

**ADOPTED AS AMENDED 2/13/18 BOARD MEETING
SEE ATTACHED AMENDED MOTION**

LA



**Los Angeles
Department of
Water & Power**

RESOLUTION NO. _____

BOARD LETTER APPROVAL

A blue ink signature of Richard F. Harasick's name.

RICHARD F. HARASICK
Senior Assistant General Manager
Water System

A blue ink signature of Martin L. Adams' name.

MARTIN L. ADAMS
Chief Operating Officer

A blue ink signature of David H. Wright's name.

DAVID H. WRIGHT
General Manager

DATE: January 16, 2018

SUBJECT: Transmittal of City Ordinance Request to Allow Use of Alternative Delivery Processes to Award Contracts for Projects Related to the Mainline Replacement Program, Trunk Line Replacement Program, Mid-Valley and Western District Operations and Maintenance Facilities, Water Quality Laboratory, and the Fairmont Reservoir Water Quality Treatment Facility

SUMMARY

Attached Resolution recommends to the Los Angeles City Council (City Council) approval of an Ordinance which authorizes LADWP to use the competitive sealed proposals selection process and Alternative Project Delivery method (AD) to award contracts for capital improvement projects related to the Mainline Replacement Program, Trunk Line Replacement Program, Mid-Valley and Western District Operations and Maintenance Facilities, Water Quality Laboratory, and the Fairmont Reservoir Water Quality Treatment Facility (Proposed Projects). Due to the condition of LADWP's aging infrastructure, it is in the best interest of the City of Los Angeles (City) to utilize AD to expedite construction of the Proposed Projects.

For the proposed Mainline and Trunk Line Replacement projects, LADWP intends to establish a list of approved contractors through a Request for Qualifications (RFQ), which is the first step of the two-step Request for Proposal (RFP) process. Following the evaluation and selection of contractors from responses to the RFQ, a list of approved contractors and the negotiated Agreements will be submitted to City Council for

approval of an initial five year term. LADWP will subsequently issue RFPs to the approved contractors for each Mainline or Trunk Line project on a task order basis. For each of the Operations and Maintenance and Water Quality Facilities Proposed Projects, the selected AD method and contractor will be submitted to City Council separately for approval of an initial five year term. Selection of all qualified contractors will be based on the contractor's ability to provide the best value to LADWP. At the discretion of the Board of Water and Power Commissioners (Board), the term of the agreements can be extended up to a period not to exceed a cumulative term of ten years, without further approval by City Council.

City Council approval is required per Charter Sections 371(a) and 371(b).

RECOMMENDATION

It is requested that the Board adopt the attached Resolution recommending City Council's approval to utilize AD, to procure contracts for the Proposed Projects, as required in Charter Sections 371.

ALTERNATIVES CONSIDERED

There are no other alternatives; this Ordinance is required in order to utilize AD.

FINANCIAL INFORMATION

Approval of the proposed Resolution and Ordinance will not have a fiscal impact. However, the potential contracts could result in a total expenditure not to exceed a total of \$2.575 Billion for the Proposed Projects as follows:

Project Category	Estimated Cost Million (M) or Billion (B)	Contingency	Budgeted Total Million (M) or Billion (B)
Mainline Replacement Program	\$200 M	\$40 M	\$240 M
Trunk Line Replacement Program	\$975 M	\$295 M	\$1.27 B
Mid-Valley Operations & Maintenance Facility	\$355 M	\$75 M	\$430 M
Western District Operations & Maintenance Facility	\$95 M	\$20 M	\$115 M
Water Quality Laboratory	\$120 M	\$25 M	\$145 M
Fairmont Reservoir Water Quality Treatment Facility	\$310 M	\$65 M	\$375 M
Total:	\$2.055 B	\$520 M	\$2.575 B

BACKGROUND

In order to address LADWP's aging infrastructure condition in a timely and expeditious manner, while continuing to meet water quality goals and adhering to regulatory requirements, the use of AD are necessary. Some examples of AD are Construction Manager at Risk, Design-Build (DB), and Progressive Design-Build. Proposed Projects fall under the categories of the Mainline Replacement Program, Trunk Line Replacement Program, Mid-Valley and Western District Operations and Maintenance Facilities, Water Quality Laboratory, and the Fairmont Reservoir Water Quality Treatment Facility.

In the traditional Design-Bid-Build method of project delivery, LADWP bears majority of the risk and is more appropriate for simple construction projects. There are no contractual provisions which require collaboration between designer and builder during the construction phase. By involving the DB entity throughout design, the design and construction disciplines are contractually obligated to work together to complete a design that meets LADWP's constructability and budget objectives. DB entity bears the risk for design completeness thereby reducing the need for change orders that can lead to significant budget increases, disputes and claims. AD enables early collaboration between designer and builder, potential opportunities for streamlining project schedule, and selection of an entity that enables selection of the best value to LADWP. AD contracts also facilitate innovation and provide for flexibility in the selection of design and construction methods.

Proposals for task orders will be solicited by issuing a RFP to the approved contractors for design and construction activities. Proposed Projects will be located throughout the City and will integrate into the operations of the Water Distribution System. Timely completion of these Proposed Projects will improve the aging Water System Infrastructure, meet water quality goals and regulatory requirements, increase system resiliency, increase service reliability, achieve improved customer service satisfaction, and provide for greater efficiency of critical LADWP Water System functions.

Evaluation criteria will be described in each RFP in a plan of evaluation that identifies evaluation factors and their relative importance to the proposed work or project. RFP may require that proposers submit: (i) relevant experience; (ii) qualifications; (iii) approach; (iv) risk assessment; (v) schedule; (vi) evidence of bonding capability; (vii) a listing of subcontractors or a selection plan for subcontractors that meets specified requirements, and which is sufficient to ensure that fair practices are used in such selection; (viii) updated financial and other relevant information sufficient to provide evidence of financial ability to complete the work; and (iv) such other information as LADWP deems relevant and appropriate.

The solicitation that will be used was developed with the assistance of Simplar Sourcing Solutions, LLC (Simplar). Simplar was awarded a contract in December 2016 to integrate a Best Value Business Model into LADWP's contracting process through mentoring and a hands-on educational training model for project staff. That training and mentoring will result in the reduction of costs on Water Engineering & Technical Services Division major capital projects, through improved procurement performance, risk management, operational efficiency, and increased accountability of all stakeholders involved in the development, award, and management of the AD contracts.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on December 18, 2017.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(3). In accordance with Section 15060 (c)(3) of the CEQA Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, the approval of an ordinance to allow the award of a design build contract is not subject to CEQA. It is noted, however that the Proposed Projects are subject to CEQA, Public Resources Code § 2100, et seq. In accordance therewith, LADWP, as lead agency, will conduct environmental reviews for all Proposed Projects and prepare the appropriate environmental documentation needed to evaluate and disclose the potential environmental impacts associated with the construction and operation of the Proposed Projects. It is important to note that the Board has made no final determinations regarding the Proposed Projects. The Board retains its full discretion to make a determination regarding the Proposed Projects, including the selection of no project at all. The Board will review CEQA analysis and make a determination pursuant to law. Proposers recognize this and assume the risk. No Task Order Proposal for construction shall be awarded prior to the completion of CEQA compliance.

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

VERBAL MOTION

I MOVE that Item No. 22 on the February 13, 2018, Commission Agenda relative to a resolution authorizing Transmittal of City Ordinance Request to Allow Use of Alternative Delivery Processes to Award Contracts for Projects Related to the Mainline Replacement Program, Trunk Line Replacement Program, Mid-Valley and Western District Operations and Maintenance Facilities, Water Quality Laboratory, and the Fairmont Reservoir Water Quality Treatment Facility, **BE AMENDED**, to add the following:

"That Requests for Proposal will be revisited every 2 ½ years."

Moved by: Jill Banks Barad

Seconded by: William Funderburk

Approved by the Board of Water and Power Commissioners at its Regular Meeting on February 13, 2018: Ayes: 5; Absent: None.

By: Barbara E. Moschos

Barbara E. Moschos, Board Secretary