

CITY OF LOS ANGELES

CALIFORNIA



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ADMINISTRATIVE OFFICER

ERIC GARCETTI  
MAYOR

June 9, 2014

*PLEASE FORWARD TO ERIC JUNE*  
*JAMES*  
*PH*  
*DM*  
*W*

OFFICE OF THE  
BOARD OF PUBLIC WORKS

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ARLEEN P. TAYLOR  
EXECUTIVE OFFICER

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

Subject: AUTHORITY TO EXECUTE AMENDMENT NO. 4 TO PERSONAL SERVICES CONTRACT WITH RESPONSIBLE BIOSOLIDS MANAGEMENT FOR THE LOADING, TRANSPORTING, AND BENEFICIAL USE OF CITY BIOSOLIDS

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 execute Amendment No. 4 to Personal Services Contract No. C-94375 with Responsible Biosolids Management (RBM) to increase the contract cost ceiling from \$108.7 million to \$179.57 million with special funding from the Sewer Construction Maintenance and Operation fund, and extend the term of the contract beyond the current expiration date of November 14, 2014 for an additional five years with a one three year option to renew for loading, transporting, and beneficial use of City biosolids.

**FISCAL IMPACT**

Financing for Amendment No. 4 to Personal Services Contract No. C-94375 will be requested through the Hyperion Treatment Plant Budget. There will be no impact to the General Fund as a result of the proposed Amendment No. 4. This Amendment will be funded by the Sewer Construction Maintenance and Operation Fund.

Respectfully submitted,

Arleen P. Taylor, Executive Officer  
Board of Public Works

APT/TS:mp

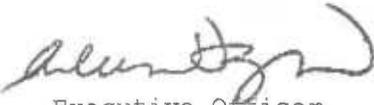
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DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
Board Report No. 1  
June 9, 2014

ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California  
**AND REFERRED TO THE MAYOR**  
JUN - 9 2014

  
Executive Officer

AUTHORITY TO EXECUTE AMENDMENT NO. 4 TO PERSONAL SERVICES CONTRACT NO. C-94375 WITH RESPONSIBLE BIOSOLIDS MANAGEMENT (RBM) FOR THE LOADING, TRANSPORTING, AND BENEFICIAL USE OF CITY BIOSOLIDS

RECOMMENDATIONS

Authorize the Director of the Bureau of Sanitation to:

1. Approve and forward this report with transmittals to the Mayor and City Council (Council) with the request that the Board of Public Works (Board) be authorized to execute Amendment No. 4 to Personal Services Contract No. C-94375 with RBM to increase the contract cost ceiling from \$108.7 million to \$179.57 million with special funding from the Sewer Construction Maintenance and Operation (SCMO) fund, and extend the term of the contract beyond the current expiration date of November 14, 2014 for an additional five (5) years with a one (1), three (3) year option to renew for loading, transporting, and beneficial use of City biosolids;
2. Upon the Mayor's and Council's authorization, the President or two (2) members of the Board will execute the contract amendment; and,
3. Return the executed contract amendment to the Bureau of Sanitation (Bureau) for further processing. Contact Alan Tran at (310) 648-5995 to arrange for pick up.

TRANSMITTALS

1. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted August 25, 1999, authorizing the Bureau to execute Amendment No. 1 to Personal Services Contract C-94375 with RBM for loading, transporting, and beneficial use of City biosolids.
2. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted May 12, 2000, authorizing the Bureau to execute Amendment No. 2 to Personal Services Contract C-94375 with RBM for loading, transporting, and beneficial use of City biosolids.
3. Copy of Bureau of Sanitation Motion, adopted September 17, 2010, approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 3 to agreement C-94375 is fully executed.

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4. Copy of Bureau of Sanitation Motion, adopted March 16, 2011, approving the extension of the existing contract with RBM (C-94375) on a month-to-month until the proposed Amendment No. 3 to agreement C-94375 is fully executed.
5. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted May 25, 2011, authorizing the execution of Amendment No. 3 to Contract No. C-94375 with RBM.
6. Copy of the Council Action, Council File No. 10-1636-S1, which authorized the Board to execute Amendment No. 3 to Contract No. C-94375 to increase the contract ceiling and extend the term of the contract.
7. Copy of the proposed Amendment No. 4 to Personal Services Contract No. C-94375 with RBM for loading, transporting, and beneficial use of City biosolids. Originals will be delivered to the Board Office when Alan Tran, at (310) 648-5995, is notified that the amendment is ready for execution.

#### FISCAL IMPACT STATEMENT

Financing for Amendment No. 4 to Personal Services Contract C-94375 will be requested through the Hyperion Treatment Plant Budget. There will be no impact to the General Fund as a result of the proposed Amendment No. 4. This Amendment will be funded by the Sewer Construction Maintenance and Operation (SCMO) Fund.

#### DISCUSSION

Currently, Hyperion Treatment Plant (HTP) and Terminal Island Water Reclamation Plant (TIWRP) process Exceptional Quality (EQ) biosolids, the majority of which is transported to the Green Acres Farm (Farm) for land application. Through a contract with the City of Los Angeles (City), RBM has assumed the responsibility for the loading, transporting, and beneficial use of City biosolids at the Farm.

At the Farm, EQ biosolids are utilized as fertilizer/soil amendment to grow non-food crops such as alfalfa, corn and wheat, which are then sold to the local dairies for feedstock. In the last five (5) years, the revenues generated from these crop sales have exceeded the Bureau's farming operations expenditures.

The following is a summary of RBM's contractual history with the City:

- On July 8, 1996, the City executed Personal Services Contract (C-94375) for the land application of biosolids with a joint venture between RBM and Valley Communities, Inc. (VCI).
- On August 25, 1999, the Board authorized execution of Amendment No. 1 (Transmittal No. 1) to extend the existing Personal Services Contract for a three (3)-year term with RBM and VCI, effective October 29, 1999.
- On February 21, 2000, the Council unanimously voted to authorize the City to purchase from VCI the 4,688 acre Farm located near the City of Bakersfield. RBM and VCI mutually agreed to dissolve their joint venture, in order for RBM to provide loading, transportation and beneficial use services, and for VCI to provide farm operation services under a separate Ground Lease Agreement.
- On May 12, 2000, the Board authorized execution of Amendment No. 2 (Transmittal No. 2) to give RBM the exclusive right to load, transport and beneficially use biosolids on the Farm, and to extend RBM's Personal Services Contract for ten (10) years until September 22, 2010.
- On September 17, 2010, the Board adopted a motion (Transmittal No. 3) approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 3 to agreement C-94375 is fully executed.
- On March 16, 2011, the Board adopted a motion (Transmittal No. 4) approving the extension of the existing contract with RBM (C-94375) on a month-to-month until the proposed Amendment No. 3 to agreement C-94375 is fully executed.
- On May 25, 2011, the Board authorized execution of Amendment No. 3 (Transmittal No. 5) to extend RBM's Personal Services Contract for three (3) years with one (1) year option to renew.
- On September 27, 2011, the City Council authorized the Board to execute Amendment No. 3 to Contract No. C-94375 (Transmittal No. 6) to increase the contract ceiling and extend the term of the contract for additional three (3) years with one (1) year option to renew. The Amendment No. 3 was executed on November 15, 2011.

Funding history for this contract:

Fiscal Year	Expenditures	Subtotal Expenditures (up to invoice dated 03/15/2014)	Total Estimated Ceiling Cost (through projected date 11/14/2022)
1996 - 1997	\$1,304,298.25	\$101,908,814.95	\$179,569,000.00
1997 - 1998	\$2,157,497.13		
1998 - 1999	\$3,252,138.04		
1999 - 2000	\$3,904,463.56		
2000 - 2001	\$5,113,159.38		
2001 - 2002	\$6,893,471.68		
2002 - 2003	\$5,695,251.38		
2003 - 2004	\$5,903,000.00		
2004 - 2005	\$6,835,684.82		
2005 - 2006	\$6,978,903.67		
2006 - 2007	\$7,289,812.69		
2007 - 2008	\$6,906,304.80		
2008 - 2009	\$7,890,674.94		
2009 - 2010	\$5,602,934.00		
2010 - 2011	\$6,718,929.67		
2011 - 2012	\$6,604,073.33		
2012 - 2013	\$7,521,987.78		
2013 - 2014 (Through invoice 03/15/2014)	\$5,336,229.82		
2014 - 2015			
2015 - 2016			
2016 - 2017			
2017 - 2018			
2018 - 2019			
<b>2019 - 2020 (Renewal option)</b>			
<b>2020 - 2021 (Renewal option)</b>			
<b>2021 - 2022 (Renewal option)</b>			

The total cost ceiling for this contract from October 28, 1996 until projected date of November 14, 2022 is estimated at \$179,569,000.00.

The City has been involved in the Measure E lawsuit with Kern County since 2006, when Kern County voters adopted Measure E, the Biosolids Land Application Ban Initiative Ordinance (Ban). The Ban would prohibit the land application of biosolids and bulk biosolids compost on the unincorporated lands in Kern County. On November 09, 2010, U.S. District Court Judge Fees dismissed the Measure E lawsuit. As the result, the Kern County Board of Supervisors approved implementation of the Measure E Ordinance on January 18, 2011. Consequently, on January 19, 2011, the Kern County Department of Health Services notified existing permit holders that they have six months to discontinue the land application of biosolids. The City's contractor received a notification letter on January 19, 2011. The City filed for an extension, and a three-month extension until October 19, 2011 was granted.

On January 26, 2011, the City, joined by a coalition of Southland wastewater utilities, businesses, and farmers, filed a new lawsuit in state court seeking to again enjoin and invalidate Measure E Ordinance.

On July 25, 2011, the City received the final signed order from the Superior Court of the State of California for the County of Tulare (Tulare Superior Court) granting the City's motion for a preliminary injunction to allow land application at the Green Acres Farm to continue while the Measure E lawsuit is pending. Kern County filed a notice of appeal with the Tulare Superior Court against the City's motion for a preliminary injunction granted by the Tulare Superior Court on September 8, 2011. On February 13, 2013, the CITY prevailed at the Appellate Court level regarding Kern's appeal of the preliminary injunction pending outcome of the State Court Measure E lawsuit. This decision allowed the City to continue operations at Green Acres Farm while the State litigation is being considered. At this time, Bureau Management with support from the City Attorney's Office determined that the RBM contract needs to be extended in order to continue the loading, transporting and beneficial use of the City biosolids at the Farm while the case is still in trial. The current contract will expire on November 14, 2014.

RBM has complied with all federal, state, and local regulatory and contractual requirements as specified in its agreement with the City. RBM has remained as the lowest cost option to the City for the loading, transporting, and beneficial use of City biosolids.

Furthermore, RBM gave a courtesy discount of ten percent (10%) price reduction on its price per wet ton for the loading, transporting and beneficial use of biosolids at the Farm in response to the City Administrative Office's request for a ten percent (10%) price reduction on all service contracts during the global financial crisis period.

Therefore, in consideration of RBM's past performance and the City's desire to have the lowest cost and most reliable contractor, it is recommended that the personal services contractual agreement with RBM for loading, transporting, and beneficial use of City biosolids be amended.

**Proposed Term of Agreement and Estimated Cost of the Contract**

Amendment No. 4 (Transmittal No. 7) shall:

1. Extend the current personal services contract C-94375 for five (5) years with an option to renew for one (1) additional term of three (3) years; and
2. Increase the cost ceiling from \$108.7 million to \$179.57 million.

**Other City Requirements**

RBM shall be required to comply with all of the City's requirements including:

- Affirmative Action/ Equal Employment Opportunity/ Non-Discrimination
- Insurance Requirements
- Child Support Obligations Ordinance
- Equal Benefits Ordinance
- Americans with Disabilities Act
- City of Los Angeles Contract History
- Municipal Lobbying Ordinance
- Slavery Disclosure Ordinance
- Non-Collusion Affidavit
- Los Angeles Residence Information
- First Source Hiring Ordinance
- Contract Bidder Campaign Contribution and Fundraising Restrictions
- Iran Contracting Act of 2010 Compliance Affidavit

In the original contract, the City Administrative Office determined that Personal Services Contract C-94375 was exempt from the Living Wage Ordinance (LWO) and Service Contractor Worker Retention Ordinance. On June 19, 2013, the Bureau of Contract Administration after consultation with the Office of Finance decided to honor the original LWO exemption.

The Office of Accounting has determined that Personal Services Contract C-94375 is exempt from the Business Tax Registration Certificate requirement.

**MBE/WBE/OBE Subcontractor Outreach Program**

Initially the City set anticipated MBE and WBE participation levels of 18.00 percent and 4.00 percent respectively. The contract was awarded with a pledged WBE participation level of 67.20 percent as part of the MBE/WBE Subcontractor Outreach Program at that time. On March 25, 1998, the Board adopted a recommendation to change the pledged level of WBE participation to a pledged MBE/WBE range of participation set between 51.00 percent and 66.30 percent, which RBM could achieve through the utilization of either MBE or WBE certified trucking companies. The pledged MBE/WBE participation was a range because the level of achievement depends on the average biosolids tonnage transported by the certified trucking companies within that particular year.

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RBM attempted to achieve its pledged MBE/WBE participation levels by using subcontractor Schmidt Trucking, a woman-owned trucking company. Unfortunately, in 1998, Schmidt Trucking sold its company and contracts, including the exclusive rights to haul the City's biosolids under RBM's current contract, to Lutrel Trucking (Lutrel), an OBE. RBM had no control over the negative impact that this sale would have on their pledged participation levels other than utilizing a certified MBE subcontractor, Batups & Son Trucking, when overflow work is available.

Amendment No. 1, adopted by the Board on August 25, 1999, reduced RBM's pledged participation levels to 0.09 percent MBE and 14.06 percent WBE, based on the estimated total contract cost of \$13,740,000 by the October 30, 2002 contract expiration date. Amendment No. 2, adopted by the Board on May 12, 2000, further modified RBM's pledged participation levels to 0.06 percent MBE and 9.66 percent WBE based on the estimated total contract cost of \$20,000,000 by the October 30, 2005 expiration date. Subcontractor Lutrel has continued to fulfill RBM's primary hauling responsibilities under this contract.

Upon the request of the Bureau, RBM performed a subcontractor outreach to solicit quotes from MBE/WBE/OBE subcontractors. On February 16, 2010, RBM submitted the subcontractor outreach documentation to the City, documenting their efforts to locate and utilize MBE/WBE/OBE subcontractors. At that time, RBM was unable to find any trucking company with MBE or WBE status that could provide the services required under the current contract agreement.

On May 09, 2013, RBM provided the City with documentation that Sierra Transport, Inc. is currently a certified WBE by the Women's Business Enterprise National Council (WBENC). As of March 18, 2013, WBENC is an accepted WBE certification agency by the City of Los Angeles. Therefore, the pledged WBE participation level for Amendment No. 4 would be 20.69%.

The MBE/WBE/OBE subcontractor achieved participation levels for **RBM** as of their March 15, 2014 invoice are as follows:

Gender/Ethnicity Codes:

C	= Caucasian	SAA	= Subcontinent Asian American
NA	= Native American	APA	= Asian Pacific American
AA	= African American	HA	= Hispanic American
M	= Male	F	= Female

Listed Subcontractors	MBE/WBE/OBE	Gender/Ethnicity	% of Contract Amount Invoiced	Subcontract Amount Invoiced
Batups Son Trucking	MBE	M/AA	0.26%	\$ 270,978.97
Schmidt Trucking	WBE	F/C	1.85%	\$ 1,888,007.49
Sierra Transport, Inc. (Since 3/18/2013)	WBE	F/C	3.16%	\$ 3,221,953.70
Valley West Services	OBE		2.46%	\$ 2,512,492.27
Lutrel Trucking	OBE		29.94%	\$ 30,507,925.13
Western Express Transporters	OBE		0.11%	\$ 112,040.27
Payne Allied	OBE		0.53%	\$ 536,086.11
Sierra Transport, Inc. (Ended 3/17/2013)	OBE		8.66%	\$ 8,827,334.97
Fleet Transport	OBE		0.17%	\$ 176,674.11
Total MBE Participation			0.26%	\$ 270,978.97
Total WBE Participation			5.01%	\$ 5,109,961.19
Total OBE Participation			41.87%	\$ 42,672,557.86
Total Invoiced				\$ 101,908,814.95

Amendment No. 4, the MBE/WBE/OBE subcontractor pledged participation levels for RBM are as follows:

Listed Subcontractors	MBE/WBE/OBE	Gender/Ethnicity	% of Contract Pledged	Amount Pledged
Batups Son Trucking	MBE	M/AA	0.15%	\$ 270,978.97
Schmidt Trucking	WBE	F/C	1.05%	\$ 1,888,007.49
Sierra Transport, Inc (Since 3/18/2013)	WBE	F/C	19.64%	\$ 35,263,563.00
Valley West Services	OBE		1.40%	\$ 2,512,492.27
Lutrel Trucking	OBE		16.99%	\$ 30,507,925.13
Western Express Transporters	OBE		0.06%	\$ 112,040.27
Payne Allied	OBE		0.30%	\$ 536,086.11
Sierra Transport, Inc (Ended 3/17/2013)	OBE		4.92%	\$ 8,827,334.97
Fleet Transport	OBE		0.10%	\$ 176,674.11
Total MBE Participation			0.15%	\$ 270,978.97
Total WBE Participation			20.69%	\$ 37,151,570.49
Total OBE Participation			23.76%	\$ 42,672,552.86
Total Contract Ceiling				\$ 179,569,000.00

Bureau of Sanitation  
Bureau of Contract Administration  
Joint Board Report No. 1  
June 9, 2014

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**Notification of Intent to Contract**

The required "Notification of Intent to Contract" was filed with the City Administrative Office (CAO) Clearinghouse on May 17, 2013.

**Charter Section 1022**

The CAO made a Charter Section 1022 determination on June 11, 2013 that there was an insufficient number of City staff to perform the services to be contracted out and that it was more feasible to contract these services to an outside vendor.

**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 contract subject to termination pursuant to the conditions expressed therein.

**Contract Administration**

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

**Headquarters and Work Force Information**

The headquarters address of RBM is located at P.O. Box 40109, Santa Barbara, CA 93140-0109. The Contractor has a staff of twelve (12) employees assigned to this amendment and none of the employees reside within the City of Los Angeles.

**City Attorney Review**

The proposed contract amendment has been reviewed and approved as to form by the Office of the City Attorney.

**STATUS OF FINANCING**

The estimated cost of Amendment No. 4 to Personal Services Contract C-94375 for the first year is \$7,970,557 for all services pursuant to the contract. Total funding for this Amendment is \$70,876,867 (adjusted for 3% CPI escalation each year). Financing for the five (5) years with the one, three (3) year renewal option term for this Amendment will be requested through the annual budgets from FY 14-15 to FY 21-22.

<b>8 Years Contract</b>	<b>Estimated Cost (\$)</b>
11/15/2014 – 11/14/2015	\$7,970,557
11/15/2015 – 11/14/2016	\$8,209,673
11/15/2016 – 11/14/2017	\$8,455,963
11/15/2017 – 11/14/2018	\$8,709,642
11/15/2018 – 11/14/2019	\$8,970,932
<b>11/15/2019 – 11/14/2020 (Renewal option)</b>	<b>\$9,240,060</b>
<b>11/15/2020 – 11/14/2021 (Renewal option)</b>	<b>\$9,517,261</b>
<b>11/15/2021 – 11/14/2022 (Renewal option)</b>	<b>\$9,802,779</b>
<b>Total Estimated Cost (\$)</b>	<b>\$70,876,867</b>

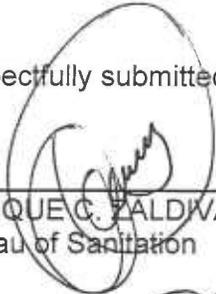
For Fiscal Year 2013-14, funding is available in Fund 760, Department 50, Account 50KX82, Object 304, Line #38 HTP Biosolids & Ash Reuse. For Fiscal Year 2014-2015, funding has been included in the Mayor's Proposed Budget. Funding for Future Fiscal Years will be made available through the normal budgetary process.

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."

Bureau of Sanitation  
Bureau of Contract Administration  
Joint Board Report No. 1  
June 9, 2014

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Respectfully submitted,



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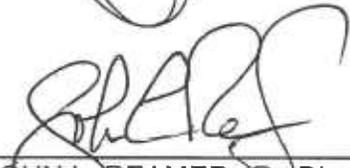
ENRIQUE C. ZALDÍVAR, Director  
Bureau of Sanitation

COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:



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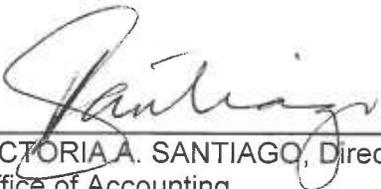
HANNAH CHOI, Program Manager  
Office of Contract Compliance



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

APPROVED AS TO FUNDS:



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VICTORIA A. SANTIAGO, Director  
Office of Accounting

Date: 6/3/2014

Prepared by:  
Alan Tran, HTP  
(310) 648-5995

TRANSMITTAL

ADOPTED BY THE BOARD OF  
PUBLIC WORKS OF THE CITY  
of Los Angeles, CaliforniaAUG 25 1999  
AND REFERRED TO THE MAYOR  
 Secret-

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
AUGUST 25, 1999

CD: ALL

AUTHORITY TO EXECUTE AMENDMENT NO. 1 TO PERSONAL SERVICES CONTRACT  
WITH RESPONSIBLE BIOSOLIDS MANAGEMENT (CONTRACT NO. C-94375) FOR THE  
LOADING, HAULING AND BENEFICIAL USE OF CITY BIOSOLIDSRECOMMENDATIONS

1. Approve and forward this report with transmittals to the Mayor and City Council for authority to execute Amendment No. 1 by providing the options to renew the existing contract for an additional two three-year periods to personal services Contract No. C-94375 with Responsible Biosolids Management for the loading, transporting and beneficial use of City Biosolids for three years from October 31, 1999 through October 30, 2002 and from October 31, 2002 through October 30, 2005 at an estimated annual cost of \$2,300,000.
2. If Sam Carrasco d.b.a. Valley West Services, Inc. has been declared a nonresponsible bidder by the Board of Public Works, instruct Responsible Biosolids Management to replace Valley West Services, Inc. as an approved subcontractor due to its nonresponsibility status.
3. Upon the Mayor's and Council's authorization, the President or two members of the Board of Public Works will execute the contract amendment.
4. Return executed contract amendment to the Bureau of Sanitation for further processing. (Contact Board Report Section on extension 5-6492 for pick up.)

TRANSMITTALS

1. Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted July 8, 1996, for the authority to execute a three-year agreement with Responsible Biosolids Management for the loading, hauling, and beneficial reuse of biosolids.
2. Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted March 25, 1998 to revise its WBE participation level.
3. Two copies of the proposed Amendment No. 1 with Responsible Biosolids Management signed by the contractor and approved as to form by the City Attorney. Five originals of the amendment will be delivered to the Board Office when the Board Report Section (485-6492) is notified that the amendment is ready for execution.

DISCUSSION

On July 8, 1996 your board approved the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report (Transmittal 1) to execute a

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 AUGUST 25, 1999

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three-year agreement with Responsible Biosolids Management (RBM) for loading, hauling and beneficial use of biosolids. This agreement (Contract No. C-94375) was executed on October 28, 1996 and became operational on October 31, 1996.

Since this time, RBM has successfully reused 234,950 wet tons of biosolids at its site located 15 miles southwest of Bakersfield. The large, contiguous farm located in Tupman, CA is owned and jointly managed with Valley Communities, Inc. The biosolids are land applied at agronomic rates to grow alfalfa, wheat, barley, sudan grass, safflower, corn and cotton. With the exception of cotton, all of these products are marketed to local farmers for livestock feed. Currently, RBM is hauling 600 wet tons per day from the Hyperion Treatment Plant. The remainder of the City's 850 wet tons produced each day is being hauled and composted by San Joaquin Composting in Lost Hills, CA via a separate personal services contract. A second land application contract with Gardner-Arciero is also available for hauling and reuse services.

RBM has provided valuable service to the City over the past two years. Its record of receiving biosolids at the treatment plant within the approved loading times is exemplary. RBM has an excellent record of land applying its biosolids in accordance with all federal, state and local regulations at the Kern County site. In addition, RBM's inclusive cost at their current tonnage rate is \$17.95 per wet ton. This low cost alternative was the primary reason that the unit cost for biosolids managed decreased from approximately \$28 to \$21 per wet ton over the past two years.

To continue providing excellent reuse services, RBM has requested, as found in other contracts, the inclusion of a Consumer Price Index (CPI) adjustment be attached to their existing price structure at the time the proposed renewal options are exercised by the City. Like similar contracts, this index will be tied to the Bureau of Labor Statistics/Los Angeles-Anaheim-Riverside Metropolitan area and will be capped at 5% for each anniversary year of the renewed contract.

The existing costs associated with this contract are as follows:

Tons/Day	0-100	101-200	201-300	301-349	350-600
Cost per ton	0-23.44	23.40-19.50	19.49-18.37	18.36-17.96	17.95

The following table summarizes the estimated expenditures for this contract:

First 3-Year Contract Ceiling Amount (October 31, 1996- October 30, 1999)	6-Year Contract Ceiling Amount (October 31, 1999-October 30, 2002)
\$ 6,840,000	\$ 20,000,000

This amount represents the total dollar amount not to be exceeded for services rendered from original contract execution through end of 2nd three year term.

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BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
AUGUST 25, 1999

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RBM is in current negotiations with Sanitation staff to provide additional value to the biosolids management program as well as the City's yard trimming recycling program. Discussions involve reducing hauling costs for emergency transportation of biosolids in wet weather and routine hauling of yard trimmings for use in land application and other beneficial reuse projects. A subsequent contract amendment will be forwarded for your Board's approval once these additional services have been agreed upon.

Based on RBM's past performance, cost-effectiveness and their willingness to remain a key player in the City's reuse and recycling programs, the Bureau of Sanitation recommends that your Board approve this report and forward its recommendation to the Mayor and City Council for adoption.

**Compliance With Mayor's Executive Directive 1-C**

The City had established MBE and WBE anticipated participation levels of 18 percent and 4 percent, respectively. The contract was originally awarded with a pledged WBE participation percentage level of 67.20 percent. On March 25, 1998 your Board adopted a recommendation to change the pledged level of WBE participation to a pledged MBE/WBE range of participation set between 51.00 percent to 66.30 percent. As of October 31, 1998, RBM's MBE and WBE participation was 0.29 percent and 44.49 percent respectively. With this amendment, the final MBE/WBE participation levels are expected to decrease to 0.09 percent MBE and 14.06 percent WBE.

According to a fax sent from RBM to the Bureau of Sanitation, RBM's WBE subcontractor, Schmidt Trucking, was purchased by Lutrel Trucking who went into a partnership with Sam Carrasco in order to receive credit as a MBE certified firm. The partnership would result in the trucking services being performed by Valley West Services, Inc. (Valley West) which was supposed to qualify for MBE participation based on Sam Carrasco's ownership. In the course of reviewing this Board Report, the Office of Contract Compliance (OCC) discovered that RBM had assumed that Valley West was a certified firm, OCC was never contacted to verify the certification, and when OCC contacted Sam Carrasco he professed Valley West to be a certified minority subcontractor and to prove this assertion, presented OCC with a falsified City of Los Angeles certification letter. Valley West is not a minority certified firm, thus RBM cannot receive credit towards minority participation for payments made to Valley West.

In order to receive MBE or WBE credit once the ownership of a certified firm changes, the certification must be reaffirmed by the City based on the new ownership. The reduction in RBM's pledged participation level is due to the purchase of its approved WBE subcontractor, rather than an unapproved substitution. It should be noted that RBM has utilized a certified MBE subcontractor, Batups & Son Trucking, when overflow work is available.

The matter of the falsified City of Los Angeles certification letter is being addressed in a separate Board Report which recommends that Sam Carrasco d.b.a.

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 AUGUST 25, 1999

Page 4

Valley West be deemed a nonresponsible bidder. If the Board Report is approved, then RBM needs to be instructed to immediately replace Valley West as an approved subcontractor due to its nonresponsibility status. RBM should also be encouraged to replace Valley West with a MBE or WBE certified firm in order to maintain its pledged participation range of 51.00 percent to 66.30 percent.

RBM's subcontractor information as of October 31, 1998 is as follows:

Gender/Ethnicity	AA - African American	NA - Native American
Codes	AP - Asian Pacific	HA - Hispanic American
	AI - Asian Indian	C - Caucasian
	M - Male	F - Female

Certified Subcontractors	MBE/ WBE	Gender/ Ethnicity	% of Contract	Dollars
Schmidt Trucking	WBE	F/C	44.49%	\$1,931,495.40
Batups & Son Trucking	MBE	M/AA	0.29%	\$12,488.32
Total MBE Participation			0.29%	\$12,488.32
Total WBE Participation			44.49%	\$1,931,495.40
Total Contract Amount:				\$4,341,073.91

With this amendment, RBM's pledged participation level will be as follows:

Certified Subcontractors	MBE/ WBE	Gender/ Ethnicity	% of Contract	Dollars
Schmidt Trucking	WBE	F/C	14.06%	\$1,931,495.40
Batups & Son Trucking	MBE	M/AA	0.09%	\$12,488.32
Total MBE Participation			0.09%	\$12,488.32
Total WBE Participation			14.06%	\$1,931,495.40
Total Contract Amount Including Amendment No. 1				\$13,740,000.00

RBM also has the following documents on file:

- A. Affirmative Action Plan
- B. Child Care Policy
- C. Job Training and Employment
- D. Business Tax Registration Certificate No. 397764-28

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BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
AUGUST 25, 1999

Page 5

RBM's headquarters are in Santa Barbara, CA and none of its work force resides in the City of Los Angeles.

In a letter dated March 25, 1998 the Bureau of Contract Administration determined that biosolids reuse services are exempt from the Living Wage Ordinance as the beneficial reuse of City biosolids to land-based options is not considered to be a feasible option for City staff at this time.

The City Attorney's Office has reviewed the Amendment and has approved it as to form.

STATUS OF FINANCING

Funds in the amount of \$2,300,000 are available in Fund 760, Department 50, Account P282 to pay for fiscal year 1999-2000 services.

( JS LMV CBT MS VA AG DBS JTC )

Respectfully submitted,

COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

*Hannah Choi*

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

*Judith A. Wilson*

JUDITH A. WILSON, Director  
Bureau of Sanitation

APPROVED AS TO FUNDS:

*for* *Craig V. Bloomquist*  
CRAIG V. BLOOMQUIST, Director  
Bureau of Accounting

*C. Bernard Gilpin*

C. BERNARD GILPIN, Director  
Bureau of Contract Administration

Date *August 14, 1999*

Prepared by:  
Doug Walters, SRCRD  
(213) 473-4415  
082599JTC-1

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MAY 12, 2000

ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California  
AND REFERRED TO THE MAYOR  
MAY 12 2000

  
Mayor

CD: ALL

AUTHORITY TO EXECUTE AMENDMENT NO. 2 TO PERSONAL SERVICES CONTRACT  
NO. C-94375 WITH RESPONSIBLE BIOSOLIDS MANAGEMENT FOR THE LOADING,  
TRANSPORTATION AND BENEFICIAL REUSE OF CITY BIOSOLIDS

RECOMMENDATIONS

1. Approve and forward this report with transmittals to the Mayor requesting that the Board of Public Works be authorized to execute Amendment No. 2 to Personal Services Contract No. C94375 with Responsible Biosolids Management (RBM) to amend the term and price for loading, transportation and beneficial reuse of biosolids generated at the Hyperion Treatment Plant
2. Approve an Authority for Expenditure for payment to RBM for the increased cost (\$22.20 per wet ton) of hauling and reuse of biosolids effective at the start of RBM's second term, October 29, 1999, up to the date of execution of Amendment No. 2 at which time the price will be decreased to \$21.90 per ton. As of April 15, 2000, the reimbursement amount is approximately \$395,928.
3. Upon the Mayor's authorization, the President or two members of the Board of Public Works will execute the amendment.
4. Return executed amendment to the Bureau of Sanitation for further processing (contact Board Report Section at 473-8038 for pick up).

TRANSMITTALS

1. Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted August 25, 1999, for authority to execute Amendment No. 1 to extend for an additional three years the agreement with Responsible Biosolids Management for loading, transportation, and beneficial reuse of biosolids.
2. Copy of City Council Resolution, adopted May 11, 1999, authorizing the Bureau of Sanitation to search for permitted sites suited for land application.
3. Approved Council Action adopted February 22, 2000 authorizing the purchase of VCI site for \$9.6 million and authorizing the Department of Public Works to finalize negotiations of a ten-year contract with RBM.
4. Copy of letter from RBM, dated December 21, 1998, requesting for price adjustment outlining reasons for increases in cost of hauling and beneficially reusing biosolids.

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MAY 12, 2000

Page 2

5. Copy of letter to RBM from the City, dated February 17, 1999, a counter-offer to RBM's request for a price increase for providing hauling and beneficial reuse services for Hyperion Treatment Plant biosolids.
6. Two copies of the proposed Amendment No. 2 with Responsible Biosolids Management signed by the contractor and approved as to form by the City Attorney. Five originals of the amendment will be delivered to the Board Office when the Board Report Section (473-8038) is notified that the amendment is ready for execution.

DISCUSSION

The City awarded a joint venture contract for the land application of biosolids to Responsible Biosolids Management (RBM) and Valley Communities, Inc. (VCI) on October 28, 1996. The joint venture has successfully transported and land-applied over 600,000 tons of biosolids in Tupman, CA to grow alfalfa and sudan grass. Tupman is an unincorporated area located in the western portion of Kern County just west of the Interstate 5.

As the lowest cost per ton option among the Bureau's three existing biosolids reuse contractors, RBM currently hauls 400 tons per day of biosolids from the Hyperion Treatment Plant to Tupman. Amendment No. 1 to the RBM contract was effective October 29, 1999 to extend the contract for a second 3-year term (Transmittal #1).

In January 1999, the Bureau of Sanitation was concerned that the trend of permitted land application sites being redeveloped for housing and other purposes would decrease the availability of permitted land and drive-up the cost of biosolids reuse. The Bureau requested authorization from the City Council to search for possible permitted agricultural sites to purchase or possibly enter into an agreement with other municipal agencies to jointly acquire and maintain suitable properties (Transmittal #2). The Bureau completed its search and recommended the purchase of the 4,800 acres owned by VCI on which RBM currently land applies the Bureau's biosolids. On February 21, 2000, the City Council voted unanimously (13-0) to authorize the purchase of this site for \$9.6 million including an agreement to extend RBM's contract for 10 years with RBM also reducing its price per ton to \$21.90 (Transmittal #3). This amount also includes a \$0.40 per ton increase to compensate RBM for the recent increases in diesel fuel cost for transportation and land application of biosolids. RBM currently holds the permit, obtained from the Regional Water Quality Control Board (RWQCB), to land apply on the VCI property.

RBM will be solely responsible for fulfilling the obligations for loading, hauling and beneficial use of biosolids. VCI will have a separate lease agreement with the City to provide the farming operations on the property. Because of the long duration of the agreement and large quantity of material involved, the City requires that RBM acquire a \$1,000,000 performance bond for

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 MAY 12, 2000

Page 3

the new agreement. All other termination and insurance clauses in the original agreement remain the same.

Prior to the City's decision to purchase the VCI site, RBM had requested a price increase for its biosolids hauling and reuse services (Transmittal #4). Pursuant to Section 8.4.2 in our contract, RBM has the right to request compensation if it can be justified that RBM has endured substantial increased costs associated with the services they are providing. RBM has provided the Bureau with written documentation substantiating the increased cost.

In the three years that RBM has been hauling and reusing City biosolids, RBM has never had any annual cost of living increases that most other contracts include. In addition, the prevailing cost for land application has also risen to the range of \$22 to \$25. Staff has negotiated a price adjustment which is fair compensation because of increased costs (Transmittal #5). The new negotiated price is \$22.20 per wet ton effective the date RBM's second year term began, October 29, 1999 and will continue at this rate until the date the City completes its purchase of the VCI property. As of April 15, 2000, the payment due to RBM is approximately \$395,928 for hauling and reusing 89,226 tons of biosolids.

Once Amendment No. 2 becomes executed, the price will be reduced to \$21.90 per wet ton as outlined in the table below. The amount also includes a \$0.40 per ton increase to compensate RBM for the recent increases in diesel fuel cost for transportation and land application of biosolids. The City will also pay an additional pass through cost of approximately \$0.65 per ton for sampling and inspection costs since the City will be title owner of the property. This is a requirement of the Kern County Biosolids Ordinance, and this amount may change in the future depending on future legal and regulatory actions. Costs associated with site improvements or development needed to successfully beneficial biosolids at the site (i.e., road construction or maintenance), will be paid by the City as the owner of the property. The City agreed to furnish RBM with a minimum of 200,000 wet tons per year of biosolids. This translates to roughly 550 wet tons per day based on a seven-day per week operation.

Current Prices		Price Before Amendment 2 Execution		Price After Amendment 2 Execution	
Average Wet Tons Per Day	Cost Per Wet Ton	Average Wet Tons Per Day	Cost Per Wet Ton	Average WetTons Per Day	Cost Per Wet Ton
0 - 100	\$0 - \$23.44	0 - 99	\$23.44	0 - 549	\$23.44
101 - 200	\$23.40 - \$19.50	100 - 600	\$22.20	550+	\$21.90
201 - 300	\$19.49 - \$18.37				
301 - 349	\$18.36 - \$17.96				
350 - 600	\$17.95				

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 MAY 12, 2000

Page 4

**Compliance with Mayor's Directive 1-C**

The City has established anticipated participation levels of 18 percent MBE and 4 percent WBE. The contract was originally awarded with a pledge of 67.20 percent WBE. On March 25, 1998 your Board adopted a recommendation to change the pledged level of participation to a pledged range set between 51.00 percent and 66.30 percent which could be achieved by utilization of either MBE or WBE certified trucking companies.

Amendment No. 1 (Transmittal #1) to the original contract further reduced the pledged participation to 0.09 percent MBE and 14.06 percent WBE based on an estimate total cost of \$13,740,000 when the contract expires October 30, 2002. It also resulted in RBM's primary trucking subcontractor being declared as non-responsible bidder. Without a WBE or MBE contractor, RBM's participation will drop to 1.97 percent MBE and 13.74 percent WBE when it ends in October 30, 2002. If the contract is extended a third term to expire on October 30, 2005, the levels will further drop to 0.06 percent MBE and 9.66 percent WBE.

However, RBM has indicated a desire to increase the actual MBE and WBE participation levels and has contacted the Bureau of Contract Administration's Office of Contract Compliance about obtaining certification for a woman-owned trucking company.

**Gender/Ethnicity Codes:**

C - Caucasian	SAA - Subcontinent Asian American
NA - Native American	APA - Asian Pacific American
AA - African American	HA - Hispanic American
M - Male	F - Female

RBM's MBE/WBE subcontractor information as of November 8, 1999 is as follows:

Certified Subcontractor	MBE/ WBE	Gender/ Ethnic.	% of Contract	Contract Dollars
Schmidt Trucking	WBE	F/C	25.20%	\$1,888,007.49
Batups & Son Trucking	MBE	M/AA	3.62%	\$270,978.97
Total MBE Participation			3.62%	\$270,978.97
Total WBE Participation			26.20%	\$1,888,007.49
Total Invoiced				\$7,493,547.28

RBM's MBE/WBE subcontractors pledged participation including Amendment No. 2 is as follows:

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 MAY 12, 2000

Page 5

If the contract expires in October 20, 2002

Certified Subcontractor	MBE/ WBE	Gender/ Ethnic.	% of Contract	Contract Dollars
Schmidt Trucking	WBE	F/C	13.74%	\$1,888,007.49
Batups & Son Trucking	MBE	M/AA	1.97%	\$270,978.97
Total MBE Participation			1.97%	\$270,978.97
Total WBE Participation			13.74%	\$1,888,007.49
Total Cost Ceiling				\$13,740,000.00

If the contract is extended a second time to expire on October 30, 2005.

Certified Subcontractor	MBE/ WBE	Gender/ Ethnic.	% of Contract	Contract Dollars
Schmidt Trucking	WBE	F/C	9.66%	\$1,888,007.49
Batups & Son Trucking	MBE	M/AA	0.06%	\$270,978.97
Total MBE Participation			0.06%	\$270,978.97
Total WBE Participation			9.66%	\$1,888,007.49
Total Cost Ceiling				\$20,000,000.00

**OTHER CITY REQUIREMENTS**

RBM is current with its insurance and bond requirements. The bond requirement for this contract was established at \$1,000,000.

RBM also has the following documents on file:

- a. Affirmative Action Plan
- b. Child Care Policy
- c. Child Support Ordinance Compliance
- d. Job Training and Employment
- e. Business Tax Registration Certificate
- f. Certification Regarding Compliance with City Contracting Policy on Burma
- g. Equal Benefits Ordinance

The contract is exempt from Living Wage Ordinance and Service Contract Worker Retention Ordinance as per determination by the City Administrative Office.

RBM's headquarters are in Santa Barbara, CA and none of its workforce currently resides in the City of Los Angeles.

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MAY 12, 2000

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City Attorney Review

The City Attorney has reviewed, approved as to form, and signed the Agreement.

STATUS OF FINANCING

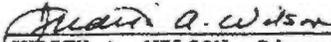
Funds in the amount of \$540,000 are presently available in Fund 760, Department 50, Account P282 to pay for FY1999-2000 costs. Funding to continue the contract for the next ten years will be appropriated in the annual Bureau of Sanitation budget.

( JS LMV CBT NW DBS )

COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

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

Respectfully submitted,

  
JUDITH A. WILSON, Director  
Bureau of Sanitation

  
C. BERNARD GILPIN, Director  
Bureau of Contract Administration

APPROVED AS TO FUNDS:

  
for CRAIG V. BLOOMQUIST, Director  
Bureau of Accounting  
DATE May 4, 2000

Prepared by:  
Benjamin Novida, SRCRD  
(213) 473-8152

051200JTC-1

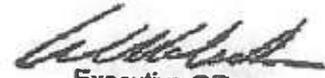
ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California

SEP 17 2010

For the meeting of September 17, 2010

CD: All

**MOTION**

  
Executive Officer

On July 8, 1996, the City of Los Angeles (City) executed Personal Services Contract (C-94375) for loading, transportation, and beneficial uses of the City's biosolids with a joint venture between Responsible Biosolids Management (RBM) and Valley Communities, Inc. (VCI). This agreement provided for land application of the City's biosolids at Green Acres Farm (Farm).

On August 25, 1999, the Board of Public Works (Board) authorized the execution of Amendment No. 1 to extend the existing Personal Services Contract with RBM and VCI for a three (3)-year term, effective October 29, 1999.

On February 21, 2000, the City Council unanimously voted to authorize the City to purchase from VCI the 4,688 acre Farm located near the City of Bakersfield. RBM and VCI mutually agreed to resolve their joint venture, in order for RBM to provide loading, transportation and beneficial use services, and for VCI to provide farm operations services under a separate Ground Lease Agreement.

On May 12, 2000, the Board authorized execution of Amendment No. 2 to give RBM the exclusive right to load, transport, and beneficially use biosolids on the Farm, and to extend RBM's Personal Services Contract for ten (10) years until September 22, 2010.

In 1999, Kern County adopted an ordinance to regulate land application of biosolids, limiting biosolids application to Class "A" Exceptional Quality (EQ) criteria. In litigation by the City and other governmental agencies regarding the application of this ordinance, the Court of Appeals found that Kern County violated the California Environmental Quality Act (CEQA) and was required to prepare an Environmental Impact Report (EIR) to analyze the potentially significant impacts resulting from this ordinance. The Court of Appeals found that the City's purchase of the Farm and its extension of RBM contract were within the biosolids program evaluated in the 1996 Biosolids Management Program Final EIR, however the Court determined that the City must conduct an analysis under Section 15168 of the CEQA guidelines to determine whether additional CEQA review is warranted.

The Bureau of Sanitation (Bureau) is preparing Amendment No. 3 to Contract C-94375, to retain RBM to continue to provide the required services for the City's biosolids beneficial uses. Amendment No. 3 will extend the current contract by three (3) years with a one (1) year option to renew. Amendment No. 3 would provide uninterrupted services during Kern County Measure "E" litigation. This would also ensure RBM's participation in the Kern County Measure E trial.

The City needs to extend the current Amendment No. 2 to Contract C-94375 with RBM on a month-to-month basis for a period not to exceed six (6) months (from September 22, 2010 to March 21, 2011) and to increase the estimated amount from \$77,448,550 to \$81,098,550 until the Amendment No. 3 is authorized, signed and executed.

The following are the reasons for requesting the current amendment's month to month extension: 1) to give the City enough time to complete CEQA documents as required by the Court of Appeal. This CEQA documentation must be completed and presented to the Board prior to execution of Amendment No. 3; 2) to continue uninterrupted services until Amendment No. 3 is authorized, signed and executed; 3) to request the amount of \$3,650,000 to cover the estimated cost from September 01, 2010 to September 21, 2010, and for the additional six (6) months extension.

Funding for Contract C-94375 extension in the amount of \$3,650,000 for Fiscal Year 2010-2011 is available in Account # G282, Dept 50, Object 304, Line #52 HTP Biosolids and Ash Reuse. Extending this contract will have no impact on the General Fund. Funds are currently budgeted in the 2010-2011 budget Sewer Construction and Maintenance Operation fund.

IT IS THEREFORE MOVED that the Board of Public Works approve the extension of the existing Amendment No. 2 with RBM (C-94375) on a month-to-month basis for a period not to exceed six (6) months (from September 22, 2010 to March 21, 2011) until Amendment No. 3 to agreement C-94375 is fully executed, and approve the increase to the estimated amount from \$77,448,550 to \$81,098,550.

Respectfully Submitted,

  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

for Victoria A. Santiago  
Statement as to Funds Approved by:

VICTORIA A. SANTIAGO, Director  
Office of Accounting  
Date: 9/10/10

Author: Alan Tran, HTP  
310-648-5995

-2-

Post-it® Fax Note	7671	Date	9-22-10	# of pages	2
To	Quonita	From	Janice T.		
Co/Dept.	BOS	Co.	BPW		
Phone #	485-4246	Phone #	978-0275		
Fax #	485-1163	Fax #			

TRANSMITTAL 4

ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California

MAR 16 2011

For the meeting of March 16, 2011

CD: All

MOTION

  
Executive Officer

On July 8, 1996, the City of Los Angeles (City) executed Personal Services Contract C-94375 for loading, transportation, and beneficial uses of the City's biosolids with Responsible Biosolids Management (RBM) and Valley Communities, Inc. (VCI). RBM and VCI share a joint venture agreement with the City of Los Angeles Contract C-94375. This contract between RBM and the City provides land application of the City's biosolids at the Green Acres Farm (Farm). Amendment No. 1 (a 3-year term) and Amendment No. 2 (a 10-year term) to Contract C-94375 were authorized for execution on August 25, 1999 and May 12, 2000, respectively.

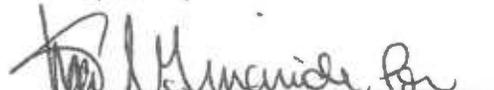
On June 6, 2006, Kern County voters adopted Measure E, the Biosolids Land Application Ban Initiative Ordinance (Ban). The City and other Southern California agencies, businesses and farmers filed a lawsuit to overturn Measure E. During the course of litigation, the Bureau of Sanitation (Bureau), with support from the City Attorney's Office, collectively agreed to extend the contract with RBM, beyond Amendment No. 2, for an additional 3 years with a 1-year renewal option.

On September 17, 2010, the Board of Public Works (Board) approved a motion to extend Amendment No. 2 to Contract C-94375 on a month-to-month basis for a period not to exceed 6 months until Amendment No. 3 is signed and executed. This 6-month extension will expire March 21, 2011. Due to the impending expiration of Amendment No. 2 and uncertain outcome of the continued litigation with Kern County, it is requested that the extension of Amendment No. 2 to Contract C-94375 with RBM be continued on month-to-month basis and the estimated ceiling amount be increased from \$81,098,550 to \$84,098,550. This will allow the Bureau sufficient time to finalize and execute Amendment No. 3 and continue uninterrupted services.

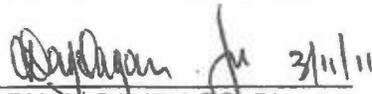
Funding for Contract C-94375 extension in the amount of \$2,183,812 for Fiscal Year 2010-2011 is identified in Fund 760, Account # G282, Dept 50, Object 304, Line #52 HTP Biosolids and Ash Reuse. Extending this contract will have no impact on the General Fund. Funds are currently budgeted in the 2010-2011 Sewer Construction and Maintenance Operation Fund. The remaining funding requirements in the amount of \$816,188 will be budgeted in the subsequent fiscal year in the Sewer Construction and Maintenance Operation Fund 760.

IT IS THEREFORE MOVED that the Board approve the extension of Amendment No. 2 to Contract C-94375 with RBM on a month-to-month basis until Amendment No. 3 is fully executed, and increase the estimated ceiling amount from \$81,098,550 to \$84,098,550.

Respectfully Submitted,

  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

Statement as to Funds Approved by:

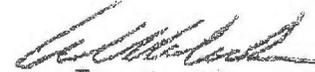
 3/11/11  
VICTORIA A. SANTIAGO Director  
Office of Accounting  
Date: \_\_\_\_\_

Author: Alan Tran  
(310) 648-5995

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MAY 25, 2011

ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California  
AND REFERRED TO THE MAYOR  
MAY 25 2011

  
Executive Officer

CD: ALL

AUTHORITY TO EXECUTE AMENDMENT NO. 3 TO PERSONAL SERVICES  
CONTRACT NO. C-94375 WITH RESPONSIBLE BIOSOLIDS MANAGEMENT (RBM)  
FOR THE LOADING, TRANSPORTING, AND BENEFICIAL USE OF CITY  
BIOSOLIDS

RECOMMENDATIONS

Authorize the Director of the Bureau of Sanitation to:

1. Approve and forward this report with transmittals to the Mayor and City Council (Council) with the request that the Board of Public Works (Board) be authorized to execute Amendment No. 3 to Personal Services Contract No. C-94375 with RBM to increase the contract cost ceiling from \$84.09 million to \$108.7 million with special funding from the Sewer Construction Maintenance and Operation (SCMO) fund, and extend the term of the contract for an additional three (3) years with a one (1) year option to renew for loading, transporting, and beneficial use of City biosolids;
2. Upon the Mayor's and Council's authorization, the President or two (2) members of the Board will execute the contract amendment; and,
3. Return the executed contract amendment to the Bureau of Sanitation (Bureau) for further processing. Contact Alan Tran at (310) 648-5995 to arrange for pick up.

TRANSMITTALS

1. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted August 25, 1999, authorizing the Bureau to execute Amendment No. 1 to Personal Services Contract C-94375 with RBM for loading, transporting, and beneficial use of City biosolids.
2. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, adopted May 12, 2000, authorizing the Bureau to execute Amendment No. 2 to Personal Services Contract C-94375 with RBM for loading, transporting, and beneficial use of City biosolids.
3. Copy of Bureau of Sanitation Motion, adopted September 17, 2010, approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 3 to agreement C-94375 is fully executed.

4. Copy of the proposed Amendment No. 3 to Personal Services Contract No. C-94375 with RBM for loading, transporting, and beneficial use of City biosolids. Originals will be delivered to the Board Office when Alan Tran, at (310) 648-5995, is notified that the amendment is ready for execution.
5. Copy of Bureau of Sanitation Motion, adopted March 16, 2011, approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis until the proposed Amendment No. 3 to agreement C-94375 is fully executed.

#### FISCAL IMPACT STATEMENT

Financing for Amendment No. 3 to Personal Services Contract C-94375 will be requested through the Hyperion Treatment Plant Budget. There will be no impact to the General Fund as a result of the proposed Amendment No. 3. This Amendment will be funded by the Sewer Construction Maintenance and Operation (SCMO) Fund.

#### DISCUSSION

Currently, Hyperion Treatment Plant (HTP) and Terminal Island Water Reclamation Plant (TIWRP) process Exceptional Quality (EQ) biosolids, the majority of which is transported to the Green Acres Farm (Farm) for land application. Through a fourteen (14) year contract with the City of Los Angeles (City), RBM has assumed the responsibility for the loading, transporting, and beneficial use of City biosolids at the Farm.

On June 6, 2006, Kern County voters adopted Measure E, the Biosolids Land Application Ban Initiative Ordinance (Ban). The Ban would prohibit the land application of biosolids and bulk biosolids compost on the unincorporated lands in Kern County.

On August 10, 2007 U.S. District Court Judge Gary Allen Feess granted the request for final judgment by the City and other Southern California agencies, businesses and farmers to overturn Kern County's ban of biosolids and the land application of biosolids on farmland. This ruling followed the court's opinion in November 2006 that preliminarily enjoined the enforcement of Measure E, which would have halted all land application of biosolids in Kern County.

Kern County appealed the judge's decisions with the U. S. Court of Appeals, Ninth Circuit, in March 2008. On December 15, 2009, the U. S. Court of Appeals for the Ninth Circuit denied a request by the City and its fellow litigants to rehear the City's case to overturn Kern County Measure E. The Ninth Circuit had previously rejected one of two arguments that the City had prevailed on in U.S. District Court - the argument that Measure E violated interstate commerce.

On March 15, 2010, the City filed an appeal of the Measure E appellate court decision to the U. S. Supreme Court. On June 01, 2010, the U.S. Supreme Court refused to hear claims from the City that the Kern County sludge ban violated the interstate commerce clause of the U.S. Constitution. The case was sent back to the 9th Circuit to the original trial judge in the case, U.S. District Court Judge Gary Allen Feess. At that time, Bureau Management with support from the City Attorney's Office decided that the RBM contract needed to be extended in order to continue the loading, transporting and beneficial use of the City biosolids at the Farm while the case is still in trial. Also, this would ensure RBM's participation in the Kern County Measure E trial.

On November 09, 2010, U.S. District Court Judge Feess dismissed the Measure E lawsuit. As the result, the Kern County Board of Supervisors approved implementation of the Measure E Ordinance on January 18, 2011. Consequently, on January 19, 2011, the Kern County Department of Health Services notified existing permit holders that they had six months to discontinue the land application of biosolids. The City's contractor received a notification letter on January 19, 2011. A three-month extension until October 19, 2011 has since been granted.

On January 26, 2011, the City, joined by a coalition of Southland wastewater utilities, businesses, and farmers, filed a new lawsuit in state court seeking to again enjoin and invalidate Measure E Ordinance. If this lawsuit prevails in court, the Amendment No. 3 is needed in order for the City to continue the loading, transporting and beneficial use of the City biosolids at the Farm.

At the Farm, EQ biosolids are utilized as fertilizer/soil amendment to grow non-food crops such as alfalfa, corn and wheat, which are then sold to the local dairies for feedstock. In the last two (2) years, the revenues generated from these crop sales have exceeded the Bureau's farming operations expenditures.

For FY 2009/10, RBM hauled 206,625 wet tons of biosolids from HTP and TWRP to the Farm for which the City paid RBM \$5,602,934.00.

The following is a summary of RBM's contractual history with the City:

- On July 8, 1996, the City executed Personal Services Contract (C-94375) for the land application of biosolids with a joint venture between RBM and Valley Communities, Inc. (VCI).
- On August 25, 1999, the Board authorized execution of Amendment No. 1 (Transmittal No. 1) to extend the existing Personal Services Contract for a three (3)-year term with RBM and VCI, effective October 29, 1999.
- On February 21, 2000, the Council unanimously voted to authorize the City to purchase from VCI the 4,688 acre Farm located near the City of Bakersfield. RBM and VCI mutually agreed to dissolve their joint venture, in order for RBM to provide loading, transportation and beneficial use services, and for VCI to provide farm operation services under a separate Ground Lease Agreement.

- On May 12, 2000, the Board authorized execution of Amendment No. 2 (Transmittal No. 2) to give RBM the exclusive right to load, transport and beneficially use biosolids on the Farm, and to extend RBM's Personal Services Contract for ten (10) years until September 22, 2010.
- On September 17, 2010, the Board adopted a motion (Transmittal No. 3) approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 3 to agreement C-94375 is fully executed.
- On March 16, 2011, the Board adopted a motion (Transmittal No. 5) approving the extension of the existing contract with RBM (C-94375) on a month-to-month basis until the proposed Amendment No. 3 to agreement C-94375 is fully executed.

Funding history for this contract:

Fiscal Year	Expenditures	Subtotal Expenditures (up to invoice dated 02/23/2011)	Total Estimated Ceiling Cost (end of Amendment No. 2 (Including Motion), projected date September 21, 2011)	Total Estimated Ceiling Cost (through projected date September 21, 2015)
1996 - 1997	\$1,304,298.25	\$80,265,820.35	\$84,098,550	\$108,692,000.00
1997 - 1998	\$2,157,497.13			
1998 - 1999	\$3,252,138.04			
1999 - 2000	\$3,904,463.56			
2000 - 2001	\$5,113,159.38			
2001 - 2002	\$6,893,471.68			
2002 - 2003	\$5,695,251.38			
2003 - 2004	\$5,903,000.00			
2004 - 2005	\$6,835,684.82			
2005 - 2006	\$6,978,903.67			
2006 - 2007	\$7,289,812.69			
2007 - 2008	\$6,906,304.80			
2008 - 2009	\$7,890,674.94			
2009 - 2010	\$5,602,934.00			
to invoice 02/23/2011	\$4,538,226.00			
09/22/2011 - 09/21/2012	\$5,706,224.00			
09/22/2012 - 09/21/2013	\$5,991,360.00			
09/22/2013 - 09/21/2014	\$6,290,752.00			

Fiscal Year	Expenditures	Subtotal Expenditures (up to invoice dated 02/23/2011)	Total Estimated Ceiling Cost (end of Amendment No. 2 (Including Motion), projected date September 21, 2011)	Total Estimated Ceiling Cost (through projected date September 21, 2015)
09/22/2014 – 09/21/2015	\$6,605,114.00			

The total cost ceiling for this contract from October 28, 1996 until the projected date of September 21, 2015 is estimated at \$108,692,000.00.

RBM has complied with all federal, state, and local regulatory and contractual requirements as specified in its agreement with the City. RBM has remained the lowest cost option to the City for the loading, transporting, and beneficial use of City biosolids.

Furthermore, RBM has agreed to offer a courtesy discount of ten percent (10%) price reduction on its price per wet ton as set forth in Table A in Amendment No. 3 (Transmittal No. 4) for the loading, transporting and beneficial use of biosolids at the Farm in response to the City Administrative Office request for a ten percent (10%) price reduction on all service contracts. Such courtesy discount will be effective through September 22, 2012. For each bi-monthly billing period during the discount term, the 10% discount will apply only to averages of 450 WTPD or more.

Therefore, in consideration of RBM's past performance and the City's desire to have the lowest cost and most reliable contractor, it is recommended that the personal services contractual agreement with RBM for loading, transporting, and beneficial use of City biosolids be amended. Also, this amendment will modify the existing contract C-94375 to include compliance with the new requirements of the City Environmental Management System (EMS) for biosolids. The goal of the City is to maintain a certified EMS program that conforms to the National Biosolids Partnership EMS requirements.

**Proposed Term of Agreement and Estimated Cost of the Contract**

Amendment No. 3 shall:

1. Extend the current personal services contract C-94375 for three (3) years with an option to renew for one (1) additional term of one (1) year; and
2. Increase the cost ceiling from \$84.09 million to \$108.7 million.

**Other City Requirements**

RBM shall be required to comply with all of the City's requirements including:

- Affirmative Action/ Equal Employment Opportunity/ Non-Discrimination
- Insurance Requirements
- Child Support Obligations Ordinance
- Equal Benefits Ordinance
- Americans with Disabilities Act
- City of Los Angeles Contract History
- Municipal Lobbying Ordinance
- Slavery Disclosure Ordinance
- Non-Collusion Affidavit
- Los Angeles Residence Information
- First Source Hiring Ordinance

The City Administrative Office has determined that Personal Services Contract C-94375 is exempt from the Living Wage Ordinance and Service Contractor Worker Retention Ordinance. The Office of Accounting has determined that Personal Services Contract C-94375 is exempt from the Business Tax Registration Certificate requirement.

**MBE/WBE/OBE Subcontractor Outreach Program**

Initially the City set anticipated MBE and WBE participation levels of 18.00 percent and 4.00 percent respectively. The contract was awarded with a pledged WBE participation level of 67.20 percent as part of the MBE/WBE Subcontractor Outreach Program at that time. On March 25, 1998, the Board adopted a recommendation to change the pledged level of WBE participation to a pledged MBE/WBE range of participation set between 51.00 percent and 66.30 percent, which RBM could achieve through the utilization of either MBE or WBE certified trucking companies. The pledged WBE participation was a range because the level of achievement depends on the average biosolids tonnage transported by the certified trucking companies during that particular year.

RBM attempted to achieve its MBE and WBE participation levels by using subcontractor Schmidt Trucking, a woman-owned trucking company. Unfortunately, in 1998, Schmidt Trucking sold its company and contracts, including the exclusive rights to haul the City's biosolids under RBM's current contract, to Lutrel Trucking (Lutrel), an OBE. RBM had no control over the negative impact that this sale would have on their achieved participation levels other than utilizing a certified MBE subcontractor, Batups & Son Trucking, when overflow work is available.

Amendment No. 1, adopted by the Board on August 25, 1999, reduced RBM's pledged participation levels to 0.09 percent MBE and 14.06 percent WBE, based on the estimated total contract cost of \$13,740,000 by the October 30, 2002 contract expiration date. Amendment No. 2, adopted by the Board on May 12, 2000, further modified RBM's pledged participation levels to 0.06 percent MBE and 9.66 percent WBE based on the estimated total contract cost of \$20,000,000 by the October 30, 2005 expiration date.

Subcontractor Lutrel has continued to fulfill RBM's primary hauling responsibilities under this contract.

Upon the request of the Bureau, RBM performed a subcontractor outreach to solicit quotes from MBE/WBE/OBE subcontractors. On February 16, 2010, RBM submitted the subcontractor outreach documentation to the City, documenting their efforts to locate and utilize MBE/WBE/OBE subcontractors. RBM was unable to find any trucking company with MBE or WBE status that could provide the services required under the current contract agreement.

During the course of Amendment No. 2, RBM used unapproved subcontractors due to emergency hauling needs. These subcontractors were used during emergency hauling situations critical to maintaining uninterrupted and sustained biosolids reuse operations, and non-violation of State Water Quality Control Board (SWQCB) permit conditions, as follows:

- City-requested increases in tonnage to resolve the Class A and Class B transition.
- Occasionally, when the I-5 was closed due to snow and inclement weather, RBM had to utilize City-approved alternate routes.
- From May 1, 2004 to July 31, 2004, RBM used Western Express Transporters service to take City biosolids periodically to Arizona when the City could not produce Class A material.
- The El Nino storm shut down the Farm for more than a month in 1998 and Fleet Transport was used at that time.

The complete list of the OBE subcontractors RBM used as follows:

Listed Subcontractors	MBE/WBE/OBE	Start Date	End Date	Amount Invoiced (\$)
Western Express Transporters	OBE	05/01/2004	07/21/2004	\$ 112,040.27
Payne Allied	OBE	01/01/2000	04/30/2002	\$ 536,086.11
Fleet Transport	OBE	06/30/1998	02/15/2002	\$ 176,674.11
Sierra Transport, Inc	OBE	01/01/2010	Present	\$ 3,102,703.63

All of these subcontractors are no longer being used, except for Sierra Transport, Inc., who replaced Lutrel Trucking. RBM provided a written notification to the City on January 13, 2010 for using Sierra Transport, Inc.

The MBE/WBE/OBE subcontractor achieved participation levels for RBM as of March 03, 2011 invoice are as follows:

Gender/Ethnicity Codes:

C = Caucasian                      SAA = Subcontinent Asian American  
 NA = Native American            APA = Asian Pacific American  
 AA = African American          HA = Hispanic American  
 M = Male                              F = Female

Listed Subcontractors	MBE/WBE/OBE	Gender/Ethnicity	% of Contract Amount Invoiced	Subcontract Amount Invoiced*
Batups Son Trucking	MBE	M/AA	0.34%	\$ 270,978.97
Schmidt Trucking	WBE	F/C	2.35%	\$ 1,888,007.49
Valley West Services	OBE		3.12%	\$ 2,512,492.27
Lutrel Trucking	OBE		37.91%	\$ 30,507,925.13
Western Express Transporters	OBE		0.14%	\$ 112,040.27
Payne Allied	OBE		0.67%	\$ 536,086.11
Sierra Transport, Inc	OBE		3.86%	\$ 3,102,703.63
Fleet Transport	OBE		0.22%	\$ 176,674.11
Total MBE Participation			0.34%	\$ 270,978.97
Total WBE Participation			2.35%	\$ 1,888,007.49
Total OBE Participation			45.92%	\$ 36,947,921.52
Total Invoiced				\$ 80,469,812.48

\*According to RBM, amounts submitted are estimates derived from sources deemed reliable. However, due to additional services provided by RBM to the City, the "Invoiced to Date" amounts may show higher dollar amounts as they may include payments for services other than beneficial biosolids disposition.

With Amendment No. 3, the MBE/WBE/OBE subcontractor pledged participation levels for **RBM** are as follows:

Listed Subcontractors	MBE/WBE/OBE	Gender/Ethnicity	% of Contract Pledged	Amount Pledged
Batups Son Trucking	MBE	M/AA	0.25%	\$ 270,978.97
Schmidt Trucking	WBE	F/C	1.73%	\$ 1,888,007.49
Valley West Services	OBE		2.31%	\$ 2,512,492.27
Lutrel Trucking	OBE		28.07%	\$ 30,507,925.13
Western Express Transporters	OBE		0.10%	\$ 112,040.27
Payne Allied	OBE		0.49%	\$ 536,086.11
Sierra Transport, Inc	OBE		11.52%	\$ 12,525,467.00
Fleet Transport	OBE		0.16%	\$ 176,674.11
Total MBE Participation			0.25%	\$ 270,978.97
Total WBE Participation *			1.73%	\$ 1,888,007.49
Total OBE Participation			42.66%	\$ 46,370,684.89
Total Contract Ceiling				\$ 108,692,000.00

(\*) The total WBE participation level would increase once Sierra Transportation, Inc. becomes a certified WBE by an agency recognized by the City.

**Reduction in RBM's Pledged MBE/WBE Participation Level**

As stated earlier, RBM again performed another subcontractor outreach to solicit quotes from MBE/WBE/OBE subcontractors. However, RBM was still unable to find any other trucking company that could provide the services required, in terms of comparable price and equipment as Sierra Transport, Inc., under the current contract agreement.

As part of their effort to increase WBE participation, RBM provided the City with documentation that Sierra Transport, Inc is currently a certified WBE by the Women's Business Enterprise National Council (WBENC). Although WBENC is not currently an accepted certification agency by the City of Los Angeles, the City is in the process of accepting WBENC as a certifying agency. In addition, Sierra Transportation, Inc. submitted their WBE application to Metropolitan Transportation Authority (MTA) for certification on December 01, 2010, and MTA is currently an accepted certification agency by the City of Los Angeles. Once Sierra Transportation, Inc. becomes a certified WBE by an agency recognized by the City, the percentage of WBE participation level will increase.

Bureau of Sanitation  
Bureau of Contract Administration  
Joint Board Report No. 1  
May 25, 2011

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**Notification of Intent to Contract**

The required "Notification of Intent to Contract" was filed with the City Administrative Office (CAO) Clearinghouse on June 22, 2009.

**Charter Section 1022**

The CAO made a Charter Section 1022 determination on October 13, 2009 that there was an insufficient number of City staff to perform these proposed services to be contracted and that it was more feasible to contract these services to an outside vendor.

**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 contract subject to termination pursuant to the conditions expressed therein.

**Contract Administration**

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

**Headquarters and Work Force Information**

The headquarters address of RBM is located at P.O. Box 40109, Santa Barbara, CA 93140-0109. The Contractor has a staff of twelve (12) employees assigned to this amendment and none of the employees reside within the City of Los Angeles.

**City Attorney Review**

The proposed contract amendment has been reviewed and approved as to form by the Office of the City Attorney.

**STATUS OF FINANCING**

The estimated cost of Amendment No. 3 to Personal Services Contract C-94375 for the first year is \$5,706,224 for all services pursuant to the contract. Total funding for this Amendment is \$24,593,450 (adjusted for 5% CPI escalation each year). Financing for the three (3) years with the one (1) year renewal option term of this Amendment will be requested through the annual budgets from FY 11-12 to FY 15-16.

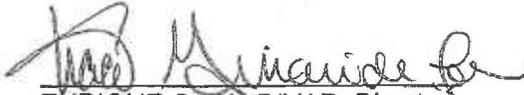
4 Years Contract	Estimated Cost (\$)
09/22/2011 – 09/21/2012	\$5,706,224
09/22/2012 – 09/21/2013	\$5,991,360
09/22/2013 – 09/21/2014	\$6,290,752
09/22/2014 – 09/21/2015	\$6,605,114
<b>Total Estimated Cost (\$)</b>	<b>\$24,593,450</b>

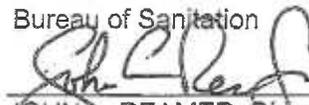
The contract contains a "Financial Liability Clause", which states that "the City's liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City's liability shall be extended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

Respectfully submitted,

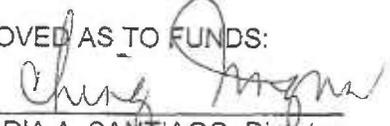
COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

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

  
\_\_\_\_\_  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

  
\_\_\_\_\_  
JOHN D. REAMER, Director  
Bureau of Contract Administration

APPROVED AS TO FUNDS:

  
\_\_\_\_\_  
VICTORIA A. SANTIAGO, Director  
Office of Accounting

Date: \_\_\_\_\_ 5/19/11

Prepared by:  
Alan Tran, HTP  
Phone: (310) 648-5995  
Fax: (310) 648-5070

TRANSMITTAL 6

CITY OF LOS ANGELES  
CALIFORNIA

JUNE LAGMAY  
City Clerk

HOLLY L. WOLCOTT  
Executive Officer



ANTONIO R. VILLARAIGOSA  
MAYOR

Office of the  
CITY CLERK

Council and Public Services  
Room 395, City Hall  
Los Angeles, CA 90012  
General Information - (213) 978-1133  
Fax: (213) 978-1040

When making inquiries relative to  
this matter, please refer to the  
Council File No.

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

September 29, 2011

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 10-1636-S1, at its meeting held September 27, 2011.

City Clerk  
srb

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TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your ENERGY AND ENVIRONMENT COMMITTEE

reports as follows:

CATEGORICAL EXEMPTION and ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to an amendment to Contract No. 94375 with Responsible Biosolids Management, Inc. (RBM) for continuation of biosolids management from the City's wastewater treatment plants.

Recommendations for Council action:

1. FIND that the project consists of the continued operation of existing facilities without significant expansion of use and is hence categorically exempt from California Environmental Quality Act (CEQA) review, pursuant to Section 15301 of the State CEQA Guidelines.
2. AUTHORIZE the Board of Public Works to execute Amendment 3 to Contract 94375 with RBM to extend the term by three years, with an option to renew for one additional year, and increase the cost ceiling by \$24.6 million for a total of \$108.7 million, for the management and beneficial use of biosolids generated by the City's wastewater operations.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no General Fund impact. First year funding of \$5.7 million is budgeted for this purpose from the Sewer Construction and Maintenance Fund in Fiscal Year 2011-12 (in anticipation of this contract taking effect post July 1, 2011). Funding for future years of the contract period will be subject to appropriations in the annual budget process. Consistent with the City's Financial Policies, the continuation of this contract will be subject to the availability of funding appropriated in each fiscal year.

Community Impact Statement: None Submitted.

Summary:

On September 13, 2011, your Committee considered a July 26, 2011 CAO report relative to an amendment to Contract No. 94375 with Responsible Biosolids Management, Inc. (RBM) for continuation of biosolids management from the City's wastewater treatment plants. In its report, attached to the Council file, the CAO states that the majority of biosolids are transported to the City-owned Green Acres Farm (GAF) in Kern County for land application. The City entered into a contract with RBM in July 1996 for the loading, transporting and beneficial use of biosolids at the GAF. The contract has been amended twice to provide services through September 2010 and has since been extended on a month-to-month basis by the Board of Public Works. The third amendment extends the contract for up to an additional four years through 2015. The cost ceiling is increased by \$24.6 million for a cumulative contract amount of \$108.7 million. Funding is provided by the Sewer Construction and Maintenance Fund. RBM has complied with the terms of its contract and continues to provide reliable service for the City.

During the discussion of this item, the CAO and Bureau of Sanitation representatives provided an overview and responded to related questions from the Committee members. The City Attorney then recommended that CEQA language be added to the recommendations, as reflected above. After additional discussion and providing an opportunity for public comment, the Committee recommended that Council approve the recommendation contained in the CAO report and the CEQA language. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE



**ADOPTED**

SEP 27 2011

**LOS ANGELES CITY COUNCIL**

<u>MEMBER</u>	<u>VOTE</u>
PERRY:	YES
KREKORIAN:	YES
CÁRDENAS:	ABSENT
ALARCÓN:	ABSENT
LABONGE	YES

MLE  
10-1636-S1\_rpt\_ee\_9-14-11

- Not Official Until Council Acts -