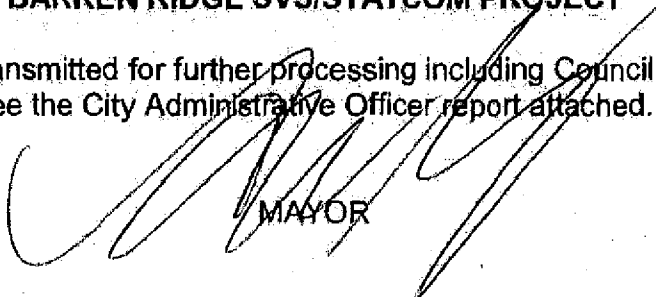


<b>TRANSMITTAL</b>		0150-10737-0001
TO David H. Wright, General Manager	DATE MAR 11 2019	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT AJ
<p><b>ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH DESIGN BID CRITERIA FOR LOS ANGELES DEPARTMENT OF WATER AND POWER BARREN RIDGE SVS/STATCOM PROJECT</b></p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <p style="text-align: center;"> MAYOR</p>		
RHL:IR:10190085		

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.

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