



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Michael S. Webster in blue ink.

MICHAEL S. WEBSTER
Executive Director – Power System
Engineering and Technical Services

Handwritten signature of Marcie L. Edwards in blue ink.

MARCIE L. EDWARDS
General Manager

DATE: December 30, 2015

SUBJECT: Agreement No. 47344 for Nondestructive Examination Services with QualSpec, LLC

SUMMARY

The proposed Agreement is to provide Nondestructive Examination (NDE) services, on an as-needed basis, at the Power Generating Stations and other LADWP facilities. NDE services are required for new construction, repairs, alterations of piping systems, boilers, pressure vessels, turbine components, and other equipment. The term of this Agreement is for five years with two 1-year renewal options, and a not-to-exceed amount of \$2,200,000 (budgeted). The proposed agreement is the result of a competitive process under Request for Proposal (RFP) No. 90198.

The NDE services for new construction, repairs, or alterations are mandatory to comply with the American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code (BPVC), and LADWP's Quality Control System Manual (QCSM). NDE services require specially licensed technicians and expertise, which LADWP does not possess.

City Council approval is required in accordance with Los Angeles Administrative Code Section 373.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of Agreement No. 47344, between LADWP and QualSpec, LLC (QualSpec) as required in Charter Section 373.

ALTERNATIVES CONSIDERED

An alternative to this proposed Agreement is to issue one-time purchase orders for NDE services on an as-needed basis. However, this alternative is not feasible and would leave LADWP vulnerable should NDE services be required for emergency repairs. Under the existing Agreement, services require a 48-hour response time, which would

not be possible utilizing the one-time purchase order process. By maintaining a contract readily available for NDE services, critical repairs and inspections can be performed in a timely manner and the equipment returned to full operation, which is critical in the cases of forced outages. In addition, LADWP would save the administrative cost and time of processing one-time purchase orders.

FINANCIAL INFORMATION

The proposed Agreement is for a term of five years, with two 1-year renewal options, for a not-to-exceed amount of \$2,200,000.

NDE services are paid for by individual projects and tasks budgeted from multiple LADWP Divisions including the Power Engineering Division, Power Supply Operations Division, Power Construction and Maintenance Division, Power Integrated Support Services Division, and other Divisions as needed.

BACKGROUND

The Board of Water and Power Commissioners approved Resolution 012-086 for Agreement No. 47050-2 on October 18, 2011, for an amount not-to-exceed \$1,000,000 for a term of three years. On September 16, 2014, The Board of Water and Power Commissioners approved Resolution 015-038 for Amendment No. 1 to Agreement No. 47050-2 to add one optional one-year extension and increase the Agreement not-to-exceed amount by \$139,150 from \$1,000,000 to \$1,139,150. Amendment No. 1 was required to mitigate a lapse in NDE services until Agreement 47344 is executed. Agreement No. 47050-2 expires on October 28, 2015, and Agreement 47344 will replace Agreement No. 47050-2 for NDE services at the Power Generating Station on an as-needed basis.

The Power System operates and maintains LADWP's fossil-fired and hydroelectric generating stations. In order to maintain the safety, reliability, and availability of the generating stations, LADWP conducts inspections of welds, pressure vessels, boilers, piping systems, steam turbine components, and other equipment. NDE services are performed to meet ASME BPVC, and QCSM requirements after repairs and for preventive maintenance purposes. Maintenance and replacement costs can be reduced using the information obtained from NDE services by examining equipment structural integrity, deterioration, or damage prior to a failure. This results in greater reliability. Furthermore, permits to operate equipment require that these tests be performed.

NDE services consist of examinations that do not damage the equipment or infrastructure being tested. NDE services include radiographic, ultrasonic, fiber optic, magnetic particle, remote visual, replication, eddy current, metallurgical analysis, and other NDE services as required by LADWP. Some examinations utilize x-rays that require the use of radioactive materials and specialized equipment. LADWP is not licensed to handle this material. Additionally, LADWP does not have qualified personnel or equipment to perform NDE services.

QualSpec has performed satisfactorily under the current and previous Agreements.

The proposed Agreement will require City Council approval in accordance with Charter Section 373. A copy of the City Administrative Officer (CAO) report dated December 28, 2015, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that NDE services is exempt pursuant to the General Exemption described in CEQA Guidelines Section 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 Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement
- City Administrative Report dated December 28, 2015