

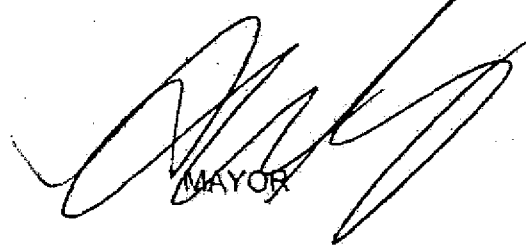
0150-09166-0002

**TRANSMITTAL**

TO David H. Wright, General Manager Department of Water and Power	DATE <b>JUL 7 2017</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**ORDINANCE ESTABLISHING DESIGN-BUILD CRITERIA FOR THE HAYNES GENERATING STATION UNITS 3 THROUGH 6 DEMOLITION PROJECT**

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



MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: July 6, 2017

CAO File No. 0150-09166-0002

Council File No.

Council District: outside City limits

To: The Mayor

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

Reference: Communication from the Department of Water and Power dated June 6, 2017

Subject: **ORDINANCE ESTABLISHING DESIGN-BUILD CRITERIA FOR THE HAYNES GENERATING STATION UNITS 3 THROUGH 6 DEMOLITION PROJECT**

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### RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution and Ordinance relating to the Haynes Generating Station Units 3 through 6 Demolition Project to (i) establish the criteria for a design-build contract that DWP intends to let using a competitive sealed bid proposal method and (ii) authorize DWP to award one design-build contract for the decoupling, demolition, and removal of Haynes Generating Station Units 3 through 6; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

### SUMMARY

Approval of the proposed resolution and Ordinance authorizes the criteria of one design-build contract for the Haynes Generating Station (HGS) Units 3 through 6 Demolition Project (Project) that the DWP intends to let using a competitive sealed bid proposal method permitting negotiations and changes to the proposals. Upon completion of the bid evaluation process, the proposed resolution authorizes DWP to award one design-build contract for the decoupling, demolition, and removal of HGS Units 3 through 6, with a term not to exceed five years pursuant to Charter Section 373, to a bidder with the lowest ultimate cost, as determined by DWP. Completion of the proposed Project is estimated to cost \$91.4 million.

The purpose of the proposed Project is to demolish and remove HGS Units 3 through 6 in order to comply with a mandate from the California State Water Resources Control Board (SWRCB). The mandate requires the elimination of ocean water for once-through-cooling (OTC) at power generating stations. DWP has notified the SWRCB of its intention to eliminate OTC at its coastal power generating stations by December 31, 2029.

Additionally, the demolition and removal of HGS Units 3 through 6 will open a site for the development and replacement of HGS Units 1 and 2. DWP is evaluating various technologies for future projects at the site to replace the energy and generating capacity of HGS Units 1 and 2

while maintaining system reliability. Any development or construction of the site will be considered for approval separately in the future.

Upon replacement of HGS Units 1 and 2, DWP intends to decommission the older Units 1 and 2 in order to completely eliminate its use of OTC at the facility.

The Department states a competitive sealed proposal with negotiations is necessary to allow DWP to obtain the best value for the Project. Furthermore, the technical details and complexity of the Project 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 impact the Power Revenue Fund with expenditures of approximately \$91.4 million. There is no impact to the City's General Fund. The proposed resolution complies with the Department's adopted Financial Policies.