



Los Angeles
Department of
Water & Power

BOARD LETTER APPROVAL

RESOLUTION NO. _____

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

MARTIN L. ADAMS
Chief Operating Officer

DAVID H. WRIGHT
General Manager

DATE: January 29, 2018

SUBJECT: Agreement No. 47430 for Welding Preheat and Postweld Heat Treatment Services - Superheat FGH Services, Inc.

SUMMARY

The proposed Agreement is to provide welding preheat and postweld heat treatment services (heat treatment services), on an as-needed basis, at the Power Generating Stations and other LADWP facilities. Heat treatment services are required for new construction, repairs, and alterations of piping systems, boilers, pressure vessels, turbine components, and other equipment. The term of this agreement is for five years with two one-year renewal options, and a not-to-exceed amount of \$1,200,000 (budgeted). The proposed agreement is the result of a competitive process under Request for Proposal (RFP) No. 90362.

The heat treatment services for new construction, repairs, or alterations are mandatory to comply with the American Society of Mechanical Engineers Boiler and Pressure Vessel Code, LADWP's Welding Procedure Specifications and Quality Control System Manual. Heat treatment services require specially certified technicians and expertise which LADWP does not possess.

City Council approval is required in accordance with Section 373.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of Agreement No. 47430 with Superheat FGH Services, Inc.(Superheat).

ALTERNATIVES CONSIDERED

An alternative to this proposed Agreement is to hire staff to provide the services. This is not feasible as LADWP does not possess the necessary specialized equipment, certification, or expertise to perform these services. Another alternative is to issue one-time purchase orders for heat treatment services on an as-needed basis. However, this alternative is not viable and would leave LADWP vulnerable should heat treatment services be required for emergency repairs. Under the proposed agreement, services require a 48-hour response time, which would not be possible utilizing the one-time purchase order process.

FINANCIAL INFORMATION

The proposed agreement is for a term of five years, with two one-year renewal options, for a not-to-exceed amount of \$1,200,000.

Heat treatment services are paid for by individual projects and tasks budgeted from multiple LADWP Divisions including Power Engineering, Power Supply Operations, Power Construction and Maintenance, and others as needed. Prices are determined to be fair and reasonable based on this competitive proposal process, and a comparison to prices under previous agreements.

BACKGROUND

LADWP operates and maintains fossil fired and hydro-electric generating stations. In order to maintain the safety, reliability, and availability of the generating stations, LADWP requires the heat treatment of welds for steel and alloy steel piping, valves, boilers, and pressure vessels. The type of heat treatment depends on the thickness and material being welded for new construction and repairs at the generating stations. The strength integrity of the welds for new construction and repairs depend on the proper heat treatment services as required by LADWP's Welding Procedure Specification.

Superheat has performed satisfactorily under previous agreements.

The Vendor Authentication Group performed a cursory review of Superheat and found no inflammatory or extraordinary issues within the past five years.

City Administrative Officer (CAO) Report

The approved CAO report dated January 19, 2018, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with Section 15060 (c)(3) of the California Environmental Quality Act (CEQA) Guidelines, 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 award of Contracts to provide welding preheat and postweld heat treatment services on an as-needed basis is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement
- CAO Report