



ANTONIO R. VILLARAIGOSA
Mayor

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BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

August 9, 2012

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Amendment No. 2 to Contract No. 7038 with Steve P. Rados, Inc.

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 19479, adopted by the Board of Water and Power Commissioners (Board) on August 7, 2012, approved as to form and legality by the City Attorney, which authorizes execution of Contract No. 7038 (Amendment No. 2) for Construction of the River Supply Conduit Improvement Lower Reach, Unit 4 with Steve P. Rados, Inc. The amendment will extend contract by 18 months and to increase the amount by \$3,300,000. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Director of Local Government and Community Relations, at (213) 367-0025.

Sincerely,

Barbara E. Moschos
Board Secretary

BEM:oja
Enclosures: LADWP Resolution
Board Letter
Amendment No. 2 to Contract No. 7038

Water and Power Conservation ... a way of life

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700
Telephone: (213) 367-4211 Cable address: DEWAPOLA



c/enc: Mayor Antonio Villaraigosa
Councilmember Jose Huizar, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

WHEREAS, this Contract No. 7038, for the construction of the River Supply Conduit Improvement Lower Reach, Unit 4 (RSCILR4) Project was awarded by the Board of Water and Power Commissioner on July 7, 2009 ; and

WHEREAS, 74 percent of the contract has been completed to date; however, 90 percent of the total time granted has expired and \$2,299,251.15 in change orders have been authorized, with an additional \$2,703,759.93 in proposed change orders identified, totaling 94 percent of the total contingency funds; and

WHEREAS, it is anticipated that a similar change order trend will continue based on the on-going issues with the construction conditions, traffic routing requirements and environmental mitigation; and

WHEREAS, an 18-month contract extension of time is needed to complete the RSCILR4 Project, which will extend the contract period beyond the 3 year authority of this Board and require the approval of the Los Angeles City Council, pursuant to Los Angeles Charter Section 373 and City of Los Angeles Administrative Code Section 10.5; and

WHEREAS, the Los Angeles Department of Water and Power's (LADWP) Water System recommends Amendment No. 2 to Contract No. 7038 with Steve P. Rados, Inc. to extend the contract by 18 months to March 15, 2014 and to increase the contingency and contract total by \$3,300,000.00, from a contract total of \$40,382,620.00 to a revised contract total of \$43,990,013.00.

WHEREAS, Amendment No. 2 is absolutely necessary for continuation of the RSCILR4 Project through completion without costly disruption to the LADWP and without disruptions due to change order funding, which will likely result in compensable construction delays owed to Steve P. Rados, Inc.; and

NOW, THEREFORE, BE IT RESOLVED that Amendment No. 2 to Contract No. 7038 is approved as to form and legality by the City Attorney and on file with the Secretary of the Board.

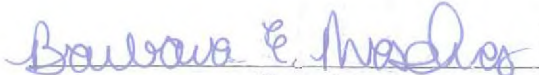
BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP is hereby authorized and directed to draw demands upon the Water Revenue Fund in accordance with the terms of this Amendment awarded pursuant to Specification No. 7038 and this resolution.

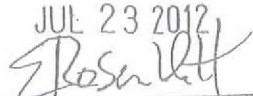
BE IT FURTHER RESOLVED that the President or Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing as his designee, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board be and they are hereby authorized, empowered, and directed to execute said Amendment for and on behalf of LADWP.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held


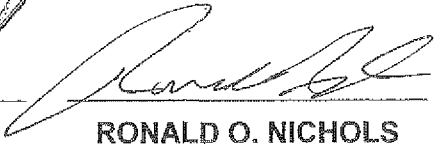

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTAMICH, CITY ATTORNEY

AUG 07 2012


Secretary

JUL 23 2012

BY _____
ERIC ROSENBLATT
DEPUTY CITY ATTORNEY

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS	DATE: July 23, 2012
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  JAMES B. McDANIEL Senior Assistant General Manager Water System </div> <div style="text-align: center;">  RONALD O. NICHOLS General Manager </div> </div> <div style="text-align: center;">  GARY WONG Assistant General Manager - System Support Division </div>	SUBJECT: <p align="center">Amendment No. 2 to Contract No. 7038</p> <p align="center">Construction of the River Supply Conduit Improvement Lower Reach, Unit 4</p> <p align="center">Recommended for Amendment To: Steve P. Rados, Inc, Santa Ana, California</p>
	FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 373

Amendment to Existing Contract

PURPOSE

The attached Resolution recommends approval of Amendment No. 2 to Contract No. 7038 with Steve P. Rados, Inc. (SPR), as an extension of 18 months to the original contract time and for an additional \$3,300,000.00 in contingency funds, equal to 9 percent of the original contract amount, for the River Supply Conduit Improvement Lower Reach, Unit 4 (RSCILR4) Project. The 18-month time extension will extend the contract period beyond the three-year authority of the Board of Water and Power Commissioners (Board) and will, therefore, require the approval of the Los Angeles City Council, pursuant to the Los Angeles Charter Section 373 and Los Angeles Administrative Code 10.5.

Amendment No. 2 is necessary for continuation of the RSCILR4 Project; otherwise, construction will have to be shut down. Shutting down construction before SPR has satisfied its contractual obligations could result in significant litigation costs to LADWP to resolve the uncompleted contract work.

COST AND DURATION

The contract contingency will be increased by 9 percent for a total of 24 percent contingency.

1. Contract Total	\$35,382,620.00
2. Original Contingency (15 percent)	\$5,307,393.00
3. Proposed Additional Contingency (9 percent)	\$3,300,000.00
Contract Total	\$43,990,013.00

The original contract completion date of September 15, 2012, will be extended by 18 months to March 15, 2014. This time extension includes 3.3 months for pending change orders already negotiated, approximately 4 months for changes currently being negotiated, and an additional 10.7 months of schedule contingency to handle anticipated challenges for remaining work.

The proposed Amendment incorporates the terms and conditions of the existing contract.

There is no impact on the City of Los Angeles' General Fund.

BACKGROUND

On July 7, 2009, the Board awarded Contract No. 7038 to SPR for a total contract amount of \$40,690,013.00 which included a 15 percent contingency. The RSCILR4 Project is the installation of approximately 10,400 linear feet of 48-inch, 66-inch, 72-inch, 84-inch, and 96-inch diameter welded steel pipe and appurtenances from Griffith Park to the Silver Lake Reservoir Complex area.

The RSCILR4 Project's heavy construction activities began in March 2010. To date, 74 percent of the RSCILR4 Project has been completed and 68 percent of the authorized contract total has been spent. The original construction completion date is September 15, 2012. Amendment No. 2 requests a time extension of 18 months to March 15, 2014, and an increase of the contingency funds by \$3,300,000.00. This request exceeds the contract term limit of three years established by City Charter Section 373, thereby requiring City Council approval in accordance with City of Los Angeles Administrative Code 10.5.

The increase to the contingency amount of \$3,300,000.00, equal to 9 percent of the original contract amount, is necessary to provide sufficient funding for mitigation of potential future differing site conditions. This may include potential additional environmental mitigation and requirements imposed by other agencies, such as traffic routing requirements. The increased contingency will also provide funding for an additional pipeline connection to the existing River Supply Conduit (RSC) that must be completed before the slip lining portion of the RSCILR4 Project can begin.

The total authorized change orders to date equal \$2,299,251.15. Eighteen change orders have been authorized to fund differing site conditions, errors, omissions, additional regulatory requirements, etc.

As of July 17, 2012, staff anticipates that out of the \$3,008,141.85 of remaining contingency funds, there is an approximately additional \$2,703,759.93 of pending claims and pending change orders yet to be processed. The majority of these claims/change orders relate to the following: (1) compaction grouting at the Los Feliz Boulevard and Riverside Drive intersection due to roadway settlement; (2) restoration of pavement above the location of the tunnel operation at the Los Feliz Boulevard and Riverside Drive intersection; (3) miscellaneous unforeseen roadway restoration; (4) unforeseen major traffic plan modifications; (5) differing site conditions in multiple work areas that required changes in shoring and pipe installation methods;

(6) substructure conflicts in multiple work areas; (7) changes in requirements for the Storm Water Pollution Prevention Plan; and (8) repair of vault leaks.

Based on the past two years of experience with this RSCILR4 Project in this area, as well as previous experience with similar construction projects, staff also anticipates that an additional \$3,300,000.00 and up to 10.7 months of time extensions may be necessary to complete the remaining 26 percent of the RSCILR4 Project.

A major remaining portion of this RSCILR4 Project requires slip lining the Rowena Tunnel which is the southern terminus of the existing, active RSC pipeline. The 1,000-foot proposed slip lining operation traverses through three distinct, highly sensitive neighborhoods that will require separate community mitigation plans. The north end of the slip lining operation begins adjacent to a 50-unit apartment complex and the historic Mulholland Fountain. The north end of the slip lining operation is also located below a hillside of approximately 10 large custom homes. The south end of the slip lining operation is inside Los Angeles Department of Water and Power's (LADWP) Rowena Tank property, in close proximity to approximately 30 single-family residences and small multi-family dwellings. It is anticipated that these sensitive locations of the operation will require significant additional sound mitigation for the duration of the slip lining work. Occupation of this entire work area could be prolonged due to the following anticipated slip lining risks: (1) unreliability of as-built drawings for the existing pipeline; (2) the contractor's lack of slip lining experience within the City of Los Angeles; (3) encountering difficulty in completing welding inside the pipe due to the diameter of the slip lined pipe; and (4) encountering difficulty in successfully completing the insertion of the pipe pieces at the reverse curve location.

Another major remaining portion of this project is the section of pipe on Rowena Avenue between Rokeby Street and West Silver Lake Drive. Completion of this work area will be challenging due to potential public safety and business access concerns. Mitigation for business access and residential access in conjunction with anticipated changes to the contract traffic control plans will result in significant costs as well as prolonged occupation of this work area.

Additional work may be added to this contract by a change order to perform a connection to the existing RSC that was originally scheduled to be completed under Contract No. 7194 for the construction of the River Supply Conduit Improvement Lower Reach, Unit 3 (RSCILR3) Project. However, the work was deleted from Contract No. 7194 due to construction delays on the RSCILR4 Project. This connection must be performed in order to flow water through the new RSCILR3 and portions of RSCILR4 Project and to remove the southern portion of the existing RSC from service. This connection must also be performed prior to beginning work on a branch of the RSCILR4 Project to slip line the existing Rowena Tunnel.

Based on the known site conditions of the completed work areas of the RSCILR4 Project, additional challenges are expected in all of the remaining work areas. Examples of anticipated challenges include: differing site conditions, substructure conflicts, and unreliable as-built records. Below is a contingency summary.

<u>Category</u>	<u>Totals</u>
Original 15 Percent Contingency	\$ 5,307,393.00
Authorized Change Orders	\$ 2,299,251.15
Pending Change Orders	\$ 2,703,759.93
Remaining Contingency	\$ 304,381.92
Additional Contingency Requested	\$ 3,300,000.00

The RSCILR4 Project has been faced with, and has overcome many unanticipated challenges including geotechnical conditions (from hard to loose, sandy soils); development of traffic control plans and traffic signal plans that allow for installation of large-diameter pipe on narrow, major traffic arteries while keeping traffic flowing and allowing access to businesses and residents; extensive restoration paving due to the poor pre-existing condition of some of the street surfaces; and increased levels of community outreach.

The proposed Amendment, along with the anticipated balance of \$304,381.92 of the remaining contingency, will provide LADWP the necessary funding to continue to immediately address any unforeseen or differing site conditions as they occur, without suspending construction and incurring additional costs related to compensable delays for the contractor. The history of the RSCILR4 Project as it relates to major traffic plan modifications, soil conditions, substructure conflicts, and unanticipated mitigation of community impacts, indicates that without the requested increase in contingency funds, there is a possibility that the project may be suspended while funding issues are resolved.

The ED4-waiver has been granted by the Mayor's Office on July 26, 2012.

BUDGET INFORMATION

The additional contingency under this Amendment will increase the contract amount by \$3,300,000.00 taken from Functional Item No. 22403, Job No. 41034, Water System Book, Cost Element 30, Page 1 of 12. The proposed Amendment will not result in overspending of the overall Capital Budget and will not impact rates.

METHOD OF SELECTION

Competitive Cooperative Purchase Sole Source

M/W/OBE SUBCONTRACTING PARTICIPATION

SPR was awarded this contract with the following goals based on the original contract amount: a WBE Goal of \$87,000 (0.25 percent), an MBE Goal of \$573,000.00 (1.62 percent), and an OBE Goal of \$15,221,300.00 (43.02 percent). As of May 31, 2012, 0.29 percent of the payments to date to the Contractor have been subcontracted to the approved WBE supplier and 1.22 percent of the payments have been subcontracted to the approved MBE companies. In addition, 36.63 percent of the current expenditures have been paid to OBE companies. The

contract is expected to meet all participation goals. A summary of the MBE and WBE payments is as follows:

Company Name	Brief Description of Work	Original WBE Goal	Spent Dollar Amount (May2012)
G&F Concrete	Concrete Supplier	\$87,000.00	\$78,823.93
Total:		\$87,000.00	\$78,823.93

Company Name	Brief Description of Work	Original MBE Goal	Spent Dollar Amount (May 2012)
Western Paving	Asphalt Paving	\$425,000.00	\$242,453.62
Sudhakar Co. (Replaced by SCI)	Striping	\$ 80,000.00	\$ 17,280.00
Shamrock	Aggregate Base	\$ 68,000.00	\$ 75,263.58
Total:		\$573,000.00	\$334,997.20

The Water System is committed to creating equal opportunities for MBE, WBE, and OBE companies to participate in the performance of its contracts. At the time of award of this contract, SPR received 100 of 100 points on their Good Faith Effort as evaluated by the Office of Contract Compliance. SPR stated it was a challenge to find enough MBE/WBE's that were willing or available to participate in this RSCILR4 Project since many are small companies that are not comfortable taking on large portions of a contract.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act, the environmental impacts associated with the RSCILR4 Project were previously evaluated in an Environmental Impact Report certified by the Board of Water and Power Commissioners on February 21, 2006.

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution recommending Amendment No. 2 to Contract No. 7038.

SYT:jmp

Attachments

e-c/att: Ronald O. Nichols
 Richard M. Brown
 Aram Benyamin
 James B. McDaniel
 Philip R. Leiber
 Ann M. Santilli

Gary Wong
 Gwendolyn W. Williams
 Anselmo G. Collins
 Glenn C. Singley
 Sabrina Y. Tsui

**AMENDMENT No. 2 TO
CONTRACT No. 7038
BETWEEN
THE CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER
AND
STEVE P. RADOS, INC.**

THIS AMENDMENT NO. 2 to Contract No. 7038 is made and entered into by and between the City of Los Angeles, a municipal corporation, acting by and through the Los Angeles Department of Water and Power (LADWP) and Steve P. Rados, Inc. (RADOS).

WITNESSETH

WHEREAS, LADWP and RADOS entered into Contract No. 7038 for the construction of the River Supply Conduit improvement Lower Reach Unit 4, awarded through competitive process by the Board of Water and Power Commissioners on July 7, 2009; and

WHEREAS, Contract No. 7038 requires the project work to be completed by September 15, 2012; and

WHEREAS, with 74 percent of the contract work completed to date, and 90 percent of the total time granted having expired, the additional work required to complete the project will extend the Contract period beyond the three-year authority of the Board of Water and Power Commissioners and will therefore require the approval of the Los Angeles City Council; and

WHEREAS, LADWP and RADOS are desirous of amending Contract No. 7038 for the purpose of keeping the Contract viable for up to an additional eighteen (18) months in accordance with the requirements of Los Angeles Charter Section 373 and Los Angeles Administrative Code Section 10.5; and

WHEREAS, Amendment No. 2 is necessary and proper for the continuation or completion of certain activities authorized under the contract;

WHEREAS, RADOS acknowledges that the extension of the Contract period in no way entitles RADOS to extensions of time to perform unless approved by change order pursuant to the original terms and conditions of Contract No. 7038, and in no way changes the deadlines established for the imposition of liquidated damages in the original Contract No. 7038 as read in conjunction with the Notice to Proceed date of September 18, 2009.

NOW, THEREFORE, LADWP and RADOS agree to amend Contract No. 7038 as follows:

AMENDMENT

1. Paragraph 1 of Subsection (3)(a) of Section F1A of Part F, Division F1, Time of Completion, is amended to add eighteen (18) months to the original Contract completion date of September 15, 2012 and shall read as follows:

All work under the contract shall be completed within 1,068 calendar days after the Notice to Proceed date of September 18, 2009, or within such extensions of time as may be granted, and not later than March 15, 2014; subject to the termination provisions of the Contract. Execution of this Contract Amendment by all parties is evidence of the parties' intent to supersede and replace Contract Amendment No. 1.

2. Subsection (5)(a) of Section F1A of Part F, Division F1, Liquidated Damages for Remaining Work, Overall Contract Work, is amended as follows:

It will be impracticable or extremely difficult to fix the actual damage that may result from any delay in completion of the work at the time agreed upon. It is, therefore, stipulated and agreed that if the work covered by the contract is not completed within 1,068 calendar days after the Notice to Proceed date of September 18, 2009, or within such extensions of time as may be granted, the Contractor shall pay the Department, or the Department may deduct from any moneys due the Contractor, the sum of \$3,500.00 per calendar day as agreed fixed and liquidated damages and not as a penalty for each calendar day subsequent to the originally agreed-upon date of completion during which any part of the work stipulated under the contract remains uncompleted.

3. Paragraph 1 of Article 14 of Part E, Division E1, Time is of the Essence and Extensions of Time, is amended as follows:

Time is of the essence of the contract. All work shall be completed within 1,068 calendar days after the Notice to Proceed date of September 18, 2009, or within such extensions of time as may be granted. Time shall not be extended except as provided in this Article.

4. Except as expressly provided herein, all other terms, conditions, deadlines and milestones of Contract No. 7038 shall remain in full force and effect.
5. This Amendment No. 2 is executed in three (3) duplicate originals, each of which is deemed to be an original. This Amendment consists of four (4) pages.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to Contract No. 7038 to be executed by their authorized representatives on the day and year written below.

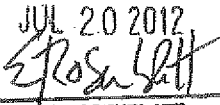
DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS
OF THE CITY OF LOS ANGELES.

By: _____
RONALD O. NICHOLS
General Manager

Date: _____

And: _____
BARBARA E. MOSCHOS
Secretary

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

JUL 20 2012
BY 
ERIC ROSENBLATT
DEPUTY CITY ATTORNEY

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to Contract No. 7038 to be executed by their authorized representatives on the day and year written below.

STEVE P. RADOS, INC.

By: _____

Date: _____