3. Professional Services Agreement 2017-060.1 (Available Online Only)
4. Professional Services Agreement 2017-060.2 (Available Online Only)

ATTACHMENT 1

Amendment No. 3 to Professional Services Agreement No. 2017-060

**AMENDMENT NO. 3
TO A PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
WILLDAN ENGINEERING**

This **Amendment No. 3** to a **Professional Services Agreement** by and between the **City of Goleta**, a municipal corporation ("City") and **Willdan Engineering**, a California corporation ("Consultant") dated July 31, 2017 ("Agreement," Agreement No. 2017-060) is made this 16th day of April, 2019.

RECITALS

WHEREAS, this Agreement is for the professional building, safety, and engineering services in conjunction with oil and gas projects; and

WHEREAS, this Agreement was entered into on July 31, 2017 with a maximum compensation of \$10,000; and

WHEREAS, the Agreement was amended on March 26, 2018 ("Amendment No. 1") to add \$10,000 to the total compensation amount of the Agreement; and

WHEREAS, the Agreement was amended on November 6, 2018 ("Amendment No. 2") to add \$20,000 to the total compensation amount of the Agreement; and

WHEREAS, the parties desire to retroactively amend the Agreement so as to provide for additional compensation in the amount of thirty thousand dollars (\$30,000) for continued professional building, safety, and engineering services; and

WHEREAS, the City Council, on this 16th day of April, 2019, approved this AGREEMENT and authorized the City Manager to execute the AGREEMENT.

AMENDED TERMS

Now therefore City and Consultant agree as follows that the Agreement be, and hereby is, amended as follows:

1. **Section 3 Subsection (a). COMPENSATION AND PAYMENT** of the Agreement is amended to add an additional authorized amount of \$30,000 and to read in its entirety:

(a) Maximum and Rate. The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$70,000 (herein "not to exceed amount"), and shall be earned as the work progresses.

2. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

In concurrence and witness whereof, this Amendment No. 3 has been executed by the parties effective on the date and year first above written.

CITY OF GOLETA

CONSULTANT

Michelle Greene, City Manager


Daniel Chow, President

ATTEST:

Deborah Lopez, City Clerk

David L. Hunt, Senior Vice President

APPROVED AS TO FORM



Winnie Cai, Assistant City Attorney