



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0118
FEB 24 2026

REPORT RE:

DRAFT ORDINANCE AUTHORIZING THE BOARD OF WATER AND POWER COMMISSIONERS TO AWARD ONE OR MORE AGREEMENTS PURSUANT TO A COMPETITIVE SEALED PROPOSAL METHOD AND TO PERMIT NEGOTIATIONS RELATING TO THE PROCUREMENT OF HIGHLY SPECIALIZED POWER SYSTEM EQUIPMENT

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 26-0191

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance will authorize the Los Angeles Department of Water and Power (LADWP) to let one or more contracts pursuant to a competitive sealed request for proposal (RFP) method, pursuant to Charter Section 371(b), permitting negotiations for the acquisition of large power transformers (LPTs) and Variable Shunt Reactors (VSRs), which are used for power generation, transmission, and distribution. This process is utilized when the technical complexities of such equipment require that factors in addition to price be taken into consideration. Any resulting contract would be for a term not to exceed nine years.

In 2014, the LADWP launched the Power System Reliability Program (PSRP), a comprehensive infrastructure modernization initiative designed to replace, rebuild, and maintain critical power system assets throughout the City. The program prioritizes upgrades based on three key factors: (1) equipment design life; (2) regular inspection findings; and (3) documented system failures. This multi-billion dollar investment

commits more than \$10 billion over a five to 15-year timeline to modernize LADWP's aging electrical infrastructure. LPTs and VSRs are essential components of the electric power transmission system and distribution infrastructure.

LADWP has historically purchased LPTs and VSRs under the "Invitation for Bid" (IFB) process where contracts are awarded to the lowest responsible and responsive bidder in full compliance with LADWP's specifications. However, due to global supply chain challenges and the highly specialized nature of LPTs and VSRs, lead times for manufacturing and delivery of this equipment have increased dramatically. Current industry lead times for this equipment range from 16 to 48 months. Therefore, LADWP must consider other factors in addition to price when awarding such contracts. Factors such as performance reliability, delivery timetables, manufacturer's warranties, and global manufacturing flexibility need to be considered to properly evaluate LPT and VSR manufacturers and to determine their capacity and capability to deliver the equipment in a timely and reliable manner.

If adopted, the draft ordinance will permit an award to a proposer after considering these other critical factors. Pursuant to Charter Section 371(a) and Los Angeles Administrative Code Section 10.25, the Local Business Preference Program will apply. The nine-year term of the contract 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.

Charter Compliance

This draft ordinance is transmitted for your approval pursuant to Charter Sections 371(b). Los Angeles Charter Section 371(b) requires a vote of at least two-thirds of the City Council approving the contract selection criteria to award a contract using a competitive sealed proposal method.

CEQA Determination

It is recommended that the City Council review and determine the Project is exempt pursuant to Section 15060(c)(3) of the California Environmental Quality Act (CEQA) Guidelines. 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 the definition. Therefore, the approval of this draft ordinance to authorize procurement of power transformers, spare parts, and commissioning services is not subject to CEQA.


Council Rule 38 Referral

This draft ordinance has been approved by the Board of Water and Power Commissioners pursuant to Council Rule 38.

If you have any questions regarding this matter, please contact Deputy City Attorney Mark Reusch at (213) 367-4619. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By 
MICHAEL J. DUNDAS
Chief Assistant City Attorney

MJD:MR:ld
Transmittal