



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Richard F. Harasick in blue ink.

RICHARD F. HARASICK
Senior Assistant General Manager
Water System

Handwritten signature of Martin L. Adams in blue ink.

MARTIN L. ADAMS
Chief Operating Officer

Handwritten signature of David H. Wright in blue ink.

DAVID H. WRIGHT
General Manager

DATE: November 4, 2016

SUBJECT: Amendment No. 1 to Contract No. N7421-3 Ultraviolet Disinfection Equipment for the Los Angeles Aqueduct Filtration Plant and the Los Angeles Reservoir With Calgon Carbon Corporation

SUMMARY

The proposed Amendment No. 1 (Amendment) will ratify and increase duration of Contract No. N7421-3 by five years, to November 19, 2020. This will extend the warranty and continue required warranty inspections through the end of the commissioning period for the Ultraviolet (UV) reactors in support of the Los Angeles Reservoir Ultraviolet (LAR UV) Disinfection Plant. Under Contract No. N7421-3, Calgon Carbon Corporation (Calgon) is providing UV reactors for the Los Angeles Aqueduct Filtration Plant Ultraviolet (LAAFP UV) and LAR UV Disinfection Plants. No additional funds are requested.

City Council approval is required according to City Charter Section 373.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending the Los Angeles City Council's approval of Amendment to Contract No. N7421-3.

ALTERNATIVES CONSIDERED

A new extended warranty contract is not a viable alternative. The UV reactors are a proprietary platform and can only be serviced by Calgon. Consequently, any service contract with Calgon would have to be sole source and may be more expensive if the services are repriced by Calgon.

By taking no action, LADWP would forfeit its ability to invoke the long-term storage provision, and inspections would cease. The default contractual obligations would prevail, and the two-year warranty would expire while they are in storage, prior to the UV reactors being placed in service. Calgon has been very responsive to all warranty issues related to LAAFP UV reactors. Based upon the engineer's estimate, Calgon has spent \$124,000 on warranted repairs to date. Therefore, allowing the warranty to expire constitutes an unacceptable risk.

The Amendment does not affect the City of Los Angeles General Fund budget.

FINANCIAL INFORMATION

The Amendment to Contract No. N7421-3 is not requesting additional funds.

Original Contract Amount	\$12,381,898
Contingency (15 percent)	\$ 1,809,513
Total Contract Maximum	\$14,191,411

Contract No. N7421-3 will not increase the approved contract amount of \$14,191,411 but will add approximately five years, ratify and extend the stipulated completed date to November 19, 2020. Funds for the storage and inspection services were included in the original contract award in the amount of \$1,432,098.

BACKGROUND

On August 29, 2012, Contract No. N7421-3 was awarded to Calgon, the lowest monetary and lowest evaluated bidder, for a total amount not to exceed \$14,191,411, which included a 15 percent contingency. This Contract No. N7421-3 was for the purchase UV reactors and appurtenances for both the LAAFP UV and LAR UV Disinfection Plants. Both LAAFP and LAR UV Disinfection Plants utilize UV technology. As such, the logistics of designing, operating, and maintaining two similar facilities was considered beneficial. Furthermore, time was of the essence, as strict regulatory deadlines were imposed upon LAAFP UV Disinfection Plant to be operational by 2014. After these factors were taken into consideration, it was decided that it would be prudent for LAR UV equipment to be purchased under the same contract in order to facilitate the continuity of operations and maintenance, as well as the compatibility of spare parts.

Calgon has already completed delivery of UV reactors and appurtenances for LAAFP UV Disinfection Plant. Construction of the LAAFP UV Plant is complete, and the facility is currently in use.

LAR UV reactors and appurtenances completed late delivery on April 21, 2016. Installation of the reactors in the LAR UV Plant is not expected to begin until early 2019, so LADWP will need to store the reactors until that time. The original contract stipulates Calgon will only maintain warranty if the reactors are in storage and inspected. Calgon will only require inspections every six months since storage conditions are already in accordance with manufacturer's recommended storage conditions. LADWP must extend the existing contract until November 19, 2020, and increase the long-term storage from 36 months to a maximum of 48 months in order to continue inspections and maintain the warranty.

Per City Charter Section 373, Los Angeles City Council approval is required. The City Administrative Officer report, dated October 5, 2016, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act, the environmental impacts associated with LAAFP UV and LAR UV Disinfection Plants were previously evaluated in a Mitigated Negative Declaration adopted by the Board on October 20, 2009.

CITY ATTORNEY

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

ATTACHMENTS

- Procurement Summary
- Resolution
- City Administrative Officer Report