

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 20, 2022

CAO File No. 0150-10829-0001

Council File No.

Council District:

To: The Mayor

From: 
Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated April 8, 2022;
referred by the Mayor for report on April 19, 2022

Subject: **AMENDMENT NO. 1 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND THE BASIN VALVE COMPANY (Agreement No. 47415-7) FOR SAFETY AND PRESSURE RELIEF VALVE TECHNICAL CONSULTING AND REPAIR SERVICES**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution authorizing the execution of Amendment No. 1 to Agreement No. 47415-7 with Basin Valve Company by \$2,000,000, from \$2,225,000 for a new not to exceed amount of \$4,225,000 to support anticipated safety and pressure valve expenditures; and,
2. Upon proper certification, the Chief Accounting Employee is authorized and directed to draw demands on the Power Revenue Fund over the term of the Agreements incurred by such agreements; and,
3. Return the proposed Resolution to the Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a First Amendment with Basin Valve Company to increase funding by \$2,000,000 for safety and pressure relief valve technical consulting and repair services. The current contact will be increased from \$2,225,000 to \$4,225,000 to provide continued support for LADWP's generating stations in need of repair or replacement services. Approximately, \$2,185,000 has been expended or will be expended given current task orders already in place, resulting in minimal funding levels available to support on-going needed services through 2024.

Pursuant to Charter Section 373, for long term contracts, and the Los Angeles Administrative Code

Section 10.5 (e) City Council approval is required for LADWP contract amendments involving the same parties with a cumulative term exceeding five years. The City Attorney has approved the proposed Resolution as to form and legality.

Contract Background and Proposed Amendment

Safety and pressure relief valve services are necessary in LADWP's steam generating stations including Harbor, Haynes, Scattergood, and Valley Generating Stations on an as-needed basis. In addition to the Power Systems, Three year outlook for scheduled inspection and repairs, the ongoing need for inspection, repair and replacement remains high due to aging or increased cycling operation as result of the demands for increased renewable energy.

The original Basin Valve contract was approved in January 2017 (C. F. 16-1421) for a term of five years, with two one-year renewal options, for a total of seven years. The total approved expenditure is not to exceed \$2,225,000. LADWP has exercised the first renewal option, and plans to exercise the second renewal option, with the contract expiring on February 7, 2024. Increased funding will allow LADWP to repair or replace equipment should the need arise.

Per the LADWP, the additional \$2 million will be allocated as follows:

- \$661,430 for monthly as-needed expenditures over the remaining months in the Agreement;
- \$1,000,000 for upcoming required major overhauls which occur at 5-year intervals;
- \$338,570 for a 20 percent contingency for unexpected additional replacements and required repairs.

Staff report that \$1.5 million is proposed in the LADWP's 2022-23 Proposed Budget for this purpose and the remaining funds will be budgeted in subsequent years.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and contact amendment impacts the Power Revenue Fund by \$2 million. The proposed action complies with the LADWP Financial Policies in that funding is available to support this purpose.

MWS:IR:10220102

Attachments