

May 11, 2026

Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, CA 90012

Attention: Rules, Elections, and Intergovernmental Relations Committee

**Subject: Los Angeles Department of Water and Power (LADWP)  
Recommendations for Charter Amendments – Procurement**

Dear Honorable Members:

Thank you for the opportunity to provide LADWP's recommendations for Charter and associated Administrative Code reform at the January 15, 2026, Personnel and Budget Committee meeting. LADWP appreciates many of the proprietary departments' recommendations being included as part of the April 2, 2026, Los Angeles Charter Reform Commission Staff Report (Staff Report). While the Staff Report provided important proposals, continued forward thinking is needed in a host of areas to bring transformational change to our City and those LADWP serves. This letter further highlights our key priorities, offers meaningful solutions, and stresses the need to improve upon legacy constructs.

As the largest municipal utility in the nation, serving over four million residents and businesses, LADWP is both an essential service provider and an economic engine for the region. Our operations are funded entirely by customer revenues, not the City's General Fund, and monies we receive are invested back into the system or transferred to the City's General Fund to support ongoing initiatives. Our \$9 billion annual budget funds critical operations, maintenance, and new projects to ensure safe and reliable water and power now, and into the future. The most vital aspect of our success has always been our dedicated workforce of over 12,000 employees.

Today, we are working diligently with our customers, communities, and co-workers to be the nation's most trusted public utility, delivering resilient and affordable carbon-free electricity and sustainable water through innovation, equity, and partnerships. Delivering on this promise requires transformational change in our culture and ways of working. We must continue to commit to continuous improvement, transparency, and accountability - and we will need changes in the current Charter and Administrative Code that undermine our efforts.

## **Why Reform is Needed Now**

One year after the January 2025 wildfires, LADWP is proud of the progress we have made in recovery and rebuilding of the Pacific Palisades and strengthening resilience of our entire system. Looking ahead, we forecast that we will need to invest more than \$20 billion over the next five years to modernize our infrastructure for electrification, develop recycled water capacity, upgrade aging assets, and support the convention center upgrade, FIFA World Cup in 2026, and Olympic and Paralympic Games in 2028. Paired with this investment, we will need to hire a net increase of 4,200 employees.

To ensure safe, reliable, and affordable service, we are working to optimize our internal performance and efficiency. However, internal efforts alone will not lead to success. We also require system changes – several of which derive from Charter rules that were established based on historical conditions that no longer define our context. Specifically, we have identified a set of proposed changes that will improve customer affordability, enhance reliability and public safety, and unlock the full potential of our workforce while adhering to our values of continuous improvement, data-informed decision making, and accountability.

## **Procurement**

Updating the Charter-constrained procurement framework is one of our top priorities to accelerate infrastructure delivery, reduce costs, and improve customer service. LADWP procurement cycle times have historically averaged over 220 days (or, over 7 months) for straightforward purchases (called Invitations for Bid, or IFBs) and nearly 600 days (or, over 19 months) for complex purchases through Requests for Proposals (or RFPs). These timelines are up to three times longer than peer utilities. LADWP also lacks flexibility to conduct purchasing consistently with modern industry practices, resulting in unattractive terms from best-in-class suppliers and increasing quality and execution risk. Procurement conditions create bottlenecks, unnecessary administrative burdens, compromised quality, and costly delays. Several factors contributing to these problematic outcomes derive directly from outdated Charter and associated Administrative Code provisions.

We believe updating the procurement framework would result in material savings for customers. By adopting modernized procurement practices, LADWP can accelerate upgrades to critical infrastructure (reducing maintenance and outage costs) and approval timelines (reducing inflation costs, which rise more quickly for utility equipment and services than the broader economy), resulting in substantial savings. Our specific reform recommendations are as follows:

## LADWP Charter and Administrative Code Reform Recommendations

- 1) **Proposed Charter Reform Recommendation:** Shift from “lowest cost” to “best value” (CRC 61)

Charter or Administrative Code: Charter		
Issue Name	Section	Proposed Change
Lowest Cost vs. Best Value	Charter Sec. 371 (a) Competitive Bidding	<p>...Contracts shall be let to the <b>lowest</b> responsive and responsible bidder furnishing satisfactory security for performance <b>and best value</b>. Where the items are to constitute a part of a larger project or undertaking, consideration may be given to the effect on the aggregate ultimate cost of the project or undertaking.</p> <p>...Notwithstanding the provision of this subsection <del>requiring award to the lowest responsive and responsible bidder</del>, a bid preference can be allowed in the letting of contracts for California, Los Angeles County, or City of Los Angeles firms, and the bid specifications can provide for a domestic content and recycled content requirement.</p> <p><del>The extent and nature of the bid preference, domestic content and recycled content requirement and any standards, definitions and policies for their implementation shall be provided by ordinance.</del></p>

**Responding Department:** LADWP

**Administrative Impact(s):** This proposal would likely reduce administrative burdens on both the City and LADWP by reducing the frequency of actions needed to improve quality, such as supplementary procurements or contract modifications. By allowing LADWP to consider best value when procuring versus lowest cost, items and equipment procured will likely have higher quality, longer life cycles, be deployed timelier and with greater expertise (which can save costs and time). Lowest cost requirements can lead

to quality or other issues (e.g., security concerns) and create additional administrative burdens.

**Fiscal Impact(s)**: Over time, LADWP customers will save money, and experience benefits sooner for several reasons including but not limited to: reducing procurement frequency, increased equipment life-cycles due to quality considerations, preventing potential costly retrofits/repairs and potential change orders due to timeline and expertise considerations. As a Proprietary Department, LADWP generates and utilizes its own funds; therefore, any LADWP contracts will not affect the General Fund.

**Administrative or Charter Amendment Required**: Charter

**Advantages/Disadvantages of Proposal(s)**: The Charter currently requires LADWP to award contracts to the lowest responsible bidder for IFBs, emphasizing price over best value. This practice is outdated for a modern utility and constrains our ability to secure the supplier that best meets our system and customer needs. At times, it has even resulted in quality and security concerns for certain materials and hardware. While limited exceptions exist, there needs to be an overall shift in focus from “lowest-bid” to “best-value” procurement to prioritize quality, security and total life-cycle costs. Moving to best-value procurement aligns with peers and best practice.

**Additional Concerns**: None

**Department Liaison Contact**: Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

//  
  
//  
  
//  
  
//  
  
//  
  
//  
  
//  
  
//

**2) Proposed Charter Reform Recommendation:** Remove Ordinance Requirement for Competitive Sealed Proposals (CRC 62)

Charter or Administrative Code: Charter		
Issue Name	Section	Proposed Change
Competitive Sealed Proposals	Charter Sec. 371 (b) Competitive Sealed Proposals	As an alternative to an award pursuant to open and competitive bidding, a contract can be let pursuant to a competitive sealed proposal method, <del>in accordance with criteria established by ordinance adopted by at least a two-thirds vote of the Council.</del> The competitive sealed bid proposal system may permit negotiations after proposals have been opened to allow clarification and changes in the proposal.

**Responding Department:** LADWP

**Administrative Impact(s):** The proposal would reduce administrative impacts on both the City and LADWP. The Charter currently requires LADWP to seek and receive an ordinance from City Council to use alternative construction delivery methods. Seeking an ordinance requires significant administrative time of both LADWP and City Council and adds 9-12 months to procurement timelines.

**Fiscal Impact(s):** By reducing procurement timelines 9-12 months, LADWP customers will save money due to reduced inflation costs (which are more pronounced for utility equipment), and will experience the benefits and value of deployed equipment and projects sooner. LADWP estimates that **accelerated procurement could result in annual savings of approximately \$20 million or more for LADWP’s customers.** As a Proprietary Department, LADWP generates and utilizes its own funds; therefore, any LADWP contracts will not affect the General Fund.

**Administrative or Charter Amendment Required:** Charter

**Advantages/Disadvantages of Proposal(s):** LADWP has limited ability to issue RFPs to allow for Competitive Sealed Proposals that are evaluated using criteria beyond price. The Administrative Code only allows for certain specialized equipment to be solicited via RFP with prior approval by Council of the RFP and evaluated criteria. Additionally, industry practices have evolved significantly, and suppliers now leverage more agile and

modern approaches to construction delivery such as Engineering, Procurement, and Construction (EPC) bids where one supplier handles all aspects of design, procurement and construction (vs. common historical procurement methods which utilized a design-bid-build approach, where suppliers may differ for each segment). These modern alternative construction delivery methods require individual ordinances approved by both the Board and City Council with two-thirds majority. We propose to remove prior City Council authorization of RFPs to enable faster project delivery.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

3) **Proposed Charter Reform Recommendation:** Allow Exceptions to Lowest Bid/Sole Source Requirements for Critical Infrastructure and Software (CRC 63)

Charter or Administrative Code: Charter		
Issue Name	Section	Proposed Change
Equipment Repairs, Services, Software	Charter Sec. 371(e)(7) Exceptions	Contracts for equipment repairs, <b>service</b> or parts obtained from the manufacturer of the equipment or its exclusive agent, <b>including software that is only offered by one vendor.</b>

**Responding Department:** LADWP

**Administrative Impact(s):** The proposed charter change would reduce administrative impacts on both the City and LADWP because it would reduce the number of competitive solicitations conducted. LADWP is generally precluded from sole sourcing, which can be problematic when certain equipment, services or software are only available from one vendor. By allowing LADWP to, in certain limited instances, procure directly from a vendor, it could reduce the amount of competitive solicitations it must conduct in certain limited instances.

**Fiscal Impact(s):** Over time, LADWP customers will save money and experience benefits sooner. As example, in the case of software, LADWP is charged an agent fee which can be as high as \$4-6 million for a 5-year software license. This fee would not be present if LADWP could contract directly with the software provider. Similarly, conducting competitive solicitations can take 7-19 months depending on type.

Eliminating the need for a competitive solicitation in certain limited instances would allow customers to receive the benefits sooner. As a Proprietary Department, LADWP generates and utilizes its own funds; therefore, any LADWP contracts will not affect the General Fund.

**Administrative or Charter Amendment Required:** Charter

**Advantages/Disadvantages of Proposal(s):** With limited exceptions, LADWP is generally precluded from sole sourcing, which can be problematic when certain equipment, services or software are only available from one vendor. A single vendor market is common for different types of parts, services and software, particularly when procuring from Original Equipment Manufacturers or “OEMs”. While some exceptions exist for small-dollar contracts and emergency repairs, these exceptions are very limited and do not adequately address a modern utility’s needs. We propose broadening our ability to contract directly with OEMs for critical equipment repairs, services and parts needed for critical infrastructure, including software that is only available from a single vendor. Along with proposed Charter changes, there are several Administrative Code changes LADWP is proposing that are consistent and coincide with its proposed Charter changes.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

//  
  
//  
  
//  
  
//  
  
//  
  
//  
  
//  
  
//

**4) Proposed Administrative Reform Recommendation:** Raise LADWP GM contract approval authority in accordance with industry benchmarks

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change <sup>1</sup>
Approval Limits Modernization	LAAC Sec. 10.1.1 (d) Departments Authorization of Contracts	<p>Notwithstanding the provisions of Subsection (a) of this section, the Board of Water and Power Commissioners may authorize its General Manager to enter into contracts on behalf of the Department that satisfy all of the following:</p> <p><del>(1) The contract is not for personal services;</del></p> <p><del>(2)</del> (1) The contract does not obligate the City for a term of longer than <del>three</del> <b>seven (7)</b> years, including all extensions, renewals and amendments; and</p> <p><del>(3)</del> (2) The contract does not involve consideration reasonably valued in excess of <del>Five Million</del> <b>Forty Million</b> Dollars <del>(\$5,000,000)</del> <b>(\$40,000,000)</b> annually for general services or <b>Ten Million Dollars</b> annually <b>(\$10,000,000)</b> for personal services. <b>This delegation shall not apply to any replacement of an expired or expiring contract, as defined in Section 10.5(e)(2).</b></p>

**Responding Department:** LADWP

**Administrative Impact(s):** The Administrative Code’s purchasing and contracting limits for LADWP are very low, outdated, and fragmented, worsening the administrative burden for our Board and City Council and slowing critical utility operations. Streamlined approval processes will reduce overall administrative burdens and allow for enhanced review of larger contracts.

**Fiscal Impact(s):** Over time, LADWP customers will save money and experience benefits sooner because inflation and life cycle costs should be reduced, along with

<sup>1</sup> As part of the Approval Limits Modernization, LADWP proposes to also include an annual inflation adjustment amount consistent with the Consumer Price Index (CPI).

improved overall quality. As a Proprietary Department, LADWP generates and utilizes its own funds; therefore, any LADWP contracts will not affect the General Fund.

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** By modernizing contract approval limits in accordance with industry benchmarks, LADWPs size and portfolio characteristics, and governance best practices will enhance operational delivery. Despite a **\$9 billion budget**, the GM's authority to approve personal and professional service contracts is limited to one-year terms and \$150,000, a limit that has not been updated in over 15 years and is approximately **40 times smaller** than the peer average on a revenue-indexed basis. For non-personal, non-professional contracts, the GM's authority is limited to \$5 million annually, nearly 3 times smaller than the peer average on a revenue-indexed basis. Sacramento Municipal Utility District (SMUD), a consistently top-performing public utility in reliability and customer satisfaction, has a GM approval limit that is over **70 times** larger on a revenue-indexed basis than LADWP's for personal and professional service contracts, and a non-personal, non-professional contract limit that is over **8 times** larger. Raising approval limits in line with industry benchmarks would accelerate contract approvals and improve responsiveness.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

//  
//  
//  
//  
//  
//  
//  
//  
//

5) **Proposed Administrative Reform Recommendation:** Remove requirement for City Council approval for contracts less than 7 years and accelerate City Council approval for contracts beyond that timeframe to three council meetings.

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Approval Limits Modernization	LAAC Sec. 10.5 (a) Limitation and Power to make Contracts	Except as otherwise provided in the Charter or this Code, no board, officer or employee of the City shall make any contract, obligating the City, or any department of the City, to make or receive payments of money or other valuable consideration for a period longer than <del>three (3)</del> <b>seven (7)</b> years, unless such contract shall have been first approved by the Council. The Council shall have <del>60 days</del> <b>three council meetings</b> from the date the contract is transmitted by the board, officer or employee and received by the City Clerk, to approve it.

**Responding Department:** LADWP

**Administrative Impact(s):** Same as #4.

**Fiscal Impact(s):** Same as #4

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** Timely and efficient procurement of equipment and services is critical to LADWP’s ability to deliver essential services. Bottlenecks and restrictions can drive up costs through inflation, missed production slots, and premium pricing. With streamlined procurement processes, LADWP could accelerate intended customer benefits from contracts, free up bandwidth for the supply chain team to pursue high value procurements and greatly reduce operational burden

across the organization – all of which would support more efficient rates or provide headroom to make other necessary investments.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

**6) Proposed Administrative Reform Recommendation:** Same as #5, with conforming code change, and addressing expiring contracts

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Approval Limits Modernization	LAAC Sec. 10.5 (e)(2) Limitation and Power to make Contracts.	<p>The Department of Water and Power shall not enter into any contract to make or receive payments of money or other valuable consideration for a period longer than <del>five (5)</del> <b>seven (7)</b> years,</p> <p>unless such contract shall have been first approved by the Council. This subsection shall not apply to contracts exempted by Subsection (a). Any contracts requiring Council approval shall be subject to the time line and process for Council action set forth in Subsection (a). For the purposes of this Subsection (e), a term of longer than <del>five (5)</del> <b>seven (7)</b> years shall include:</p> <ol style="list-style-type: none"> <li>1. A contract which contains a provision, such as, but not limited to, an option clause, which allows for a cumulative period longer than <del>five (5)</del> <b>seven (7)</b> years, said period calculated as of the date of execution of the contract;</li> <li>2. A contract replacing an expiring or expired contract or an amendment to a contract involving the same party or parties with no new competitive process having been</li> </ol>

	<p>utilized with a resulting cumulative period of longer than <del>five (5)</del> <b>seven (7)</b> years, said period calculated as of the date of the execution of the initial contract, and it is anticipated that the estimated or actual annual payments to or by the City under such contract shall exceed <del>One Hundred Thousand Dollars (\$100,000)</del> <b>Forty Millions Dollars (\$40,000,000)</b>, adjusted annually in accordance with the Consumer Price Index and an amount that is the same as Section (b)(2). <b>For purposes of this subsection, 'replacement of an expired or expiring contract' includes any successor agreement for substantially the same scope of work or services, whether with the same or a different contractor, for which no new competitive process was utilized.</b></p>
--	---

**Responding Department:** LADWP

**Administrative Impact(s):** See #4

**Fiscal Impact(s):** See #4

**Administrative or Charter Amendment Required:** See #5

**Advantages/Disadvantages of Proposal(s):** See #5

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

//

//

7) **Proposed Administrative Reform Recommendation:** Raise LADWP’s small purchase limit in accordance with industry benchmarks

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Approval Limits Modernization	LAAC Sec. 10.15(a)(1) and 10.15(b) Competitive Bids	<p>The restrictions of this section shall not apply to: (1) Contracts involving consideration reasonably valued at less than <del>Twenty-Five Thousand Dollars (\$25,000.00)</del> <b>One Hundred Thousand Dollars (\$100,000)</b>.</p> <p>The City of Los Angeles shall not be, and is not, bound by any contract involving the expenditure of more than <del>Twenty-Five Thousand Dollars (\$25,000)</del> <b>One Hundred Thousand Dollars (\$100,000)</b> unless the officer, board or employee authorized to contract shall first have complied with the procedure for competitive bidding or submission of proposals established by this section...</p>

**Responding Department:** LADWP

**Administrative Impact(s):** Same as #4.

**Fiscal Impact(s):** Same as #4.

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** A public utility’s small purchase limit (in which only a small number of informal quotes need to be gathered, rather than issuing a formal IFB or RFP) should generally scale with the utility’s size. LADWP has a very low small purchase limit both on a nominal dollar basis and as a proportion of overall operating revenue. When comparing to peers, LADWP’s revenue-indexed small purchase limit is **18 times** smaller than the average industry benchmark. This results in relatively immaterial procurements making their way into more time- and resource-intensive formal processes, increasing operating expenditures and reducing the utility’s ability to address problems quickly.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

**8) Proposed Administrative Reform Recommendation:** Raise LADWP’s emergency purchase limit in accordance with industry benchmarks

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Approval Limits Modernization	LAAC Sec. 9.3 Emergency Purchases	...any board, officer or employee of the City mentioned in Section 320 of the Charter may purchase materials, supplies or services required in such an emergency situation <del>when such purchase does not exceed Five Hundred Dollars (\$500.00); provided that such emergency purchases shall not exceed Five Thousand Dollars (\$5,000.00)</del> for any such board, officer or employee during any one month

**Responding Department:** LADWP

**Administrative Impact(s):** Same as #4.

**Fiscal Impact(s):** Same as #4.

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** Extremely low-dollar value limits for emergency purchases reduce LADWP’s responsiveness. Given the essential nature of utility work, several peer utilities are not even bound by explicit dollar limit caps for emergency purchases. For those that do have limits, dollar thresholds are significantly greater. Notably, SMUD’s emergency purchase limit is \$2 million. With an operating budget approximately one-quarter the size of LADWP’s, its revenue-indexed emergency purchase limit is over **15,000 times** larger than LADWP’s.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

**9) Proposed Administrative Reform Recommendation:** Raise monetary threshold for City Attorney approval for professional or personal services with standard terms and conditions in accordance with industry benchmarks

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Approval Limits Modernization	LAAC Sec. 10.2 (c) Formalities - Approval	10.2(c)(1) Contracts, including, but not limited to, those of the Departments of Airports, Harbor, and Water and Power, <del>involving a sum of \$100,000 or less</del> for the purchase of materials, supplies, and equipment, and the rental, repair, or maintenance thereof <del>where terms and conditions are not negotiable</del> ; 10.2(c)(2) Contracts of the Departments of Airports, Water and Power, Recreation and Parks, Harbor, and Library involving a sum of <del>\$25,000</del> <b>\$500,000</b> or less for professional or personal services;

**Responding Department:** LADWP

**Administrative Impact(s):** Same as #4.

**Fiscal Impact(s):** Same as #4.

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** The Administrative Code’s purchasing and contracting limits for City Attorney review are also very low and outdated. When comparing with industry benchmarks, of the utilities that have codified legal review thresholds, all except LADWP apply them to only high-risk contract categories and/or contracts that have non-standard terms. Applying a legal review threshold of \$500,000

and creating a risk-based legal review framework would still place LADWP on the conservative end of peer utilities.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

**10) Proposed Administrative Reform Recommendation:** Raise monetary threshold for Blanket Purchase Orders

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Purchase Order Modernization	LAAC Sec. 9.4 Blanket Purchase Orders	<p>...Blanket purchase orders may be issued in an amount not to exceed \$250,000 for any calendar month and each such purchase shall not exceed the amount of \$5,000, adjusted annually in accordance with the Consumer Price Index for all urban consumers for the Los Angeles Area (CPI-U) as published by the Bureau of Labor Statistics, U.S. Department of Labor.</p> <p>a. Ordinance No. 188,579 increased per transaction amount by 5x, subject to CPI, it would make sense to increase the monthly limit to \$250K to maintain the same ratio and mitigate needing to go through another Administrative Code change in the future.</p>

**Responding Department:** LADWP

**Administrative Impact(s):** Same as #4.

**Fiscal Impact(s):** Same as #4.

**Administrative or Charter Amendment Required:** Charter

**Advantages/Disadvantages of Proposal(s):** LADWP’s proposed increase in the monthly blanket PO limit from \$50,000 to \$250,000 is consistent with the 5x increase in individual PO transaction amounts (from \$1,000 to \$5,000) that was enacted via Ordinance No. 188,579 in May 2025. This would still maintain allowable Blanket PO purchases at an immaterial fraction (~0.04%) of LADWP’s operating revenue.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

**11) Proposed Administrative Reform Recommendation:** Allow advanced payment for long-lead time equipment

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Advanced Payments	LAAC Sec. 5.47 (a) Authorization to make payments	No payment shall be made from the City treasury or out of the funds of the City unless the same be authorized by law or the Charter or unless the demand which is paid be duly audited as provided in the Charter. The Controller may, however, approve advance payments for any goods or services which are customarily required to be paid for in advance and which it is not possible to acquire without advance payment, including: software licenses; computer hardware and software maintenance; <b>long lead-time equipment critical to infrastructure projects to secure spot in queue;</b> ... The Controller shall report on a quarterly basis to the Mayor and Council on all such advance payments.

**Responding Department:** LADWP

**Administrative Impact(s):** Given an environment of intense competition and supply chain bottlenecks for certain critical equipment, allowing advanced payments would provide LADWP with flexibilities that would enhance procurement efficiency and reduce administrative burdens.

**Fiscal Impact(s):** Over time, LADWP customers will save money and experience benefits sooner because inflation and life cycle costs should be reduced, along with improved overall quality. As a Proprietary Department, LADWP generates and utilizes its own funds; therefore, any LADWP contracts will not affect the General Fund.

**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** Electric distribution, power, and generator transformer lead times have recently averaged approximately 7 months, 2.5 years, and 2.8 years, respectively. Generating turbine lead times are even longer, currently averaging 3-5+ years. Manufacturers are prioritizing customers willing to enter earlier, more collaborative commercial arrangements, including deposits or milestone payments, to secure production capacity while utilities adhering strictly to traditional pay-upon-delivery structures face heightened risk of delayed delivery and limited vendor participation. Advance payments for critical equipment would give LADWP access to a broader variety of vendors (given certain vendors require upfront or milestone payments to initiate manufacturing) and faster procurement by being able to secure production slots.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

//

//

//

//

//

**12) Proposed Administrative Reform Recommendation:** Amend Administrative Code in accordance with proposed Charter Reform Change to Remove Ordinance Requirement for Competitive Sealed Proposals (CRC 62)

Charter or Administrative Code: Administrative Code		
Issue Name	Section	Proposed Change
Equipment Repairs, Services, Software	LAAC Sec. 10.15 (a)(7) Competitive Bids	To match changes to 371(e)(7), 10.15(a)(7) must also be updated. Contracts for equipment repairs, <b>services</b> or parts obtained from the manufacturer of the equipment or its exclusive agent, <b>including software that is only offered by one vendor.</b>

**Responding Department:** LADWP

**Administrative Impact(s):** See #2

**Fiscal Impact(s):** See #2

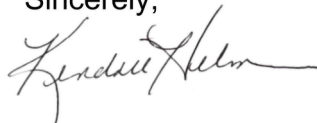
**Administrative or Charter Amendment Required:** Administrative Code

**Advantages/Disadvantages of Proposal(s):** The administrative code only allows for certain specialized equipment to be solicited via RFP with prior approval by Council of the RFP and evaluated criteria. For advantages associated with RFPs, see #2.

**Additional Concerns:** None

**Department Liaison Contact:** Paul Habib, Director of Legislative & Intergovernmental Affairs • Los Angeles Water and Power, [paul.habib@ladwp.com](mailto:paul.habib@ladwp.com), (213) 367-3846.

Sincerely,



Kendall Helm, Ph.D.  
Chief Strategy and Sustainability Officer

KH:fv:sk