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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 10 - 0190
JUN 30 2010

REPORT RE:

DRAFT ORDINANCE APPROVING: (1) THE SMART GRID DEMONSTRATION COOPERATIVE PROJECT AGREEMENT AMONG THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA), THE UNIVERSITY OF CALIFORNIA AT LOS ANGELES (UCLA), THE UNIVERSITY OF SOUTHERN CALIFORNIA (USC), AND THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP), AND (2) THE SMART GRID DEMONSTRATION PROJECT INTELLECTUAL PROPERTY AGREEMENT AMONG THE CALIFORNIA INSTITUTE OF TECHNOLOGY (CALTECH), UCLA, USC AND LADWP, AND (3) ADVANCE PAYMENT UNDER THOSE AGREEMENTS

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

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 provides for the approval of: (1) the Smart Grid Demonstration Cooperative Project Agreement (Project Agreement) among the National Aeronautics and Space Administration (NASA), the University of California at Los Angeles (UCLA), the University of Southern California (USC), and the Los Angeles Department of Water and Power (LADWP), and (2) the Smart Grid Demonstration Project Intellectual Property Agreement (IP Agreement) among the California Institute of Technology (Caltech), UCLA, USC and LADWP, and (3) advance payment under the agreements (Agreements). The Agreements were previously approved by the Board of Water and Power Commissioners on June 1, 2010 (Resolution No. 010-345).

Background

In August 2009, LADWP, along with UCLA, USC and NASA (the Project Participants), applied for a smart grid grant (Smart Grid Grant) from the United States Department of Energy (DOE). DOE awarded a \$60 million matching grant to LADWP on December 31, 2009. The Board of Water and Power Commissioners (Board) authorized acceptance of the Smart Grid Grant on March 18, 2010.

A smart grid (Smart Grid) is a power transmission and distribution system that is enabled to interoperate with real time data. A Smart Grid includes many potential benefits, including allowing energy consumers to understand their usage in real time, and to allow producers of energy to better control and schedule their generation sources. The Smart Grid Grant Program will leverage LADWP's expertise in power systems and power delivery, while USC, UCLA and NASA will provide a deep understanding of advanced Smart Grid technologies. The Smart Grid Grant Program will develop and test technologies in four interrelated project areas: (1) Demand Response; (2) Behavioral Studies; (3) Cyber Security; and (4) Electric Vehicles.

The Project Agreement establishes a working relationship between LADWP and the other Project Participants with respect to the receipt and administration of the Smart Grid Grant. The total budget from all sources under the Project Agreement is approximately \$123 million. It is anticipated that UCLA and USC will each receive approximately \$10 million of the DOE funds and each will be responsible for cost sharing (both in-kind and cash expenditures) of \$10 million. NASA, working through its Jet Propulsion Laboratory (JPL) will receive approximately \$6 million, of which \$3 million will come from DOE funds and \$3 million from LADWP's non-federal funds. The total LADWP budget set forth in the Project Agreement is \$43 million.

It should be noted that entering into this Project Agreement does not obligate LADWP to expend any particular amount of funds, and LADWP may terminate the Project Agreement upon sixty (60) days notice to the other Project Participants. The IP Agreement, which is an exhibit to the Project Agreement, outlines the intellectual property rights that apply to LADWP and the other Project Participants. The Agreements have five-year terms which begin upon execution by the last signatory. Caltech is a signatory to the IP Agreement because NASA's work will be performed at JPL, which Caltech operates on behalf of NASA.

Summary of Ordinance Provisions

Charter Section 262(a)(2) provides that the City Controller may permit advance payments under payment terms that have been authorized by ordinance. Charter Section 373 requires Council approval for certain contracts longer than three years. The draft ordinance approves the Agreements and provides the authorization to permit such advance payments.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), the Agreements are exempt from further CEQA requirements pursuant to the California CEQA Guidelines, which state that activities consisting of basic data collection, research and experimental management which do not result in a serious or major disturbance to an environmental resource are exempt from CEQA review. See Cal. Code Reg. Title 14 §15306.


Council Rule 38 Referral

This draft ordinance has been presented to 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 Lonnie J. Eldridge at (213) 367-4550. He or another member of our Office will be present when you consider this matter to answer any questions you might have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:LJE:lee
Transmittal

ORDINANCE NO. _____

An ordinance approving: (1) the Smart Grid Demonstration Cooperative Project Agreement among the National Aeronautics and Space Administration (NASA), the University of California at Los Angeles (UCLA), the University of Southern California (USC) and the Los Angeles Department of Water and Power (LADWP), and (2) the Smart Grid Demonstration Project Intellectual Property Agreement Among the California Institute of Technology, UCLA, USC, and LADWP, and (3) advance payment under those agreements.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. The Smart Grid Demonstration Cooperative Project Agreement among the National Aeronautics and Space Administration (NASA), the University of California at Los Angeles (UCLA), the University of Southern California (USC) and the Los Angeles Department of Water and Power (LADWP), and the Smart Grid Demonstration Project Intellectual Property Agreement Among the California Institute of Technology, UCLA, USC, and LADWP, both previously approved by the Board of Water and Power Commissioners of the Los Angeles Department of Water and Power by the adoption of Resolution No. 010-345 (June 1, 2010), and that are on file with the City Clerk, are hereby approved, as well as advance payment under those agreements.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Lonnie J. Eldridge (PSE)
LONNIE J. ELDRIDGE
Deputy City Attorney

Date 6/30/10

File No. _____