



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: December 4, 2017

SUBJECT: Transmittal of City Ordinance Request to Allow Award of Alternative Delivery Contracts for the San Fernando Groundwater Basin Remediation Projects

SUMMARY

The attached Resolution recommends to the Los Angeles City Council (City Council) approval of an Ordinance which authorizes LADWP to award Alternative Delivery (AD) contracts to procure design and construction services for the San Fernando Groundwater Basin Remediation Projects (Projects). Due to the specialized nature of the Projects, firms with remediation expertise hired to perform design, value engineering, constructability reviews, construction management, and construction activities, are necessary to comply with the Mayor's Executive Directive No. 5 (ED5) and to obtain Proposition 1 Funding.

City Council approval is required per Charter Section 371.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval to use AD to procure design and construction contracts for the Project as required in Charter Section 371.

ALTERNATIVES CONSIDERED

The engineering design and construction to be performed by the AD contractor involves specialized knowledge of various groundwater remediation treatment processes. LADWP personnel do not currently possess this knowledge, and it is not achievable in the time frame required to restore the beneficial use of the groundwater basin. Training is not feasible since it requires multiple, advanced, university-level courses, and several years of experience designing and operating various types of remediation treatment plants. Engineering designs completed by an engineer without the appropriate level of expertise may jeopardize the cost recovery efforts and regulatory approval.

The Projects may include up to six individual treatment facilities. The Power Construction and Maintenance Group does not have the resources to build all of the necessary projects, but they are currently committing to construct the two smaller projects. The Water System's in-house engineering groups have their resources committed to other LADWP projects, and will be unavailable to design any of the projects. Additionally, any personnel hired to support design and construction, will no longer be needed upon completion of the Projects.

While the traditional Design-Bid-Build method of project delivery is well understood and familiar, LADWP bears the majority of the risk. There is little room for collaboration between the designer and builder during construction, and a low-bid contractor selection increases risks of change orders, disputes, and claims. Although AD may be new to some people, AD allows for early collaboration between the designer and builder, a reduction in the project schedule, and the selection of a designer/contractor that does not have to be price based. There are many types of AD such as Construction-Manager-at-Risk, Design-Build, and Progressive-Design-Build to meet LADWP's needs.

FINANCIAL INFORMATION

Approval of the proposed Resolution and Ordinance will not have a fiscal impact. However, the ensuing contracts will result in a total expenditure estimated at approximately \$600 million. LADWP will pursue Proposition 1 funding in addition to cost recovery from Potentially Responsible Parties who are responsible for the groundwater contamination.

BACKGROUND

The City of Los Angeles (City) has historically relied on local groundwater for an average of 11 percent of its water supply and significantly more during droughts and/or emergencies. The San Fernando Groundwater Basin (SFB) is the City's largest local groundwater basin and comprises over 80 percent of the City's total annual adjudicated groundwater rights. Contamination from improper chemical disposal practices in years past has severely impaired the groundwater and its beneficial use must be restored. LADWP has approximately 115 production wells in SFB, and as of February 2015, 85 wells have become impaired due to contamination.

On October 14, 2014, ED5 was issued requiring a 50 percent reduction of purchased potable water by 2024. ED5 also includes a renewed focus on groundwater remediation and identifies the SFB aquifer cleanup as the key project in that effort.

On November 6, 2015, LADWP awarded Hazen and Sawyer a ten-year contract to provide expert professional engineering and consulting services in order to assist in the planning, preliminary design, permitting, and AD evaluation of treatment facilities. These facilities may be comprised of centralized and/or localized wellhead treatment facilities in the vicinity of LADWP's North Hollywood, Tujunga, and Rinaldi-Toluca Well Fields.

After considerable planning and evaluation, it has been determined that selection of AD contracts to complete the design and construction of these treatment facilities will best meet LADWP's schedule.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on October 19, 2017.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the action of obtaining an Ordinance for the use of an alternate project delivery method is exempt, pursuant to the General Exemption described in CEQA Guideline Section 15061 (b)(3). General Exemptions apply in situations where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. Each of the Projects will be reviewed for environmental impacts and presented to the Board.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Ordinance
- CAO Report