



**MICHAEL N. FEUER**  
CITY ATTORNEY

**REPORT NO.** R 1 5 - 0 0 5 6  
FEB 2 7 2015

**REPORT RE:**

**DRAFT ORDINANCE AUTHORIZING THE AWARD OF ONE DESIGN-BUILD CONTRACT FOR THE DECOMMISSIONING, DISABLEMENT, DEMOLITION AND REMOVAL OF SCATTERGOOD GENERATING STATION UNIT 3 PURSUANT TO A COMPETITIVE SEALED PROPOSAL**

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 authorizes the Board of Water and Power Commissioners to: (1) establish criteria for the Los Angeles Department of Water and Power (LADWP) to award a design-build contract for the Scattergood Generating Station (SGS) Unit 3 Demolition Project; and (2) permit negotiations to allow clarifications and changes to the proposals pursuant to a competitive sealed proposal method, for an exclusive term not to exceed five years, to a bidder or bidders with the lowest ultimate cost as determined by LADWP.

The project will entail the advertisement of a Request for Proposal with one contract to be awarded at LADWP's discretion. The contract will be for the decommissioning, disablement, decoupling and demolition of SGS Unit 3. The contractor will provide civil and structural engineering required for the complete segregation of Unit 3 from Units 1 and 2, and demolition of Unit 3 to prepare the site for repowering. The repowering of SGS was authorized by the City Council on October 30, 2012, in Ordinance No. 182292, and the contracts for the repowering were awarded by the Board of Water and Power Commissioners to General Electric on March 19, 2013,

and to Kiewit Constructors on April 16, 2013. The demolition contract will provide for the procurement of demolition equipment, the provision of on-site safety monitoring, the abatement of hazardous material, the classification of debris, and the transportation and disposal of waste.

### Background

The proposed project is being implemented pursuant to a formal Settlement Agreement (May 2003) between LADWP and the South Coast Air Quality Management District (SCAQMD) to reduce air pollutant emissions from stationary sources in the South Coast Air Basin, under the provisions of the Regional Clean Air Incentives Market Program.

LADWP proposes to replace the capacity of SGS Unit 3 with natural gas-fired combustion turbines and heat recovery steam generators operating in both combined and/or simple cycle configurations. The proposed new generators will be air-cooled and will not utilize the existing once-through ocean water cooling system. The proposed replacement units would have a combined capacity of up to 590 MW gross, depending upon the type and configuration of units provided.

### Charter Compliance

This ordinance is transmitted for your approval pursuant to Charter Sections 371(b), 373 and 674(a)(1). Pursuant to Los Angeles Charter Section 371(b), a vote of at least two-thirds of the City Council approving the contract selection criteria is required to award a contract using a competitive sealed proposal method. Pursuant to Charter Section 373, no contract may be let for a period of longer than three years without prior approval of the City Council. Moreover, pursuant to Charter Section 674(a)(1), the Board of Water and Power Commissioners shall have the authority, subject to approval by ordinance, to contract with any private or public corporation for the construction, ownership, operation and maintenance of facilities for the generation, transformation and transmission of electric energy.

### CEQA Determination

In accordance with the California Environmental Quality Act (CEQA), the Board of Water and Power Commissioners certified and adopted the SGS Unit 3 Repowering Project Final Environmental Impact Report on September 18, 2012.

### Recommendation

The City Administrative Officer (CAO) analyzed and recommended approval of the Board resolution and Council consideration of the ordinance. The Board resolution was approved by the Board of Water and Power Commissioners. A copy of the CAO report and the Board Resolution is included in the Council file.

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 Deputy City Attorney Eric Rosenblatt at (213) 367-4619. 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,

MICHAEL N. FEUER, City Attorney

By   
DAVID MICHAELSON  
Chief Assistant City Attorney

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Transmittal