



ANTONIO R. VILLARAIGOSA  
*Mayor*

Commission  
THOMAS S. SAYLES, *President*  
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BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS  
*General Manager*

April 4, 2013

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

Honorable Members:

Subject: Agreement No. 47941 (Amendment No. 3) with Systems Integrated, LP

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 013 227, adopted by the Board of Water and Power Commissioners (Board) on April 2, 2013, approved as to form and legality by the City Attorney, which authorizes Agreement No. 47941 (Amendment No. 3) with Systems Integrated, LP to provide services for the implementation of a Digital Control System at the Castaic Power Plant. The amendment will extend the term by two years and increase the total amount by \$933,547.42. 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,

A handwritten signature in blue ink that reads "Barbara E. Moschos".

Barbara E. Moschos  
Board Secretary

BEM:oja

Enclosures: LADWP Resolution  
Board Letter  
Amendment No. 3 to Agreement No. 47941

**Water and Power Conservation ... a way of life**

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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**, Systems Integrated, LP (SI) was awarded Agreement No. 47941 on May 11, 2010, to provide services for implementation of a Digital Control System at the Castaic Power Plant; and

**WHEREAS**, Agreement No. 47941 with Amendment No.1 was awarded for a term of three years which expires May 10, 2013, for an amount not to exceed \$12,641,008.00; and

**WHEREAS**, approval of Amendment No. 2 to Agreement No. 47941 is concurrently presented to your honorable Board on April 2, 2013, pursuant to the Los Angeles Administrative Code Section 10.5(b)(2) to extend the contract term from May 11, 2013, through May 10, 2014, and limits the contract expenditure to \$134,713; and

**WHEREAS**, the Los Angeles Department of Water and Power (LADWP) Power System recommends approval of Amendment No. 3 to Agreement No. 47941 with SI to extend the contract period by two years from May 10, 2013, to May 10, 2015, and increase the contract limit amount by \$933,547.42 from \$12,641,008.00 to \$13,574,555.42. The new Agreement duration, including Amendment No. 2, shall not exceed five years, from May 11, 2010, to May 10, 2015; and

**WHEREAS**, the amendment will include cyber security for the control system to comply with the Federal Energy Regulatory Commission-approved mandatory Critical Infrastructure Protection reliability standards proposed by the North American Electric Reliability Corporation; and

**WHEREAS**, cyber security requirements were developed after this agreement was originally approved; and

**WHEREAS**, this contract is totaling five years with SI. This contract exceeds the time period set by ordinance: therefore, City Council approval is required in accordance with City Charter Section 373.

**NOW, THEREFORE, BE IT RESOLVED** that Amendment No. 3 to Agreement No. 47941, approved as to form and legality by the City Attorney and on file with the Secretary of the Board, between LADWP and SI, be and the same is hereby approved.

**BE IT FURTHER RESOLVED** that pursuant to City Charter Section 1022, the services can be performed more feasibly by independent contractors than by City of Los Angeles employees because the services to be performed are of a professional and expert nature, and currently LADWP does not have the necessary expertise and resources.

**BE IT FURTHER RESOLVED** that the President or Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby

authorized, empowered, and directed to execute said amendment for and on behalf of the LADWP, upon approval by the City Council pursuant to City Charter 373.

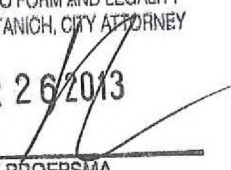
**BE IT FURTHER RESOLVED** that the Chief Accounting Employee of LADWP, upon proper certification, is hereby authorized, and directed to draw demands on the Power Revenue Fund in payment of the obligations arising under this Amendment.

**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 **APR 02 2013**



*Barbara E. Mosley*  
Secretary

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

MAR 26 2013

BY   
DIRK BROERSMA  
DEPUTY CITY ATTORNEY

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

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>	<b>DATE:</b> March 25, 2013	
<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">   <b>ARAM BENYAMIN</b>                  Senior Assistant                  General Manager                  Power System             </div> <div style="text-align: center;">   <b>RONALD O. NICHOLS</b>                  General Manager             </div> </div>  <hr/> <hr/>	<b>SUBJECT:</b>  <p align="center"><b>Amendment No. 3 to Agreement No. 47941</b></p> <p align="center">Services for Implementation of a Digital Control System at the Castaic Power Plant</p> <p align="center"><b>Recommended Award to:</b></p> <p align="center"><b>Systems Integrated, LP Orange, CA</b></p>	
	<b>FOR COMMISSION OFFICE USE:</b>   RESOLUTION NO. _____	
<b>CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b>	<b>IF YES, BY WHICH CITY CHARTER SECTION: 373</b>	

- New Contract
- Replacement Contract
- Amendment to Existing Contract

**PURPOSE**

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council approval of Amendment No. 3 to Agreement No. 47941 with Systems Integrated, LP (SI) to provide continuous services for the implementation of a digital control system at the Castaic Power Plant as part of the modernization project. The purpose of Amendment No. 3 is to extend the duration of the agreement two years and to include cyber security current requirements. Cyber security detail requirements were developed after this agreement was originally approved.

This Amendment will ensure the Castaic Power Plant is in compliance with the Federal Energy Regulatory Commission (FERC)-approved mandatory Critical Infrastructure Protection (CIP) reliability standards proposed by the North American Electric Reliability Corporation (NERC).

As the first step of a two-part process, approval of Amendment No. 2 is concurrently presented to your honorable Board on April 2, 2013, pursuant to the Los Angeles Administrative Code (LAAC) Section 10.5(b)(2) to extend the contract term from May 11, 2013, through May 10, 2014, and limits the contract expenditure to \$134,713. Amendment No. 3 is the second step of this two-part process that allows LADWP to extend the contract period by two years from May 11, 2013, to May 10, 2015, and increase the contract limit amount by \$933,547.42 from \$12,641,008.00 to \$13,574,555.42. The new Agreement duration including Amendment No. 2 shall not exceed five years, from May 11, 2010, to May 10, 2015.

### **COST AND DURATION**

	<u>Current Maximum Expenditure</u>	<u>Requested Amendment</u>	<u>Amended Maximum Expenditure</u>
Original Period (3 Yrs)	\$12,641,008.00		\$12,641,008.00
Amendment No. 1		No Cost	
Amendment No. 2 (1 Yr)		\$134,713.00	
Amendment No. 3 (2 Yrs)		\$933,547.42	
Contract Total			<u>\$13,574,555.42</u>

Currently, LADWP's contract expires on May 10, 2013. LADWP is requesting to extend the contract up to two years to May 10, 2015, and increase the contract limit amount by \$933,547.42 from \$12,641,008.00 to \$13,574,555.42.

### **BACKGROUND**

On May 11, 2010, the Board of Water and Power Commissioners (Board) approved Resolution No. 010275 allowing LADWP to enter into an Agreement with SI for a term of 36 months under Agreement No. 47941. The original Agreement provides material and technical services in the implementation of the Castaic Power Plant Control System Upgrade.

On June 7, 2011, the Board approved Resolution No. 011-294 thereby approving Amendment No. 1 to Agreement No. 47941. The purpose of the Amendment was to revise Article 302 of the Agreement to allow LADWP to approve invoices based on actual work performed.

On April 2, 2013, LADWP is requesting the Board to approve a Resolution approving Amendment No. 2 to Agreement No. 47941, pursuant to the Los Angeles Administrative Code (LAAC) Section 10.5(b)(2), to extend the contract term for 12 months from May 11, 2013, through May 10, 2014, and limits the contract expenditure to \$134,713.

On August 4, 2010, the Castaic Power Plant Unit 6 generator failed. The failure caused extensive damage to the generator stator. Unit 6 needed immediate repair; therefore, equipment from Unit 1 was installed to repair Unit 6.

The Unit 1 outage, which includes mechanical and control system upgrades was originally scheduled to start on October 1, 2011. It was delayed one year because of the Unit 6 failure. This amendment provides the continuous services to complete the implementation of a digital control system at Castaic Power Plant. There is no additional cost associated with the two years extension.

This Amendment is also required to implement and comply the current cyber security requirements and FERC-approved new mandatory CIP reliability standards proposed by NERC. The intent of the standards is to protect the nation's bulk power system against potential disruptions from cyber security breaches. LADWP is required to comply with NERC/FERC requirements in order to avoid major fines.

There was a delay in presenting this Amendment because of finalizing the cyber security scope of work caused by NERC/FERC regulation changes, and LADWP's desire to include both the two years extension and cyber security in one amendment.

#### Los Angeles City Council Approval

Per Charter Section 373, Los Angeles City Council approval is required. Due to time-sensitive operational needs, an Executive Directive No. 4 waiver was granted by the Mayor's Office on March 6, 2013. A CAO report will be provided for City Council review prior to final consideration of this item.

#### **M/W/OBE\* SUBCONTRACTING PARTICIPATION**

SI has subcontracted approximately 53 percent to M/W/OBE during the contractual period. The total amount of subcontracting is \$6,673,995 and will remain the same during the additional two years.

- \* Minority Business Enterprise (MBE)
- \* Women Business Enterprise (WBE)
- \* Other Business Enterprise (OBE)

**M/W/OBE SUBCONTRACTING**

**MBE**

Name	Description of Subcontracting Work	Original Contract Total	Actual Expenditures To Date	Original Projected Percentage	Achieved Percentage To Date
One Source Distributors LLC	Supply material, consulting services, documentation services, and PLC programming services	\$1,200,000	\$721,755	9.5%	5.7%
<b>Total:</b>		\$1,200,000	\$721,755	9.5%	5.7%

**WBE**

Name	Description of Subcontracting Work	Original Contract Total	Actual Expenditures To Date	Original Projected Percentage	Achieved Percentage To Date
Systems Analysis and Integration	Hardware manufacturing and development	\$1,500,000	\$699,500	11.9%	5.5%
<b>Total:</b>		\$1,500,000	\$699,500	11.9%	5.5%

**OBE**

Name	Description of Subcontracting Work	Original Contract Total	Actual Expenditures To Date	Original Projected Percentage	Achieved Percentage To Date
Anixter Bros. Inc	Communication equipment	\$50,000	\$149,714	0.4%	1.2%
Siemens	Equipment & technical services	\$1,262,048	\$640,600	10.0%	5.1%
American Governor Co.	Equipment & technical services	\$867,197	\$688,032	6.9%	5.4%
GE Energy	Equipment & technical services	\$1,694,750	\$1,490,407	13.4%	11.8%
<b>Total:</b>		\$3,873,995	\$2,958,753	30.6%	23.5%

**CONTRACT AND VENDOR HISTORY**

SI, located in Orange, California, has provided services in a timely manner and has performed at a satisfactory level during the contract period. Agreement No. 47491 is SI's first formal contract with LADWP.



Contract History					
Agreement No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47941	SI	3 Years	5/11/2010	5/10/2013	\$12,641,008

### **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environment Quality Act (CEQA), it has been determined that Castaic Power Plant Modernization Project is exempt pursuant to the General Exemptions described in CEQA Guidelines Sections 15061(b)(3). General exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have significant effect on the environment.

### **RECOMMENDATION**

It is requested that your Honorable Board adopt the attached Resolution recommending the Los Angeles City Council's approval of Amendment No. 3 to Agreement No. 47941.

MM:gg

Attachments

e-c/att: Ronald O. Nichols  
Richard M. Brown  
Aram Benyamin  
James B. McDaniel  
Philip Leiber  
Gary Wong  
Marvin D. Moon  
Mokhtar Moulay

AMENDMENT NO. 3 TO AGREEMENT No. 47941

This Amendment No. 3 to Agreement No. 47941 is entered by and between the City of Los Angeles Department of Water and Power (LADWP) and Systems Integrated, LP (SI).

LADWP and SI are parties to an agreement which has heretofore been entered into and is described as Agreement No. 47941, Castaic Power Plant Control System Upgrade. The parties now agree to amend said Agreement as follows:

The purpose of Amendment No. 3 is to request approval to include Cyber Security to the new control system and to add a two-year extension to the Agreement.

Agreement No. 47941 called for the total cost of the contract not to exceed \$12,641,008.00, which includes \$1,648,827.00 in contingency, and duration not to exceed three years, from May 11, 2010, to May 10, 2013.

The cost to implement Cyber Security is \$933,547.42, which includes \$572,827.42 for physical hardware security, and \$360,720.00 for support services as specified in the attached proposal. The new total Agreement cost shall not exceed \$13,574,555.42, which includes a contingency of \$1,648,827.00. The new Agreement duration including Amendment No. 3 shall not exceed five years, from May 11, 2010, to May 10, 2015.

All other terms and conditions of Agreement No. 47941 shall remain the same.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement Amendment to be executed by their authorized representatives on the day and year written below.

DEPARTMENT OF WATER AND POWER OF  
THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER COMMISSIONERS OF  
THE CITY OF LOS ANGELES

Date: \_\_\_\_\_

By: \_\_\_\_\_

Ronald O. Nichols  
General Manager

And: \_\_\_\_\_

Secretary

SYSTEMS INTEGRATED, LP

Date: 3-14-2013

By: *Susan Cottrell-Diaz*

Title: *President*