

0150-12711-0001

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 07/08/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 2, 6	

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION
AUTHORIZING A THIRD AMENDMENT TO AGREEMENT NO. 47525 WITH KIEWIT
INFRASTRUCTURE WEST COMPANY FOR PROGRESSIVE DESIGN-BUILD SERVICES FOR
THE SAN FERNANDO GROUNDWATER BASIN REMEDIATION PROJECT**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macías for)

Attachment

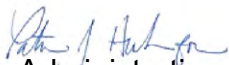
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OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 2, 2025

CAO File No. 0150-12711-0001
Council File No.
Council District: 2, 6

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated May 21, 2025; referred by the Mayor for a report on May 21, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AUTHORIZING A THIRD AMENDMENT TO AGREEMENT NO. 47525 WITH KIEWIT INFRASTRUCTURE WEST COMPANY FOR PROGRESSIVE DESIGN-BUILD SERVICES FOR THE SAN FERNANDO GROUNDWATER BASIN REMEDIATION PROJECT**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution authorizing the LADWP to execute a Third Amendment to Agreement No. 47525 with Kiewit Infrastructure West Company, extending the term of September 9, 2019 through September 8, 2025 by one year through September 8, 2026, for a total term of seven years, with no increase to the not-to-exceed contract amount of \$495,000,000 for progressive design-build services for the San Fernando Groundwater Basin Remediation Facilities; and
2. Return the proposed Resolution to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP; Department) requests approval to execute a Third Amendment to Agreement No. 47525 with Kiewit Infrastructure West Company (Kiewit). This amendment extends the agreement by one year, for a total of seven years, allowing Kiewit to complete the permitting and commissioning of the Tujunga Well Field Response Action Treatment Facility for the San Fernando Groundwater Basin Remediation Project. The Agreement has a maximum contract authority of \$495,000,000 and is set to expire on September 8, 2025. The proposed one-year amendment will extend the contract through September 8, 2026, with no change to the contract amount. All other terms and conditions of the agreement remain unchanged.

The discovery of Per- and Polyfluoroalkyl Substances (PFAS) contamination in the Tujunga Well Field has affected the permitting process for the Tujunga Well Field Response Action Treatment Facility (TJ Facility), consequently delaying the facility's commissioning. To address these challenges and ensure successful project completion, a Third Amendment to the Agreement with Kiewit is necessary to provide additional assistance with both the permitting process and facility commissioning.

The proposed Amendment has been reviewed and approved as to form by the City Attorney. Pursuant to Charter Section 373, and the Los Angeles Administrative Code Section 10.5(e), Council approval is required because the cumulative contract term exceeds five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

The City of Los Angeles (City) has historically sourced approximately 11 percent of its water from local groundwater, with its reliance increasing during droughts and emergencies. The majority of the City's water supply comes from imported sources. To lessen this dependence on imported water, the LADWP is actively working to enhance and diversify the City's water resources, including maximizing the use of groundwater from the San Fernando Basin (SFB).

Impact of Groundwater Contamination on Water Supply – As a result of groundwater contamination, pumping from some of the SFB wells are currently restricted, preventing LADWP from using these wells to produce drinking water. This restriction has diminished LADWP's utilization of 87,000 acre-feet of water rights in the SFB, which continues to increase the Department's dependence on imported water.

Groundwater Remediation Initiative – LADWP launched remediation efforts by constructing two treatment facilities to address groundwater contamination at the affected wells and restore their beneficial use for drinking water production. This initiative aims to protect public health and the environment by removing hazardous substances and pollutants from the groundwater, allowing full operation of the water wells and maximizing LADWP's local water supply capacity.

Contract with Kiewit – On August 27, 2019, the Los Angeles Board of Water and Power Commissioners (Board) adopted Resolution No. 020 028, awarding Agreement No. 47525 to Kiewit for a five-year term with a contract authority not-to-exceed \$408,000,000 to assist the Department with the design and construction of two treatment facilities, the North Hollywood Central Response Action Treatment Facility (NHC Facility) and Tujunga Well Field Response Action Treatment Facility (TJ Facility), to address groundwater contamination in the Tujunga and Rinaldi-Toluca Well Fields. The project will also allow LADWP to utilize its water rights of 87,000 acre-feet per year. The NHC Facility is located at the North Hollywood Pump Station Complex in Council District 2, while the TJ Facility is situated on LADWP-owned property within the Tujunga Spreading Grounds in Council District 6.

The Board subsequently adopted two contract modifications: 1) a First Amendment (Resolution

No. 021 133), approved on January 26, 2021, increasing the contract authority by \$87,000,000, from \$408,000,000 to \$495,000,000, and 2) a Second Amendment (Resolution 025 032), approved by the Board on August 27, 2024, extending the Agreement by 12 months, from September 9, 2024 to September 8, 2025, due to various delays including, procurement challenges during the COVID-19 Pandemic, extended response times from the Division of Drinking Water (DDW), national tariff inconsistencies, and recent wildfire impacts.

PFAS Detection and Mitigation Response - In May 2023, PFAS were detected in the Tujunga Well Field resulting from past industrial activities unrelated to LADWP, despite regular quarterly sampling by the LADWP's Water Quality Division. The contamination affected nearly half of the groundwater wells in the SFB, which supplies over 80 percent of the City's groundwater rights. While PFAS have been detected in the TJ Facility, they have not been found in the NHC Facility. Although the U.S. Environmental Protection Agency has established Maximum Contaminant Levels for PFAS, they will not be enforceable until 2029. LADWP is proactively working with DDW to meet these standards for the TJ Facility permit ahead of the federal compliance deadline.

Facility Completion and Operational Timelines – Both facilities reached substantial completion on June 12, 2024, and LADWP has met all permitting requirements for both the NHC and TJ Facilities. DDW issued a draft permit for the NHC Facility in March 2025, with the final permit expected by late July 2025 and LADWP operations beginning by September 2025. The TJ Facility's draft permit is expected by October 2025, final approval by March 2026, and commissioning scheduled from May through July 2026.

Water Treatment at Tujunga and North Hollywood – The NHC Facility wells have not undergone previous remediation. However, the TJ Facility will treat the Tujunga wells using an Advanced Oxidation Process and Granular Activated Carbon to remove groundwater contaminants. Once the TJ Facility receives its permit, water from the wells on the Tujunga Spreading Grounds site will be pumped, treated to remove contaminants, and then conveyed to LADWP's distribution network for potable water use.

Proposed Third Amendment – The proposed Third Amendment to the Agreement with Kiewit will enable LADWP to address the project delays caused by the emergence of PFAS contamination, facilitating the project completion, facility commissioning, and compliance with regulatory requirements.

Contract Activity and Other Funding Sources – The Department staff indicates that approximately 97 percent or \$478,888,652 of the total \$495,000,000 appropriated for the Kiewit contract has been expended. Given that no construction work is scheduled during the proposed contract extension period, the remaining three percent balance or \$16,111,348 will be used to continue evaluating treatment and operational modifications to mitigate new contaminants and secure the necessary permits to operate the TJ Facility.

Funding for this project has been partially provided by Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014, through an agreement with the State Water Resources Control Board. The LADWP was awarded \$308 million from Proposition 1 and has received \$284

million in reimbursements to date.

Benefits of Retaining Kiewit – Retaining Kiewit during the commissioning phase will expedite equipment troubleshooting, programming, replacement of malfunctioning equipment and training of LADWP staff. The reporting systems at each facility also need to be tested to ensure they generate accurate data. These reports are critical for regulatory compliance, as the reports are shared with oversight agencies to demonstrate adherence to environmental and operational standards.

The two facilities are the first of their kind that LADWP has built. As such, retaining Kiewit for their specialized expertise will allow LADWP staff to work side-by-side with Kiewit personnel to enhance LADWP staff's skill set through hands-on training initiatives aimed at reducing dependence on external services. While the Department will continue relying on outside resources for groundwater remediation work to satisfy state requirements due to insufficient in-house capacity, critical knowledge transfer opportunities will be provided to LADWP staff to build long-term operational capabilities.

Alternatives Considered – There are no comparable alternatives with equivalent experience. The LADWP currently lacks in-house staff with the expertise to implement necessary project modifications mandated by regulatory agencies during the permitting process. Consequently, retaining Kiewit as the vendor is essential, as it possesses unique knowledge of the facility's complex systems. A lapse in Kiewit's involvement would significantly delay commissioning of the TJ Facility and jeopardize the project timeline.

CITY COMPLIANCE

Small Business Enterprise (SBE), Disabled Veterans Business Enterprise (DVBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Other Business Enterprise (OBE) Subcontracting Participation – The Department established mandatory Business Enterprise goals of 15 percent SBE/DVBE participation. As reported by LADWP, Kiewit Infrastructure West Company has achieved an overall SBE/DVBE participation level of approximately 16.9 percent.

California Environmental Quality Act (CEQA) – LADWP has determined that this item is in compliance with CEQA pursuant to CEQA Guidelines Sections 15070-15075. In accordance with CEQA, LADWP prepared Mitigated Negative Declarations (MND) for both the North Hollywood Central Facility and the Tujunga Well Field Facility. The Board adopted the MND and Mitigation Monitoring and Reporting Program and approved the interim remedial action, in an Interim Remedial Action Decision (IRAD). The IRADs contemplate the design and construction of groundwater treatment facilities that constitute the Project.

The City Attorney has reviewed and approved the proposed Resolution as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the Amendment requires City Council approval because the total term of the agreement exceeds five years.

FISCAL IMPACT STATEMENT

Approval of the proposed Amendment to Agreement No. 47525 with Kiewit Infrastructure West Company for progressive design-build services for the San Fernando Groundwater Basin will have no impact on the City's General Fund. The Agreement will be extended for one additional year, for a total of seven years. The total maximum contract amount of \$495,000,000 remains unchanged and is budgeted within the Water Revenue Fund for this purpose. The recommendations in this report comply with the LADWP's adopted Financial Policies.

Attachments – LADWP May 21, 2025 Transmittal, May 8, 2025 Board Correspondence and Proposed Resolution, and Third Amendment

MWS/PJH/JVW:DLG:10260012