

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to award of alternative delivery contracts for the San Fernando Groundwater Basin Remediation Projects.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of January 9, 2018, Resolution No. 018-118 authorizing the award of alternative delivery contracts for the San Fernando Groundwater Basin Remediation Projects.
2. PRESENT and ADOPT the accompanying ORDINANCE dated February 28, 2018 authorizing:
 - a. The Board to award contracts utilizing alternate project delivery methods pursuant to a competitive sealed proposal method for the construction of a facility or facilities as necessary response actions to the presence of hazardous substances in the San Fernando Groundwater Basin (SFB) with said alternative project delivery methods to include:
 - i. Construction Manager at Risk
 - ii. Design-Build
 - iii. Progressive Design-Build.
 - b. The Los Angeles Department of Water and Power (LADWP) to establish criteria for and conduct negotiations relating to the award of such contracts..

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Resolution No. 018-118 will not have a fiscal impact. However, the ensuing contract will result in a cumulative expenditure estimated to be approximately \$600 million which is included in the LADWP Water System Capital Budget. Also, Resolution No. 018-118 complies with the LADWP's adopted Financial Policies..

Community Impact Statement: None submitted.

Summary:

On April 17, 2018, your Committee considered January 10, 2018 Board, October 19, 2017 CAO, and March 1, 2018 City Attorney reports, Resolution No. 018-118, and Ordinance relative to the award of alternative delivery contracts for the San Fernando Groundwater Basin Remediation Projects. According to the CAO, approval of Resolution No. 018-118 and Ordinance will provide the LADWP criteria for selecting a contract using a competitive sealed proposal method with negotiations and allow the LADWP to use an alternate delivery (AD) process rather than the traditional DeSigft-Bid-Build (DBB) process.

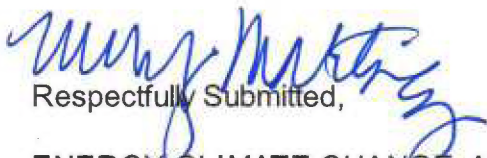
The AD processes such as Design-Build (DB), Construction Management at Risk (CMAR), and

Progressive Design-Build generally affect the level of risk, management control, and ultimate project value. Accelerating project completion through greater coordination of the design and building process is also anticipated to be an additional benefit using AD processes. The LADWP states this request is necessary for achieving a timely completion of the Projects in addition to:

- a. Providing sufficient resources or expertise beyond the LADWP's capabilities
- b. Accelerating project completion times through concurrently performing design, engineering, management, and construction activities
- c. Qualifying for Proposition 1 funding up to \$300 million
- d. Reducing the City's dependence on purchased potable water (Mayor's-Directive 5)
- e. Expanding opportunities to collaborate with vendors on anticipated design challenges.

Additionally, the proposed resolution and Ordinance authorizes the DWP Board of Commissioners (Board) to execute a contract for the Projects without further approval by the Council, The terra of a selected contract is not to exceed five years with an estimated cost of approximately \$600 million. Funding for the Projects is supported by customer rates; however the LADWP is pursuing funding opportunities from Proposition 1 as well as cost recovery from potentially responsible parties who are responsible for the groundwater contamination. A competitive sealed proposal with negotiations is necessary to allow LADWP to obtain the best value for the Projects. Furthermore, the technical details and complexity of the. Projects make it not practical or feasible to write detailed specifications, advertise, open bids publicly, and award a contract without any clarifications, changes, or negotiations. Consistent with Charter Section 371(b) competitive bidding requirements, Design-Build or other appropriate project delivery method may be used when justified by the type of project and approved by the contracting authority.

Also, pursuant to Charter Section 371 (b), for competitive sealed proposals, a vote of two-thirds the City Council approving the contract selection criteria by Ordinance is required to let a contract using a competitive sealed proposal method. There is no time limitation on this action due to the ordinance approval requirement. The City Attorney has approved the proposed resolution and Ordinance as to form and legality. After consideration and having provided an opportunity for public comment, the Committee moved to recommend concurring with the Board's January 9, 2018 action and approving the Ordinance. This matter is now submitted to Council for its consideration.


Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	ABSENT
O'FARRELL:	YES

ARL
4/17/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-