

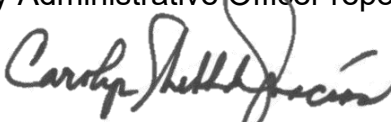
0150-12723-0001

T R A N S M I T T A L

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 02/12/2025	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT ALL	

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED
RESOLUTION AND ORDINANCE AUTHORIZING THE ESTABLISHMENT OF
ALTERNATIVE PROJECT DELIVERY CONTRACT CRITERIA USING A
COMPETITIVE-SEALED BID PROPOSAL METHOD FOR THE JOHN FERRARO
BUILDING RENOVATION AND MODERNIZATION PROJECT**

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



MAYOR

(Carolyn Webb de Macias for)

Attachment
MWS:PJH/JVW:DG:IR:10250035t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 20, 2024

CAO File No. 0150-12723-0001

Council File No.

Council District: ALL

To: The Mayor

From: 
Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Department of Water and Power dated May 17, 2024 and December 4, 2024; referred by the Mayor for a report on December 4, 2024

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE ESTABLISHMENT OF ALTERNATIVE PROJECT DELIVERY CONTRACT CRITERIA USING A COMPETITIVE-SEALED BID PROPOSAL METHOD FOR THE JOHN FERRARO BUILDING RENOVATION AND MODERNIZATION PROJECT**

RECOMMENDATIONS

That the Mayor:

1. Approve the Los Angeles Department of Water and Power proposed Board Resolution and Ordinance for the John Ferraro Building Renovation and Modernization Project to:
 - a) Establish alternative delivery contract criteria authorizing the Los Angeles Department of Water and Power to use a competitive sealed bid proposal method in accordance with Charter Section 371 (b); and authorize a contractual term not to exceed five years,
 - b) Award in whole a contract for the demolition, architectural design, engineering, procurement, and construction of the overall Project, including but not limited to historic preservation, design and temporary parallel building infrastructure systems, hazardous material abatement and remediation, structural and seismic retrofit, new building infrastructure mechanical, and electrical, plumbing, and fire/life safety systems.
2. Return the proposed Resolution and Ordinance to the LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval of a proposed Resolution and Ordinance, authorizing the establishment of alternative contract criteria using a

competitive sealed bid proposal method to award in whole one contract for the architectural design, engineering, procurement and construction of the John Ferraro Building (JFB) Renovation and Modernization Project, including but not limited to historic preservation, design and temporary parallel building infrastructure systems, hazardous material abatement and remediation, structural and seismic retrofit, new building mechanical infrastructure, and electrical, plumbing, and fire/life safety systems. JFB is headquarters for LADWP and provides office space for approximately 3,500 employees. In November 2020, an assessment of JFB was completed by engineering consulting firm Arup North America, Ltd (Arup) which identified several major safety related infrastructure deficiencies, including structural and seismic strengthening as non-compliant. In addition, in December 2023, Stantec Consulting Services Inc. (Stantec) completed a comprehensive hazardous material survey and determined that JFB has Asbestos Containing Materials (ACMs) throughout its fireproofing within its return ceiling plenum and requires full removal. On July 1, 2024, LADWP submitted its original transmittal dated May 17, 2024 with total project costs estimated at \$598.8 million and a contract term not to exceed five years.

On December 4, 2024, LADWP submitted a revised transmittal to the Mayor's Office which reflects an updated cost increase of \$843.5 million, an increase of \$244.7 million due to additional scope of work to be procured and updated cost escalation amounts for goods and services. The added scope of work to be provided includes necessary demolition work, design and construction of protect-in-place, new parallel power, cooling ventilation and electrical systems for certain operations to remain in place in JFB before decommissioning existing systems for construction.

Approval of the proposed Resolution and Ordinance will specifically authorize the Department to (1) establish alternative project delivery contract criteria under a competitive sealed bid proposal basis for the JFB Renovation and Modernization Project, which may include but are not limited to Construction Manager at Risk, Design-Build, Progressive Design-Build, or Engineer, Procure and Construct; (2) issue a Request for Proposal and permit negotiations after proposals have been submitted to allow clarification and changes to the proposals; and, (3) award in whole one contract for term not to exceed five years for demolition, architectural design, engineering, procurement, and construction of the building supported by a written finding.

The City Attorney has approved the proposed Resolution and Ordinance as to form. Pursuant to Charter Section 371(b) of the City Charter, Council approval by Ordinance is required and requires a vote of two thirds approving the competitive sealed bid proposal method; and pursuant to the Los Angeles Administrative Code (LAAC) Section 10.5 (e) the Board is permitted to award the contract and execute non-material corollary documents and amendments for said equipment and construction for a term not to exceed five years without further approval by the City Council. In addition, pursuant to LAAC Section 10.25, the Local Business Bid Preference shall be applied where a qualified bidder is awarded additional points. Our Office has reviewed the report, resolution and Ordinance and recommends approval.

BACKGROUND

The JFB was constructed in 1965 and is registered as City of Los Angeles Historic Cultural Monument No. 1022 per the LAAC Chapter 9, Article 1, Section 22.171.7. JFB is the headquarters for LADWP with current office space for 3,500 employees, a third of the department's 14,036 workforce. LADWP is the largest municipal water and power utility in the nation and delivers reliable water and electricity to the residents and businesses of the City of Los Angeles.

JFB Building Needs Assessment - On November 25, 2020, engineering consultant Arup completed an assessment of JFB and identified major building infrastructure deficiencies, including that the historic suspended ceiling grid is seismically non-code compliant and requires immediate replacement, and that building upgrades are needed to ensure compliance with current sustainable energy code requirements. Most of JFB's infrastructure is original and at its end-of-life cycle. Further, in December 2023, engineering consultant Stantec completed a comprehensive hazardous material survey and determined that JFB has ACM throughout its fireproofing within its return air ceiling plenum. This return air is cycled back into the office space air supply. Although the ACMs were tested and appear to be in good condition, full removal was recommended considering the age, and ongoing potential risks. LADWP has identified these infrastructure deficiencies as posing a high risk to their employees and daily operations and warrant the immediate need for renovation and modernization.

Proposed Modifications and Improvements – The proposed renovation and modernization of the building will include seismic strengthening of the building's steel frame, modernization of the technological infrastructure, and security system, elevator, roof, and building envelope upgrades to meet energy certification goals. Historic preservation, hazardous material abatement, seismic retrofit, and new mechanical, electrical, plumbing and fire/life safety systems will be completed throughout. Interior tenant improvements will include the auditorium, Board meeting room, medical office, food service facilities, fitness center, training and conference rooms, and office spaces.

Project Cost Changes to December 2023 Estimated Costs – Initially, LADWP did not include parallel operations in the original cost estimate as it was anticipated these operations could be relocated. However, after further consideration, LADWP states relocation is unfeasible prior to construction and proposes these operations remain in place in the building during construction. The additional scope of work will include the design and construction of protect-in-place, new parallel cooling ventilation and electrical systems of critical LADWP operations as follows:

- P-3 level fleet parking operations including dispatch office, fueling stations, car wash, car maintenance, and a large portion of electrical vehicle charging stations serving over 300 vehicles;
- Information Technology Network Operations which is critical to the entire LADWP and City of LA communication network and cannot be relocated timely;
- Microwave Stations at the Roof and Mezzanine level which communicate radio waves and is vital to the operations of the power system grid and cannot be relocated timely; and,
- Water System Supervisory Control and Data Acquisition Systems which are similar to the microwave systems and monitor and trigger alarms for any disruptions to the Water System Operations.

LADWP intends to begin the RFP process in February 2026, with the construction to commence in January 2027, and its completion estimated by 2027.

Cost Estimates – The original cost estimate of \$485.5 million was prepared in November 2020 and updated in 2024 by LADWP to \$598.8 million. In July 2024, LADWP received an independent cost estimate from consultant Worley Group for a total amount of \$843.5 million. The increase of \$244.7 million from \$598.8 to \$843.5 million reflects the increased scope of work and the latest construction market prices post-pandemic for goods and services, inflationary escalation, demolition, design and construction for building parallel systems for operations to remain in place.

JFB Renovation and Modernization Cost Estimate		Million
Original Estimate		\$ 598.8
1.	Demolition Costs – Demolition costs, including equipment. Originally it was presumed that some of this work would be performed by LADWP construction forces.	67.4
2.	Parallel Operations – Specific Operations will not be relocated and will require the design and construction of cooling ventilation, and electrical systems to remain in place prior to decommissioning existing systems for construction	103.8
3.	General Contractor Cost Escalation – Updated inflation costs of materials and labor	40.7
4.	General Cost Escalation – Updated overall increase in the costs of goods and services	32.8
Total		\$843.5

Alternatives Considered – There are no viable alternatives considered by LADWP. The nature of the findings in the building needs assessment is urgent and requires modernization, improvements and upgrades. The architectural design, engineering, and construction to be performed through the alternative delivery contract requires specialized knowledge of historic preservation, seismic infrastructure, high-rise building codes, and the latest innovation of mechanical, electrical, and plumbing systems to meet current energy efficiency standards of California Code of Regulations Energy Code Title 24-Part 6, and the California Green Building Standards Code, Title 24-Part 11. In addition, LADWP does not have sufficient personnel with this expertise required to complete the project in a timely manner.

CITY COMPLIANCE

The City Attorney has approved the proposed Resolution and Ordinance as to form. The City Council’s approval of the Ordinance is required pursuant to Charter Section 371(b) and requires a vote of two thirds approving the competitive sealed bid proposal method. Pursuant to the LAAC Section 10.5 (e) for LADWP contract terms which do not exceed five years, and LAAC Section 10.25, the Local Business Bid Preference shall be applied where a qualified bidder is awarded additional points.

California Environmental Quality Act (CEQA) – The LADWP has determined that the item is exempt from CEQA pursuant to Guidelines Section 15301. Section 15301, Class 1, applies to the operation, repair, maintenance, or other minor alterations of existing public and private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of

existing or former use. Therefore, the approval of the planned renovation and modernization of JFB is categorically exempt and is not an action subject to CEQA.

Charter 1022 – The proposed Ordinance states that pursuant to Charter Section 1022, the services advertised through the proposed RFP are for expert services which require knowledge and skills that are not available within LADWP and additional staff cannot be employed and trained in a timely manner to meet LADWP’s need. Therefore this work can be performed more feasibly by independent contractors. Our Office has reviewed the transmittal, resolution and Ordinance and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of the proposed Resolution and Ordinance authorizes LADWP to establish alternative project delivery contract criteria and use the competitive-sealed bid proposal method for the JFB Renovation and Modernization Project. The ensuing contract will impact the Joint, Power and or Water Revenue Funds and result in total estimated Project expenditures up to \$843.5 million. Funding is proposed to be set aside in the 2026-27 Proposed Budget and in subsequent years for this purpose. The proposed request complies with LADWP’s adopted Financial Policies.

Attachments – May 17, 2024 and December 4, 2024 Correspondence from LADWP, Proposed Resolution, and Ordinance

MWS:PJH/JVW:DG:IR:10250035