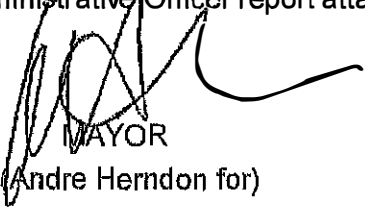


TRANSMITTAL		0150-12010-0000
TO Martin L. Adams, General Manager Los Angeles Department of Water and Power		DATE 02/16/2022
FROM The Mayor		COUNCIL FILE NO. COUNCIL DISTRICT All
<p style="text-align: center;">APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH ENGINEER-PROCURE-CONSTRUCT CRITERIA FOR THE RINALDI-TARZANA TRANSMISSION LINES 1 AND 2 RECONDUTURING PROJECT</p> <p style="text-align: center;">Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <div style="text-align: center;">  MAYOR (Andre Herndon for) </div> <p>MWS:IR:10220060</p>		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 19, 2022

CAO File No.: 0150-12010-0000

Council File No.:

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated November 18, 2021; referred by the Mayor for report on December 9, 2021

Subject: **ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH ENGINEER-PROCURE-CONSTRUCT CRITERIA FOR THE RINALDI-TARZANA TRANSMISSION LINES 1 & 2 RECONDUCTORING PROJECT**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance for the Rinaldi-Tarzana Transmission Lines 1 and 2 Reconductoring Project to:
 - a) Establish criteria by ordinance authorizing the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method in accordance with Charter Section 371 (b); and,
 - b) Award one Engineer-Procure-Construct contract for the design, engineering, procurement, and construction, of the Project to replace and increase the transmission capability of the Rinaldi-Tarzana Transmission Lines 1 and 2;
2. Return the proposed Resolution and Ordinance to the Department for further processing, including Council consideration, and approval by a two thirds vote pursuant to Charter Section 371(b) and 674.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval of a proposed Resolution and Ordinance, authorizing the establishment of criteria using a competitive sealed bid proposal method to award an Engineer-Procure-Construct (EPC) contract for the design, engineering, procurement, and construction, of the Rinaldi-Tarzana Transmission Lines 1 and 2 Reconductoring Project. The Rinaldi-Tarzana Transmission Lines 1 and 2 Reconductoring Project will consist of the replacement of 10.3 miles of double-circuit and triple-circuit, 230 kilovolt (kV) transmission lines, including the modification of thirteen towers and the installation of one new tower from the Rinaldi Receiving Station to the Tarzana

Receiving Station. This work will alleviate potential future overload conditions as identified in LADWP's 2014 and 2015 Long Term Transmission Assessment Study and will provide increased transmission capacity to the local area.

LADWP intends to award one contract, to a highly specialized contractor with experience in designing, engineering, procuring, and constructing similar equipment for comparable projects. The Department seeks approval to complete this work by contract due to the complexity of the Project, lack of expertise and staff to perform the complete scope of work, possible inclusion of warranties, accelerated timelines, and long lead times necessary to fabricate major components.

Approval of the proposed Resolution, and accompanying Ordinance, will specifically authorize the Department to (1) establish criteria under a competitive sealed bid proposal to award an EPC contract for the Project; (2) permit negotiations after proposals have been submitted to allow clarifications and changes to the proposals; and (3) award one EPC contract for the Project. The estimated cost of the Project is \$76.7 million with a term which will not exceed three years in accordance with criteria outlined in Charter Section 371(b). The Department asserts that a competitive sealed proposal method with negotiations is necessary as the project requires specialized expertise.

The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

BACKGROUND

In 2014 and 2015, LADWP's Long Term Transmission Assessment Study identified both the Rinaldi – Tarzana 230kV Lines 1 and 2 as transmission system elements that experience emergency overload conditions in certain scenarios, such as extreme summer heat. The Department has opted to replace and upgrade the lines as necessary to ensure compliance with the North American Reliability Corporation (NERC) Category C3 standards that require LADWP to mitigate the condition.

Engineer-Procure-Construct Option

Under the proposed competitive sealed method, an agreement would be awarded utilizing an EPC project delivery method for the design, engineering, manufacturing, construction, for the Rinaldi-Tarzana Lines 1 & 2 Reconductoring Project. The criteria for this agreement will permit LADWP to award an EPC contract in whole to a bidder specialized in constructing comparable projects. Under this competitive sealed method, negotiations are permitted after proposal submissions have been opened to allow clarification and changes in the proposal. The Ordinance will authorize a contract term not to exceed three years. The total project cost is estimated at approximately \$76.7 million. The Local Business Preference shall be applied where a qualified bidder or qualifying subcontractor is awarded additional points for being located in the County of Los Angeles. Consistent with Charter Section 371(b) competitive bidding requirements, this method may be used when supported by a written finding and statement of facts, that adherence to the rule that the award be made to the lowest responsive and responsible bidder is not practicable or advantageous, and approved by the contracting authority.

The LADWP seeks to complete this work by contract due to its complexity, lack of expertise and staff to perform the complete scope of work, possible inclusion of warranties, accelerated timelines, and long

lead times necessary to fabricate major components. Once completed, LADWP staff intends to operate and maintain the transmission lines and towers. It is anticipated that construction will begin in February 2023, and conclude by April 2024.

City Council approval by Ordinance is required pursuant to Charter Section 371(b) and requires a vote of two thirds by City Council approving the competitive sealed bid proposal method, and under Section 674 to grant power to the Board to let a contract for a project transmitting electrical energy. There is no time limit on this action due to the Ordinance approval requirement.

FISCAL IMPACT STATEMENT

Approval of the proposed Resolution and Ordinance will not have a fiscal impact. However, the ensuing contract will result in a total expenditure estimated at \$76.7 million. Approximately, \$36.6 million in funding is budgeted in the 2022-23 Power Revenue Fund Proposed Budget towards this purpose. Approval of the proposed Resolution and Ordinance will have no impact on the City's General Fund. The proposed request complies with the LADWPs adopted Financial Policies.

MWS:IR:10220060