

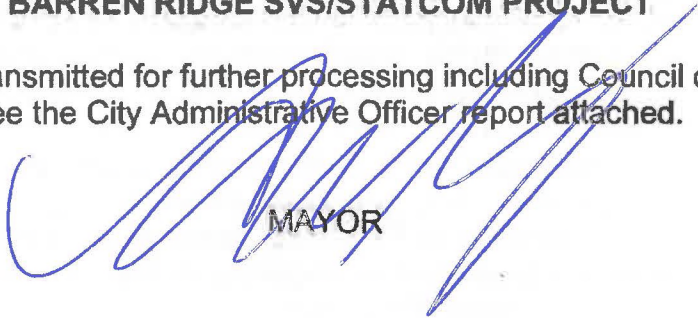
0150-10737-0001

**TRANSMITTAL**

TO David H. Wright, General Manager	DATE MAR 11 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

**ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A  
 COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH DESIGN BID CRITERIA  
 FOR LOS ANGELES DEPARTMENT OF WATER AND POWER  
 BARREN RIDGE SVS/STATCOM PROJECT**

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



MAYOR

RHL:IR:10190085

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

---

Date: March 8, 2019

CAO File No.: 0150-10737-0001

Council File No.:

Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Water and Power dated December 31, 2018; referred by the Mayor for report on January 18, 2019

Subject: **ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH DESIGN BUILD CRITERIA FOR THE BARREN RIDGE SVC/STATCOM PROJECT**

---

### RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance for the Barren Ridge SVC/STATCOM Project to:
  - a) Establish criteria by ordinance authorizing the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method in accordance with Charter Section 371 (b) to award in whole or in part a Design-Build contract for the construction of a Static VAR Compensator (SVC) and / or a Static Synchronous Compensator (STATCOM) system at the Barren Ridge Switching Station;
2. Return the proposed Resolution to the Department for further processing, including Council consideration, and approval by a two thirds vote pursuant to Charter Section 371(b) and 674.

### SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval of a proposed Resolution and Ordinance, authorizing the establishment of criteria using a competitive sealed bid proposal method to award a Design-Build contract for a Static Variable Compensator (SVC) and/ or a Static Synchronous Compensator (STATCOM) system at the Barren Ridge Switching Station. LADWP intends to award a contract in whole or in part to a highly specialized contractor with the required expertise to build the system under specified criteria. Per LADWP, studies indicate that an SVC or STATCOM system is required at the Switching Station to support voltage with reactive power to enhance renewable energy interconnection requests in the Barren Ridge area and to meet LADWP's Renewable Portfolio Standard (RPS) goals.

Approval of the proposed Resolution, and accompanying Ordinance, will specifically authorize the Department to (1) establish criteria under a competitive sealed bid proposal to award a Design-Build contract for the Project; (2) permit negotiations after proposals have been submitted to allow clarifications and changes to the proposals; and (3) award in whole or in part a Design-Build contract for design, procurement, and construction of a SVC and /or a STATCOM system with a term not to exceed five years in accordance with criteria outlined in Charter Section 371(b). The Department asserts that a competitive sealed proposal method with negotiations is necessary as the project requires specialized expertise and proprietary knowledge to design and construct the system.

The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

## **BACKGROUND**

The Barren Ridge Renewable Transmission Project (BRRTP) was completed in 2016 and is a major component of LADWP's Integrated Resources Plan (IRP) and brings renewable wind and solar energy from the Mojave Desert to Los Angeles. The BRRTP is located in Kern and Los Angeles Counties, and is 75 miles in length from the Barren Ridge Switching Station to Rinaldi Substation and 12 miles in length from Castaic Power Plant to the proposed Haskell Canyon Switching Station. Additional station improvements and expansions were recommended in the Environmental Impact Report (EIR) to maintain operational reliability due to transmission line constraints. Per LADWP, studies indicate that an SVC or STATCOM system is required at the Station to support voltage with reactive power allowing for an increase in power flow to support requests for energy in the Barren Ridge area and to meet LADWP's RPS goals. The Department proposes to build the SVC or STATCOM system with the support of a specialized contractor who has the expertise and proprietary knowledge to design and construct the system. Currently there are two existing SVC's which were installed in 1995 by outside contractors. The Ordinance will authorize a term not to exceed five years. The total project cost is estimated at approximately \$32 million, which includes a twenty percent contingency for unanticipated expenses.

The Department states that a competitive sealed proposal method, Design-Build criteria will permit LADWP to award a contract to a bidder specialized in the design and manufacturing of SVC/STATCOM systems, and the construction and commission of such systems. Under this method, negotiations after proposal submissions allow LADWP to obtain the best value for the Project. Consistent with Charter Section 371(b) competitive bidding requirements, Design-Build or other appropriate project delivery method may be used when justified by the type of project and approved by the contracting authority.

The proposal process will be implemented in two Parts as follows:

- Part one is for the acquisition of an SVC/STATCOM system, technical services and the testing and commissioning of the equipment.
- Part two is the option to construct in full or in part the SVC/STATCOM system utilizing all procured equipment and the design supplied under Part One.

It is envisioned as part of the contract negotiations, LADWP staff will receive training in maintenance of the system at the completion of the project so that ultimately City forces will be able to maintain

the equipment without outside assistance. Additionally, as part of the contract, LADWP intends to include, an option to exercise a service contract for up to seven years for additional service, if needed.

City Council approval by Ordinance is required pursuant to Charter Section 371(b) and requires a vote of two thirds by City Council approving the competitive sealed bid proposal method, and under Section 674 to grant power to the Board to let a contract for a project transmitting electrical energy. There is no time limit on this action due to the Ordinance approval requirement.

### **FISCAL IMPACT STATEMENT**

Approval of the proposed Resolution and Ordinance will not have a fiscal impact. However, the ensuing contract will result in a total expenditure estimated at \$32 million. Full funding has been set aside in the Power Revenue Fund as part of the 2018-19 Adopted Budget for this purpose. Approval of the proposed Resolution and Ordinance will have no impact on the City's General Fund. The proposed request complies with the Department's adopted Financial Policies.

*RHL: IR: 10190085*





CUSTOMERS FIRST

Eric Garcetti, Mayor

Board of Commissioners

Mal Levine, President

Cynthia McClain-Hill, Vice President

Jill Banks Barad

Christina E. Noonan

Aura Vasquez

Barbara E. Moschos, Secretary

David H. Wright, General Manager

December 31, 2018

The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
Mail Stop 370

Attention: Ms. Mandy Morales, Legislative Coordinator

Dear Mayor Garcetti:

Subject: Barren Ridge Switching Station Static VAR Compensator (SVC)/Static Synchronous Compensator (STATCOM) Project Ordinance Requesting the Los Angeles City Council to Establish Design-Build Criteria Pursuant to Section 371(b) of the City Charter

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending the approval and transmittal to the Los Angeles City Council of the subject Ordinance Pursuant to Sections 371(b) and 674 of the City Charter to allow the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method to evaluate proposals for a contract on the Barren Ridge SVC/STATCOM Project.

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

For reference, the Environmental Impact Report addendum referenced in the Ordinance and Board letter is being prepared. The item will not be submitted to the Board until the addendum has been finalized.

Honorable Eric Garcetti  
Page 2  
December 31, 2018

Please contact Ms. Winifred J. Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

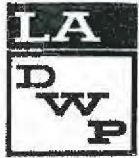


David H. Wright  
General Manager

IK:ls

Enclosure

c/enc: Ms. Liz Crosson, Office of the Mayor  
Dr. Frederick H. Pickel, Office of Public Accountability  
Board of Water and Power Commissioners  
Ms. Winifred J. Yancy



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

Handwritten signature of Reiko Kerr in black ink.

**REIKO KERR**

Senior Assistant General Manager – Power System  
Engineering, Planning, and Technical Services

Handwritten signature of Martin L. Adams in black ink.

**MARTIN L. ADAMS**

Chief Operating Officer

**DAVID H. WRIGHT**

General Manager

**DATE:** December 18, 2018

**SUBJECT:** Barren Ridge Switching Station Static VAR Compensator (SVC)/Static Synchronous Compensator (STATCOM) Project Ordinance  
Requesting the Los Angeles City Council to Establish Design-Build Criteria Pursuant to Section 371(b) of the City Charter

**SUMMARY**

Transmitted for approval is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council approval of criteria for the design and construction of the Barren Ridge SVC/STATCOM Project (Project).

The ordinance will authorize the Los Angeles Department of Water and Power (LADWP) to pursue a design-build contract with two parts pursuant to a competitive-sealed proposal method, permitting negotiations relating to the engineering, procurement, and construction of the Project based on the criteria established by the ordinance. Part One will be to design, engineer, and procure the Project, and Part Two to perform the full or partial construction of the Project. The ordinance will authorize a term not-to-exceed five years for the contract.

Pursuant to a competitive-sealed proposal method, design-build criteria adopted by the Ordinance will permit an award to a bidder specialized in the design and manufacture of SVC/STATCOM systems, and the construction and commissioning of SVC/STATCOM systems. The sealed proposal method, per City Charter Section 371(b), permits negotiations after proposals have been opened to allow clarifications and changes to the proposal. Per City Charter Section 371(a) and Los Angeles Administrative Code Section 10.47, the Local Business Preference Program will apply. The extended term of the contract is necessary because of the complexity of the project, the lengthy duration to fabricate major components, schedule uncertainties in the permitting process, and the possible inclusion of extended warranties in the contract.



The approach will be to advertise one Request for Proposal (RFP) with one agreement containing two parts, which may be awarded in whole or in part at LADWP's discretion. Part One will be for the engineering, design, and procurement of the SVC/STATCOM system. Part Two will be for the full or partial construction of all equipment and material designed and procured under Part One. The balance of the work will be performed by LADWP construction forces.

City Council approval, by ordinance, is required pursuant to City Charter Sections 371 (b) and 674.

### **RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending the Los Angeles City Council's approval by Ordinance to allow the use of competitive-sealed bid proposal method in accordance with City Charter Section 371(b), to allow a contract term not-to-exceed five years, and to grant the Board the power to let a contract for a project transmitting electric energy in accordance with City Charter Section 674.

### **FINANCIAL INFORMATION**

The total estimated cost for the Project is approximately \$32 Million. The duration of the proposed contract will not exceed five years.

### **BACKGROUND**

LADWP transmission studies have shown the need for voltage support solution in order to accommodate further interconnection requests in the Barren Ridge area. The proposed Project will alleviate the transmission line constraints by maintaining operational reliability of the Barren Ridge Renewable Transmission Corridor's important role in order to meet LADWP's increasing renewable portfolio standards goals.

### **City Administrative Officer Report**

The approved City Administrative Officer (CAO) Report dated \_\_\_\_\_ is attached.

### **ENVIRONMENTAL DETERMINATION**

In compliance with California Environmental Quality Act (CEQA) Guidelines sections 15080-15097 and 15164, an Environmental Impact Report (EIR) was previously adopted and addendum prepared. In accordance with CEQA, an EIR was prepared to analyze the impacts associated with the construction and operation of the Barren Ridge Renewable Transmission Project (BR RTP). On September 18, 2012, the Board of Water and Power Commissioners certified the EIR; adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the project which included several components, including an expansion of



the Barren Ridge Switching Station. Since that time, changes to the project have been proposed, including an additional expansion of the station. The impacts of the revised project, for which this equipment is needed, were analyzed in an addendum to the EIR, which concluded that implementation of the changes to the BR RTP would not result in any new significant environmental impacts or a substantial increase in the severity of a previously identified significant impact.

### **CITY ATTORNEY**

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

### **ATTACHMENTS**

- Resolution
- Ordinance
- CAO Report

**WHEREAS**, Los Angeles Department of Water and Power (LADWP) intends to manage the acquisition, design, engineering, procurement, and construction of the Barren Ridge Switching Station Static VAR Compensator (SVC)/Static Synchronous Compensator (STATCOM) Project (Project); and

**WHEREAS**, the Project goal is to provide a voltage support solution in order to accommodate further interconnection requests in the Barren Ridge area in order to meet LADWP's Renewable Portfolio Standards (RPS) goals; and

**WHEREAS**, LADWP desires to advertise one Request for Proposals with one agreement containing two parts, which may be awarded in whole or in part at LADWP's discretion, using the competitive sealed proposal method that permits negotiations after proposals have been submitted to allow clarifications and changes to the proposal; and

**WHEREAS**, Part One of the Request for Proposals will be the engineering, design and procurement of the SVC/STATCOM system, and testing and commissioning of the new equipment; and Part Two will be for the option to purchase full or partial construction of all equipment procured under Part One; and

**WHEREAS**, Section 371(b) of the Charter of the City of Los Angeles provides that as an alternative to an award pursuant to open and competitive bidding, a contract may be let pursuant to a competitive sealed proposal method, in accordance with criteria adopted by a two-thirds vote of the Council. The competitive sealed proposal method may permit negotiations in accordance with criteria as established by the Ordinance authorizing the use of such alternative method; and

**WHEREAS**, due to the lengthy duration time to fabricate major components, schedule uncertainties in the permitting process, and the possible inclusion of extended warranties, a Contract term of five years is requested.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Water and Power Commissioners (Board) finds that adherence to the rule that the award be made to the lowest responsive and responsible bidder is not practicable or advantageous and that the competitive sealed bid proposal method is in the best interests of the City due to the expertise required and complexity of the Project and the large number of exceptions and clarifications that can reasonably be anticipated for this type of project.

**BE IT FURTHER RESOLVED** that pursuant to Charter Section 1022, the services advertised for in this Request for Proposals is for expert services which require knowledge and skills that are not available within LADWP.

**BE IT FURTHER RESOLVED** that the Board approves and recommends to the Los Angeles City Council adoption by Ordinance of the proposed criteria to be used in the selection of the contractor(s) for the proposed Barren Ridge SVC/STATCOM Project pursuant to Section 371(b) of the Charter and that the Board of Water and Power Commissioners be permitted to award the contract(s) for said equipment and construction for a term not to exceed five years without further approval by the Los Angeles City Council pursuant to section 674 of the Charter.

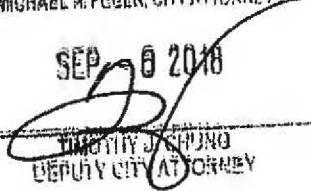
**I HEREBY CERTIFY** that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held.

---

Secretary

APPROVED AS TO FORM AND LEGALITY  
MICHAEL M. FELDER, CITY ATTORNEY

SEP 6 2018

BY   
TIMOTHY J. CHUNG  
DEPUTY CITY ATTORNEY

ORDINANCE NO. \_\_\_\_\_

An ordinance authorizing the Board of Water and Power Commissioners to award one agreement with two parts pursuant to a competitive sealed proposal method, to permit negotiations relating to the procurement, design, engineering and construction of the Barren Ridge Static VAR Compensator (SVC)/Static Synchronous Compensator (STATCOM) Project (Project).

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

Sec. 1. The Los Angeles Department of Water and Power (LADWP) may enter into one agreement with two parts, which may be awarded in whole or in part at LADWP's discretion, on a competitive sealed proposal basis, as provided herein, for the Barren Ridge SVC/STATCOM Project.

Sec. 2. Contract negotiations may be engaged in by LADWP after proposals have been opened to allow clarification and changes in the proposal. LADWP shall take adequate precaution to treat each proposer fairly.

Sec. 3. Any decision by LADWP to use the competitive sealed proposal method permitting negotiations for contracts shall be supported by a written finding, supported by a written statement of facts, that adherence to the rule that the contract award be made to the lowest responsive and responsible bidder is not practical or advantageous. No award may be made utilizing this method to a proposer whose final proposal is higher as to the ultimate cost to the City than any other responsive proposal submitted.

Sec. 4. Proposals shall be solicited by the issuance of a Request for Proposal (RFP) to obtain bids from qualified firms or from firms at large. The RFP shall be published in the same manner as notices for public works contracts performed by LADWP. The RFP shall state the time and place at which the proposals will be received by LADWP. Proposals received after the time and date specified shall be returned and shall not be considered. LADWP retains the right to reject all proposals.

Sec. 5. Pursuant to Sections 371(a) & (b) of the Charter of the City of Los Angeles, the following design-build criteria and Local Bid Preference, approved by the Board of Water and Power Commissioners, Resolution No. \_\_\_\_\_, are hereby approved.

Sec. 6. Part One of the Agreement is for the acquisition of an SVC/STATCOM system; acquisition of technical services; and the testing and commissioning of the SVC/STATCOM equipment. The design-build criteria for this contract award shall be as follows:



- (a) Qualifications – Bidder’s proposal shall contain at a minimum the following:
- (i) Experience in designing, fabricating, and delivering similar equipment for comparable projects.
  - (ii) Experience in providing technical services to support erection and commissioning of the equipment.
  - (iii) Experience in upgrading, testing and commissioning the SVC/STATCOM system for comparable projects.
  - (iv) Financial, labor, material procurement and equipment resources available for the Project.
- (b) Bidder’s proposal shall provide proposed contract terms and conditions, and commercial factors for the Project including:
- (i) Evaluated cost, proposal prices, estimated lump sum cost, schedule of payments, and the time value of money.
  - (ii) Capability and resources available to meet schedule requirements.
  - (iii) Quality assurance/control plan and program to ensure the quality of the equipment fabrication and the quality of work.
  - (iv) Insurance, performance and labor and material bond requirements to manage the risk.
  - (v) Liquidated damages for critical items such as the milestone schedule and guarantees.
  - (vi) Warranties and guarantees to make corrections due to defects and failures of components to function according to requirements.
  - (vii) Selection plan for subcontractors, including a list of prospective Minority/Women/Other Business Enterprises for use on the Project and to ensure that fair practices are used in such selection.
  - (viii) Safety and security programs to meet federal, state, and local safety and security requirements.
  - (ix) Authorized auditors to audit contractor, contractor’s subcontractors, and suppliers.
  - (x) Authorized inspectors to perform examinations, inspections and tests of equipment, material, and workmanship.

- (c) Bidder's proposal shall provide proposed technical factors including:
  - (i) Scope of Work for the Project.
  - (ii) Schedule for the Project.
  - (iii) Methods to demonstrate that the proposed equipment and materials meet all contractual requirements.
  - (iv) Fabrication plan and schedule to include qualified personnel and equipment for the Project.
  - (v) Regulatory compliance to meet all local, state, and federal requirements.
  - (vi) Demonstration of ability to design and fabricate similar equipment.
  - (vii) Implementation of design and fabrication monitoring programs during all phases of the Project.
  - (viii) Methods to incorporate design modifications and field changes and to provide accurate and timely drawings.
  
- (d) Bidders shall submit the following:
  - (i) A sealed cost proposal; and
  - (ii) A proposal security in the form of a cash deposit or proposal bond not less than 10 percent of the bid amount of the contract, as established by each proposal. Said deposit or bond shall be forfeited if a proposal is accepted but the responder fails to execute the contract; and
  - (iii) Other relevant information.

Sec. 7. Procedures applicable to discussions and negotiations with bidders, including safeguards to preserve confidential and proprietary information supplied by bidders, and other appropriate precautions to treat each bidder fairly shall be implemented. Bidder's sealed cost proposal shall not be considered confidential nor proprietary information.

Sec. 8. The solicitation shall include procedures for indemnifying and holding harmless the City of Los Angeles acting by and through its Department of Water and Power (LADWP) with respect to protests relating to solicitation, negotiation, or award of the Contract.

Sec. 9. LADWP's other standard contract terms and conditions, including, but not limited to, the right to reject all bids, shall apply.

Sec. 10. Part two of the Agreement is the option to purchase the full or partial construction of the SVC/STATCOM system utilizing all procured equipment and the design of SVC/STATCOM system supplied under Part one of the Agreement. The construction criteria for this contract award shall be as follows:

- (a) Qualifications – Bidder's proposal shall contain at a minimum the following:
  - (i) Experience in designing, fabricating, organizing, scheduling, managing, and constructing comparable projects.
  - (ii) Experience in commissioning and testing comparable projects.
  - (iii) Financial, labor, material procurement and equipment resources available for the Project.
  
- (b) Bidder's proposal shall provide proposed contract terms and conditions, and commercial factors for the Barren Ridge SVC/STATCOM Project (Project) including:
  - (i) Evaluated cost, proposal prices, estimated lump sum cost, schedule of payments, and the time value of money.
  - (ii) Capability and resources available to meet schedule requirements.
  - (iii) Quality assurance/control plan and program to ensure the quality of the equipment fabrication and the quality of work.
  - (iv) Insurance, performance and labor and material bond requirements to manage the risk.
  - (v) Liquidated damages to critical items such as the milestone schedule and guarantees.
  - (vi) Warranties and guarantees to make corrections due to defects and failures of components to function according to requirements.
  - (vii) Selection plan for subcontractors, including a list of prospective Minority/Women/Other Business Enterprises for use on the Project and to ensure that fair practices are used in such selection.

- (viii) Safety and security programs to meet federal, state and local safety and security requirements.
  - (ix) Authorized auditors to audit contractor, contractor's subcontractors, and suppliers.
  - (x) Authorized inspectors to perform examinations, inspections and tests of equipment, material, and workmanship.
- (c) Bidder's proposal shall provide proposed technical factors including:
- (i) Scope of Work for the Project.
  - (ii) Schedule for the Project.
  - (iii) Methods to demonstrate that the proposed equipment and materials meet all contractual requirements.
  - (iv) Construction plan to include qualified personnel and construction equipment for the Project.
  - (v) Regulatory compliance to meet all local, state, and federal requirements.
  - (vi) Demonstration of ability to construct the proposed equipment to function as stated within the Project Scope of Work.
  - (vii) Implementation of design, fabrication, and construction monitoring programs during all phases of the Project.
  - (viii) Methods to incorporate design modifications and field changes and to provide accurate and timely as-built drawings.
- (d) Bidder shall submit the following:
- (i) A sealed cost proposal; and
  - (ii) A proposal security in the form of a cash deposit or proposal bond not less than 10 percent of the bid amount of the contract, as established by each proposal. Said deposit or bond shall be forfeited if a proposal is accepted but the responder fails to execute the contract; and
  - (iii) Other relevant information.
- (e) Procedures applicable to discussions and negotiations with bidders, including safeguards to preserve confidential and proprietary information



supplied by bidders, and other appropriate precautions to treat each bidder fairly. Bidder's sealed cost proposal shall not be considered confidential nor proprietary information.

- (f) Procedures for indemnifying and holding harmless the City of Los Angeles acting by and through LADWP with respect to protests relating to solicitation, negotiation, or award of the Contract.
- (g) LADWP's other standard contract terms and conditions, including, but not limited to, the right to reject all bids, shall apply.

Sec. 11. For the proposed agreement described in sections 6 and 7, a Local Business Preference shall be applied. A proposer qualified as a Local Business shall be awarded additional points to the proposer's final score such that the score awarded to the proposer is increased by 8 percent of the total possible evaluation points. To be qualified as a Local Business, a proposer must satisfy all of the following criteria, as certified by the Designated Administrative Agency, the Los Angeles Department of Public Works, Bureau of Contract Administration:

- (a) The business must occupy space within the County of Los Angeles. The business must submit proof of occupancy to the City by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business is located within the County.
- (b) The business must submit proof to the LADWP demonstrating that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any Los Angeles City or Los Angeles County taxes.
- (c) The business must submit proof to the LADWP demonstrating one of the following:
  - (i) That at least 50 of full-time employees of the business perform work within the boundaries of the County at least 60 percent of their total, regular hours worked on an annual basis; or
  - (ii) That at least half of the full-time employees of the business work within the boundaries of the County at minimum of 60 percent of their total, regular hours worked on an annual basis; or
  - (iii) That the business is headquartered in the County. For purposes of the Local Business Preference, the term "headquartered" shall mean that the business physically conducts and manages all of its operations from a location in Los Angeles County.

A business that has not yet established operations in Los Angeles and therefore is unable to qualify as a Local Business may, as an alternative, qualify as a Local

Business on a provisional basis if the proposer satisfies all of the following criteria, as certified by the Designated Administrative Agency:

- (a) The proposed Contract between the proposer and the LADWP involves consideration valued at no less than \$1,000,000 and has a term of no less than three years;
- (b) The proposer can demonstrate that the proposer is a party to an enforceable, contractual right to occupy commercial space within the County and its occupancy will commence no later than 60 days after the date on which the Contract with the LADWP is executed. The proposer must demonstrate proof of occupancy or an enforceable right to occupancy in the County of Los Angeles by submitting to the LADWP a lease, deed or other sufficient evidence; and
- (c) The proposer can demonstrate that, before the proposer is scheduled to begin performance under the Contract with the LADWP, the proposer qualifies as a Local Business, by submitting proof to the LADWP that it meets the criteria of Subsection C of Section 10.47.2 of the Los Angeles Administrative Code. The proposer must demonstrate proof of ability to satisfy the requirements of Section 10.47.2(C) by submitting to the LADWP a business plan or other evidence deemed sufficient by the Designated Administrative Agency.

A business that does not qualify as a Local Business, but that identifies a qualifying Local Subcontractor to perform work under the Contract, shall be awarded a preference of up to 5 percent, provided the Local Subcontractor satisfies the criteria enumerated in Sections 10.47.2 and 10.47.7 of the Los Angeles Administrative Code. The score awarded to a proposer will be increased by 1 percent for every 10 percent of the total cost of the proposed work under the Contract to be performed by a Local Subcontractor; provided that each Local Subcontractor, the work of the Local Subcontractor, and the cost of the work of the Local Subcontractor are specified clearly in the proposal. The maximum preference possible is 5 percent.

The preferences authorized under the Local Business Preference Program shall be subject to the following additional requirements:

- (a) Preferences awarded for services shall be applied only if the services are provided directly by the Local Business or Local Subcontractor using employees whose exclusive, primary working location is in Los Angeles County;
- (b) Preferences awarded for equipment, goods or materials shall be applied only if the Local Business or Local Subcontractor substantially acts as the supplier or dealer, or substantially designs, manufactures or assembles

the equipment, goods or materials, at a business location in Los Angeles County. As used in this Section, "substantially" means not less than two thirds of the work performed under the Contract must be performed, respectively, by the Local Business or Local Subcontractor;

- (c) The maximum bid or proposal preference shall not exceed \$1,000,000 for any bid or proposal;
- (d) Preferences applied pursuant to the Local Business Preference Program shall be utilized solely for the purpose of evaluating and selecting the Contractor to be awarded the corresponding Contract. Except as provided in Los Angeles Administrative Code Section 10.47.9, the preference points shall in no way lower or alter the Contract price, which shall in the case of a proposal reflect the amount proposed by the Local Business in the proposal before the application of preference points;
- (e) This Section neither creates a right to receive a proposal preference, nor the duty to grant a proposal preference;
- (f) The LADWP may, at any time before the award of a contract, determine that it is not in the LADWP's best interest to grant a proposal preference and award the contract to the proposer eligible for the award without consideration of the provisions of this Section; and
- (g) This Section applies only to contracts that involve the expenditure of funds entirely within the City's control and shall not apply to contracts that involve the expenditure of funds that are not entirely within the City's control, such as state and federal grant funds, that due to legal restrictions prohibit its application.

Should a Local Business fail to maintain its Local Business status:

- (a) If for any reason the Contractor fails to qualify as a Local Business for more than 60 days during the entire term of the Contract, the LADWP shall be entitled to withhold or recover funds from the Contractor in an amount that represents the value of the Proposal Preference.
- (b) If for any reason the Local Subcontractor, providing the basis for a Local Subcontractor Preference, is unable to, or does not, perform the work under the Contract, the Contractor shall, within 60 days, replace that Local Subcontractor with another Local Subcontractor. If the Contractor is unable to replace the Local Subcontractor specified in the Contract with another Local Subcontractor within 60 days, the LADWP shall be entitled to withhold or recover funds from the Contractor in an amount that represents the value of the Proposal Preference.



- (c) For purposes of determining the value of the Proposal Preference in Subsections (a) and (b), above, the LADWP may withhold or recover the difference in proposal price between the Contractor's proposal and the proposal of the next most competitive proposer that did not receive the award of the Contract by the LADWP. In addition, the LADWP may withhold or recover any other additional cost or detriment to the City from the Contractor's failure to maintain the Contractor's Local Business status for more than 60 days during the term of the Contract.
- (d) If a Contractor fails to maintain the Contractor's Local Business status for more than 60 days during the term of the Contract, as specified in Subsections (a) and (b), above, the failure is subject to the recording and reporting requirements of Articles 13 and 14, Chapter 1, Division 10 of the Los Angeles Administrative Code.
- (e) The remedies available to the LADWP under this Section are cumulative to all other rights and remedies available to the LADWP.

Sec. 12. In accordance with the California Environmental Quality Act (CEQA) Guidelines section 15080-15097 and 15164, an Environmental Impact Report (EIR) was prepared to analyze the impacts associated with the construction and operation of the Barren Ridge Renewable Transmission Project (BRRTP). On September 18, 2012, the Board of Water and Power Commissioners certified the EIR; adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the project which included several components, including an expansion of the Barren Ridge Switching Station. Since that time, changes to the project have been proposed, including an additional expansion of the station. The impacts of the revised project, for which this equipment is needed, were analyzed in an addendum to the EIR, which concluded that implementation of the changes to the BRRTP would not result in any new significant environmental impacts or a substantial increase in the severity of a previously identified significant impact.

Sec. 13. Pursuant to Charter Section 1022, the services advertised for in this Request for Proposal are for expert services which require knowledge and skills that are not available within LADWP.

Sec. 14. Notwithstanding any other ordinance, rule or law of the City of Los Angeles to the contrary, the Board of Water and Power Commissioners may award a contract or contracts using the aforementioned criteria pursuant to sections 371(a), 371(b) and 674 of the Charter of the City of Los Angeles as to the equipment and services described in sections 6 and 7 for a term not to exceed five (5) years without further approval by the Los Angeles City Council.



Sec. 15. 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.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By \_\_\_\_\_  
Eric Rosenblatt  
Deputy City Attorney

Date \_\_\_\_\_

File No. \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

SEP - 6 2018

BY \_\_\_\_\_  
TIMOTHY J. CHUNG  
DEPUTY CITY ATTORNEY

[Document file path]

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than two-thirds** of all of its members.

CITY CLERK

MAYOR

\_\_\_\_\_

\_\_\_\_\_

Ordinance Passed \_\_\_\_\_

Approved \_\_\_\_\_