

EXEMPTION, ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to the Large Power Transformers and Variable Shunt Reactors for Various Substations Project (Project).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. DETERMINE that 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.
2. APPROVE the Department of Water and Power (DWP) proposed Resolution for the Large Power Transformers and Variable Shunt Reactors for Various Substations Project:
  - a. Authorizing the DWP to use a competitive sealed bid proposal method in accordance with Charter Section 371(a) and Los Angeles Administrative Code (LAAC) Section 10.15(f), permitting negotiations after proposals are submitted to allow clarifications and changes to the proposal.
  - b. Award in whole or in part, one or more contracts at an estimated cost of \$732 million and a term not-to-exceed nine years, to procure large power transformers and variable shunt reactors for various substations, including spare parts and associated manufacturer representative services.
3. PRESENT and ADOPT the accompanying ORDINANCE dated February 24, 2026, 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.

Fiscal Impact Statement: The City Administrative Officer reports that there is no impact on the General Fund. The proposed Resolution and Ordinance authorizes the use of the competitive sealed proposal method under LAAC Section 10.15(f) to procure Large Power Transformers, Variable Shunt Reactors, spare parts, and associated manufacturer representative services. The Resolution and Ordinance covers only administrative costs and excludes any contract expenditures. The ensuing contract(s) is funded through a power reliability surcharge passed on to DWP customers for a total estimated cost of approximately \$732 million. The above recommendations comply with the DWP adopted Financial Policies.

Community Impact Statement: None submitted

**TIME LIMIT FILE – APRIL 12, 2026**

**(LAST DAY FOR COUNCIL ACTION – MARCH 27, 2026)**

### SUMMARY

At the meeting held on March 3, 2026, your Energy and Environment Committee considered an Exemption, Board of Water and Power Commissioners and City Attorney reports, and Ordinance relative to the Large Power Transformers and Variable Shunt Reactors for Various Substations Project

After an opportunity for public comment, the Committee moved to approve the recommendations stated in the CAO report and approve the Ordinance, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| NAZARIAN      | YES         |
| YAROSLAVSKY   | ABSENT      |
| JURADO        | YES         |
| RAMAN         | YES         |
| PADILLA       | YES         |

ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**