

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
 BUREAU OF CONTRACT ADMINISTRATION
 JOINT BOARD REPORT NO. 1
 FEBRUARY 9, 2011

AS AMENDED**

ADOPTED BY THE BOARD
 PUBLIC WORKS OF THE CITY
 of Los Angeles California
 AND REFERRED TO THE MAYOR
 FEB - 9 - 2011

CD: ALL


 Executive Officer

AUTHORITY TO EXECUTE AMENDMENT NO. 1 TO PERSONAL SERVICES
 CONTRACT NO. C-110634 WITH TERRA RENEWAL A.K.A. SOLID SOLUTIONS, 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. 1 to the Personal Services Contract No. C-110634 with Terra Renewal a.k.a. Solid Solutions, LLC. for the beneficial use of City biosolids, to increase the contract cost ceiling from \$5.51 million to \$19.20 million (special funding available from Sewer Construction Maintenance and Operation (SCMO) fund) and to extend the term of the contract for an additional two (2) years with a two-year option to renew; 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. 1; 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.
- ** 4. Approve extension of the existing contract with Terra Renewal (C-110634), which expires March 3, 2011, on a month-to-month basis until Recommendation No. 1 of this report is acted upon by Mayor and Council and Amendment No. 1 is fully executed.

TRANSMITTALS

1. Copy of the Bureau of Sanitation and Bureau of 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. Copy of the letter announcing the merging of Solid Solutions LLC with Terra Renewal on March 12, 2008.
3. Copy of Bureau of Sanitation Motion, adopted September 29, 2010, approving the extension of the existing contract with Terra Renewal (C-110634) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 1 to agreement C-110634 is fully executed.
4. Copy of the proposed Amendment No. 1 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. 1 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.1. 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 exceptional quality (EQ) biosolids that are partly transported to the South Kern County Composting Facility. Terra Renewal has assumed responsibility for the loading, transporting, and beneficial use of City biosolids at that site and other City approved sites.

On November 28, 2005, the Board authorized the Director of the Bureau of Sanitation to negotiate a personal services contract with Solid Solutions (Terra Renewal) for the beneficial use of the City's biosolids.

On June 7, 2006, the Board authorized the Bureau to execute a Personal Services Contract C-110634 with Solid Solutions for the loading, transporting, and beneficial use of the City biosolids. The City started utilizing Solid Solutions services on October 4, 2007. The contract duration is three (3) years with an expiration date of October 3, 2010.

Solid Solutions was acquired by Terra Renewal on March 12, 2008.

On September 29, 2010, the Board adopted a motion approving the extension of the existing contract with Terra Renewal (C-110634) on a month-to-month basis for a period not to exceed six (6) months until the proposed Amendment No. 1 to agreement C-110634 is fully executed.

The City desires to continue to retain Terra Renewal to provide the required services for the City's biosolids beneficial uses. 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 fail to win the current litigation against Kern County.

Terra Renewal has provided satisfactory services to the City thus far and has proven that they are a reliable contractor. They have 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

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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) for better control of City contractors and to ensure that they are beneficially using biosolids in compliance with all applicable regulations and best management practices.

This Amendment No. 1 shall:

- 1) Extend the current contract by two (2) years, with option to renew for additional two years; and
- 2) Increase the contract cost ceiling from \$5.51 million to \$19.20 million.

The estimated cost for Amendment No. 1 is higher than the current contract based on the following data and assumptions:

- Biosolids composting: Assumed that 100 wet tons per day (wtpd) of biosolids instead of 51 wtpd will be beneficially used as compost and will be processed at South Kern Composting Facility. This is one of alternatives to the Green Acres Farm should the City fail to win the current litigation against Kern County. The estimated cost for this is \$11,537,818 which includes the hauling and tipping fees of \$73.34/wet ton and the 5% CPI-U increase per year.
- Biosolids hauling service from HTP to Terminal Island Renewable Energy (TIRE) site: The City is currently using Terra Renewal services to haul the biosolids from HTP to TIWRP for TIRE project. It is projected that 180 wtpd of biosolids would be processed in Phase II of TIRE project. The estimated cost for this is \$2,152,132 which includes the hauling fee of \$7.60/wet ton and the 5% CPI-U increase per year.

The increase in the estimated cost for Terra Renewal's Amendment No. 1 will be partially off-set by the reduction of tonnage biosolids to Green Acres Farm.

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 award, Terra Renewal's (Solid Solution's) pledged participation levels were 0 percent MBE, 0 percent WBE, and 76.13 percent OBE. Initially, Terra Renewal had pledged one of their subcontractors, Blacks Custom Spreading, an OBE, on their Schedule A, to perform land application services in the amount of \$175,000. However,

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since the City has been only using Terra Renewal's composting service option, Terra Renewal has not used Black Custom Spreading throughout the duration of this contract.

Gender/Ethnicity Codes:

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

The MBE/WBE/OBE subcontractor achieved participation levels for Terra Renewal as of July 02, 2010 are as follows:

Listed Subcontractor	Gender Ethnicity	MBE/WBE/OBE	% of Contract Amount Invoiced	Contract Amount Invoiced
Fleet Transportation		OBE	80.50%	\$2,822,757.20
Black Custom Spreading		OBE	0.00%	\$0.00
Total MBE Participation			0.00%	\$0.00
Total WBE Participation			0.00%	\$0.00
Total OBE Participation			80.50%	\$2,822,757.20
Total Contract Invoiced				\$3,506,530.80

Amendment No. 1, 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	80.50%	\$15,459,147.00
Black 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			80.50%	\$15,459,147.00
Total Contract				\$19,203,910.00

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

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- 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

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 filed with the City Administrative Office (CAO) Clearinghouse on November 24, 2009.

Charter 1022

The CAO made a Charter Section 1022 determination on October 14, 2009 and concluded that there was an insufficient number of City staff to perform these services and that it was more feasible to contract these services out.

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.

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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

Calendar Year	Contractor	Expenditures	Estimated Cost
2007	Terra Renewal	\$387,925	\$4,013,960
2008	Terra Renewal	\$1,586,179	
2009	Terra Renewal	\$1,425,757	
2010	Terra Renewal	\$714,734	

STATUS OF FINANCING

The estimated cost of Amendment No. 1 to Personal Services Contract C-110634 first year is \$3,176,230 for all services pursuant to the contract. Total funding for this Amendment is \$13,689,950 (adjusted for 5% CPI escalation each year). Financing for the two (2) years with the two-year renewal option term of this Amendment will be requested through the annual budgets from FY 10-11 to FY 13-14.

Fiscal Year	Estimated Cost (\$)
2010 - 2011	\$3,176,230
2011 - 2012	\$3,335,041
2012 - 2013	\$3,501,794
2013 - 2014	\$3,676,885
Total Estimated Cost (\$)	\$13,689,950


For Fiscal Year 2010-11, \$3,176,230 is available in Fund 760, Department 50, Account G282, Object 304, and Line #52 for HTP's biosolids and Ash Reuse. Additional funds for the subsequent years will be requested through the budget 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."

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COMPLIANCE REVIEW PERFORMED
AND APPROVED BY:



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

Respectfully submitted,



ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation



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

APPROVED AS TO FUNDS:

fr 

VICTORIA A. SANTIAGO, Director
Office of Accounting

Date: _____ 2/1/11

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