



ANTONIO R. VILLARAIGOSA
Mayor

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RONALD O. NICHOLS
General Manager

March 20, 2013

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

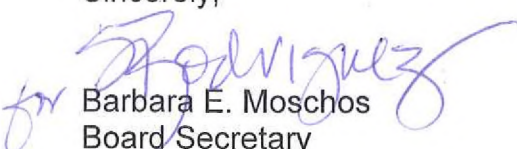
Subject: Adoption by Ordinance to Establish Design-Build Criteria of the Sylmar Filters Replacement Project

Pursuant to Charter Section 371(b), 373 and 674, enclosed for approval by your Honorable Body is Resolution No. 013 187, adopted by the Board of Water and Power Commissioners on March 5, 2013, approved as to form and legality by the City Attorney, which recommends to the Los Angeles City Council adoption by Ordinance to Establish Design-Build Criteria of the Sylmar Filters Replacement Project Pursuant to Section 371(b) of the City Charter.

As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,


for Barbara E. Moschos
Board Secretary

BEM:sar
Enclosures: LADWP Resolution
Board Letter
CAO Report

(Ordinance to be sent under separate cover)

Water and Power Conservation ... a way of life

c/enc: Mayor Antonio Villaraigosa
Councilmember Jose Huizar, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

WHEREAS, the Pacific Intertie DC (PDCI) Transmission Facilities Agreements between the City and Southern California Edison (Contract No.10078), the City of Burbank (Contract No.10129), the City of Glendale (Contract No.10128), and the City of Pasadena (Contract No.10130), herein referred to as the PDCI Participants, stipulates that the Los Angeles Department of Water and Power (LADWP) has the right and duty to operate, maintain and make additions, betterments and necessary replacements to the DC Transmission Facilities at Sylmar DC Converter Stations; and

WHEREAS, the AC and DC Filters equipment built in the 1970's and 1980's were not replaced by the Sylmar Replacement Project in 2004 due to budget constraints, and the AC Filter components have failed by fire flare ups in the last three consecutive years; and

WHEREAS, LADWP intends to oversee the acquisition, design, engineering, procurement, fabrication, construction, and all associated financing costs of the Sylmar AC/DC Filters Replacement Project at an estimated cost of \$140 Million; and

WHEREAS, the Sylmar AC/DC Filters Replacement Project includes the removal of all filters and associated equipment at Sylmar Converter Station West and East with the installation of four AC and two DC Filter Banks at Sylmar Converter Station East and the upgrade or replacement of the existing High Voltage DC(HVDC) control/protection system; and

WHEREAS, the Project goals are to provide improved efficiency and reliability, reduce operation costs, simplify maintenance, and provide safer, more integrated system operation in one facility by utilizing modern reactive power supply equipment with smaller space requirements and lower failure rates; and

WHEREAS, per the Pacific Intertie DC (PDCI) Transmission Facilities Agreements, the PDCI Participants will reimburse LADWP a total of 60 percentage of the final project cost; and

WHEREAS, LADWP desires to advertise one Request for Proposal with one agreement containing two phases, which may be awarded in whole or in part at LADWP's discretion, using the competitive sealed proposal method that permits negotiations after proposals have been submitted to allow clarifications and changes to the proposal; and

WHEREAS, Phase one of the Request for Proposal will be the engineering design and procurement of the AC and DC Filter Banks equipment; and the upgrade or replacement, testing and commissioning of the existing Control/Protection System and the new AC and DC filter equipment; and Phase two will be for the option to purchase full or partial construction of all equipment procured under Phase one; and

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WHEREAS, Section 371(b) of the Charter of the City of Los Angeles provides that as an alternative to an award pursuant to open and competitive bidding, a contract may be let pursuant to a competitive sealed proposal method, in accordance with criteria adopted by a two-thirds vote of the Council. The competitive sealed proposal method may permit negotiations in accordance with criteria as established by the Ordinance authorizing the use of such alternative method; and

WHEREAS, due to the complexity of the Project, the long lead time to fabricate major components, schedule uncertainties in the permitting process, and the possible inclusion of extended warranties, a Contract term of four years is requested under Section 373 of the Charter of the City of Los Angeles; and

WHEREAS, the Board of Water and Power Commissioners has the authority, subject to approval by ordinance, to let contracts for the construction, ownership, operation and maintenance of facilities for the generation, transformation, and transmission of electric energy, pursuant to Charter Section 674(a).

NOW, THEREFORE, BE IT RESOLVED that the Board of Water and Power Commissioners finds that adherence to the rule that the award be made to the lowest responsive and responsible bidder is not practicable or advantageous and that the competitive sealed bid proposal method is in the best interests of the City due to the complexity of the Project and the large number of exceptions and clarifications that can reasonably be anticipated for this type of project.

BE IT FURTHER RESOLVED that pursuant to Charter Section 1022, the services advertised for in this Request for Proposal for Phase one are expert services which require knowledge and skills that are not available within LADWP. In addition, the availability of sufficient LADWP personnel for the construction services advertised for in Phase two is unknown at this time.

BE IT FURTHER RESOLVED that the Board of Water and Power Commissioners approves and recommends to the Los Angeles City Council adoption by Ordinance of the proposed criteria to be used in the selection of the contractor(s) for the proposed Sylmar AC/DC Filters Replacement Project pursuant to Section 371(b) of the Charter and that the Board of Water and Power Commissioners be permitted to award the contract(s) for said equipment and construction for a term not-to-exceed four years without further approval by the Los Angeles City Council pursuant to sections 373 and 674 of the Charter.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held. MAR 05 2013


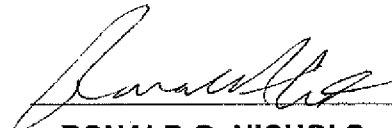
APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRITAMICH, CITY ATTORNEY

NOV 15 2012

BY Eric Rosenblatt
ERIC ROSENBLATT
DEPUTY CITY ATTORNEY

Barbara E. Thiel
Secretary

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: February 25, 2013
 ARAM BENYAMIN Senior Assistant General Manager Power System		SUBJECT: Sylmar Filters Replacement Project Ordinance Requesting the Los Angeles City Council to Establish Design-Build Criteria Pursuant to Section 371(b) of the City Charter
 RONALD O. NICHOLS General Manager		FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
_____ _____		
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 371(b), 373, and 674	

PURPOSE

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, authorizing the transmittal of an Ordinance requesting the Los Angeles City Council to approve the advertisement of a Request for Proposal (RFP) for the design and construction of the Sylmar Filters Replacement Project (Project).

The Ordinance will authorize the LADWP to let a design-build contract with two phases pursuant to a competitive sealed proposal method permitting negotiations relating to the engineering, procurement, and construction of the Project based on the criteria established by the Ordinance. Phase 1 will be to engineer and procure, and Phase 2 is the option to purchase the full or partial construction of the Project. The Ordinance will authorize a term not-to-exceed four years for the contract.

Pursuant to a competitive sealed proposal method, design-build criteria adopted by the Ordinance will permit an award to a bidder specialized in the design and manufacture of AC and DC filter banks and high voltage DC (HVDC) control/protection control Systems, and the construction and commissioning of AC and DC filter banks and high voltage DC control/protection control systems. The sealed proposal method, per Charter §371(b), permits negotiations after proposals have been opened to allow clarifications and changes to the proposal. Per Charter §371(a) and Los Angeles Administrative Code §10.47, the Local Business Preference Program will apply. The extended term of the

contract, per Charter §373, is necessary because of the complexity of the Project, the long lead times to fabricate major components, schedule uncertainties in the permitting process, and the possible inclusion of extended warranties in the contract.

The approach will be to advertise one Request for Proposal with one agreement containing two phases, which may be awarded in whole or in part at LADWP's discretion. Phase 1 will be for the engineering, design and procurement of the AC and DC filter banks equipment; the upgrading or replacement, testing and commissioning of the HVDC Control/Protection System; the acquisition of technical services; and the testing and commissioning of the new AC and DC filter equipment. Phase 2 will be for the option to purchase the full or partial construction of all equipment and material designed and procured under Phase 1. The balance of the work will be performed by LADWP construction forces.

COST AND DURATION

The total estimated cost for the project is approximately \$140 Million. The duration of the proposed contract will not exceed four years.

BACKGROUND

The proposed project is being implemented pursuant to the alarming increase in recent years of fire incidences at the filter banks of Sylmar Converter Stations East and West. The existing filter banks were built in the 1970's and 1980's and were originally slated for replacement in the Sylmar Replacement Project in 2004; however, due to budget constraints, the filter banks were eliminated from the project. The reliability of Sylmar Converter Station will be severely handicapped if more than one filter bank is out of commission at a time. This project will be constructed in conjunction with the Celilo Converter Station Replacement Project by Bonneville Power Administration in order to minimize the system outage duration and financial impact of the Pacific DC Intertie.

LADWP proposes to demolish the existing filter banks at Sylmar Converter Stations East and West and to construct four new AC and two new DC filter banks at the Sylmar Converter Station East. In addition, the high voltage DC control/protection system will be upgraded or completely replaced to accommodate the new filter banks.

Charter Section 1022

The Project will consist of a design-build contract. At this time, LADWP does not have the in-house expertise to perform the requirements of the contract.

Los Angeles City Council Approval

Per Charter §§371(b), 373, and 674, Los Angeles City Council approval is required. Accordingly, attached is the signed City Administrative Officer report dated January 14, 2013.

METHOD OF SELECTION

Competitive Cooperative Purchase Sole Source Single Source

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Sylmar Filters Replacement Project is exempt pursuant to the General Exemption described in CEQA Guidelines Section §15031(b).

RECOMMENDATION

It is requested that your Honorable Board adopt the attached Resolution recommending the Los Angeles City Council's approval by Ordinance to allow the use of competitive-sealed bid proposal method in accordance with §371(b), to allow a contract term not-to-exceed four years in accordance with §373, and to grant the Board the power to let a contracts for a project transmitting electric energy in accordance with §674 of the Los Angeles City Charter.

LT:nsh

Attachments

e-c/att: Ronald O. Nichols
Richard M. Brown
Aram Benyamin
James B. McDaniel
Philip Leiber
Gary Wong
Randy S. Howard
John G.K. Hu
Lih Tsau