

0150-09929-0001

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**PROPOSED FOURTH AMENDMENT TO AGREEMENT NO. 47941 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SYSTEMS INTEGRATED, LP.**

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

MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: February 17, 2015

CAO File No.: 0150-09929-0001

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated November 3, 2014; referred by the Mayor for report on November 18, 2014

Subject: **PROPOSED FOURTH AMENDMENT TO AGREEMENT NO. 47941 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SYSTEMS INTEGRATED, LP**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the Fourth Amendment to Contract No. 47941 (Agreement) with Systems Integrated, LP (SI) to provide hardware, software, testing and commissioning for the Digital Control System (DCS) as part of the implementation of the Castaic Power Plant Control System Upgrade. This Amendment extends the contract term for an additional three years for a cumulative total term of eight years, expiring in May 2018. This Amendment extends the term without exceeding the approved contract amount of \$13,574,555.42. The DCS is 78 percent complete with approximately \$2,951,000 in available funding remaining.

The Amendment also agrees to approve a change order in the amount of \$322,450 for SI's bonding and insurance costs, and project management and site support during the contract extension period. This amount is covered under the existing contract with contingency limits. The five year warranty for the DCS has expired and the Department has issued a request for proposal for this need.

The DWP executed the original Agreement, Resolution No. 010-275 on May 11, 2010, with a total expenditure authority of \$12,641,008 and a three year term, expiring in May 2013. Three months into the Agreement, the Castaic Power Plant Unit 6 generator failed. The failure caused extensive damage to the generator stator and required immediate repair. As a result, equipment from Unit 1 was installed to repair the generator stator. Unit 1 outage was originally scheduled to start on October 1, 2011, creating a one year delay for the mechanical and control system upgrades of Unit 1.

The proposed amendment is necessary to assure continuous services at Castaic Power Plant for the implementation of the DCS. There were delays in completing the project as scheduled due to

the complexity of the system. Additionally, DWP engineers and field labor created delays towards integrating the new DCS due to additional upgrades for older equipment and increased scope. DWP also encountered unanticipated forced outages and power system demands which created delays and altered the schedule of control system upgrades for each unit. These delays created by the DWP resulted in delays for SI.

The amendments to the SI Agreement are summarized as follows:

- The First Amendment revised Article 302 of the Agreement to allow DWP to approve invoices based on actual work performed;
- The Second Amendment issued a temporary extension for one year while waiting for the approval of the necessary Notice of Compliance for the Third Amendment; and,
- The Third Amendment added Cyber Security Version 3 into the DCS, adding one additional year and \$933,547.42 in funding to the Agreement.

Pursuant to Charter Section 373, for long term contracts, and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," City Council approval is required because the cumulative length of the agreement exceeds three years. The City Attorney has approved the proposed resolution as to form and legality.

## **RECOMMENDATIONS**

That the Mayor:

1. Authorize the execution of the Fourth Amendment to Contract No. 47941 with Systems Integrated, LP, extending the contract term an additional three years for a cumulative total term of eight years, without any additional funding, expiring in May 2018, to provide hardware, software, testing, commissioning and remote access support for the Digital Control System; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

No additional fiscal impact, as the proposed Amendment extends the term without exceeding the approved contract amount of \$13,574,555.42 from the Power Revenue Fund. The proposed Agreement complies with the Department's adopted Financial Policies. Approval of the proposed resolution will not impact the City General Fund.