

ORDINANCE NO. _____

An ordinance amending Section 10.1.1 of the City of Los Angeles Administrative Code to extend the contracting authority of the General Manager of the Department of Water and Power (DWP) from \$150,000 annually up to \$5,000,000 annually; amending Section 10.15(f) of the Los Angeles Administrative Code to allow DWP to engage in the competitive sealed proposal method for highly specialized equipment; and amending Section 10.5 of the Los Angeles Administrative Code to increase the maximum term for DWP contracts before requiring affirmative Council approval and establishing certain reporting requirements.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code is amended to read as follows:

(c) Notwithstanding the provisions of Subsection (a) of this section, the Boards of the Los Angeles Departments of Harbor Commissioners and Airports Commissioners may authorize the respective General Managers of those Departments to enter into contracts on behalf of the Department that satisfy all of the following:

- (1) The contract is not for personal services; and
- (2) The contract does not obligate the City for a term of longer than three years including all extensions, renewals and amendments; and
- (3) The contract does not involve consideration reasonably valued in excess of One Hundred Fifty Thousand Dollars (\$150,000) annually.

The Harbor Department and the Department of Airports shall each submit a report quarterly to their respective Boards identifying all contracts, including the dollar value involved in each contract, authorized by the General Manager of the respective Department pursuant to the provisions of this subsection.

Three years after the last effective date of this subsection, the Harbor Department, and the Department of Airports shall each submit a report to the Mayor and the City Council evaluating the effects and benefits of the authority granted by the provisions of this subsection, and include a recommendation regarding whether to continue the provisions of this subsection.

Sec. 2. A new Subsection (d) is added to Section 10.1.1 of the Los Angeles Administrative Code to read as follows:

(d) Notwithstanding the provisions of Subsection (a) of this section, the Board of Water and Power Commissioners may authorize its General Manager to enter into contracts on behalf of the Department that satisfy all of the following:

- (1) The contract is not for personal services;
- (2) The contract does not obligate the City for a term of longer than three years, including all extensions, renewals and amendments; and
- (3) The contract does not involve consideration reasonably valued in excess of Five Million Dollars (\$5,000,000) annually.

Sec. 3. A new Subsection (e) is added to Section 10.1.1 of the Los Angeles Administrative Code to read as follows:

(e) The DWP will report quarterly to the Board and the City Council with respect to contracts pending, approved, or terminated by the General Manager or the Board. The report shall also set forth the status of any pending requests for the use of independent contractors pursuant to Charter Section 1022. The DWP will post on its website a listing of all contracts awarded by the DWP within 60 days of the end of each calendar year.

Sec. 4. Subdivisions (1) and (2) of Subsection (f) of Section 10.15 of the Los Angeles Administrative Code are amended to read as follows:

As an alternative to an award to the lowest responsible bidder, a contract can be let pursuant to a competitive sealed proposal method permitting negotiations, in accordance with the following requirements, conditions and limitations:

- (1) To acquire the following items or services:
 - (a) telecommunications devices, systems or services;
 - (b) automated systems, or the computers on which they are automated;
 - (c) services related to the automation of systems or the computers on which they are automated, including computer software;
 - (d) highly specialized equipment for the DWP used for water and power generation, transmission and distribution, including, but not limited to, large gas turbines, switchgear, emission controls and other equipment where the technical complexities of such equipment require that factors in addition to price be taken into consideration.

(2) For the acquisition of goods or services described in Subdivision (1) of this subsection, the competitive sealed proposal procedure shall be used only after the Purchasing Agent, or in the case of the Departments of Airports, Harbor, and Water and Power the respective Board of Commissioners, has adopted written findings setting forth the specific facts which support the determination that competitive bidding and adherence to the rule that the award be made to the lowest responsible bidder is not practicable or is disadvantageous. For the acquisition of highly specialized equipment for the DWP described in Subdivision (1)(d), the competitive sealed proposal criteria may, in addition to price, include factors such as vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, and the broadest possible range of competing products and materials available, fitness of purchase, manufacturer's warranty and similar factors.

Sec. 5. A new Subsection (e) is added to Section 10.5 of the Los Angeles Administrative Code to read as follows:

(e) The Department of Water and Power shall not enter into any contract to make or receive payments of money or other valuable consideration for a period longer than five (5) years, unless such contract shall have been first approved by the Council. This subsection shall not apply to contracts exempted by Subsection (a). Any contracts requiring Council approval shall be subject to the time line and process for Council action set forth in Subsection (a). For the purposes of this Subsection (e), a term of longer than five (5) years shall include:

1. A contract which contains a provision, such as, but not limited to, an option clause, which allows for a cumulative period longer than five (5) years, said period calculated as of the date of execution of the contract;

2. A contract replacing an expiring or expired contract or an amendment to a contract involving the same party or parties with no new competitive process having been utilized with a resulting cumulative period of longer than five (5) years, said period calculated as of the date of the execution of the initial contract, and it is anticipated that the estimated or actual annual payments to or by the City under such contract shall exceed One Hundred Thousand Dollars (\$100,000), adjusted annually in accordance with the Consumer Price Index and an amount that is the same as Section (b)(2).

Sec. 6. A new Subsection (f) is added to Section 10.5 of the Los Angeles Administrative Code to read as follows:

(f) Any contract proposed to be entered into by the DWP for specialized construction equipment or software that is only offered by one vendor shall not require approval by Council unless it is for a term of longer than ten (10) years.

Sec. 7. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

HOLLY L. WOLCOTT, City Clerk

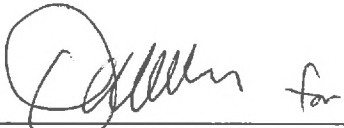
By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By  for _____
JOSEPH A. BRAJEVICH
Senior Assistant City Attorney

Date 10-13-2016

File No. _____