

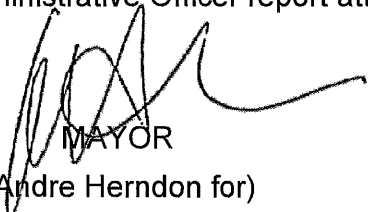
0150-11048-0001

TRANSMITTAL

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 09/27/2022	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

**AMENDMENT NO. 1 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND
POWER AND SUPERHEAT FGH SERVICES, INC. (Agreement No. 47430) FOR
WELDING REPAIR SERVICES**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR
(Andre Herndon for)

MWS:IR:10230014

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 26, 2022

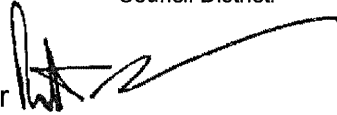
CAO File No. 0150-11048-0001

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 July 11, 2022;
referred by the Mayor for report on July 20, 2022

Subject: **AMENDMENT NO. 1 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER
AND POWER AND SUPERHEAT FGH SERVICES, INC. (Agreement No. 47430)
FOR WELDING REPAIR SERVICES**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution authorizing the execution of Amendment No. 1 to Agreement No. 47430 with Superheat FGH Services, Inc., to increase the Agreement by \$2,000,000 from \$1,200,000 for a new not to exceed amount of \$3,200,000 to support on-going heat treatment welding services for repair work to piping, valves, boilers, and pressure vessels at various Los Angeles Department of Water and Power (LADWP) facilities; and,
2. Upon proper certification, the Chief Accounting Employee is authorized and directed to draw demands on the Power Revenue Fund over the term of the Agreements incurred by such agreements; and,
3. Return the proposed Resolution to the Department for further processing, including Council consideration.

SUMMARY

The LADWP requests authority to execute a First Amendment with Superheat FGH Services, Inc. to increase funding by \$2,000,000 for on-going heat treatment welding repair work on steel piping, valves, boilers, and pressure vessels required at various LADWP facilities, including Harbor, Haynes, Scattergood, and Valley Generating Stations. The current contract is still enforce and expires on April 9, 2023, however the original allotment of \$1,200,000 is almost exhausted (\$180,000 available) due to the current expenditure rate exceeding anticipated monthly expenditures. This amendment will increase the contract amount by \$2,000,000 from \$1,200,000 to \$3,200,000.

Pursuant to Charter Section 373, for long term contracts, and the Los Angeles Administrative Code Section 10.5 (e) City Council approval is required for LADWP contract amendments involving the same parties with a cumulative term exceeding five years. The City Attorney has approved the proposed Resolution as to form and legality.

Contract Background and Proposed Amendment

The LADWP Board of Water and Power Commissioners (Board) approved the original Superheat FGH Services, Inc. Agreement in March 2018, for a five year term (expiring April 9, 2023) with two one-year renewal options, and a not to exceed amount of \$1,200,000. Services provided are welding preheat and post weld heat treatment repairs and new construction heat treatment which are required when welding steel and alloy steel piping, valves, boilers, and pressure vessels at various LADWP facilities, including Harbor, Haynes, Scattergood, and Valley Generating Stations.

LADWP report's the monthly expenditure rate has outpaced the current allocation and there is an immediate need to increase the Agreement by \$2,000,000 from \$1,200,000 to \$3,200,000 to ensure adequate funding is available for the remainder of the term, including the renewal option years. Due to the increase of renewable energy, generating stations are now timed (cycled on and off) to accommodate the use of renewable energy mainly at peak hours. However the piping, valves, boilers and pressure vessels within the generating stations are not designed to be cycled on and off and are developed to handle base loads without much change in temperature or operations. This change in how the equipment is being used has resulted in more wear and tear on the equipment and the increased need for maintenance or repair. Staff report this issue is not unique to LADWP and that equipment manufacturers are working to develop newer units or retrofit options to address these concerns globally.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and contract amendment impacts the Power Revenue Fund by \$2,000,000. The proposed action complies with the LADWP Financial Policies in that funding is available to support this purpose.

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Attachments