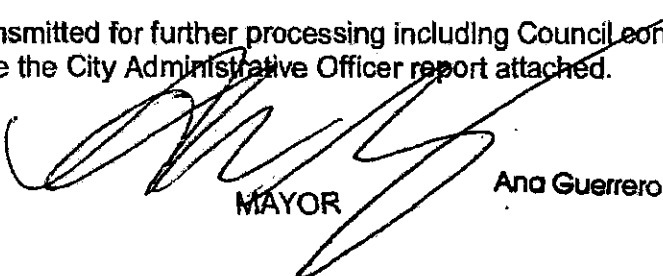




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|---|----------------------------|-------------------------|
| <b>TRANSMITTAL</b>  |                            | 0220-05658-0000         |
| TO<br>Martin L. Adams, General Manager  | DATE<br><b>JAN 22 2020</b> | COUNCIL FILE NO.        |
| FROM<br>The Mayor   |                            | COUNCIL DISTRICT<br>All |
| <p><b>ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH CRITERIA AND AWARD AN ENGINEER, PROCURE AND CONSTRUCT CONTRACT FOR THE LOS ANGELES DEPARTMENT OF WATER AND POWER SCATTERGOOD PERSHING OLYMPIC TRANSMISSION LINE</b></p> <p>Approved and transmitted for further processing including Council consideration.<br/>See the City Administrative Officer report attached.</p> <p style="text-align: center;"><br/>MAYOR Ana Guerrero</p> |                            |                         |
| RHL:IR:10200074   |                            |                         |

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 21, 2020

CAO File No.: 0220-05658-0000

Council File No.:

Council District:

To: The Mayor

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

Reference: Communication from the Department of Water and Power dated August 30, 2019; referred by the Mayor for report on September 11, 2019

Subject: **ORDINANCE REQUESTING CITY COUNCIL APPROVAL TO USE A COMPETITIVE SEALED BID PROPOSAL METHOD TO ESTABLISH CRITERIA AND AWARD AN ENGINEER, PROCURE AND CONSTRUCT CONTRACT FOR THE SCATTERGOOD PERSHING OLYMPIC TRANSMISSION LINE PROJECT**

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### RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance for the Scattergood Pershing Olympic Transmission Line Project to:
  - a) Establish criteria by ordinance authorizing the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method in accordance with Charter Section 371 (b); and,
  - b) Award an Engineer, Procure and Construct contract for the construction of the Scattergood Pershing Olympic Transmission Line Project; including the Option to contract out to decommission the existing Scattergood Olympic Line 2; and,
2. Return the proposed Resolution and Ordinance to the Department for further processing, including Council consideration, and approval by a two thirds vote pursuant to Charter Section 371(b) and 674.

### SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval of a proposed Resolution and Ordinance, authorizing the establishment of criteria using a competitive sealed bid proposal method to award an Engineer, Procure and Construct (EPC) contract for the construction of the proposed Scattergood Pershing Olympic Transmission Line (SPOTL) Project, including the option to contract out the work necessary to decommission the existing Scattergood-Olympic Line 2 (Scat-Oly L2). LADWP intends to award a contract to a highly specialized contractor with experience

In high-voltage cable systems and the installation of underground cable systems on city streets. Currently the Scattergood Generating Station connects to the Olympic Receiving Station (RS-K) via two underground transmission lines, Scattergood-Olympic Cable A (Scat-Oly A) and Scat-Oly L2. The SPOTL proposes to decommission the existing Scat-Oly L2 and install 11.5 miles of new 230 kilovolt (kV) underground transmission cables (referred to as Cable B) using existing utility infrastructure constructed as part of the Scat-Oly A Project. This Project is also intended to connect to the Pershing Receiving Station (RS-X) proposed to be built at the Los Angeles World Airports (LAWA) as a secondary contingency source to address electrical power reliability issues, provide redundancy in case of power outages, and will ensure additional capacity for future infrastructure projects at LAWA or the local area. The Department seeks approval to complete this work by contract due to the complexity of the Project, lack of internal staffing expertise, accelerated schedule, and long lead times necessary to fabricate the underground cables and accessories.

Approval of the proposed Resolution, and accompanying Ordinance, will specifically authorize the Department to (1) establish criteria under a competitive sealed bid proposal to award an EPC contract for the Project; (2) permit negotiations after proposals have been submitted to allow clarifications and changes to the proposals; and (3) award an EPC contract for design, engineering, procurement, technical services, and construction of the SPOTL Project, with a term not to exceed five years in accordance with criteria outlined in Charter Section 371(b). The Department asserts that a competitive sealed proposal method with negotiations is necessary as the project requires specialized expertise.

The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

## **BACKGROUND**

The LADWP is making key upgrades to its transmission and distribution systems to improve and increase in-basin renewable energy as part of LA's Green New Deal and the Mayor's Clean Grid LA Plan to transition to 100 percent renewable energy. The construction of the proposed SPOTL Project will support these goals with the primary purpose intended to improve power system reliability to the overall existing Scattergood Transmission System. In 2018, LADWP completed construction of the Scat-Oly A Transmission Line Project as an addition to the original line, Scat-Oly L2, which serves LAWA, West Los Angeles, and communities as far north as Pacific Palisades. The Scat-Oly A project started in 2008 and was intended to be used as a back-up, should it be needed as the original line had experienced reliability issues. During construction of the Scat-Oly A, a parallel utility infrastructure with vaults and conduit was also constructed underground (referred to as Scat-Oly B), to support future potential transmission needs.

## **Purpose and Scope**

Currently the Scattergood Generating Station connects to the Olympic Receiving Station (RS-K) in West Los Angeles via two underground transmission lines, Scat-Oly A and Scat-Oly L2. The SPOTL project proposes to install 11.5 miles of 230-kV high voltage cable in existing electrical vaults, replace and decommission Scat-Oly L2. In addition, the SPOTL will connect the Scattergood Generating Station to the proposed Pershing Receiving Station (RS-X) to be located at Los Angeles International Airport (LAX) and will connect RS-X to RS-K. In June 2018, the City Council approved LAWA's

proposal to use an alternative delivery method to build a Receiving Station (Council File No. 18-0345) due to lack of a dedicated source of electrical power. The SPOTL would provide a secondary contingency power source to all major airport facilities, enhance and ensure reliability energy to West Los Angeles and LAWA, and comply with Federally-mandated standards. Essentially, both Scat-Oly A and Scat-Oly B would be routed into the RS-X. Lastly, LADWP indicates that decommissioning Scat-Oly L2 is necessary due to its deterioration and is under pressure due to existing oil and cable which require removal due to environmental regulations.

The LADWP indicates that the SPOTL Project is exempt from the California Environmental Quality Act (CEQA) Guidelines Section 15302 (c) as the installation of the Scat-Oly B involves the replacement or reconstruction of an existing utility system on the same site and involves no negligible or no expansion of capacity. Given that Scat-Oly L2 will be decommissioned, the total number of transmission lines remains the same.

### **Engineer, Procure and Construct Option**

Under the proposed competitive sealed method, the EPC criteria will permit LADWP to award a contract to a bidder specialized in the engineering, design and construction of high-voltage cable systems and the installation of underground cable systems on city streets. Under this method, negotiations after proposal submissions allow LADWP to obtain the best value for the Project. The Ordinance will authorize a contract term not to exceed five years. The total project cost is estimated at approximately \$61.4 million. The Local Business Preference shall be applied where a qualified bidder or qualifying subcontractor is awarded additional points for being located in the County of Los Angeles. Consistent with Charter Section 371(b) competitive bidding requirements, EPC or other appropriate project delivery method may be used when justified by the type of project and approved by the contracting authority.

City Council approval by Ordinance is required pursuant to Charter Section 371(b) and requires a vote of two thirds by City Council approving the competitive sealed bid proposal method, and under Section 674 to grant power to the Board to let a contract for a project transmitting electrical energy. There is no time limit on this action due to the Ordinance approval requirement.

### **FISCAL IMPACT STATEMENT**

Approval of the proposed Resolution and Ordinance will not have a fiscal impact. However, the ensuing contract will result in a total expenditure estimated at \$61.4 million. Funding is proposed to be provided in the fiscal years 2021-22 and 2022-23, Power Revenue Fund Adopted Budgets for this purpose. Approval of the proposed Resolution and Ordinance will have no impact on the City's General Fund. The proposed request complies with the LADWPs adopted Financial Policies.