


TRANSMITTAL		0220-06249-0000
TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 11/18/2024	COUNCIL FILE
FROM The Mayor		COUNCIL DISTRICT
<p>LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE UTILIZATION OF AN ALTERNATIVE PROJECT DELIVERY METHOD ON A COMPETITIVE-SEALED PROPOSAL BASIS AND APPROVAL OF PROJECT DELIVERY CONTRACT CRITERIA FOR THE PHYSICAL SECURITY UPGRADES OF THREE ELECTRICAL SUBSTATIONS</p> <p>Transmitted for further processing and Council consideration. See the City Administrative Officer report attached.</p> <p> MAYOR (Carolyn Webb de Macias for)</p>		
<p>Attachment MWS:PJH/JVW:IR:10250077t</p>		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 30, 2024

CAO File No. 0220-06249-0000

Council File No.

Council District:

To: The Mayor

From:  Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Department of Water and Power dated September 11, 2024; referred by the Mayor for a report on September 12, 2024

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE UTILIZATION OF AN ALTERNATIVE PROJECT DELIVERY METHOD ON A COMPETITIVE-SEALED PROPOSAL BASIS AND APPROVAL OF PROJECT DELIVERY CRITERIA FOR THE PHYSICAL SECURITY UPGRADE OF THREE ELECTRICAL SUBSTATIONS**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution and Ordinance for the Electrical Substations Physical Security Upgrade Project;
 - a) Authorizing the LADWP to utilize a competitive-sealed bid proposal method in accordance with Charter Section 371(b); establish alternative project delivery contract criteria, and authorize a contract term not to exceed five years.
 - b) Award in whole or in part a contract for the design, engineering, procurement, and construction for the Project.
2. Return the proposed Resolution and Ordinance to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) September 11, 2024 report requests approval of the attached proposed Resolution and Ordinance, authorizing the establishment of alternative project delivery contract criteria using a competitive-sealed bid proposal method to award, in whole, or in part at LADWP's discretion, a contract for physical security upgrades for three different LADWP electrical substations to meet security requirements. The scope of work includes the design, engineering, procurement, and construction of a concrete masonry unit block wall and associated physical security measures. Such alternative project delivery methods may

include, but are not limited to Construction Manager at Risk, Design-Build, Progressive Design-Build, or Engineer, Procure and Construct (EPC). These security upgrades are necessary to ensure reliability and operability of the facilities as protection from physical attacks. The total cost is estimated at \$51.25 million and the entire Project is estimated to be completed by 2028.

Approval of the proposed Resolution and Ordinance will specifically authorize the Department to (1) establish alternative project delivery contract criteria under a competitive-sealed bid proposal basis for the Electrical Substations Physical Security Upgrade Project; (2) issue a Request for Proposal (RFP) and permit negotiations after proposals have been submitted to allow clarification and changes to the proposals; and, (3) award in whole or in part one contract at LADWP's discretion for a term not to exceed five years to include the design, engineering, procurement, construction for the Project.

The City Attorney has approved the proposed Resolution and Ordinance as to form. Pursuant to Section 371 (b) of the City Charter, City Council approval by Ordinance is required and requires a vote of two thirds approving the competitive-sealed bid proposal method. Our Office has reviewed the request and recommends approval.

BACKGROUND

As a transmission owner, LADWP is required to inspect, evaluate and identify critical facilities which are at risk of potential threats and physical attacks. As part of this risk identification and evaluation, three electrical substations have been identified as requiring mitigations to physical security risks to ensure grid reliability and daily operations for the western region. LADWP also indicates that compliance with federal standards set by the Federal Energy Regulatory Commission (FERC) related to reliability planning and assessments is enforced by the Western Electricity Coordinating Council (WECC) and should mitigation measures not be completed timely there is a risk that fines could be imposed by WECC.

Proposed Project – The scope of work includes the construction of a concrete masonry block wall, installation of anti-climb walls, installation of crash-rated gates, conduit installation, and other physical security measures as-needed. The total project cost is estimated at \$51.25 million. The Department's report dated September 11, 2024, notes the deadline for completion for two of the electrical substations is December 31, 2025, and December 31, 2028 for the third electrical substation. It should be noted that this deadline has shifted to December 31, 2026 for two of the electrical substations based on recent discussions with staff. The deadline for completion for the third electrical substation remains the same.

Location – The name and locations of the facilities are to remain confidential. One facility is in California and the other two are out of State.

Alternatives Considered – There is no viable alternative considered by LADWP. This Project is necessary to reduce the safety and physical security concerns identified. LADWP does not have the staffing capacity to implement this Project to meet the timelines. The use of a contractor through an alternative contract delivery method allows the Department the opportunity to review proposals,

negotiate pricing and select a qualified and experience contractor specializing in the design and construction of security walls.

CITY COMPLIANCE

The City Attorney has approved the proposed Resolution and Ordinance as to form. The City Council's approval of the Ordinance is required pursuant to Charter Section 371(b) which requires a vote of two thirds approving the competitive-sealed bid proposal method, and pursuant to Charter Section 371(a), the Los Angeles Administrative Code Section 10.25, the Local Business Preference shall be applies where a qualified bidder is awarded additional points.

California Environmental Quality Act (CEQA) – The Department determined that this item is exempt pursuant to CEQA Guidelines Section 15061(c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. The approval of this Ordinance will authorize the use of the competitive-sealed bid proposal method to let a contract and will not result in any physical change in the environment; therefore, the proposed action is not subject to CEQA.

Charter 1022 – LADWP has determined, pursuant to Charter Section 1022, that the scope of work to be performed by an independent contractor is more feasible, due to insufficient staffing capacity, as additional staff cannot be employed and trained in a timely manner to meet LADWP's needs. LADWP also advises that a portion of the Project's work related to facility upgrades such as card access readers, safe rooms, installation of cameras, lighting, signage, public address system, keypad duress features, gunshot detection systems, and spare parts buildings will be done by City staff.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of the proposed Resolution and Ordinance authorizing LADWP to use the competitive-sealed proposal method and approval of the alternative delivery contract criteria for the Electrical Substations Physical Security Upgrade Project. The ensuing contract will impact the LADWP Power Revenue Fund and result in total estimated Project expenditures of \$51.25 million. The proposed request complies with LADWP's approved Financial Policies.

Attachments – September 11, 2024 Correspondence from LADWP, Proposed Resolution and Ordinance

MWS:PJH/JVW:IR:10250077