



BOARD LETTER APPROVAL

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Executive Director – Power System  
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**DATE:** September 25, 2015

**SUBJECT:** Amendment No. 1 (Amendment) to Agreement No. 47128 for Qualified Real Property and Personal Property Appraisers Enabling Agreements

**SUMMARY**

The purpose of the proposed Amendment is to extend the term of Agreement No. 47128 for an additional 30 months until July 24, 2018, and to increase the expenditure limit by \$1,025,000 (budgeted) for a revised total of \$5,655,000 to provide for completion of property acquisition for the Barren Ridge Renewable Project (BRRTP) and River Supply Conduit 7 (RSC-7) projects. Agreement No. 47128 was competitively bid to establish a list of 24 qualified appraisers. Nearly 700 properties are being acquired for these two projects.

A number of the properties being acquired for these projects are either in or anticipated to be in eminent domain proceedings. The requested additional time on the contract and added funding is based on appraisal expenditures to date and projected appraisal costs based on current court calendars related to eminent domain proceedings.

The proposed Amendment ensures the appraisers who appraised these properties are retained for continuity in the litigation associated with eminent domain proceedings. The use of different appraisers will increase the cost of litigation whereby the new appraisers will require additional time to review the original appraisals and become familiar with the subject properties. The number of properties proceeding to eminent domain could not have been determined until the completion of the appraisal, purchase offer, and negotiation period.

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 execution of this Amendment to Agreement No. 47128 between LADWP and the 24 qualified appraisers.

## **ALTERNATIVES CONSIDERED**

Alternatives considered include:

- Performing appraisal services with LADWP employees:
  - Due to the number of BRRTP litigation cases, the required specialty appraisal knowledge for the BRRTP and other LADWP appraisal needs, LADWP staff could not adequately support the litigation for the BRRTP and other appraisal needs.
  - LADWP has one Certified General Real Estate Appraiser on staff.
- Issue a new Request for Proposal (RFP):
  - With a new RFP, it is unknown if the current list of appraisers would respond to a new RFP.
  - Without a contractual commitment the current list of appraisers could pursue other appraisal opportunities and would not be available for LADWP acquisitions.
  - The use of different appraisers will increase the cost of litigation whereby the new appraisers will require additional time to review the original appraisals and become familiar with the subject properties.

Based on the above alternatives, the best alternative is to extend the existing appraisal agreement and add additional money. An RFP will be issued for appraisal services outside of these projects.

## **FINANCIAL INFORMATION**

This Amendment extends the term by 30 months from January 24, 2016, to July 24, 2018, and increases the maximum expenditure by \$1,025,000 from \$4,630,000 to \$5,655,000.

The funds are budgeted BRRTP and RSC-7 budgets.

## **BACKGROUND**

The BRRTP involves the acquisition of potentially over 600 properties with associated property rights while the RSC-7 project involves another 66 properties. A number of the properties being acquired for these projects are either in or anticipated to be in eminent domain proceedings. The requested additional time and funding to the agreement is

based on appraisal expenditures to date and projected appraisal costs based on current court calendars related to eminent domain proceedings. The number of properties proceeding to eminent domain could not have been determined until the completion of the appraisal, purchase offer, and negotiation period.

LADWP has one Certified General Real Estate Appraiser on staff. The need for additional appraisal resources led to the LADWP's Request for Qualifications (RFQ) for Appraisal Services, which was approved by the Board on October 4, 2011. The list of 24 qualified appraisers (Resolution No. 012-262) was competitively developed from responses to the RFQ. The list of appraisers was converted to enabling agreements with each of the 24 qualified appraisers on the list. The enabling agreements reduce labor requirements and expedite the award process with the contract administrator issuing task awards as opposed to Supply Chain Services Division (SCS) issuing purchase orders. The process as follows will remain unchanged:

<b>List</b>	<b>Enabling Agreement</b>
SCS reviews the RFP	Real Estate issues a task order proposal to the qualified appraisers
SCS invites the qualified appraisers to bid	Real Estate evaluates the task order responses
Real Estate evaluates the responses to RFP	Real Estate issues a task order to the successful bidder
Real Estate forwards the award recommendation to SCS	
SCS issues the purchase order/contract (Purchase orders over \$150,000 or longer than one year are submitted for Board approval)	

Los Angeles City Council approval is required. The City Administrative Officer report dated August 19, 2015 is attached.

**ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Real Estate Appraisal Services conversion to enabling agreements is exempt from further requirements under the Los Angeles City 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 a significant effect on the environment.

## **CITY ATTORNEY**

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

## **ATTACHMENTS**

- Resolution
- List of Approved Appraisers
- CAO Report