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REPORT NO. R 16 - 00 47
FEB 12 2016

REPORT RE:

**DRAFT ORDINANCE FOR THE 138 k-V UNDERGROUND TRANSMISSION
CABLES REPLACEMENT PROJECT REQUESTING THE LOS ANGELES
CITY COUNCIL TO ESTABLISH ENGINEER-PROCURE-CONSTRUCT CRITERIA
PURSUANT TO LOS ANGELES CITY CHARTER SECTION 371(b)**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance authorizes the Board of Water and Power Commissioners to: (1) establish criteria for the Los Angeles Department of Water and Power (LADWP) to award an engineering-procurement-construction contract for the 138 k-V Underground Transmission Cables Replacement Project; and (2) permit negotiations to allow clarifications and changes to the proposals pursuant to a competitive sealed proposal method, for an exclusive term not to exceed five years, to a bidder or bidders with the lowest ultimate cost, as determined by LADWP.

The project will entail the advertisement of a Request for Proposal with one contract to be awarded at LADWP's discretion. The contract will be for the engineering, procurement and construction of 45 miles of 138-kV underground electrical transmission cables.

Background

LADWP's Underground Transmission System contains approximately 70 circuit miles of underground 138-kV low-pressure, oil-filled cables, located throughout Los Angeles. These cables were installed from 1943 to 1959. An increase in failure rates since 1986 indicates that these cables are deteriorating. LADWP began replacing these circuits in 1999 due to failure and aging of the cables.

In 2007, LADWP prepared the Power System Integrated Resource Plan (IRP), an energy resource planning document, which provided a framework for ensuring the future electrical energy needs of LADWP and set a goal of replacing one underground transmission circuit per year over 20 years.

Recently, four failures occurred in the 138-kV cables – two in 2012 and two in 2013. To prevent future failures, the Power System recommends accelerating the replacement of all 138-kV low-pressure, oil-filled cables since they are of similar age and pose a high risk.

Charter Compliance

The enclosed draft ordinance is transmitted for your approval pursuant to Charter Sections 371(b), 373, and 674(a)(1). Pursuant to Los Angeles Charter Section 371(b), a vote of at least two-thirds of the City Council approving the contract selection criteria is required to award a contract using a competitive sealed proposal method. Pursuant to Charter Section 373, no contract may be let for a period of longer than three years without prior approval of the City Council. Moreover, pursuant to Charter Section 674(a)(1), the Board of Water and Power Commissioners shall have the authority, subject to approval by ordinance, to contract with any private or public corporation for the construction, ownership, operation and maintenance of facilities for the generation, transformation and transmission of electric energy.

CEQA Determination

In accordance with the California Environmental Quality Act (CEQA), it has been determined that replacing the outdated 138-kV cables with modern cross-linked polyethylene cables is categorically exempt pursuant to Class 2, as described in CEQA Guidelines Section 15302 (c). This exemption applies to the replacement or reconstruction of existing utility systems and/or facilities on the same site and involving negligible or no expansion of capacity.

Recommendation

The City Administrative Officer (CAO) analyzed and recommended approval of the Board resolution and Council consideration of the ordinance. The Board resolution was approved by the Board of Water and Power Commissioners.

Council Rule 38 Referral

This draft ordinance has been approved by the Board of Water and Power Commissioners pursuant to Council Rule 38.

If you have any questions regarding this matter, please contact Deputy City Attorney Eric Rosenblatt at (213) 367-4619. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

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Transmittal