REQUEST TO AWARD A CONTRACT FOR THE SECONDARY SEWER RENEWAL PROGRAM (SSRP) DIFFICULT ACCESS REACHES 06 NORTHEAST LOS ANGELES/SILVERLAKE/BOYLE HEIGHTS/SOUTH LOS ANGELES - WORK ORDER NO. SZC13218

RECOMMENDATIONS

1. Declare Ramona, Inc. (Ramona), first low bidder, to be the lowest responsive, responsible bidder, and award Ramona a contract for this project for $12,371,871.

2. Receive and file Transmittal No. 1.

3. Authorize the President or two members of the Board of Public Works (Board) to execute the contract after approval as-to-form has been obtained from the City Attorney.

TRANSMITTAL

1. Copy of letter to the Board, dated May 8, 2019, from Ms. Vanessa Peric, Office Manager, MNR Construction, Inc. (MNR), 1880 Wright Avenue, La Verne, CA 91750.

2. Summary of bids received on May 1, 2019.

DISCUSSION

Background

This project will remove and/or replace and rehabilitate approximately 5.1 miles (26,909 linear feet) of 6-, 8-, 10-, 12-, and 15-inch sewer lines in the northeast Los Angeles area as part of the Wastewater Collection System SSRP. This project is primarily located in the northeast Los Angeles area and is generally bounded by the 134 Freeway to the north, Huntington Drive and Indiana Street to the east, the 60 Freeway to the south, and the Los Angeles River to the west (see Figure No. 1). A majority of the work is within City of Los Angeles (City) sewer easements. The scope of this project also includes adding or modifying sewer structures and all associated work, including, but not limited to traffic control, trenching, sewer by-passing, sewer cleaning, sewer closed-circuit televising, temporary street resurfacing, and final paving. The contract duration is 811 calendar days.
Figure No. 1: Overall Site Map (note North direction)

The project has been reviewed for environmental considerations. It was determined to be categorically exempt pursuant to the provisions of the California Environmental Quality Act (CEQA) of 1970 under Article III of the City’s CEQA Guidelines.

**Bid Review**

The lowest of the five bids received (Transmittal No. 2) compared with the City Engineer’s estimate of $13,476,224 is:

**Business Codes:**

- **MBE** = Minority Business Enterprise
- **WBE** = Women Business Enterprise
- **SBE** = Small Business Enterprise
- **LBE** = Local Business Enterprise
- **EVE** = Emerging Business Enterprise
- **DVBE** = Disabled Veteran Business Enterprise
- **OBE** = Other Business Enterprise

<table>
<thead>
<tr>
<th>Bid No.</th>
<th>Contractor Name</th>
<th>Bid Amount</th>
<th>(%) High/Low</th>
<th>(%) Pledged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Bid</td>
<td>Ramona (OBE, LBE)</td>
<td>$12,371,871.00</td>
<td>8.19% Low</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MBE  WBE   SBE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00% 0.00% 9.24%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EBE  DVBE  OBE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.24% 0.00% 14.82%</td>
</tr>
</tbody>
</table>
Mike Prlich and Sons, Inc., second low bidder, listed their Total Bid Amount incorrectly. Staff corrected the Total Bid Amount in accordance with the procedures set forth in the General Instructions and Information for Bidders, and the bidder was contacted and notified of the corrections. The correction did not change the order of the bids.

MNR, apparent third low bidder, listed their Total Bid Amount incorrectly. Staff corrected MNR’s Total Bid Amount in accordance with the procedures set forth in the General Instructions and Information for Bidders. MNR was contacted and notified of the correction. The correction moved MNR from the apparent third low bidder to the fifth low bidder.

Based on the range of bids submitted for this project, staff believes this bid is reasonable. The contract may be awarded to Ramona, first low bidder, subject to verification of all other bidding requirements.

**Communication Received**
The Board received correspondence from Ms. Vanessa Peric, MNR (Transmittal No. 1), in which MNR attempted to explain the error in their Schedule of Work and Prices. MNR explained that on Bid Item 12, the number for the Unit Price, was listed incorrectly due to an incorrectly placed decimal point.

**Staff’s Response**
MNR’s Bid Item Total was corrected by the City in accordance with the procedures set forth in Part IV, “General Instructions and Information for Bidders,” Section 1.e, which states: “In case of discrepancy between the Unit Price and the Item Total for a bid item, the Unit Price shall prevail.”

In view of the above findings, staff recommends that the Board receive and file Transmittal No. 1.

**Local Business Preference (LBP) Program**
City Ordinance No. 181910 adopted the LBP Program. This program is designed to increase local employment and expenditures in the local private sector. Bidders that qualify as a LBE may be granted an 8 percent reduction of their bid amount solely for bid evaluation purposes. Additionally, all non-LBE bidders may be granted a 1 percent reduction, up to a maximum of 5 percent of their bid amount for bid evaluation purposes, for every 10 percent of their bid that is to be performed by a LBE subcontractor.

For this project, the Bureau of Contract Administration (BCA) verified that the first low bidder, Ramona, is a certified LBE.

**Business Inclusion Program (BIP)**
On January 12, 2011, the Mayor issued Executive Directive No. 14, which created the BIP. This program provides MBE, WBE, SBE, EBE, DVBE, and OBE firms an equal opportunity to compete for and participate in City contracts. Additionally, the BIP requires bidders to perform and document a BIP Outreach via the internet utilizing the Los Angeles Business Assistance Virtual Network service.
This project was advertised with anticipated participation levels of 4.00 percent MBE, 2.00 percent WBE, 25.00 percent SBE, 8.00 percent EBE, and 3.00 percent DVBE, and with mandatory BIP documentation requirements. The Office of Contract Compliance, based on a review of the documents submitted by Ramona, reported that the contractor pledged participation levels of 0.00 percent MBE, 0.00 percent WBE, 9.24 percent SBE, 9.24 percent EBE, 0.00 percent DVBE, and 14.82 percent OBE, and complied with the BIP outreach requirements of the bid. The Mandatory Subcontracting Minimum requirement for this project is 25.00 percent and the contractor has complied by pledging a subcontractor participation level of 25.35 percent. This percentage was calculated after subtracting the fixed cost items of $629,009 from the total bid amount.

Ramona pledged the following subcontractor utilization:

**Gender/Ethnicity Codes:**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>African American</td>
</tr>
<tr>
<td>APA</td>
<td>Asian Pacific American</td>
</tr>
<tr>
<td>NA</td>
<td>Native American</td>
</tr>
<tr>
<td>M</td>
<td>Male</td>
</tr>
<tr>
<td>F</td>
<td>Female</td>
</tr>
<tr>
<td>HA</td>
<td>Hispanic American</td>
</tr>
<tr>
<td>SAA</td>
<td>Subcontinent Asian American</td>
</tr>
<tr>
<td>C</td>
<td>Caucasian</td>
</tr>
</tbody>
</table>

**Subcontractors**

<table>
<thead>
<tr>
<th>Subcontractors</th>
<th>MBE/WBE/SBE/EBE/OBE</th>
<th>(% of Bid)</th>
<th>Dollar ($) Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground Builders, Inc. dba Underground Manholes</td>
<td>SBE, EBE</td>
<td>9.24%</td>
<td>$1,142,837.00</td>
</tr>
<tr>
<td>Calstate Pipeline, Inc. dba Calstate Pipeline Engineering</td>
<td>OBE</td>
<td>3.16%</td>
<td>$390,510.05</td>
</tr>
<tr>
<td>Hardy &amp; Harper, Inc.</td>
<td>OBE</td>
<td>0.73%</td>
<td>$90,900.00</td>
</tr>
<tr>
<td>Mission Clay Products</td>
<td>OBE</td>
<td>0.54%</td>
<td>$67,231.05</td>
</tr>
<tr>
<td>Southwest Pipeline and Trenchless Corp.</td>
<td>OBE</td>
<td>10.39%</td>
<td>$1,285,402.00</td>
</tr>
</tbody>
</table>

Note: Subcontractors may be certified in multiple certification categories; therefore, per the requirements of Executive Directive No. 14, the dollar amounts were credited toward multiple pledged participation categories.

**Compliance with the City’s Non-Discrimination Policies**

Ramona shall comply with the Affirmative Action, Non-Discrimination, and Equal Employment Practices Provisions, Equal Benefits Ordinance, Contractor’s Use of Criminal History for Consideration of Employment, Living Wage Ordinance, Worker Retention Ordinance, First Source Hiring, Slavery Disclosure Ordinance, Disclosure of Border Wall Contracting Ordinance, and Disclosure of Contracts and Sponsorship of the National Rifle Association Ordinance requirements of the bid.

**Previous Work Record**

Ramona has been awarded numerous contracts issued by the Board within the last five years during which Ramona has compiled the following record of violations while performing construction contracts for the City:
The following table summarizes the previous MBE/WBE/SBE/EBE/DVBE/OBE participation levels pledged by Ramona in the past five years under the BIP:

<table>
<thead>
<tr>
<th>No. of Contracts</th>
<th>Total ($) Amount of Contracts</th>
<th>$34,829,686.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledged MBE ($)</td>
<td>Pledged WBE ($)</td>
<td>Pledged SBE ($)</td>
</tr>
<tr>
<td>$786,510.35</td>
<td>$15,000.00</td>
<td>$4,348,670.38</td>
</tr>
<tr>
<td>Total MBE (%)</td>
<td>Total WBE (%)</td>
<td>Total SBE (%)</td>
</tr>
<tr>
<td>2.26%</td>
<td>0.04%</td>
<td>12.49%</td>
</tr>
</tbody>
</table>

**Contractor Performance Evaluation**

In accordance with Article 13, Chapter 1, Division 10, of the City of Los Angeles Administrative Code (L.A.A.C.), the Project Manager and the City Inspector for this construction contract shall submit Contractor Performance Evaluation Reports to the BCA (Department of Public Works), upon completion of this contract.

**Peak Hour Construction and Right-of-Way Obstruction Regulations**

All contractors must comply with the requirements specified in the Los Angeles Municipal Code Section 62.61 related to peak hour traffic restrictions, unless an exemption from the Peak Traffic Hours Prohibition is approved.

**Contractor Responsibility Ordinance**

All contractors participating in this program are subject to compliance with the requirements specified in the City’s Contractor Responsibility Ordinance No. 173677 (Article 14, Chapter 1, Division 10, L.A.A.C.). Failure to comply with all the requirements specified in the ordinance may render this bidder’s contract subject to termination pursuant to the conditions expressed therein.

**Project Labor Agreement (PLA)**

The project incorporates a PLA. The PLA will facilitate an orderly settlement of labor disputes and grievances without strikes, work stoppages, or lockouts to assure the timely and economical completion of the project. The PLA will also promote employment opportunities for local residents and will provide apprenticeship training for the duration of the construction. The contractor will be bound on all the provisions of the PLA.
Bid Bond Extension
Ramona was requested to extend their bid bond which expired on July 30, 2019. The contractor has agreed to extend their bid bond until September 27, 2019.

Conclusion
In view of the above findings, staff recommends that the Board declare Ramona, first low bidder, to be the lowest responsive, responsible bidder; receive and file Transmittal No. 1; and award Ramona the contract for this project.

Program Review Committee (PRC) Approval
The PRC approved a total budget of $14,399,000, including contingency, for this project on January 9, 2019.

Status of Financing
There is no impact to the General Fund. The total funding for this project is not-to-exceed $12,990,465. Funding for Fiscal Year 2019-20 in the amount of $2,000,000 is available in the WSSRB Construction Fund, Series 2018-A (Green Bonds), Fund No. 75R, which is part of the Sewer Construction and Maintenance Fund, Department No. 50, Appropriation Unit No. 50SAJD, as shown in the table below.

However, funds and appropriations for future fiscal years are not yet identified and existing appropriations may change based on available cash balances. Therefore, funds and appropriations will be determined by the Director of the LA Sanitation and Environment (LASAN) or designee.

The contract contains a “Financial Liability Clause” which states that “the City’s liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City’s liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract.”

The following funding has been verified and approved by the Director of the Office of Accounting subject to the conditions described above:

<table>
<thead>
<tr>
<th>Fund No.</th>
<th>Appropriation Unit No.</th>
<th>Budget Fiscal Year</th>
<th>Contract</th>
<th>Contingencies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>75R</td>
<td>50SAJD</td>
<td>2019/20</td>
<td>$1,904,762.00</td>
<td>$95,238.00</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>TBD*</td>
<td>WCIP Budget</td>
<td>Future</td>
<td>$10,467,109.00</td>
<td>$523,356.00</td>
<td>$10,990,465.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$12,371,871.00</td>
<td>$618,594.00</td>
<td>$12,990,465.00</td>
</tr>
</tbody>
</table>

*To be determined by the Director of the LASAN or appointed designee.
Department of Public Works
Bureau of Engineering
Bureau of Contract Administration
Joint Report No. 1

September 4, 2019
Page 7

( BWJ EO RMK KRR CLS )

Report reviewed by:
BOE (ADM and WCE) and BOS (FMD)

Report prepared by:
Project Award and Control Division
Edick Ohanian, PE
Division Engineer
Phone No. (213) 847-0577

Compliance Review performed and approved by:

[Signature]
Hannah Choi, Assistant Director
Bureau of Contract Administration

Statement as to Funds approved by:

[Signature]
Victoria A. Santiago, Director
Office of Accounting
Fund Ref: 75R/50SAJD/$2,000,000
Date: 8/13/2019

EO/TM/08-2019-0149.PAC gva

Questions regarding this report may be referred to:
Teresa Monterrosa, PE, Project Manager
Phone No. (213) 485-4561
E-mail: Teresa.Monterrosa@lacity.org

Respectfully submitted,

[Signature]
Gary Lee Moore, PE, ENV SP
City Engineer
Bureau of Engineering

[Signature]
John L. Reamer, Jr.
Inspector of Public Works
Bureau of Contract Administration