



RESOLUTION NO. _____

BOARD LETTER APPROVAL

A blue ink signature of Martin L. Adams, written in a cursive style, is positioned above the name and title.

MARTIN L. ADAMS
Senior Assistant General Manager
Water System

A blue ink signature of Marcie L. Edwards, written in a cursive style, is positioned above the name and title.

MARCIE L. EDWARDS
General Manager

DATE: August 20, 2015

SUBJECT: Agreement No. 47329-5 (Agreement) for Owner's Agent for the San Fernando Basin (SFB) Groundwater Remediation Facilities With Hazen and Sawyer

SUMMARY

Proposed Agreement is to engage an experienced Owner's Agent to provide a full range of expert professional engineering and consulting services in order to assist LADWP to develop SFB Groundwater Remediation Facilities to remove contamination from the severely impaired groundwater basin. Also, included are forensic accounting and other services that may be required to assist the City Attorney with cost recovery efforts. The Owner's Agent will represent, advise, and provide services to LADWP on the various aspects of planning, permitting, designing, selecting construction delivery methods, and supporting construction, startup, and testing for SFB Groundwater Basin Remediation Facilities.

Proposed Agreement is for a term of 10 years with a not-to-exceed amount of \$30,000,000 (budgeted). Typical costs for an Owner's Agent are between 5 and 10 percent of the construction. Costs for these facilities are estimated to be \$600 million or more. Cost for the Owner's Agent is in line with standard estimates.

City Council approval is required according to Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of authorizing execution of Agreement No. 47329-5 as required in Charter Section 373.

ALTERNATIVES CONSIDERED

The engineering work to be performed under this Agreement involves various treatment processes that require specialized knowledge. LADWP personnel do not currently possess this knowledge, and it is not achievable in the time frame required to remediate the groundwater basin. Training is not feasible since it requires multiple, advanced, university-level courses, and several years of experience designing and operating various types of remediation treatment plants. Engineering designs completed by an engineer without the appropriate level of expertise may jeopardize cost recovery efforts.

Failure to award proposed Agreement will indefinitely delay the remediation, which will result in the loss of the beneficial use of this valuable local resource and contamination will continue to spread throughout SFB.

FINANCIAL INFORMATION

This Agreement is included in the budget. Agreement term is for 10 years with a not-to-exceed amount of \$30,000,000.

BACKGROUND

The City of Los Angeles (City) has historically relied on local groundwater for an average of 11 percent of its water supply and significantly more during droughts and/or emergencies. SFB is the City's largest local groundwater basin and comprises over 80 percent of the City's total annual adjudicated groundwater rights. Contamination from improper chemical disposal practices in years past has severely impaired the groundwater and must be remediated to prevent further loss of this valuable resource. LADWP has approximately 115 production wells in SFB, and as of February 2015, 85 wells have become unusable due to contamination.

The first phase in recovering the beneficial use of SFB groundwater was to characterize the existing contamination. Under Agreement No. 47786, LADWP contracted with Brown and Caldwell in November 2008 to perform a Groundwater System Improvement Study, which was completed in February 2015. The next phase in this process is to hire an Owner's Agent who will assist LADWP with the development of SFB Groundwater Remediation Facilities. These facilities may be comprised of centralized and/or localized wellhead treatment facilities in the vicinity of LADWP's North Hollywood, Tujunga, Rinaldi-Toluca and Headworks Well Fields to restore their ability to produce up to 137,000 acre-feet per year (AFY) of groundwater. Final phase is completion of design, construction, permitting and operation of the new facilities, and overall costs are budgeted to be \$600 million or more.

Under the proposed Agreement, Hazen and Sawyer will provide a full range of expert professional engineering and consulting services in order to assist in the planning, preliminary design, alternate delivery evaluation and oversight, commissioning, permitting, close out, and operations support of treatment facilities. Deliverables will include extensive computer modeling to predict plume movement and contaminant concentrations, development of permitting approach for severely impaired source,

treatment alternatives evaluation, completion of a Feasibility Study to evaluate various alternatives, preliminary design of treatment facilities, assessment of alternative delivery methods and development of bid documents, and production of operator training materials. Forensic accounting and other services may be required to assist the City Attorney with cost recovery efforts.

The new treatment facilities are targeted for completion by the end of 2021. However, it is anticipated the Owner's Agent may also be utilized in assisting with the initial startup, operation, and maintenance of these facilities to help address any issues that may arise. Therefore, a 10-year duration for the Owner's Agent is desired. The \$30 million not-to-exceed contract amount is based on best available information and is expected to cover all anticipated costs known at this time. However, potential regulatory changes or newly identified contaminants may increase the level of effort required in the future.

On October 14, 2014, Mayor's Executive Directive No. 5 was issued, which included a renewed focus on groundwater remediation and identified the SFB aquifer cleanup as the key project in that effort.

This is Hazen and Sawyer's first contract with LADWP as a prime contractor. References were contacted, and Hazen and Sawyer has performed satisfactorily on previous contracts.

There is no impact to the City's General Fund.

Per Charter Section 373, the City Administrative Officer (CAO) Report dated June 9, 2015 is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the action of awarding the Agreement to an Owner's Agent for professional engineering and consulting services is exempt, pursuant to the General Exemption described in CEQA Guideline Section 15061 (b)(3). General Exemptions apply in situations where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement
- CAO Report