

0150-10987-0001

TRANSMITTAL

TO David H. Wright, General Manager Department of Water and Power	DATE OCT 24 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT Various	

SAN FERNANDO GROUNDWATER BASIN REMEDIATION PROJECTS

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



Ana Guerrero

MAYOR

RHL:RR:10180037t

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 19, 2017

CAO File No. 0150-10987-0001
Council File No.
Council District: Various

To: The Mayor

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

Reference: Communication from the Department of Water and Power dated June 28, 2017

Subject: **SAN FERNANDO GROUNDWATER BASIN REMEDIATION PROJECTS**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution and Ordinance relating to the San Fernando Groundwater Basin Remediation Projects to:
 - a. Establish criteria for selecting a contract using a competitive sealed proposal method and the use of an alternate delivery process contract pursuant to Charter Sections 371(a) and 371(b);
 - b. Authorize the DWP Board of Commissioners to award a contract, without further approval by the Council, for design and construction services with a cumulative term not to exceed five years; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution and Ordinance relating to the San Fernando Groundwater Basin Remediation Projects (Projects) will provide the Department of Water and Power (DWP) criteria for selecting a contract using a competitive sealed proposal method with negotiations and allow DWP to use an alternate delivery (AD) process rather than the traditional Design-Bid-Build (DBB) process. The AD processes such as Design-Build (DB), Construction Management at Risk (CMAR), and Progressive Design-Build generally affect the level of risk, management control, and ultimate project value. Accelerating project completion through greater coordination of the design and building process is also anticipated to be an additional benefit using AD processes.

DWP states this request is necessary for achieving a timely completion of the Projects in addition to:

- Providing sufficient resources or expertise beyond DWP's capabilities;
- Accelerating project completion times through concurrently performing design, engineering, management, and construction activities;

- Qualifying for Proposition 1 funding up to \$300 million;
- Reducing the City's dependence on purchased potable water (Mayor's Directive 5); and,
- Expanding opportunities to collaborate with vendors on anticipated design challenges.

Additionally, the proposed resolution and Ordinance authorizes the DWP Board of Commissioners (Board) to execute a contract for the Projects without further approval by the Council. The term of a selected contract is not to exceed five years with an estimated cost of approximately \$600 million. Funding for the Projects is supported by customer rates; however, DWP is pursuing funding opportunities from Proposition 1 as well as cost recovery from potentially responsible parties who are responsible for the groundwater contamination.

The Department states a competitive sealed proposal with negotiations is necessary to allow DWP to obtain the best value for the Projects. Furthermore, the technical details and complexity of the Projects make it not practical or feasible to write detailed specifications, advertise, open bids publicly, and award a contract without any clarifications, changes, or negotiations. 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.

Pursuant to Charter Section 371(b), for competitive sealed proposals, a vote of two-thirds the City Council approving the contract selection criteria by ordinance is required to let a contract using a competitive sealed proposal method. There is no time limitation on this action due to the ordinance approval requirement. The City Attorney has approved the proposed resolution and Ordinance as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will not have a fiscal impact. However, the ensuing contract will result in a cumulative expenditure estimated to be approximately \$600 million which is included in the DWP Water System Capital Budget. The proposed resolution complies with the Department's adopted Financial Policies. There is no impact to the City General Fund.