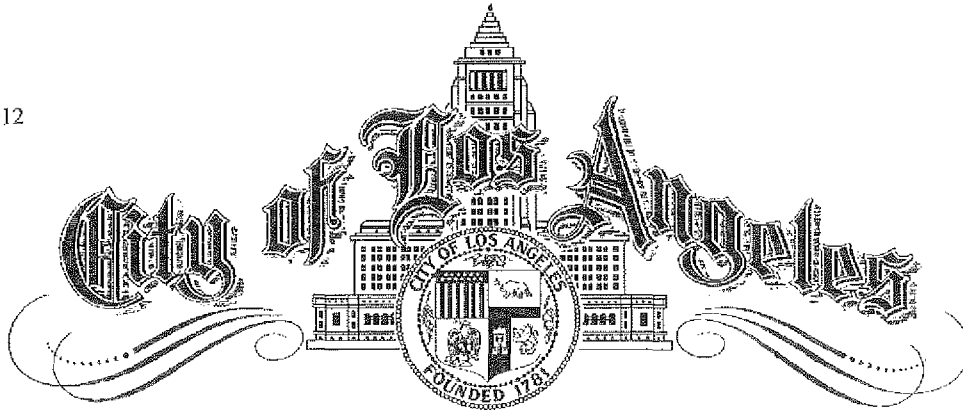


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 2 - 0 3 9 7
DEC 0 7 2012

REPORT RE:

DRAFT ORDINANCE TO APPROVE THE FACILITY TRANSFER AND RELEASE AGREEMENT NO. BP12-002 BETWEEN LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) AND THE SOUTHERN CALIFORNIA EDISON COMPANY (SCE) FOR THE SYLMAR CONVERTER STATION – WEST BUILDING AND ASSOCIATED FACILITIES

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 approves the Facility Transfer and Release Agreement, DWP Agreement No. BP12-002, between the Los Angeles Department of Water and Power (LADWP) and the Southern California Edison Company (SCE) for the transfer and release of SCE's 50 percent ownership share of the Sylmar Converter Station (SCS) - West Building and associated facilities.

Background

On March 31, 1966, LADWP and SCE entered into the City – Edison Pacific Intertie D-C Transmission Facilities Agreement, Agreement No. 10078. The d-c transmission facilities include the 500kV d-c transmission line extending from the Nevada-Oregon border to the terminal facilities at Sylmar Converter Station in Sylmar, California. LADWP and SCE jointly own the d-c transmission facilities along with the Cities of Burbank, Glendale and Pasadena (DC Participants). The ownership percentages are: LADWP – 40 percent, SCE – 50 percent, Burbank – 3.85 percent,

ENERGY & ENVIRONMENT
DEC 10 2012

Glendale – 3.85 percent and Pasadena – 2.30 percent. LADWP, as operating agent, operates and maintains the facilities on behalf of the DC Participants.

On July 26, 2002, LADWP and SCE entered into Amendment No. 1 (BP02-007, Resolution No. 002-266) to Agreement 10078, which, among other things, authorized LADWP to make capital improvements at Sylmar Converter Station under the "SCS Replacement Project." As part of scope of the SCS Replacement Project, the existing SCS West Building was to be demolished, but LADWP decided to use the building for office space instead and the building was left intact. In September, 2005, the building was appraised at \$4.5 million. LADWP offered SCE \$2.25 million as a credit towards SCE's remaining financial responsibility of the SCS Replacement Project in exchange for SCE's 50 percent ownership share of the building and associated facilities. SCE accepted the offer. This agreement states the terms and conditions of the transfer.

There is no fiscal impact to LADWP. LADWP shall credit SCE \$2,250,000 towards SCE's remaining financial responsibility of the SCS Replacement Project's final costs.

This agreement will terminate when (1) LADWP has prepared and delivered a final accounting to SCE to show that the application of the transfer and release fee was made consistent with the terms of the agreement; and (2) SCE has provided to LADWP a bill of sale or conveyance document completing SCE's transfer of ownership.

Charter Compliance

This ordinance is transmitted for your approval pursuant to Charter Sections 675, after approval by the Board of Commissioners for the Department of Water and Power.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that this action is exempt from further requirements under the Los Angeles City CEQA Guidelines, Article II, Section 1, General Rule and General Exemption, and Section 15061(b)(3) of the CEQA Guidelines, which state that, "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."

Recommendation

The City Administrative Officer (CAO) analyzed and recommends approval of this transaction, as requested by the Board of Commissioners for the Department of Water and Power. A copy of the CAO report and the Board Resolution are also provided for your review.

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 Senior Assistant City Attorney Eduardo Angeles at (213) 357-4580. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVARRIA
Chief Assistant City Attorney

PBE:EA:pj
Transmittal

ORDINANCE NO. _____

An ordinance approving the Facility Transfer and Release Agreement between the Los Angeles Department of Water and Power and Southern California Edison Company (DWP No. BP12-002).

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

Section 1. The Board of Water and Power Commissioners approved the Facility Transfer and Release Agreement between the Los Angeles Department of Water and Power and Southern California Edison Company, DWP Agreement No. BP12-002, by Resolution No. 013 083 on October 16, 2012, and requests City Council's approval, by ordinance, to execute said agreement.

Sec. 2. In accordance with Charter Section 674(a)(1), the City Council authorizes the General Manager of the Department of Water and Power, as delegated authority by the Board of Water and Power Commissioners, to execute the Facility Transfer and Release Agreement between the Los Angeles Department of Water and Power and Southern California Edison Company, DWP Agreement No. BP12-002.

Sec. 3. 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 A. LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Eduardo Angeles (POE)
EDUARDO ANGELES
Senior Assistant City Attorney

Date Dec 7, 2012

File No. _____

RESOLUTION No. 013 083

WHEREAS, the Department of Water and Power of the City of Los Angeles (LADWP) jointly owns the southern portion of the Pacific Direct Current Intertie along with Southern California Edison, City of Glendale, City of Burbank, and City of Pasadena (DC Facilities Participants), and is the operating agent on behalf of itself and the DC Facilities Participants; and

WHEREAS, the Board of Water and Power Commissioner approved Amendment No. 1 to the City – Edison Pacific Intertie DC Transmission Facilities Agreement (DWP Agreement No. 10078) between LADWP and SCE, referred to as DWP Agreement No. BP02-007, under Resolution No. 002-266 on May 7, 2002, which among other things, authorized LADWP to make capital improvements at Sylmar Converter Station under the Sylmar Converter Station Replacement Project (SCS Replacement Project) and stated SCE's financial responsibilities for these improvements; and

WHEREAS, as part of the scope of the SCS Replacement Project, the existing SCS West Building was to be demolished, but LADWP decided to use the building for office space instead and the building was left intact. In September 2005, the building was appraised for \$4.5 million. LADWP offered SCE \$2.25 million as a credit towards SCE's remaining financial responsibility of the SCS Replacement Project in exchange for SCE's fifty percent ownership share of the building and associated facilities. SCE accepted the offer.

WHEREAS, LADWP and SCE desire a facility transfer and release agreement to state the terms and conditions of the transfer.

NOW, THEREFORE, BE IT RESOLVED that the Facility Transfer and Release Agreement between LADWP and SCE, DWP Agreement No. BP12-002, approved as to form and legality by the City Attorney and filed with the Secretary of the Board, is hereby approved subject to the City Council's approval of said agreement, by ordinance, in accordance with Charter Section 674(a)(1).

BE IT FURTHER RESOLVED that the General Manager is authorized, empowered, and directed to execute the Facility Transfer and Release Agreement, DWP Agreement No. BP12-002, for and on behalf of LADWP, subject to City Council approval by ordinance.

BE IT FURTHER RESOLVED that the Chief Accounting Employee is hereby authorized and directed to draw demands upon the Power Revenue Fund for payment of all obligations arising from or related to DWP Agreement No. BP 12-002; and

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

OCT 16 2012

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

MAY 16 2012
BY Eduardo A. Angeles
EDUARDO A. ANGELES
SENIOR ASSISTANT CITY ATTORNEY

Barbara E. Roschor
Secretary

REPORT FROM

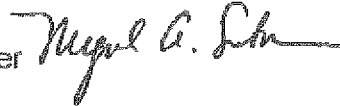
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 13, 2012

CAO File No. 0150-09784-0000
Council File No.
Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated June 7, 2012

Subject: **FACILITY TRANSFER AND RELEASE AGREEMENT WITH SOUTHERN CALIFORNIA EDISON COMPANY**

SUMMARY

The Department of Water and Power (DWP) requests approval of a proposed Resolution that authorizes execution of a Facility Transfer and Release Agreement BP No. 12-002 with Southern California Edison Company (SCE) for the Sylmar Converter Station (SCS) – West Building. City Council approval by ordinance is required pursuant to Charter Section 674(a)(1). The City Attorney has approved the proposed resolution as to form and legality.

In 1966, DWP and SCE entered into the City-Edison Pacific Intertie D-C Transmission Facilities Agreement 10078 which includes the 500 kilovolt direct-current transmission line extending from the Nevada-Oregon border to the terminal facilities at Sylmar Converter Station in Sylmar. DWP and SCE jointly own the southern portion of the direct-current transmission facilities along with the City of Glendale, City of Burbank, and City of Pasadena (DC Participants). Ownership percentages in the Pacific Intertie D-C transmission facilities consist of: SCE (50 percent), DWP (40 percent), Burbank (3.85 percent), Glendale (3.85 percent), and Pasadena (2.30 percent). DWP is also the operating agent of the facilities on behalf of the DC Participants.

A first amendment to the agreement was approved on July 26, 2002 which authorized the DWP to make capital improvements at SCS under the SCS Replacement Project. The original scope of the project included the demolition of the West Building; however, the DWP subsequently decided to utilize the West Building for office space. An appraisal was performed by the Department in September 2005 that determined the building value was \$4.5 million. In line with SCE's 50 percent ownership, DWP offered a \$2,250,000 credit towards SCE's remaining financial responsibility of the SCS Replacement Project final cost in exchange for SCE's ownership interest in the West Building facility. SCE accepted the offer and this proposed Agreement states the terms and conditions of the transfer.

DWP states that it commenced its exclusive occupation and control of the West Building facility in approximately late 2005; however, administrative delays both at SCE and internally have resulted

in a substantial delay in completing and processing this proposed Agreement. Without execution of the proposed Agreement, DWP anticipates that the DC Participants could request an undetermined amount of rent payments for the Department's use of the facility since 2005.

SCE's total share of the SCS Replacement Project cost was approximately \$59 million and has already been paid. DWP states that there is no change in the DC Participants ownership percentages as a result of this Agreement.

It is noted by the Department that the other DC Participants will receive credit based on their ownership share of the facility and in accordance with the existing ownership agreement. DWP states that while generally the existing ownership agreement is sufficient to facilitate these types of transactions, SCE requested a specific agreement to document this particular transaction. If requested in the future by any other DC Participant, DWP will provide a separate agreement which will require Council approval by ordinance at a later date.

Upon review of the attached DWP request, it is the opinion of this Office that the item can be approved, as the requested action appears to be reasonable and in accordance with City policies and procedures.

RECOMMENDATION

That the Mayor approve the proposed resolution authorizing the execution of the Facility Transfer and Release Agreement BP No. 12-002, by ordinance pursuant to Charter Section 674(a)(1), provided by the City Attorney and return the request to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

DWP Power Revenue Fund shall credit SCE \$2,250,000 towards SCE's remaining financial responsibility of the SCS Replacement Project final cost. The proposed action will have no impact on the City's General Fund.

TIME LIMIT FOR COUNCIL ACTION

The City Attorney advises that there is no time limitation on items approved by ordinance.