

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to authorizing the General Manager, Los Angeles Department of Water and Power (LADWP), to enter into multi-year contracts.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of April 16, 2013, Resolution No. 013-253, authorizing the amendment of Los Angeles Administrative Code (LAAC) Section 10.1.1 to authorize the General Manager, LADWP, to contract on its behalf where the contract:
  - a. Is not for personal services.
  - b. Does not obligate the City for a longer period of time than three years.
  - c. Does not involve consideration reasonably valued in excess of \$150,000.00 annually.
2. PRESENT and ADOPT the accompanying ORDINANCE amending LAAC Section 10.1.1 to extend the contracting authority of the General Manager, LADWP, from one to three years for contracts not involving consideration reasonably valued in excess of \$150,000.00 annually.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that concurrence with Resolution No. 013-253 is expected to reduce expenditure amounts from the Water and Power Revenue Funds for the procurement of goods and services; although, the LADWP has not provided an estimate of the cost savings. The proposed amendment complies with the LADWP's adopted Financial Policies. There is no fiscal impact to the City's General Fund.

Community Impact Statement: None submitted.

Summary:

On June 4, 2014, your Committee considered an April 19, 2013 Board, May 29, 2013 CAO, and July 18, 2013 City Attorney reports, Resolution No. 013-253, and Ordinance relative to amending LAAC Section 10.1.1 to extend the contracting authority of the General Manager, LADWP, from one to three years for contracts not involving consideration reasonably valued in excess of \$150,000.00 annually. According to the CAO, in 2000, the Mayor and Council approved Ordinances related to the three proprietary departments of Airport, Harbor, and the LADWP, which allowed their respective Board of Commissioners to authorize their Executive Directors (General Managers), to execute contracts for one year on behalf of their departments without Board approval. Under LAAC Section 10.1.1(a), the Boards for Airports, Harbor, and the LADWP may each authorize its respective Executive Directors to contract on behalf of its department where the agreement does not involve consideration valued in excess of \$150,000 and the time period does not exceed one year.

The LADWP is requesting to pursue an amendment to the LAAC in order to reduce administrative costs and achieve administrative efficiencies. There appears to be definite and tangible efficiencies that could be gained by expanding the LADWP General Manager's authority to approve contracts for routine goods and equipment up to a maximum of \$150,000 annually with a term not to exceed three years. It could be reasoned that a certain degree of transparency may be lost if such authority were

granted to the General Manager. However, balancing the benefits against the drawbacks, it appears that the LADWP's proposal is practical and beneficial in terms of staff efficiencies and anticipated savings for the procurement of goods and services.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend concurring with Resolution No. 013-253 and the accompanying Ordinance amending LAAC Section 10.1.1 to extend the contracting authority of the General Manager, LADWP, from one to three years for contracts not involving consideration reasonably valued in excess of \$150,000.00 annually. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	ABSENT
LABONGE:	ABSENT
HUIZAR:	YES
KORETZ:	YES

ARL

6/4/14

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**