

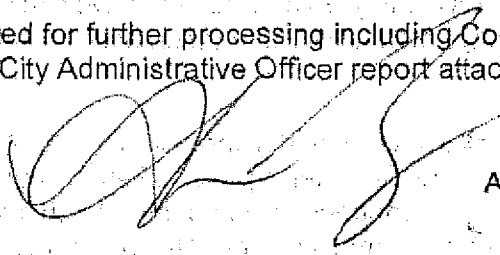
0150-10050-0001

TRANSMITTAL

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE JUL 28 2016	COUNCIL FILE NO. 13-1441
FROM The Mayor	COUNCIL DISTRICT NA	

**ORDINANCE FOR THE HAIWEE POWER PLANT PENSTOCK REPLACEMENT PROJECT
AUTHORIZING DESIGN-BUILD CRITERIA FOR A CONTRACT TO BE AWARDED USING A
COMPETITIVE SEALED BID PROPOSAL METHOD.**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 27, 2016

CAO File No.: 0150-10050-0001
Council File No.: 13-1441
Council District: NA

To: The Mayor

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Communication from the Department of Water and Power dated October 29, 2015; referred by the Mayor for report on November 6, 2015

Subject: **ORDINANCE FOR THE HAIWEE POWER PLANT PENSTOCK REPLACEMENT PROJECT AUTHORIZING DESIGN-BUILD CRITERIA FOR A CONTRACT TO BE AWARDED USING A COMPETITIVE SEALED BID PROPOSAL METHOD**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution, which authorizes by ordinance, the criteria for a Design-Build contract for the Haiwee Power Plant Penstock Replacement Project (Project) that the DWP intends to award using a competitive sealed bid proposal method. Included in the Project is the installation or refurbishment of approximately 10,000 feet of pressurized penstock pipe. Also included in the Project is the installation of at least two high performance valves, an ultrasonic flow measurement system, and a vacuum/air release system. The proposed Project serves both the Power System and Water System by providing hydro power to Haiwee Power Plant for generation of renewable energy and water supply to the Los Angeles Aqueduct 1.

In March 2014, the City Council and Mayor approved Ordinance 182940 establishing design-build selection criteria for the Project (C.F. 13-1441). The Department released a Request for Proposal (RFP) in July 2014 and received two proposals. However, both bids were deemed by the DWP to be non-responsive to the minimum selection criteria: One proposal was deemed non-responsive as a result of not properly completing all necessary compliance documents, and the second proposal was rejected for not meeting the minimum Contractor qualifications. Specifically, the selection criteria as approved in the Ordinance requires the Prime Contractor to have a minimum of 10 years of expertise in the area of design, engineering, fabrication, and installation of large diameter fiber reinforced polymer composite pipe.

As proposed, the Department now seeks to modify the minimum qualifications of the Contractor to include the completion of three large diameter pipe installation projects in the last six years. In addition, the new criteria will allow the Contractor to subcontract with qualified vendors for the design, engineering, and manufacturing of the composite pipe. The Department anticipates the modification in Contractor and subcontractor qualifications to yield more responsive proposals to the RFP. The

City Attorney has advised that the proposed change in qualification requires approval of a separate ordinance with the new contract selection criteria.

Approval of the proposed resolution, and accompanying ordinance, will specifically authorize the Department to:

- (1) Establish criteria for DWP to award one Design-Build contract for the Project;
- (2) Permit negotiations to allow clarifications and changes to the proposals, pursuant to a competitive sealed proposal method; and
- (3) Award one Design-Build contract for design, engineering, procurement, and construction, for a term not to exceed three years, to a bidder with the lowest ultimate cost, as determined by DWP.

The Department asserts that a competitive sealed proposal with negotiations is necessary due to the complexity and technical details of the Project that make it impractical to write detailed specifications, advertise, open bids publicly, and award a contract without any clarifications, changes, or negotiations. Pursuant to Charter Section 371(b), a vote of two-thirds the City Council approving the contract selection criteria is required to award a contract using a competitive sealed proposal method. The City Attorney has approved the proposed resolution and ordinance as to form and legality.

DESIGN-BUILD CONTRACT

A benefit of the Design-Build contracting method (compared to the traditional Design-Bid-Build method) is the ability to overlap certain design and construction tasks and processes which offer a potentially reduced overall project duration. Consistent with the previous utilized criteria, the proposed Design-Build criteria will permit an award to a bidder specialized in the design, installation, and testing of large diameter fiber reinforced polymer composite material piping systems; qualified in providing technical services to support construction and commissioning of the penstock; and demonstrated experience in financial, labor, material procurement, and equipment resources available for the Project. Two additional qualifications were added to ensure the bidder has completed three large diameter pipe installation projects in the last six years and that the bidder utilizes a vendor that has at least ten years' experience in design, engineering, and fabrication of the composite pipe.

The Project duration is anticipated to be three years with an estimated cost of \$21.59 million. The Project is partially funded in the Multi-Year Expenditure Plan of the DWP Power System Capital Budget for fiscal years 2016-17 through 2018-19. The Department reports the remaining funds will be budgeted in the next budget cycle, prior to award of the contract. Included in the total estimated cost is a 10 percent contingency for costs related to unforeseen conditions or uncertainties. An estimate of costs is provided in the following table:

Haiwee Power Plant Penstock Replacement Project Cost Estimate (CE30)	
Category	Total Cost (000's)
Technical Engineering and Design	\$1,255
Materials (Composite pipes, fittings, and mechanical systems)	\$11,240
Mobilization and Earthwork (Excavate, trench, and backfill)	\$2,650
Installation and Construction (Penstock piping, fittings, and valves)	\$3,600
Rehabilitation (Refurbish penstock sections not replaced)	\$860
Training and Manuals	\$25
Contingency (10 percent)	\$1,963
TOTAL	\$21,593

BACKGROUND

The Haiwee Power Plant, which is located in Owens Valley, consists of two 2.5 megawatt (MW) hydroelectric generating units originally constructed and put in service in 1926. DWP states that the original penstocks bringing water to the generating units were mostly riveted steel pipe. In approximately 1950, the original penstock was replaced with welded steel plate pipe.

In 2008, a third-party review was performed on the condition of the penstock that determined the penstock is in disrepair and has exceeded its service life. The review concluded that a total replacement of the penstock is necessary.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution, which authorizes by ordinance, the criteria for a Design-Build contract for the Haiwee Power Plant Penstock Replacement Project that the DWP intends to award using a competitive sealed bid proposal method, pursuant to Charter Section 371(b); and,
2. Return the proposed resolution to the Department for further processing, including Council consideration and approval by a two thirds vote pursuant to Charter Section 371(b).

FISCAL IMPACT STATEMENT

Approval of the proposed resolution and ordinance will not have a fiscal impact; however, the ensuing contract will result in a total expenditure estimated to be approximately \$21.59 million, impacting the Power Revenue Fund. Approval of the proposed resolution and ordinance will have no impact on the City's General Fund. The proposed request complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

The City Attorney has advised that there is no time limitation on this action due to the ordinance approval requirement.

MAS:JJJ:10160090