

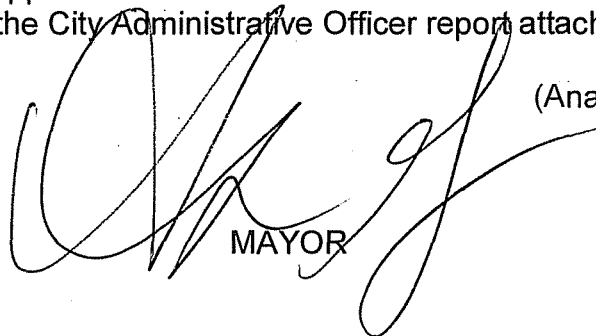
0150-09014-0002

TRANSMITTAL

| | | |
|-------------------|-------------------------|-----------------------------|
| TO The Council | DATE JAN 27 2014 | COUNCIL FILE NO. 10-0070 |
| FROM The Mayor | COUNCIL DISTRICT All | |

**First Two-Year Extension of Second Amendment to Contract No. 109787
With Terralog Technologies USA, Inc. for the Implementation of the
Terminal Island Renewable Energy (TIRE) Project**

Approved and forwarded for consideration.
See the City Administrative Officer report attached.


(Ana Guerrero)
MAYOR

MAS:WKP:06140061t

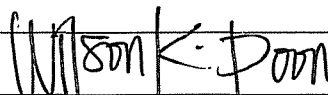
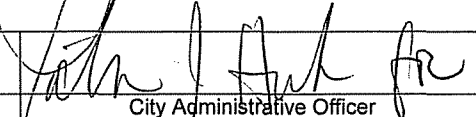
Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

| | | | |
|--|----------------|--|-------------------------------|
| To: The Mayor | Date: 01/09/14 | C.D. No. All | CAO File No.: 0150-09014-0002 |
| Contracting Department/Bureau: Public Works/Sanitation | | Contact: Ernesto Libunao, (310) 648-5319 | |
| Reference: Transmittal from the Board of Public Works dated December 23, 2013; referred for report on December 26, 2013. | | | |
| Purpose of Contract: To implement the Terminal Island Renewable Energy (TIRE) Project. | | | |
| Type of Contract: () New contract (X) Amendment | | Contract Term Dates: Two Years, February 1, 2014 through January 31, 2016. | |
| Contract/Amendment Amount: \$0 | | | |
| Proposed amount \$0 + Prior award(s) \$26,932,952 = Total \$26,932,952 | | | |
| Source of funds: Sewer Construction and Maintenance Fund No. 760 | | | |
| Name of Contractor: Terralog Technologies USA, Inc. | | | |
| Address: 332 East Foothill Boulevard, Arcadia, CA 91006 | | | |
| | Yes | No | N/A* |
| 1. Council has approved the purpose | X | | |
| 2. Appropriated funds are available | X | | |
| 3. Charter Section 1022 findings completed | X | | |
| 4. Proposals have been requested | | | X |
| 5. Risk Management review completed | | | X |
| 6. Standard Provisions for City Contracts included | | | X |
| 7. Workforce that resides in the City: 12.5% | | | X |
| 8. Contractor has complied with: | | | |
| | Yes | No | N/A* |
| a. Equal Employt. Oppty./Affirm. Action | | | X |
| b. Good Faith Effort Outreach** | | | X |
| c. Equal Benefits Ordinance | | | X |
| d. Contractor Responsibility Ordinance | | | X |
| e. Slavery Disclosure Ordinance | | | X |
| f. Bidder Certification CEC Form 50 | | | X |
| *N/A = not applicable ** Contracts over \$100,000 | | | |

COMMENTS

In accordance with Executive Directive No. 3, the Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), is requesting authority to execute the first two-year renewal option as prescribed in Article 6 of the Second Amendment to Contract No. 109787 with Terralog Technologies USA, Inc. (Terralog) for the implementation of the Terminal Island Renewable Energy (TIRE) project. The TIRE project involves the injection of Class A biosolids, also known as bio-slurry fracture injection, into abandoned or depleted oil reservoirs or other geological formations at a depth of over 5,000 feet, as another alternative for managing the City's biosolids. Through thermal treatment and biodegradation, the materials convert to methane gas and are recovered in adjacent wells as a renewable energy source. The project scope includes drilling and installation of injection and monitoring wells, injection facility operations and maintenance, engineering support, and related management support such as data analysis, reporting and documentation, and licensing to the City for the ongoing use of the vendor's technology.

On May 15, 2006, the City executed Contract No. 109787 with Terralog to develop the infrastructure for deep well injection for a term of three years at a cost not to exceed \$3,036,000. The contract was made pursuant to a Request for Proposals for Economic Approaches to Biosolids issued in 1999. The City obtained a five year permit from the Environmental Protection Agency (EPA) on November 6, 2006 to perform deep well bio-slurry injection on a demonstration basis and was able to obtain another permit on December 23, 2013 for an additional five year period. The contract was amended on September 28, 2007 to increase the cost ceiling by \$4,876,000 for a total of \$7,912,000 to cover

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|  | |  | |
| WKP | Analyst | 06140061 | Assistant CAO |
| | | | City Administrative Officer |

the higher cost of drilling and monitoring and revise the scope of work to include project start up and testing. The contract expired on May 14, 2009 and the Board approved interim contract extensions to continue the project within budgeted funds until the Second Amendment was approved by Council (C.F. 10-0070) and executed on March 1, 2010. The Second Amendment allowed for the continued operation and testing to determine the project's viability over the permit period and granted the City rights to the vendor's present and future technology utilized toward the TIRE project. The Second Amendment increased the cost ceiling by \$19,020,952, from \$7,912,000 to \$26,932,952, and extended the contract by 47 months with two two-year renewal options which require Board and Council approval to execute. The 47-month term expires on January 31, 2014 and Council approval is required to execute the first two-year extension to continue the operation and testing of the project.

Currently, the Bureau is injecting approximately 150 tons per day of bio-slurry material, which includes four truckloads of biosolids from the Hyperion Treatment Plant, into one well. The project is producing and capturing methane gas, but not in sufficient quantities for extraction. The Bureau is planning to expand the project to two wells to increase the volume of bio-slurry injected in order to produce sufficient methane gas for extraction and conversion to renewable energy. At the end of the first two-year extension, the Bureau will evaluate the project and determine the City's feasibility of taking over the project from Terralog.

The Bureau reports that \$20,788,254 has been expended to date and no additional funding is requested for the two-year extension as the current contract ceiling of \$26,932,952 is sufficient. For 2013-14, \$4,554,374 is available in the Sewer Construction and Maintenance Fund for this purpose. Funding for the second year of the extension will be provided in the 2014-15 Budget and subject to Mayor and Council approval. The Second Amendment includes a Financial Liability Clause, which limits the City's liability to the extent of appropriations for this purpose. On March 8, 2013, the Personnel Department determined that City employees do not possess the expertise to perform the work to be contracted and the contract extension is required to allow the contractor to complete work already in progress.

RECOMMENDATION

That the Council authorize the Board of Public Works, on behalf of the Bureau of Sanitation, to execute the first two-year extension included in the Second Amendment to Contract No. 109787 with Terralog Technologies USA, Inc. for continued implementation of the Terminal Island Renewable Energy (TIRE) Project.

FISCAL IMPACT STATEMENT

There is no General Fund impact as the contract and its amendments will be fully funded from the Sewer Construction Maintenance Fund. No additional funding or increases to the contract ceiling is required to execute the first two-year extension to the Second Amendment. The 2013-14 Budget provides \$4,544,374 towards the first year costs of the two-year extension and funding for the second year of the extension will be provided in the 2014-15 Budget and subject to Mayor and Council approval. The recommendation in this report complies with the City's Financial Policies as special fund revenues are budgeted for the two-year extension. The contract includes a Financial Liability Clause limiting the City's liability to the extent of appropriations for this purpose.

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

BOARD OF PUBLIC WORKS MEMBERS

KEVIN JAMES
PRESIDENT

MONICA RODRIGUEZ
VICE-PRESIDENT

MATT SZABO
PRESIDENT PRO TEMPORE

MICHAEL DAVIS
COMMISSIONER

BARBARA ROMERO
COMMISSIONER

OFFICE OF THE BOARD OF PUBLIC WORKS

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012
(213) 978-0261
(213) 978-0278 Fax

ARLEEN P. TAYLOR
EXECUTIVE OFFICER

<http://www.bpw.lacity.org>

December 23, 2013

#1 BOS/BCA

Mayor Eric Garcetti
Room No. 305
City Hall
Attn: Mandy Morales

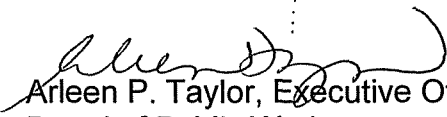
Subject: AUTHORITY TO EXERCISE THE TWO-YEAR RENEWAL OPTION IN AMENDMENT NO. 2 TO PERSONAL SERVICES CONTRACT FOR SPECIALIZED EXPERT ASSISTANCE IN DEVELOPING THE TERMINAL ISLAND RENEWABLE ENERGY PROJECT

As recommended in the accompanying report of the Directors of the Bureaus of Sanitation and Contract Administration, which this Board has adopted, the Board of Public Works requests approval and forwarding to the City Council for approval and authorization to exercise the two-year renewal option in Amendment No. 2 to Contract No. 109787 between the City of Los Angeles and GeoEnvironment Technologies, LLC. (also known as Terralog Technologies USA, Inc.), for specialized expert assistance in developing the Terminal Island Renewable Energy (TIRE) project. All terms and conditions remain in effect. The total contract cost ceiling also remains unchanged at \$26.9 million.

FISCAL IMPACT

There is no general fund impact resulting from exercising this renewal option. This renewal option is funded by the Sewer Construction Maintenance and Operation (SCMO) Fund.

Respectfully submitted,


Arleen P. Taylor, Executive Officer
Board of Public Works

APT:mp

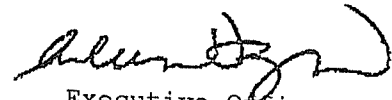
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CITY ADMINISTRATIVE OFFICER



DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1
December 23, 2013

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California
AND REFERRED TO THE MAYOR
DEC 23 2013


Executive Officer

CD: ALL

AUTHORITY TO EXERCISE THE TWO-YEAR RENEWAL OPTION IN AMENDMENT NO.2 TO PERSONAL SERVICES CONTRACT NO. C-109787 WITH GEOENVIRONMENT TECHNOLOGIES, LLC. ALSO KNOWN AS TERRALOG TECHNOLOGIES USA, INC. (TERRALOG) FOR SPECIALIZED EXPERT ASSISTANCE IN DEVELOPING THE TERMINAL ISLAND RENEWABLE ENERGY PROJECT

RECOMMENDATIONS

Approve and forward this report with transmittals to the Mayor and City Council with the request that the Board of Public Works (Board) be authorized to exercise the two-year renewal option in Amendment no. 2 to Contract no.109787 between the City of Los Angeles (CITY) and GeoEnvironment Technologies, LLC. (GeoEnvironment), also known as Terralog Technologies USA, Inc. (Terralog), for specialized expert assistance in developing the Terminal Island Renewable Energy (TIRE) project. All terms and conditions remain in effect. The total contract cost ceiling also remains unchanged at \$26.9 million.

FISCAL IMPACT STATEMENT

There is no general fund impact resulting from exercising this renewal option. This renewal option is funded by the Sewer Construction Maintenance and Operation (SCMO) Fund.

TRANSMITTALS

1. Copy of Bureaus of Sanitation and Contract Administration Joint Board Report No. 1, adopted on March 13, 2006, authorizing execution of a personal services contract with Terralog.
2. Copy of Bureaus of Sanitation and Contract Administration Joint Board Report No. 1, adopted on August 29, 2007, authorizing execution of Amendment No. 1 to Contract No. C-109787 with Terralog.
3. Copy of the Motion adopted on December 22, 2008, authorizing the change in source of funding for the operation activities.
4. Copy of the Motion adopted on May 11, 2009 approving the extension of the existing contract with Terralog on a month-to-month basis for a period not to exceed three (3) months until the proposed Amendment no. 2 to agreement C-109787 is fully executed.
5. Copy of the Bureaus of Sanitation and Contract Administration Joint Board Report No. 1, adopted on August 14, 2009, authorizing execution of Amendment No. 2 to Contract No. C-109787 with Terralog.

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6. Copy of the letter from GeoEnvironment to the Bureau of Sanitation, dated September 16, 2009 regarding the company's reorganization.
7. Copy of the letter from the Bureau of Sanitation to Terralog, dated November 3, 2009, acknowledging Terralog's reorganization.
8. Copy of the adopted City Council Action dated February 17, 2010 authorizing the Board of Public Works to execute a second amendment to Contract 109787 with Terralog Technologies USA, Inc. or its assignee.
9. Copy of Amendment No. 2 to Contract No. C-109787, executed on March 1, 2010.

DISCUSSION

Background

In July 1999, the CITY released a Request for Proposals (RFP) for cost-effective approaches to manage Class "A" Exceptional Quality (EQ) biosolids. At the time, the biosolids from both Hyperion Treatment Plant (HTP) and Terminal Island Water Reclamation Plant (TIWRP) were classified as Class "B" biosolids, which could be beneficially used either through land application or composting. As a result, the CITY transported all the CITY biosolids to Kern County for land application. However, in 1999, Kern County passed an ordinance that only allowed Class "A" EQ biosolids for transportation and land application in its County. Therefore, the CITY released an RFP to solicit the best available technology at the most competitive price to transform CITY biosolids from Class B into Class A or greater rating.

In January 2001, the CITY began negotiations with Terralog for a pilot project agreement in connection with their proposal in response to the RFP for economic approaches to Class A/EQ biosolids. Terralog proposed the pilot project with slurry fracture injection and placement of biosolids in deep geological formations at the TIWRP.

On March 13, 2006, the Board authorized execution of an agreement with Terralog to develop the TIRE project (Transmittal No. 1). Under this agreement, Terralog designed, procured, and managed the drilling of two (2) wells. On November 6, 2006, the CITY obtained a five-year pilot project permit from the United States Environmental Protection Agency (EPA) to inject biosolids at TIWRP.

On August 29, 2007, the Board authorized execution of the first amendment to Contract No. C-109787 with Terralog to include a six-month start-up period and to increase the cost ceiling of the contract from \$3,036,000 to \$7,912,000 (Transmittal No. 2). Terralog completed the drilling of two (2) wells at the TIWRP and installed slurry fracture equipment to begin injection into the wells on June 1, 2008.

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On December 22, 2008, the Board adopted a motion, authorizing a change in the source of funding of \$885,000 for the operation activities of this project for the period January 1, 2009 through the expiration of the contract, May 15, 2009 (Transmittal No. 3).

On May 11, 2009, the Board adopted a motion authorizing the extension of the existing contract with Terralog (C-109787) on a month-to-month basis until the proposed Amendment No. 2 to agreement C-109787 was fully executed (Transmittal No. 4).

On August 14, 2009, the Board approved and forwarded to the Mayor and City Council the execution of Amendment No. 2 to Contract C-109787 between the CITY and Terralog for specialized expert assistance in developing the Terminal Island Renewable (T.I.R.E.) Project (Transmittal No. 5). Subsequent to the approval by the Board, the City Attorneys' Office requested the addition of the Patent License Agreement to the contract agreement. The Patent License Agreement will grant to the CITY an irrevocable, non-exclusive and non-transferrable license to all rights that GeoEnvironment or its Assignee, now possess, or may hereafter acquire, to utilize the technology being used and developed for the TIRE project (including improvements to that technology hereafter developed for use by the CITY at facilities owned or operated by the CITY that inject biosolids into the ground).

In a letter dated September 16, 2009, Terralog informed the CITY that they had internally reorganized to separate the Oilfield Services division from the new Municipal Services division (Transmittal No. 6). Terralog will continue to provide injection services to the Oil and Gas Industry; however a new organization called GeoEnvironment Technologies, LLC has been created to focus exclusively on injection services to the Municipal Service Industry, including ongoing operations of the T.I.R.E. project. This letter also requested the CITY to acknowledge the new organization to maintain all the terms, conditions, and provisions, in accordance with Article 18 of Contract No. 109787 (Transmittal No. 7). The CITY concurred with this request in accordance with Article 18 of the Contract Agreement. The License Agreement language of Contract Amendment No. 2 was changed from "Terralog" to "Terralog or its Assignee" as per the recommendation of the City Attorney.

On February 12, 2010, the City Council adopted the recommendation to authorize the Board to execute a second amendment to Contract No. 109878 with Terralog or its assignee for continued implementation of the CITY's TIRE project (Transmittal No. 8)

On March 1, 2010, the Board executed Amendment No. 2 that extended the contract for an additional 47 months of continued operation activity with two, 2-year options to renew (Transmittal No. 9).

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At the end of 47 months of operation (January 31, 2014) and forty-seven (47) monthly payments paid by the CITY of Structured Fees, GeoEnvironment will grant an irrevocable, non-exclusive and non-transferrable right and license to the CITY to use the Licensed Property, in the form of the Patent License Agreement attached to Amendment No. 2 as Exhibit N.

Work

This renewal option will authorize GeoEnvironment to continue to perform the following activities:

- Provide surface equipment for injection
- Provide staff for injection
- Engineering and construction management as needed
- Inject digested or undigested sludge from TIWRP
- Inject brine from TIWRP
- Inject biosolids from HTP
- Monitor and report on progress of the pilot study to the EPA

Cost Estimate

The total cost ceiling of Amendment No. 2 (\$26.9 million) remains the same and does not change by exercising this two-year renewal option.

Justification for Exercising the Renewal Option

The extension of the contract term to January 31, 2016 will allow the CITY to continue the biosolids injection and testing for a period of two years. This activity would continue to prove the viability of the slurry fracture injection process during the EPA permit period. The TIRE project has the potential to open doors to a new innovative option for biosolids management and wastewater byproducts as a renewable resource in an environmentally safe manner. There is the potential of producing green renewable energy, resulting in reduced gas emissions. Another benefit is the sequestration of carbon dioxide.

In addition, GeoEnvironment has provided satisfactory services to the CITY since the execution of its original contract and has proven that they are a reliable contractor.

MBE/WBE/OBE Subcontractor Outreach Program

The original MBE and WBE participation levels established by the CITY in the original RFP were 18 and 4 percent, respectively. At contract award, Terralog pledged 0 percent MBE, 0 percent WBE and 0 percent OBE. As part of Amendment No. 1, Terralog pledged 0 percent MBE, 0 percent WBE and 33.38 percent OBE participation and achieved 48.86 percent OBE participation. As part of Amendment No. 2, Terralog pledged 0 percent MBE, 0 percent WBE and 25.99 percent OBE participation. As of July 31, 2013, GeoEnvironment's actual participation level was 0.01 percent MBE, 0 percent WBE and 38.60 percent OBE.

As of July 31, 2013, the achieved subconsultant participation for GeoEnvironment was as follows:

| NAME OF SUBCONTRACTOR | MBE/ WBE/ OBE | GENDER/ ETHNICITY | INVOICED TO DATE | PARTICIPATION TO DATE |
|---|---------------------|----------------------|---------------------|--------------------------|
| CalScience Labs | MBE | M/HA | \$225 | 0.00% |
| Noriega Pipeline Inc. | MBE | M/APA | \$ 840 | 0.00% |
| A-1 Coast Rentals* | OBE | | \$28 | 0.00% |
| ACME* | OBE | | \$ 8,665 | 0.04% |
| Accu-Cut | OBE | | \$ 13,150 | 0.06% |
| Aguilar Testing Services** | OBE | | \$ 1,411 | 0.01% |
| Aidyl Corp-Sinclar Drilling Fluids* | OBE | | \$ 2,544 | 0.01% |
| Avel Roll Off* | OBE | | \$288 | 0.00% |
| C.E. Allen Co. (dba AllenCo) | OBE | | \$ 85,176 | 0.41% |
| Baker Hughes Inteq. | OBE | | \$ 95,101 | 0.46% |
| Berg Electric Corp | OBE | | \$ 207,224 | 1.00% |
| Black Gold Pump** | OBE | | \$704 | 0.00% |
| BG Oil Tool LLC* | OBE | | \$ 5,828 | 0.03% |
| BJ Services Company | OBE | | \$ 325,983 | 1.57% |
| Bob Hill Hydraulic Crane* | OBE | | \$ 1,091 | 0.01% |
| Bob-Vac Services, Inc.* | OBE | | \$ 154 | 0.00% |
| B&L Casing Services* | OBE | | \$ 29,789 | 0.14% |
| Brandt* | OBE | | \$30,636 | 0.15% |
| Cameron West Coast (formerly Elco, Inc.) | OBE | | \$ 221,049 | 1.06% |
| Cannon Services, LTD* | OBE | | \$ 2,083 | 0.01% |
| Chris Co. Bits | OBE | | \$17,330 | 0.08% |
| Core Lab* | OBE | | \$ 18,113 | 0.09% |

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|-------------------------------------|-----|--|------------|-------|
| C.W. Services* | OBE | | \$ 2,974 | 0.01% |
| D-MAC Electrical Contractors | OBE | | \$ 26,885 | 0.13% |
| Davis-Lynch Inc* | OBE | | \$ 63,124 | 0.30% |
| Dedicated Vacuum Services** | OBE | | \$ 28,784 | 0.14% |
| DeWitt* | OBE | | \$ 7,386 | 0.04% |
| Dion and Sons, Inc.** | OBE | | \$ 27 | 0.00% |
| Downhole Stabilization | OBE | | \$ 22,837 | 0.11% |
| Don Clarke* | OBE | | \$ 5,114 | 0.02% |
| DMW Industries, Inc.** | OBE | | \$ 2,861 | 0.01% |
| Driltek Professional Drilling Mgt | OBE | | \$ 221,318 | 1.06% |
| Eagle Trucking and Crane Svc.* | OBE | | \$ 33,692 | 0.16% |
| Elec Tech | OBE | | \$ 206,460 | 0.99% |
| Energy Tubulars, Inc. | OBE | | \$ 509,559 | 2.45% |
| Eng. Seismology Grp Canada, Inc. | OBE | | \$ 430,250 | 2.07% |
| EPIC* | OBE | | \$ 1,033 | 0.00% |
| Falcon Fuels* | OBE | | \$ 2,500 | 0.01% |
| FedEx** | OBE | | \$ 367 | 0.00% |
| Flat Top Enterprises, Inc.** | OBE | | \$ 1,091 | 0.01% |
| Gallade Chemical | OBE | | \$ 7,263 | 0.03% |
| GeoDrilling Fluids Inc. | OBE | | \$ 92,370 | 0.44% |
| Goldmark Diesel Equipment* | OBE | | \$ 500,000 | 2.41% |
| Halliburton* | OBE | | \$ 68,324 | 0.33% |
| Hill's Welding & Engineering** | OBE | | \$ 17,975 | 0.09% |
| Hogg Drilling Specialty Const. Inc. | OBE | | \$ 29,840 | 0.14% |
| John Guzman Trucking* | OBE | | \$ 2,265 | 0.01% |
| John Phillips* | OBE | | \$ 5,483 | 0.03% |
| Kelly Pipe* | OBE | | \$ 220,919 | 1.06% |
| Kenai Drilling | OBE | | \$ 918,922 | 4.42% |
| Key Energy Service | OBE | | \$ 89,905 | 0.43% |
| Lovco Construction, Inc.* | OBE | | \$ 17,445 | 0.08% |
| MD Totco* | OBE | | \$ 22,668 | 0.11% |
| MiSwaco | OBE | | \$ 524,111 | 2.52% |
| Murray Plumbing & Heating Corp. | OBE | | \$ 36,718 | 0.18% |

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|----------------------------------|-----|--|--------------|-------|
| National Oil Well Varco* | OBE | | \$ 12,463 | 0.06% |
| Oil Well Service Company | OBE | | \$ 17,398 | 0.08% |
| Oil Field Tubulars and Supply* | OBE | | \$ 60,818 | 0.29% |
| Pacific Petroleum* | OBE | | \$ 22,581 | 0.11% |
| Patriot Environmental Services** | OBE | | \$ 12,130 | 0.06% |
| Patriot Resources** | OBE | | \$ 1,352,533 | 6.51% |
| Pensinger's Motor Homes | OBE | | \$ 15,273 | 0.07% |
| PetroLog, Inc. | OBE | | \$ 51,585 | 0.25% |
| Petroleum Solids Control* | OBE | | \$ 37,193 | 0.18% |
| Phillips Steel* | OBE | | \$ 2,531 | 0.01% |
| Pinnacle Technologies | OBE | | \$ 9,944 | 0.05% |
| Postal Annex** | OBE | | \$ 56 | 0.00% |
| Rain for Rent* | OBE | | \$ 18,541 | 0.09% |
| Ray Lombera & Associates | OBE | | \$ 650 | 0.00% |
| Reed Hycalog | OBE | | \$ 27,353 | 0.13% |
| Reliable Equipment Rental, Inc. | OBE | | \$ 174,503 | 0.84% |
| Santa Clara Waste Water* | OBE | | \$ 795 | 0.00% |
| Schlumberger Well Services | OBE | | \$ 429,596 | 2.07% |
| Scientific Drilling* | OBE | | \$ 25,548 | 0.12% |
| Smith Brothers Crane Rental Inc. | OBE | | \$ 5,331 | 0.03% |
| Soli-Bond Inc. | OBE | | \$ 136,462 | 0.66% |
| SOS Crane & Trucking* | OBE | | \$ 3,821 | 0.02% |
| Spectrum Geophysics | OBE | | \$ 2,075 | 0.01% |
| T & T Truck and Crane* | OBE | | \$ 22,684 | 0.11% |
| The Regents of the University* | OBE | | \$ 2,280 | 0.01% |
| Tiger Cased Hole Services Inc. | OBE | | \$ 8,930 | 0.04% |
| TMG Transportation Inc.** | OBE | | \$ 288 | 0.00% |
| Traffic Solutions* | OBE | | \$ 66 | 0.00% |
| Trench Plate Rental Co.* | OBE | | \$ 148 | 0.00% |
| Tryad Service Corp.* | OBE | | \$ 129 | 0.00% |
| Tubular Inspection* | OBE | | \$ 2,097 | 0.01% |
| United Site Services of CA* | OBE | | \$ 5,174 | 0.02% |
| Weatherford US., LP* | OBE | | \$ 83,437 | 0.40% |

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|---------------------------------|-----|--|--------------|--------------|
| Well Dynamics | OBE | | \$ 273,718 | 1.32% |
| West Coast Casing LL* | OBE | | \$ 1,980 | 0.01% |
| Worldwide Equipment Rental** | OBE | | \$ 17,250 | 0.08% |
| Total MBE Participation | | | \$ 1,065 | 0.01% |
| Total WBE Participation | | | \$ 0 | 0% |
| Total OBE Participation | | | \$ 8,024,178 | 38.60% |
| Total MBE/WBE/OBE Participation | | | \$ 8,025,243 | 38.60% |
| Total Amount Invoiced | | | | \$20,788,254 |

*Ongoing use of subcontractor. Added without outreach.

** One time use of subcontractor. Added without outreach.

During an audit of this Amendment, the Bureau of Sanitation (BOS) discovered the Contractor could not provide documentation to confirm several subcontractors were added through a proper outreach. BOS Centralized Contracts Unit (CCU) found that these supplemental outreaches were either not properly performed or performed in a timely manner. As a result, there was an inability to verify the selection(s) and process. However, the current Project Manager for the Contractor has assured BOS that all current and future outreaches will be properly conducted and documented.

Table 2: For this 2-year renewal option, the OBE subconsultant participation levels for GeoEnvironment will be as follows:

| NAME OF SUBCONTRACTOR | MBE/ WBE/ OBE | GENDER/ ETHNICITY | PLEGGED SUBCONTRACTOR AMOUNT | % OF PLEGGED CONTRACT |
|------------------------------------|---------------------|----------------------|------------------------------------|-----------------------------|
| CalScience Labs | MBE | M/HA | \$1,000 | 0.00% |
| Noriega Pipeline Inc. | MBE | M/APA | \$12,000 | 0.04% |
| A-1 Coast Rentals | OBE | | \$1,000 | 0.00% |
| ACME | OBE | | \$ 12,000 | 0.04% |
| Accu-Cut | OBE | | \$ 50,000 | 0.19% |
| Aguilar Testing Services | OBE | | \$ 1,411 | 0.01% |
| Aidyl Corp-Sinclar Drilling Fluids | OBE | | \$ 5,000 | 0.02% |
| Avel Roll Off | OBE | | \$ 600 | 0.00% |
| C.E. AllenCo. (dba AllenCo) | OBE | | \$ 150,000 | 0.56% |
| Baker Hughes Inteq. | OBE | | \$ 120,000 | 0.45% |
| Berg Electric Corp | OBE | | \$ 220,000 | 0.82% |
| Black Gold Pump | OBE | | \$ 704 | 0.00% |

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| BG Oil Tool LLC | OBE | | \$ 10,000 | 0.04% |
| BJ Services Company | OBE | | \$ 400,000 | 1.49% |
| Bob Hill Hydraulic Crane | OBE | | \$ 4,000 | 0.01% |
| Bob-Vac Services, Inc. | OBE | | \$ 1,000 | 0.00% |
| B&L Casing Services | OBE | | \$ 45,000 | 0.17% |
| Brandt | OBE | | \$ 48,000 | 0.18% |
| Cameron West Coast (formerly Elco, Inc.) | OBE | | \$ 275,000 | 1.02% |
| Cannon Services, LTD | OBE | | \$ 4,400 | 0.02% |
| Chris Co. Bits | OBE | | \$ 30,000 | 0.11% |
| Core Lab | OBE | | \$ 26,000 | 0.10% |
| C.W. Services | OBE | | \$ 5,000 | 0.02% |
| D-MAC Electrical Contractors | OBE | | \$ 66,000 | 0.25% |
| Davis-Lynch Inc. | OBE | | \$ 80,000 | 0.30% |
| Dedicated Vacuum Services | OBE | | \$ 28,784 | 0.11% |
| DeWitt | OBE | | \$ 16,000 | 0.06% |
| Dion and Sons, Inc. | OBE | | \$ 27 | 0.00% |
| Downhole Stabilization | OBE | | \$ 39,000 | 0.14% |
| Don Clarke | OBE | | \$ 12,000 | 0.04% |
| DMW Industries, Inc. | OBE | | \$ 2,861 | 0.01% |
| Driltek Professional Drilling Mgt | OBE | | \$ 300,000 | 1.11% |
| Eagle Trucking and Crane Svc. | OBE | | \$ 50,000 | 0.19% |
| Elec Tech | OBE | | \$ 220,000 | 0.82% |
| Energy Tubulars, Inc. | OBE | | \$ 625,000 | 2.32% |
| Eng. Seismology Grp Canada, Inc. | OBE | | \$ 600,000 | 2.23% |
| EPIC | OBE | | \$ 2,200 | 0.01% |
| Falcon Fuels | OBE | | \$ 6,000 | 0.02% |
| FedEx | OBE | | \$ 367 | 0.00% |
| Flat Top Enterprises, Inc. | OBE | | \$ 1,091 | 0.00% |
| Gallade Chemical | OBE | | \$ 10,000 | 0.04% |
| GeoDrilling Fluids Inc | OBE | | \$ 120,000 | 0.45% |
| Goldmark Diesel Equipment | OBE | | \$ 750,000 | 2.78% |
| Halliburton | OBE | | \$ 120,000 | 0.45% |
| Hill's Welding & Engineering | OBE | | \$ 17,975 | 0.07% |
| Hogg Drilling Specialty Const. Inc. | OBE | | \$ 75,000 | 0.28% |
| John Guzman Trucking | OBE | | \$ 5,400 | 0.02% |
| John Phillips | OBE | | \$ 8,000 | 0.03% |
| Kelly Pipe | OBE | | \$ 330,000 | 1.23% |
| Kenai Drilling | OBE | | \$ 1,600,000 | 5.94% |
| Key Energy Service | OBE | | \$ 135,000 | 0.50% |

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| Lovco Construction, Inc. | OBE | | \$ 64,000 | 0.24% |
| MD Totco | OBE | | \$ 34,000 | 0.13% |
| MiSwaco | OBE | | \$ 524,111 | 1.95% |
| Murray Plumbing and Heating Corp. | OBE | | \$ 40,000 | 0.15% |
| National Oil Well Varco | OBE | | \$ 28,000 | 0.10% |
| Oil Well Service Company | OBE | | \$ 26,000 | 0.10% |
| Oil Field Tubulars and Supply | OBE | | \$ 90,000 | 0.33% |
| Pacific Petroleum | OBE | | \$ 34,000 | 0.13% |
| Patriot Environmental Services | OBE | | \$ 12,130 | 0.05% |
| Patriot Resources | OBE | | \$ 1,352,533 | 5.02% |
| Pensinger's Motor Homes | OBE | | \$ 28,000 | 0.10% |
| PetroLog, Inc. | OBE | | \$ 76,000 | 0.28% |
| Petroleum Solids Control | OBE | | \$ 56,000 | 0.21% |
| Phillips Steel | OBE | | \$ 12,000 | 0.04% |
| Pinnacle Technologies | OBE | | \$ 12,000 | 0.04% |
| Postal Annex | OBE | | \$ 56 | 0.00% |
| Rain for Rent | OBE | | \$ 40,000 | 0.15% |
| Ray Lombera & Associates | OBE | | \$ 1,200 | 0.00% |
| Reed Hycalog | OBE | | \$ 32,000 | 0.12% |
| Reliable Equipment Rental, Inc. | OBE | | \$ 200,000 | 0.74% |
| Santa Clara Waste Water | OBE | | \$ 2,400 | 0.01% |
| Schlumberger Well Services | OBE | | \$ 560,000 | 2.08% |
| Scientific Drilling | OBE | | \$ 32,000 | 0.12% |
| Smith Brothers Crane Rental Inc. | OBE | | \$ 8,000 | 0.03% |
| Soli-Bond Inc. | OBE | | \$ 180,000 | 0.67% |
| SOS Crane & Trucking | OBE | | \$ 6,400 | 0.02% |
| Spectrum Geophysics | OBE | | \$ 2,800 | 0.01% |
| T & T Truck and Crane | OBE | | \$ 32,000 | 0.12% |
| The Regents of the University | OBE | | \$ 6,000 | 0.02% |
| Tiger Cased Hole Services Inc. | OBE | | \$ 12,000 | 0.04% |
| TMG Transportation Inc. | OBE | | \$ 288 | 0.00% |
| Traffic Solutions | OBE | | \$ 1,000 | 0.00% |
| Trench Plate Rental Co. | OBE | | \$ 1,000 | 0.00% |
| Tryad Service Corp. | OBE | | \$ 1,000 | 0.00% |
| Tubular Inspection | OBE | | \$ 2,800 | 0.01% |
| United Site Services of CA | OBE | | \$ 7,200 | 0.03% |
| Variable Speed Solutions* | OBE | | \$ 3,200 | 0.01% |
| Weatherford US., LP | OBE | | \$ 96,000 | 0.36% |
| Well Dynamics | OBE | | \$ 400,000 | 1.49% |
| West Coast Casing LL | OBE | | \$ 3,400 | 0.01% |
| Worldwide Equipment Rental | OBE | | \$ 17,250 | 0.06% |
| Total MBE Participation | | | \$ 13,000 | 0.06% |

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|---------------------------------|--|--|---------------|--------|
| Total WBE Participation | | | \$ 0 | 0.00% |
| Total OBE Participation | | | \$10,666,588 | 39.60% |
| Total MBE/WBE/OBE Participation | | | \$10,679,588 | 39.65% |
| Total Contract Amount | | | \$ 26,932,952 | |

*Variable Speed Solutions was added without the performance of an outreach. This subcontractor was added to increase the efficiency of a new 500 horsepower motor and existing motor drive module.

Other City Requirements

GeoEnvironment shall continue to comply with all of the CITY's requirements including:

- Nondiscrimination/Equal Employment Practices/Affirmative Action
- Living Wage and Service Contractor Worker Retention Ordinances
- Americans with Disabilities Act
- Insurance Requirements
- Child Support Obligations
- Business Tax Registration Certificate
- Equal Benefits Ordinance
- Slavery Disclosure Ordinance
- Municipal Lobbying Ordinance
- Non-collusion Affidavit
- City of Los Angeles Contract History
- Los Angeles Residence Information
- Contract Bidder Campaign Contribution and Fundraising Restrictions
- First Source Hiring Ordinance

Notification of Intent to Contract

The required "Notification of Intent to Contract" was filed with the City Administrative Office (CAO) Clearinghouse on March 14, 2008.

Charter Section 1022

On March 8, 2013, the Personnel Department concluded that CITY employees do not have the expertise to perform the work and that the extension of the contract is to allow for completion of work already in progress.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate CITY personnel responsible for the quality control of this personal services contract shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration (Department of Public Works) upon completion of this contract.

Contract Responsibility Ordinance

All contractors participating in this project are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, [Article 14, Chapter 1, Division 10, L.A.A.C.]. Failure to comply with all requirements specified in the Ordinance will render the bidder's contract subject to termination pursuant to the conditions expressed therein.

Contract Administration

Responsibility for administration of the contract will be with the Hyperion Treatment Division, Bureau of Sanitation.

Headquarters and Work Force Information

The headquarters address of GeoEnvironment is at 332 E. Foothill Boulevard, Arcadia, California 91006. None of the employees live within the City of Los Angeles.

Approved as to Form

City Attorney reviewed this renewal option to Contract No. C-109787 and approved it as to form.

FUNDING HISTORY

| Year | Expenditures | Total Expenditures | Contract Ceiling |
|------|--------------|--------------------|------------------|
| 2004 | \$ 800,000 | | |
| 2005 | \$ 1,200,000 | | |
| 2006 | \$ 1,966,680 | | |
| 2007 | \$ 340,000 | | |
| 2008 | \$ 1,472,000 | | |
| 2009 | \$ 1,179,410 | | |
| 2010 | \$ 4,161,311 | | |
| 2011 | \$ 3,027,000 | | |
| 2012 | \$ 2,902,475 | | |
| 2013 | \$ 3,739,378 | \$ 20,788,254 | \$ 26,932,952 |

STATUS OF FINANCING

For Fiscal Year 2013-14, approved funds in the amount of \$4,554,374 are available in the Sewer Operations & Maintenance Contractual Services account, as follows:

| FY | Division | Fund | Account | Object | Line # | Amount |
|-------|----------|------|---------|--------|--------|-------------|
| 13-14 | HTP | 760 | 50KX82 | 304 | 38 | \$3,801,974 |
| | TIWRP | 760 | 50KX82 | 304 | 138 | \$ 752,400 |
| Total | | | | | | \$4,554,374 |

Additional funds will be requested during the budget process for the succeeding fiscal years.

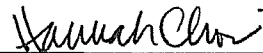
This Contract Amendment No. 2 contains a "Financial Liability Clause" which states that "the City's liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City's liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract."

Respectfully submitted,

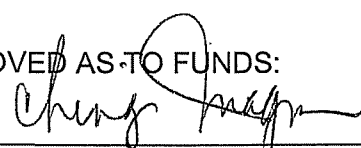
ENRIQUE C. ZALDIVAR, Director
 Bureau of Sanitation

JOHN L. REAMER, JR., Director
 Bureau of Contract Administration

COMPLIANCE REVIEW PERFORMED
 AND APPROVED BY:


 HANNAH CHOI, Program Manager
 Office of Contract Compliance
 Bureau of Contract Administration

APPROVED AS TO FUNDS:


 VICTORIA A. SANTIAGO, Director
 Office of Accounting
 Date: 12/18/13

Prepared by:
 Ernesto Libunao, HTP
 (310)648-5319