

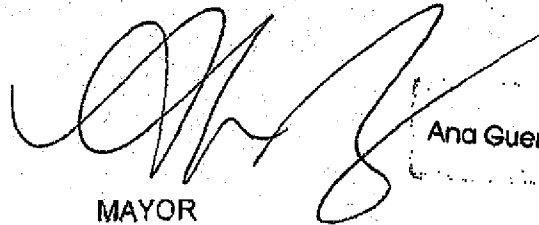
0150-10546-0000

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE <b>DEC 28 2015</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**138-KV UNDERGROUND TRANSMISSION CABLE REPLACEMENT PROJECT –  
ORDINANCE AUTHORIZING CRITERIA FOR A DESIGN-BUILD CONTRACT TO BE LET  
USING A COMPETITIVE SEALED BID PROPOSAL METHOD**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.

  
Ana Guerrero  
MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 24, 2015

CAO File No.: 0150-10546-0000

Council File No.:

Council District: Citywide

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated October 22, 2015; referred by the Mayor for report on November 6, 2015

Subject: **138-KV UNDERGROUND TRANSMISSION CABLE REPLACEMENT PROJECT - ORDINANCE AUTHORIZING CRITERIA FOR A DESIGN-BUILD CONTRACT TO BE LET USING A COMPETITIVE SEALED BID PROPOSAL METHOD**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution and ordinance to authorize Design-Build contract selection criteria for the 138-kilovolt (kV) Underground Transmission Cable Replacement Project (Project) that the DWP intends to let using a competitive sealed bid proposal method in accordance to Charter Section 371(b). Approval will:

- (1) Establish criteria for DWP to select a Design-Build contract to replace approximately 45 miles of 138-kV underground transmission cables;
- (2) Permit negotiations after proposals have been opened, in order to allow clarifications and changes to the proposals; and,
- (3) Award a Design-Build contract for a term not to exceed five years, to a bidder with the lowest ultimate cost, as determined by DWP.

The underground transmission system includes approximately 70 miles of 138-kV low pressure oil filled (LPOF) cables, located throughout the City, that were installed from 1943 through 1959. Beginning in 1999, the DWP began to replace these cables due to deterioration and increasing failure rates. In the 2007 Integrated Resource Plan (IRP), DWP set a goal of replacing all of these aging cables by 2028 in order to prevent system failure and to ensure reliability. However, following four recent failures, occurring in 2012 and 2013, and increasing maintenance requirements, the Power System now proposes to accelerate the replacement of all 138-kV LPOF cables by 2021 since they are of similar age and pose a high risk.

The Project involves removing the existing LPOF cables and installing a new cross-linked polyethylene (XLPE) cable system. DWP asserts that 19 miles of the LPOF cables have already been replaced with XLPE. The following table identifies the proposed cable lines to be replaced under the proposed contract:

**Replacement Schedule**

Year	Cable to be Replaced	Length (miles)	Age at time of replacement
2017	Fairfax-Olympic Cable A	5.9	67
2017	Fairfax-Gramercy-Line 1	5.6	71
2018	Fairfax-Olympic Cable B	5.9	66
2018	Fairfax-Gramercy-Line 2	5.6	70
2019	Fairfax-Airport Line 1	2.5	66
2019	Fairfax-Airport Line 2	2.5	68
2020	Scattergood-Airport Line 1	5.0	65
2020	Scattergood-Airport Line 2	5.0	66
2021	Tarzana-Olympic Line 1A	3.2	64
2021	Tarzana-Olympic Line 1B	3.2	64
<b>TOTAL</b>		<b>44.4</b>	

The contract duration is anticipated to be up to five years with a total estimated cost of \$118 million.

The Department states that a competitive sealed proposal with negotiations is necessary to allow DWP to obtain the best value. Furthermore, the technical details and complexity of replacing 45 miles of 138-kV underground transmission cable make it not practical or feasible to write detailed specifications, advertise, open bids publicly, and award these contracts without any clarifications, changes, or negotiations for this highly complex project. Consistent with Charter Section 371(b), Design-Build or other appropriate project delivery methods may be used when justified by the type of project and approved by the contracting authority.

Pursuant to Charter Section 371(b), for competitive sealed proposals, a vote of two-thirds of the City Council approving the contract selection criteria by ordinance is required to let a contract using a competitive sealed proposal method. Furthermore, approval of the proposed Ordinance is in accordance with Charter Section 371(a) for Competitive Bidding, Section 373 for contracts that exceed three years, and Section 674, by ordinance, for Power Contracts. The City Attorney has approved the proposed resolution and ordinance as to form and legality.

**RECOMMENDATIONS**

That the Mayor:

1. Approve the proposed Ordinance which authorizes the contract selection criteria for a Design-Build contract for the 138-kV Underground Transmission Cable Replacement Project that the DWP intends to let using a competitive sealed bid proposal method, and authorizes the award of a contract with a duration not to exceed five years; and,
2. Return the proposed Ordinance to the Department for further processing, including Council consideration and approval by a two thirds vote pursuant to Charter Section 371(b).

**FISCAL IMPACT STATEMENT**

Approval of the proposed Ordinance will result in a total expenditure estimated at \$118 million which is included in the DWP Power System Capital Budget as part of the Multi-Year Expenditure Plan. The proposed agreement complies with the Department's adopted Financial Policies. There is no impact to the City General Fund.

**TIME LIMIT FOR COUNCIL ACTION**

The City Attorney has advised that there is no time limitation on this action due to the ordinance approval requirement.

MAS:RPR:06160040