

0150-12780-0001

T R A N S M I T T A L

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 06/20/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 4	

LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE UTILIZATION OF AN ALTERNATIVE PROJECT DELIVERY METHOD ON A COMPETITIVE SEALED PROPOSAL BASIS AND APPROVAL OF PROJECT DELIVERY CRITERIA FOR THE ENCINO RESERVOIR FLOATING PILOT PROJECT

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



MAYOR

(Carolyn Webb de Macías for)

Attachment

MWS/PJH/JVW:DLG:10250190t

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 16, 2025

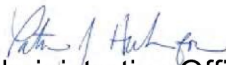
CAO File No. 0150-12780-0001

Council File No.

Council District: 4

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Communication from the Department of Water and Power dated March 21, 2025; referred by the Mayor for a report on April 3, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE UTILIZATION OF AN ALTERNATIVE PROJECT DELIVERY METHOD ON A COMPETITIVE SEALED PROPOSAL BASIS AND APPROVAL OF PROJECT DELIVERY CRITERIA FOR THE ENCINO RESERVOIR FLOATING SOLAR PILOT PROJECT**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution and Ordinance for the Encino Reservoir Floating Solar Project (Project):
 - a. Authorizing the Los Angeles Department of Water and Power to utilize a competitive sealed bid proposal process in accordance with Charter Section 371(b), establish alternative project delivery contract criteria using the Engineer-Procure-Construct method, and execute a contract for a term not-to-exceed five years, with two one-year renewal options for a total of seven years.
 - b. Award a contract at an estimated cost of \$24.175 million for the complete design, engineering, procurement, and construction of the Project.
2. Return the proposed Resolution and Ordinance to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval of its March 24, 2025 proposed Resolution and Ordinance authorizing the Department to establish a contract for the Encino Reservoir Floating Solar Pilot Project (Project) using alternative project delivery methods on a competitive sealed proposal basis.

Specific alternative delivery methods may include Construction Manager at Risk, Design-Build, Progressive Design-Build, or Engineer-Procure-Construct (EPC). LADWP is pursuing the EPC method as this delivery approach will enable the Department to contract with a single firm responsible for all design, procurement, and construction phases. Given LADWP's limited experience and expertise with floating solar installations, it is advantageous for the Department to outsource this specialized technical project to established industry experts. The total cost of the Project is estimated at \$24.175 million and is expected to be completed in third quarter of 2027.

Approval of the proposed Resolution and Ordinance would authorize LADWP to: issue a Request for Proposals (RFP) using a competitive sealed proposal method; allow post-submission negotiations for bid clarifications and modifications; and award one contract for the Project's engineering, procurement, and construction with a five-year term plus two one-year renewal options, for a maximum of seven years.

The proposed Project comprises a floating solar system of up to 5 megawatts (MW), a battery energy storage system (BESS) of up to 5 MWs per 20 megawatt hours (MWh), and a 30 kilowatt ground-mounted solar system. This pilot initiative will expand local solar generation on City-owned facilities to support LADWP's renewable energy goals, reduce reliance on out-of-basin transmission and generation, and reduce overall greenhouse gas emissions.

LADWP selected the Encino Reservoir as the proposed project site due to its storage of non-potable water. This location is expected to support the floating solar island while ensuring minimal impact on the surrounding area, adjacent communities, and the environment.

The City Attorney has approved the proposed Resolution and Ordinance as to form. Pursuant to Charter Section 371(b), City Council approval by Ordinance is required with a two-thirds majority vote to authorize the competitive sealed bid proposal method. Additionally, Charter Sections 373 and 674 require further City Council approval. Our Office has reviewed the request and recommends approval.

BACKGROUND

In September 2018, California Governor Jerry Brown signed into law the California 100 Percent Clean Energy Act (Senate Bill 100), setting renewable energy targets for California utilities. This legislation requires that 52 percent of the state's energy is derived from renewable power by 2027, 60 percent by 2030, and complete carbon neutrality by 2045. The City launched an initiative aimed at achieving targets set by SB100, while LADWP implemented a more aggressive plan to exceed those goals.

- *LA Green New Deal* – In 2019, LA Green New Deal established a progressive timeline to attain 100 percent renewable energy for the City of Los Angeles by 2045. The plan called for several interim renewable energy targets, including a 55 percent Renewable Portfolio Standard (RPS) by 2025 and 80 percent RPS by 2036, and full renewable power by 2045, matching the state's carbon neutrality deadline.

- *Los Angeles 100% Renewable Energy Study (LA100) and 2022 Power Strategic Long-Term Resource Plan (SLTRF)* – In 2021, LADWP partnered with the U.S. Department of Energy National Renewable Energy Laboratory to create LA100. This study analyzed multiple accelerated pathways to achieve 100 percent carbon-free energy by 2035, which is 10 years ahead of the SB100 mandate. Outcomes from LA100 led to the development of the SLTRP by LADWP. The plan emphasizes the enhancement of the City's energy grid and sets a goal to achieve a fully carbon-free power system by 2035. Among three SLTRP options, LADWP's preferred pathway targets 80 percent RPS by 2030 and 100 percent clean energy within the following five years.

Renewable Energy Progress and Strategy - The LADWP currently sources approximately 43 percent of its energy from RPS eligible resources. The Department is on track to meet SB100's requirements of 52 percent renewable energy by 2027 through initiatives such as the proposed Project and robust expansions of wind, solar, and geothermal resources, as well as various renewable energy Power Purchase Agreements.

Floating Solar Technology as a Renewable Energy Solution – Floating solar islands, also known as floating photovoltaics (FPV) or floatovoltaics, are solar panels that float on water instead of being affixed to land or buildings. They are typically installed on lakes, reservoirs, ponds, or canals, and are anchored to the bottom, shoreline, or adjacent structures for stability. LADWP has not yet implemented any floating systems in its renewable energy portfolio but reports that other cities have successfully implemented similar projects.

Strategic Approach to Implement Floating Solar System – LADWP has no prior experience implementing floating solar systems. The Department is pursuing an EPC delivery method to delegate the entire project to a single contractor with the specialized technical expertise required for successful completion. This approach offers several advantages, including schedule efficiency, integrated design and construction coordination, streamlined procurement. The EPC method also provides enhanced value and cost control measures while leveraging the contractor's experience in managing complex regulatory compliance issues specific to floating solar installations.

Proposed Resolution and Ordinance - Approval of the proposed Resolution and Ordinance will allow LADWP to: 1) establish alternative project delivery contract criteria EPC method under competitive sealed bid proposal methods; 2) issue a RFP permitting post-submission negotiations to clarify and modify proposals; and 3) award one comprehensive contract for up to seven years covering design, engineering, procurement, construction, and maintenance of a floating solar island for an estimated cost of \$24.175 million.

Competitive Bidding Flexibility - This project's unique characteristics necessitate an alternative competitive method that allows for adjustments to contract terms after proposals are submitted. The competitive sealed proposal method will enable LADWP to obtain greater value while clarifying expectations and deliverables for the Project. Unlike traditional competitive bidding as required under Charter Section 371, which prohibits post-submission negotiations, an alternative approach offers the flexibility to refine requirements and pricing, thereby preventing delays and cost overruns associated with rigid specifications. The Department anticipates releasing a RFP for the Project by

August 2025.

Project Scope and Environmental Impact – The Project aims to secure a contract for the development of a floating solar system with capacity of up to 5 MWs, complemented by a 5 MW/20 MWh BESS and a 30 kilowatt ground-mounted solar array. The scope includes design, engineering, procurement, construction, and ongoing maintenance. Upon completion, LADWP will retain full energy rights to the Project's annual 4,950 MWh output, which will reduce CO2 emissions by 1,415 metric tons each year. This output is equivalent to annual energy consumption of 887 homes or removing 359 vehicles from the road.

Proposed Site Selection – The proposed location of the floating solar system is on the water of the Encino Reservoir in San Fernando Valley, California and will serve a dual purpose. The reservoir, which has a capacity of three billion gallons, is no longer utilized as a drinking water source since its decommissioning in December 2002. It now provides untreated water for emergency situations and is considered an ideal site for a floating solar island due to its strategic location and the anticipated minimal impact on surrounding communities and the environment.

Impact on Surrounding Areas of Encino Reservoir – The areas immediately surrounding the Encino Reservoir are expected to remain unaffected. LADWP plans to use existing electrical infrastructure within the reservoir's perimeter to connect safely to its distribution grid. Residents may notice increased noise and traffic during construction, which will be limited to daylight hours and conducted in accordance with local regulations, ensuring that activities do not exceed permissible limits. The construction timeline is approximately one year, anticipated to begin in the third quarter of 2026 and end in the third quarter of 2027.

Monitoring Water Quality – LADWP's Water System will implement a comprehensive monitoring strategy throughout the project's lifecycle to prevent any negative impacts. This strategy will focus on key parameters, including water quality indicators, temperature fluctuations, dissolved oxygen levels, and evaporation rates. Baseline data will be gathered before construction begins and will be compared with ongoing measurements taken during and after the system's deployment. These initiatives are part of a larger collaborative assessment aimed at identifying ecological changes and safeguarding both aquatic habitats and the overall integrity of the water system.

Environmental Benefits of Floating FPV Systems – Findings from other floating solar installations indicate that FPV systems may provide several benefits to the reservoir. Specifically, these systems may help mitigate algae blooms by limiting sunlight penetration and lowering water temperatures. Additionally, the partial coverage of water surfaces can reduce evaporation rates, which is particularly advantageous for water conservation in drought-affected areas such as Southern California.

Alternatives – There are no viable alternatives considered by LADWP. This project requires unique and specialized personnel that is proficient in designing and installing a floating solar island. LADWP lacks employees with the expertise to design, procure, and install this type of system.

Project Contingency – Should the Encino Reservoir Pilot Project fail to meet performance benchmarks, LADWP will conduct a comprehensive analysis of technical, environmental, and operational outcomes. This evaluation will provide valuable insights, identify improvements, and assess the technology's potential application at other reservoirs. The Department remains committed to pursuing floating solar initiatives that support the City's sustainability and clean energy objectives. In the event that the Project is discontinued, all equipment will be safely removed in full compliance with environmental regulations.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The LADWP determined that this item is exempt from CEQA pursuant to CEQA Guidelines Section 15060(c)(2). In accordance with this section, an activity is not subject to CEQA if it does not result in a direct or reasonably foreseeable indirect physical change in the environment. The approval of the proposed Ordinance will authorize the use of competitive sealed bid proposal methods to secure an EPC contract and will not result in any physical change in the environment; therefore, the proposed action is not subject to CEQA. The Department will seek full compliance with applicable CEQA requirements prior to a contract award.

Charter Section 1022 – The Department determined that the work specified in the proposed RFP is not subject to the Charter Section 1022 provisions because the scope of work requires expert services that are unavailable within LADWP and can be performed more economically and feasibly by independent contractors.

The City Attorney has reviewed and approved the proposed Resolution and Ordinance as to form. Pursuant to Charter Section 371(b), this proposed competitive sealed bid proposal method requires Council approval by Ordinance with a two-thirds majority vote. Additionally, Council approval is required under Charter Section 373 (Long Term Contracts) and Charter Section 674 (Power to Contract). In accordance with Charter Section 371(a) and the Los Angeles Administrative Code Section 10.25, the Local Business Preference Program will apply.

FISCAL IMPACT STATEMENT

Approval of the proposed Resolution and Ordinance authorizing LADWP to use the competitive sealed proposal method to secure an Engineer-Procure-Construct contract for the Encino Reservoir Floating Solar Pilot Project will not have a General Fund impact. The ensuing contract will impact the LADWP Power Revenue Fund and result in total estimated Project expenditures of \$24.175 million. The recommendations in this report comply with the Los Angeles Department of Water and Power's adopted Financial Policies.

Attachments – LADWP March 21, 2025 Letter, March 24, 2025 Board Correspondence, and proposed Resolution and Ordinance



BUILDING A STRONGER L.A.

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Board of Commissioners

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Chante L. Mitchell, Secretary

Janisse Quiñones, Chief Executive Officer and Chief Engineer

March 21, 2025

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Los Angeles, CA 90012

Attention: Legislative Coordinator

Dear Mayor Bass:

Subject: Encino Reservoir Floating Solar Pilot Project Resolution for an Ordinance Requesting the Los Angeles City Council to Establish Engineer-Procure-Construct Criteria Pursuant to §371(b) of the City Charter

In accordance with Executive Directive No. 4, enclosed is a copy of a Board Letter and supporting documents recommending approval and transmittal to the Los Angeles City Council (City Council) of the subject Ordinance pursuant to §371(b) of the City Charter to allow the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method to evaluate proposals for a contract for the Encino Reservoir Floating Solar Pilot Project.

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the City Council for final consideration.

Please contact Mr. Paul Habib, Interim Director of Legislative and Intergovernmental Affairs, at (213) 367-0025 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

A handwritten signature in black ink, appearing to read 'Janisse Quiñones', is written over a light blue, stylized background graphic that resembles a series of overlapping chevrons or a mountain range.

Janisse Quiñones
Chief Executive Officer and Chief Engineer

RC:lr

Enclosures

c/enc: Mr. Luis Gutierrez, Office of the Mayor
Dr. Frederick H. Pickel, Office of Public Accountability
Board of Water and Power Commissioners
Mr. Paul Habib