Los Angeles Department of Water & Power

RESOLUTION NO. 026 162

BOARD LETTER APPROVAL

Jason Rondou
Jason Rondou (Jan 16, 2026 09:47:50 PST)

DAVID W. HANSON
Senior Assistant General Manager
Power System

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: January 20, 2026

SUBJECT: Large Power Transformers for Various Substations Project Ordinance Requesting the Los Angeles City Council to Establish Competitive Sealed Proposal Criteria Pursuant to Los Angeles Administrative Code Section 10.15(f)

SUMMARY

Transmitted for approval is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council approval of criteria for the procurement of large power transformers (LPTs) for various substations.

The ordinance will authorize the LADWP to pursue one or more contracts for the procurement of LPTs, spare parts, and associated manufacturer representative services pursuant to a competitive-sealed proposal method, permitting negotiations relating to the furnishing of LPTs based on the criteria established by the ordinance. The ordinance will authorize a term not-to-exceed nine years for the contract or contracts.

Pursuant to a competitive-sealed proposal method, criteria adopted by the Ordinance will permit an award to a proposer specialized in the design, manufacture, and delivery of LPTs. The Los Angeles Administrative Code Section 10.15 permits use of a competitive-sealed proposal method by LADWP for the acquisition of highly specialized equipment used for power generation, transmission and distribution. LADWP considers LPTs to be highly specialized equipment for the following reasons:

- Custom Engineering Design: Each LPT is designed by engineers to meet the specific needs of a particular substation and site. The design takes into account numerous factors, including the electrical load, site configuration, and grid requirements. This customization ensures optimal performance for the particular location and electrical system.

- Long Manufacturing Timeline: The manufacturing process for LPTs is highly intricate and can take over 24 months due to the complexity and size of the equipment. This lengthy process requires careful planning, scheduling, and expertise to ensure quality and precision. Additionally, manufacturing slots for manufacturing LPTs must often be secured many months or years in advance due to the demand and limited availability of the manufacturing slots.
- Specialized Manufacturing Techniques: LPTs are not mass-produced but are instead manufactured based on custom designs. The materials, construction techniques, and quality control procedures involved are highly specialized to meet rigorous performance standards for power transmission.
- Advanced Technological Requirements: LPTs incorporate advanced electrical and mechanical technologies to handle high voltage levels, ensure safety, and improve efficiency in power transmission. Their design includes precise insulation, cooling, and electrical components tailored to specific operating conditions.
- Installation and Maintenance Expertise: The installation and maintenance of LPTs require specialized knowledge and experience. Technicians and engineers must be highly trained to ensure correct setup and safe operation, often involving manufacturer representatives who provide on-site technical guidance and support throughout the process.

These reasons highlight why LPTs are not only essential for power distribution but also highly specialized due to their complexity, customization, and the expertise needed at every stage of their lifecycle.

Furthermore, because of these reasons, the nine-year extended contract term is necessary to ensure LADWP is able to secure future manufacturing slots for this critical equipment, address long equipment lead times, and ensure the availability of manufacturer representative services after delivery of the equipment.

The competitive-sealed proposal method, per Section 10.15(f) of the Los Angeles Administrative Code, permits negotiations after proposals have been opened to allow clarifications and changes. As set forth in Section 371(a) of the Los Angeles City Charter and Section 10.47 of the Los Angeles Administrative Code, the Local Business Preference Program will apply. LADWP proposes to advertise one Request for Proposals, which may result in one or more contracts awarded in whole or in parts at LADWP's discretion.

City Council approval is required, by Ordinance, pursuant to City Charter Section 373 and Administrative Code Section 10.15(f).

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending the Los Angeles City Council's approval by Ordinance to allow the use of a competitive-sealed proposal method in accordance with

Los Angeles Administrative Code Section 10.15(f), to allow the Board to award one or more contracts with a term not-to-exceed nine years in accordance with City Charter Section 373, and to grant the Board the authority to let one or more contracts for the procurement of LPTs, spare parts, and associated manufacturer representative services.

ALTERNATIVES CONSIDERED

One alternative considered is to continue using the Invitation for Bid (IFB) process, which requires the award of a contract to the lowest responsive and responsible bidder. However, due to the highly specialized nature of substation LPTs, this alternative does not reliably provide this equipment at the lowest, ultimate cost to the LADWP. In addition to price, factors such as performance reliability, delivery timetables, manufacturer's warranty, and global manufacturing flexibility need to be considered.

FINANCIAL INFORMATION

The total estimated cost for the procurement is approximately $315,000,000. The duration of the proposed contract or contracts will not exceed nine years.

BACKGROUND

LADWP has a Power System Reliability Program that proactively and systematically replaces equipment throughout LADWP's power system with a goal of improving system reliability. Additionally, LADWP has aggressive goals to reach 100 percent carbon free energy by 2035. Both goals involve various time-sensitive projects to replace, or install new, LPTs.

LADWP has historically purchased LPTs under the IFB process where contracts were awarded to the lowest responsible and responsive bidder in full compliance with the LADWP's specifications. However, due to global supply chain challenges and the highly specialized nature of LPTs, lead times for transformer manufacturing and delivery have increased dramatically. Therefore, the LADWP must consider other factors in addition to price. Factors such as performance reliability, delivery timetables, manufacturer's warranty, and global manufacturing flexibility need to be considered to properly evaluate transformer manufacturers and to determine their capacity and capability of delivering large power transformer to LADWP in a timely and reliable manner.

The current industry lead times for this equipment range from 16 to 48 months. A contract duration of nine years is required due to the need to secure future manufacturing slots and delivery dates that coincide with LADWP's replacement schedule and to provide additional time after delivery to provide manufacturer support during equipment commissioning.

City Administrative Officer's Report

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was approved on July 25, 2025.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, 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 approval of an ordinance to authorize procurement of power transformers, spare parts, and commissioning services is not subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Ordinance
- CAO Report