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JUL 12 2022



BOARD LETTER APPROVAL

RESOLUTION NO. 023 008

- POWER SYSTEM
- WATER SYSTEM
- CAO
- CFO
- LEGAL
- COO
- SUSTAINABILITY

RELEASE DATE: AUG 04 2022

*Reiko A. Kerr*

**REIKO A. KERR**  
Senior Assistant General Manager – Power System  
Engineering, Planning, and Technical Services

*Martin L. Adams*

**MARTIN L. ADAMS**  
General Manager and Chief Engineer

**DATE:** May 31, 2022

**SUBJECT:** Amendment No. 1 to Agreement No. 47415 for Safety and Pressure Relief Valve Technical Consulting and Repair Services with Basin Valve Company

**SUMMARY**

The proposed Amendment No. 1 (Amendment) to Agreement No. 47415 (Agreement) for Safety and Pressure Relief Valve (SPRV) Technical Consulting and Repair Services with Basin Valve Company (Basin Valve) is to increase the not-to-exceed amount from \$2,225,000 to \$4,225,000 (budgeted). All other terms and conditions of the Agreement remain unchanged.

The Agreement with Basin Valve provides specialized repair services for SPRV at the Los Angeles Department of Water and Power (LADWP) facilities including Harbor, Haynes, Scattergood, and Valley Generating Stations. Specialized services include National Board Inspection Code "VR" certified labor and parts required to pressure test, repair, overhaul, and replace SPRV for boilers, steam systems, and other pressure vessels within LADWP's facilities.

Due to an increase of renewable energy to LADWP's energy portfolio, previously base loaded generating stations are now cycled to accommodate the use of renewable energy when it's available. Equipment not designed for cycling including SPRV endure greater stress and fatigue resulting in accelerated failure rates. Due to age, the older SPRV have high failure rates, and in many cases those valves are unrepairable and require a more costly replacement. These factors have caused the Agreement's expenditure rate to out-pace the Agreement's duration.

City Council approval is required according to Charter Section 373.

**RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of Amendment No. 1 to Agreement No. 47415 with Basin Valve as required in Charter Section 373.

**ALTERNATIVES CONSIDERED**

An alternative to this Agreement is to issue one-time purchase orders under the General Manager's authority for SPRV services on an as-needed basis. However, this alternative is not feasible and would leave LADWP vulnerable should SPRV services be required for emergency repairs. These services usually require a 48-hour response time and utilizing the one-time purchase order process would not allow a purchase order to be issued within the required time.

**FINANCIAL INFORMATION**

The Amendment will increase the Agreement amount by \$2,000,000 to a new not-to-exceed amount of \$4,225,000 (budgeted). The Agreement expiration date of February 7, 2024, will not change.

<b>Agreement No.</b>	<b>Original Maximum Expenditure</b>	<b>Requested Amendment No. 1</b>	<b>Amended Maximum Expenditure</b>
47415	\$2,225,000	\$2,000,000	\$4,225,000

**BACKGROUND**

On December 6, 2016, the Board adopted Resolution No. 017 109, awarding the Agreement to Basin Valve for a term of five years with two one-year renewal options, and for a not-to-exceed amount of \$2,225,000.

Factors used in 2015 to determine the original not-to-exceed amount estimate included existing operational conditions, normal component failure frequencies, scheduled valve maintenance, and previous historical expenditures. Changes in these factors during the implementation of the Agreement have occurred. With the increase of renewable energy to LADWP's energy portfolio, gas-fired generating stations which were designed to be base loaded are now cycled to accommodate the use of renewable energy when it's available. Equipment not designed for cycling, including SPRV, endure greater stress and fatigue resulting in accelerated failure rates.

These changed factors have caused the Agreement's expenditure rate to out-pace the Agreement's duration. An increase in the not-to-exceed amount is needed to keep pace with the Agreement's duration.

Basin Valve Company has performed satisfactorily under the current Agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was approved on May 20, 2022.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the amendment of a contract to provide repair services for safety and pressure relief valves at several LADWP generating stations is not subject to CEQA.

### **ATTACHMENTS**

- Procurement Summary
- Resolution
- Amendment No. 1
- CAO Report

## PROCUREMENT SUMMARY

1.	Recommended Vendor(s): Basin Valve Company
2.	Procurement Type: Amendment
3.	Procurement Details: A. Contract Status: Amendment No. 1 B. Bid Advertisement Date: N/A C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: N/A E. Number of Downloads of Solicitation: N/A F. Number of Bids/Proposals Received: N/A G. Protest Received: N/A
4.	Buyer Assigned: Andrew Castro
5.	Contract Administrator: Matteo Marsella and Shaahin Jahangard
6.	LADWP System/Division: Power / Resource Planning, Development and Programs
7.	Contact Person for Item: Nermina Rucic-O'Neill

### A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Not applicable to the Amendment.

### B. Evaluation of Bid/Proposal/Cooperative Agreement

Not applicable to the Amendment.

### C. Procurement History

Service/Item History - Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47415-7	Basin Valve Co.	7 years	2/8/2017	2/7/2024	\$2,225,000

Vendor Experience - Number of Contracts Vendor had with LADWP During the Past 10 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47415-7	Safety and Pressure Relief Valve Technical Consulting and Repair Services	7 years	2/8/2017	2/7/2024	\$2,225,000

### D. Local Business Preference Program (LBPP)

Not applicable to the Amendment.

### E. Additional Outreach Efforts Taken

Not applicable to the Amendment.

**F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Subcontracting Participation**

Not applicable to the Amendment.