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CITY ATTORNEY

REPORT NO. R 22 - 0295
AUG 26 2022

REPORT RE:

**DRAFT ORDINANCE AUTHORIZING THE BOARD OF WATER AND POWER
COMMISSIONERS TO AWARD AN AGREEMENT PURSUANT TO A
COMPETITIVE SEALED PROPOSAL METHOD PERMITTING NEGOTIATIONS
RELATING TO THE ENGINEERING, PROCUREMENT, AND CONSTRUCTION OF
THE HAYNES GENERATING STATION UNIT 8 RECYCLED WATER COOLING
SYSTEM RETROFIT PROJECT**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 22-0921

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance will authorize the Los Angeles Department of Water and Power (LADWP) to let a contract pursuant to a competitive sealed request for proposal (RFP) method permitting negotiations for the engineering, procurement and construction of the Haynes Generating Station (HnGS) Unit 8 Recycled Water Cooling System Retrofit Project, with a term not to exceed five years in accordance with criteria outlined in the draft ordinance.

Pursuant to a competitive-sealed proposal method, the engineering, procurement, and construction criteria adopted by the ordinance will permit an award to a specialized proposer experienced in the design, procurement, pre-construction services, and construction of a wet cooling system consisting of a cooling tower and associated infrastructure, integration of new cooling system with existing equipment, addition of station service voltage transformer, demolition of once-through-cooling

pipng and associated equipment, modernization of the existing storm water and waste water systems, and hazardous material abatement and disposal as required. The sealed proposal method, pursuant to Charter Section 371(b), permits negotiations after proposals have been opened to allow clarifications and changes to the proposal. Pursuant to Charter Section 371(a) and Los Angeles Administrative Code Section 10.47, the Local Business Preference Program will apply. The term of the contract is necessary because of the complexity, size, and scope of the HnGS Unit 8 Retrofit Project, as well as possible schedule uncertainties.

Background

In 2010, the State Water Resources Control Board adopted the statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling or OTC systems. The OTC Policy establishes uniform technology-based standards to implement the federal Clean Water Act to reduce the harmful effects associated with cooling water intake structures on marine and estuarine life while also ensuring that the electrical power needs essential for the welfare of the citizens of the State are met.

The HnGS Unit 8 Retrofit Project is necessary to continue operation of Unit 8 while complying with the OTC Policy, governing the use of OTC. As negotiated with the State Water Resources Control Board, LADWP has established the goal of eliminating the use of OTC at HnGS by December 31, 2029. The Project will facilitate compliance with the OTC Policy at HnGS by providing Unit 8 with a means of cooling and condensing turbine exhaust steam independent of ocean water and existing OTC infrastructure.

Further, pursuant to the LA100 study and Mayor Garcetti's Green New Deal goals, LADWP has identified the Haynes Unit 8 Recycled Water Cooling System Retrofit Project as crucial to achieving its clean energy goals, while ensuring reliability, resiliency, and maintaining cost affordability and equity. The LA100 Study identified the need to maintain grid resiliency and transmission reliability at 100% renewable energy through the deployment of additional firm capacity resources utilizing renewably derived fuels, such as hydrogen, to meet future peak demands, to address transmission outages contingencies, and to support the accelerated buildout of clean energy projects. Based on the LA100 Study, a minimum amount of total in-basin hydrogen-fueled generation capacity of 2,100 MW by 2035 and 3,370 MW by 2045 would be required to support LADWP's future reliability and resiliency needs.

LADWP has identified the HnGS Unit 8 Retrofit Project, in conjunction with accelerating renewables and energy storage, upgrading transmission, and deploying distributed energy resources equitably, as crucial for LADWP to achieve its clean energy goals while ensuring reliability, resiliency, maintaining affordability, and equity. Furthermore, this Project will ensure an environmentally just transition and offset reliance on Valley Generating Station as LADWP transitions towards a clean energy future.

Charter Compliance

This draft ordinance is transmitted for your approval pursuant to Charter Sections 371(b) and 674. Los Angeles Charter Section 371(b) requires a vote of at least two-thirds of the City Council approving the contract selection criteria to award a contract using a competitive sealed proposal method. City Council approval of the ordinance is also required under Los Angeles Charter Section 674 to grant the LADWP Board the power to let a contract for a project transmitting electric energy.

CEQA Determination

It is requested that the City Council review and determine that the Haynes Unit 8 Retrofit Project is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(2). In accordance with Section 15060(c)(2), 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. Implementation of the Project is subject to CEQA. In accordance with CEQA, a Mitigated Negative Declaration (MND) was prepared to analyze the impacts associated with the construction and operation of the Haynes Generating Station Unit 8 Recycled Water Cooling System Retrofit Project. On February 8, 2022, the Board of Water and Power Commissioners adopted the MND and Mitigation Monitoring and Reporting Program, and approved the project.

Council Rule 38 Referral

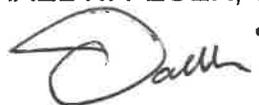
This draft ordinance has been approved by the Board of Water and Power Commissioners pursuant to Council Rule 38.

If you have any questions regarding this matter, please contact Deputy City Attorney Mark Reusch at (213) 367-4619. A member this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM/MR:ld
Transmittal