

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1
January 21, 2015

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California
AND REFERRED TO THE MAYOR
JAN 21 2015


Executive Officer

CD: ALL

**AUTHORITY TO EXECUTE AMENDMENT NO. 2 TO PERSONAL SERVICES
CONTRACT NO. C-110634 WITH TERRA RENEWAL, LLC FOR THE BENEFICIAL
USE OF CITY OF LOS ANGELES' BIOSOLIDS**

RECOMMENDATIONS

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. 2 to the Personal Services Contract No. C-110634 with Terra Renewal, LLC (Terra Renewal) for the beneficial use of City biosolids, to increase the contract cost ceiling from \$19.20 million to \$28.99 million (special funding available from Sewer Construction Maintenance and Operation (SCMO) fund) and to extend the term of the contract for an additional three (3) years with one, 2-year renewal option; and
2. Upon the Mayor's and Council's authorization, the President or two (2) members of the Board will execute said contract Amendment No. 2; and
3. Return the executed amendment to the Bureau of Sanitation (Bureau) for further processing. Contact Alan Tran at (310) 648-5995 to arrange for pickup.

TRANSMITTALS

1. Copy of the Bureaus of Sanitation and Contract Administration Joint Board Report No. 1, adopted June 7, 2006, authorizing the Bureau to execute a Personal Services Contract with Solid Solutions for the beneficial use of City of Los Angeles' (City) biosolids.
2. Copies of motions, adopted September 29, 2010 and March 23, 2011, extending Contract No. C-110634 with Terra Renewal on a month-to-month basis, and increasing the contract ceiling until Amendment No. 1 was authorized, signed and executed.
3. Copy of the Bureaus of Sanitation and Contract Administration Joint Board Report No. 1, adopted February 9, 2011, authorizing the execution of Amendment No. 1 to Contract No. C-110634 with Terra Renewal.
4. Copy of the proposed Amendment No. 2 to Personal Services Contract C-110634 with Terra Renewal for the beneficial use of City biosolids. Originals will be delivered to the Board when Alan Tran (310) 648-5995 is notified that the amendment is ready for execution.

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FISCAL IMPACT STATEMENT

Financing for Amendment No. 2 to Personal Services Contract C-110634 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. 2. This Amendment will be funded by the Sewer Construction Maintenance and Operation (SCMO) Fund.

DISCUSSION

Background

Currently, the Hyperion Treatment Plant (HTP) and Terminal Island Water Reclamation Plant (TIWRP) produce Class "A" Exceptional Quality (EQ) biosolids. The Bureau of Sanitation (Bureau) has adopted a diversified approach to managing its biosolids, which at present includes land application, composting, and deep well injection. Terra Renewal has assumed responsibility for the loading, transporting, and beneficial use of City of Los Angeles (City) biosolids at City approved sites.

On June 7, 2006, the Board authorized the Bureau to execute a Personal Services Contract C-110634 with Terra Renewal (formally Solid Solutions, LLC) for the loading, transporting, and beneficial use of the City's biosolids (Transmittal No. 1). The City started utilizing Terra Renewal's services on October 4, 2007. The contract duration was three (3) years with an expiration date of October 3, 2010. On September 29, 2010 and March 23, 2011, two (2) motions were adopted by the Board to extend the contract with Terra Renewal on month-to-month basis, and to increase the estimated amount from \$4.01 million to \$6.13 million until Amendment No. 1 was authorized, signed and executed (Transmittal No. 2). On February 9, 2011, the Board initially approved the execution of Amendment No. 1 to Contract C-110634 with Terra Renewal (Transmittal No. 3). Amendment No. 1, was finally executed on August 12, 2011, for a two-year term and contains the option to extend the term for an additional 2 years. The additional 2 year extension on the current amendment is due to expire on August 11, 2015.

A Request for Proposals (RFP) for the management of the City's biosolids is currently in development. During this process, the City desires to amend the current contract with Terra Renewal, which will provide time for the City to issue an RFP and negotiate a contract with the selected Proposer. In addition, Terra Renewal has offered to the City various beneficial reuse sites that could be used in the City's Biosolids Diversification Program and as an alternative to Green Acres Farm should the City not prevail in the current litigation against Kern County.

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Terra Renewal has provided satisfactory services to the City thus far and has proven that they are a reliable contractor. Terra Renewal has current contracts with other Publicly Owned Treatment Works (POTW) in California, including: City of Colton, City of Oceanside, City of Riverside, City of San Bernardino, City of San Diego and City of Escondido. They are also servicing other POTWs such as Orange County Sanitation District and Los Angeles County Sanitation District. Terra Renewal's biosolids management operations have been inspected and audited according to the National Biosolids Partnership Environmental Management System (EMS) to ensure that they are beneficially using biosolids in compliance with all applicable regulations and best management practices.

This Amendment No. 2 shall:

- 1) Extend the current contract by three (3) years with one, 2-year renewal option (to August 11, 2020); and
- 2) Increase the contract cost ceiling from \$19.20 million to \$28.99 million.

MBE/WBE/OBE Subcontractor Outreach Program

At the time of distribution of the Beneficial Use of City's Biosolids RFP, the City had established an MBE/WBE/OBE Subcontractor Outreach Program for this project with anticipated MBE and WBE participation levels of 18 and 4 percent respectively. At the time of contract award, Terra Renewal's pledged participation levels were 0 percent MBE, 0 percent WBE, and 76.13 percent OBE. For Amendment No. 1, Terra Renewal's pledged participation levels were 0 percent MBE, 0 percent WBE, and 80.50 percent OBE. As of August 5, 2014, the achieved MBE/WBE/OBE subcontractor participation levels for Terra Renewal are 0 percent MBE, 0 percent 0 percent WBE, and 81.31 percent OBE .

Terra Renewal had listed subcontractor Blacks Custom Spreading, an OBE, to perform land application services in the amount of \$175,000 on their original Schedule A. However, since the CITY has been only using Terra Renewal's composting service option, Terra Renewal has not used Blacks Custom Spreading for any work on this contract and does not anticipate using them in Amendment No. 2.

The pledged participation for Fleet Transportation will increase from 80.50%, pledged in Amendment No. 1, to 81.34% for this amendment. This revised pledge is based on an increase in the achieved participation of this subcontractor, as of August 5, 2014. With Amendment No. 2, Terra Renewal's pledged participation levels will be 0 percent MBE, 0 percent WBE and 81.34% OBE.

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Gender/Ethnicity Codes:

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

The MBE/WBE/OBE subcontractor achieved participation levels for Terra Renewal as of August 5, 2014 are as follows:

Listed Subcontractor	Gender/ Ethnicity	MBE/ WBE/ OBE	% of Contract Amount Invoiced	Contract Amount Invoiced
Fleet Transportation		OBE	81.31%	\$9,324,573.33
Total MBE Participation			0.00%	\$0.00
Total WBE Participation			0.00%	\$0.00
Total OBE Participation			81.31%	\$9,324,573.33
Total MBE/WBE/OBE Participation			81.31%	\$9,324,573.33
Total Contract Invoiced				\$11,468,617.74

In Amendment No. 2, the MBE/WBE/OBE subcontractor pledged participation levels for Terra Renewal are as follows:

Listed Subcontractor	Gender/ Ethnicity	MBE/ WBE/ OBE	% of Contract Pledged	Amount Pledged
Fleet Transportation	-	OBE	81.34%	\$23,577,416.00
Blacks Custom Spreading	-	OBE	TBD	TBD
Total MBE Pledged Participation			0.00%	\$0.00
Total WBE Pledged Participation			0.00%	\$0.00
Total OBE Pledged Participation			81.34%	\$23,577,416.00
Total MBE/WBE/OBE Pledged Participation			81.34%	\$23,577,416.00
Total Contract Amount				\$28,986,250.00

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Other Policies and Compliance

Terra Renewal shall be required 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 Ordinance
- 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
- First Source Hiring Ordinance
- Contract Bidder Campaign Contribution and Fundraising Restrictions
- Iran Contracting Act of 2010 Compliance Affidavit

Contractor 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.

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.

Notification of Intent to Contract

The required "Notification of Intent to Contract" was re-filed with the City Administrative Office (CAO) Clearinghouse on July 16, 2014.

Charter Section 1022

The Personnel Department concluded on May 2, 2014 that City employees do not have the expertise to perform the work to be contracted.

Contract Administration

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

Headquarters Information

The headquarters address of Terra Renewal is at 12812 Valley View Street, #9, Garden Grove, California 92845. The contractor has a staff of 21 employees assigned to this contract, none of whom reside in the City of Los Angeles.

Approved as to Form

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

FUNDING HISTORY

Year	Contractor	Expenditures	Approved Budget	Contract Ceiling
07-08	Terra Renewal	\$1,051,567		\$28,986,250
08-09	Terra Renewal	\$1,228,100		
09-10	Terra Renewal	\$1,220,812		
10-11	Terra Renewal	\$2,330,084		
11-12	Terra Renewal	\$2,181,283		
12-13	Terra Renewal	\$1,674,582		
13-14	Terra Renewal	\$1,734,088		
14-15	Terra Renewal			
15-16	Terra Renewal			
16-17	Terra Renewal			
17-18	Terra Renewal			
18-19	Terra Renewal			
19-20	Terra Renewal			

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STATUS OF FINANCING

For Fiscal Year 2014-15, funding is available in Fund 760, Department 50, Account 50LX82, Object 304.

The estimated cost of Amendment No. 2 to Personal Services Contract C-110634 first year is \$2,545,098 for all services pursuant to the contract. Total funding for the three (3) year term with one, 2-year renewal option is \$14,863,498 (adjusted for 3% CPI escalation each year plus 10% contingency). However, with the estimated remaining funding on Amendment No. 1, only \$9,782,339 is needed for Amendment No. 2. This increases the ceiling cost for the entire contract to \$28,986,250. Financing for the three (3) year term with one, 2-year renewal option of this Amendment will be requested through the annual budget process from FY 15-16 to FY 19-20.

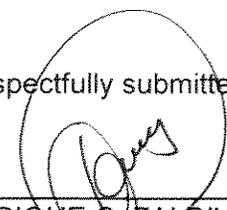
The contract contains a "Financial Liability Clause", which states that "the City's liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City's liability shall be extended 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 L. REAMER, JR., Director
Bureau of Contract Administration

APPROVED AS TO FUNDS:


VICTORIA A. SANTIAGO, Director
Office of Accounting
Date _____

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

