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BOARD OF PUBLIC WORKS

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April 28, 2021

**BPW-2021-0261**

The Honorable City Council  
Room No. 395  
City Hall

**PREPARATION OF ORDINANCE - DESIGN-BUILD CONTRACT - CLEAN WATER  
AND STORMWATER CONTROL SYSTEM UPGRADE AND INTEGRATION PROJECT**

As recommended in the accompanying report of the Director of the Bureau of Sanitation, which this Board has adopted, the Board of Public Works recommends that the City Council:

1. REQUEST the Office of the City Attorney to prepare and present an ordinance according to Section 371 to allow the Board of Public Works to use a Design-Build contract for the delivery of the Bureau of Sanitation Clean Water and Stormwater Control System Upgrade and Integration Project.

Fiscal Impact

There is no impact to the General Fund.

Sincerely,

DR. FERNANDO CAMPOS,  
Executive Officer, Board of Public Works

FC:lc



## DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BOARD REPORT NO. 2  
APRIL 21, 2021

CD: ALL

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

APR 28 2021  
AND REFERRED TO THE CITY COUNCIL

  
Executive Officer  
Board of Public Works

AUTHORITY TO REQUEST THE CITY COUNCIL TO REQUEST THE OFFICE OF THE CITY ATTORNEY TO PREPARE AND PRESENT AN ORDINANCE FOR USE OF DESIGN-BUILD PROJECT DELIVERY FOR THE LA SANITATION AND ENVIRONMENT CLEAN WATER AND STORMWATER CONTROL SYSTEM UPGRADE AND INTEGRATION PROJECT

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RECOMMENDATION

Request the City Council to request the Office of City Attorney to prepare and present an ordinance according to Section 371 to allow the Board of Public Works to use a Design-Build contract for the delivery of the LA Sanitation and Environment (LASAN) Clean Water and Stormwater Control System Upgrade and Integration Project.

TRANSMITTALS

1. Copy of LASAN and Bureau of Contract Administration (BCA) Joint Board Report No. 1 adopted July 15, 2009 authorizing the authority for Request for Proposal (RFP) for the Los Angeles Wastewater Control System Replacement Program (LAWINS).
2. Copy of LASAN Board Report No. 1 adopted February 16, 2011 authorizing the award and execution of the contract with Honeywell International Inc. for the LAWINS Contract.
3. Copy of the Reference Section 371.

DISCUSSION**Background**

LASAN's mission is to protect public health and the environment and as such is responsible for operating and maintaining one of the world's largest wastewater conveyance and treatment systems. It has the primary responsibility to proactively maintain more than 6,700 miles of sewer lines, 44 wastewater pumping plants, 29 stormwater facilities, 13 air treatment facilities/carbon scrubbers, in addition to four water reclamation plants across the City with a combined capacity to treat 580 million gallons per day (mgd) of wastewater. LASAN's stormwater system includes 20 low flow diversion facilities and 10 stormwater pumping plants.

The City's Clean Water and Stormwater systems operate 24 hours per day, 365 days per year to serve the needs of more than four million customers in Los Angeles, plus 29 contract agencies.

In 2009, the Board authorized the issuance of a RFP for the Design-Build LAWINS project. In 2011, the Board awarded the LAWINS project to Honeywell International Inc. and also designated

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Honeywell as the sole source provider and installer of the control systems technology and products for LASAN's treatment plants, conveyance systems, and any other wastewater-related systems for all future City of Los Angeles wastewater projects.

The LASAN project scope included four (4) Water Reclamation Plants and eleven (11) clean water system facilities. The remaining Clean Water and Stormwater facilities are slated to be integrated after the construction completion of the LAWINS project. To complete the control system upgrade of LASAN, the existing remote controllers and communication network at each of the remaining Clean Water and Stormwater facilities will be integrated into LAWINS.

The majority of the remaining pumping plants and air treatment facilities are monitored and controlled by Kapsch (Supervisory Control and Data Acquisition (SCADA) via leased telephone lines. Each of the Clean Water and Stormwater facilities generally utilizes a mix of aging Programmable Logic Controller (PLC) or Remote Terminal Unit (RTU) for control and monitoring. This project intends to upgrade and standardize each site's control system infrastructure as well as the wide-area network(WAN) communication.

The objective is to design, procure, install, test, commission, replace remote controllers, control panels, and upgrade the communication medium and connect remotely to the existing Honeywell Enterprise Distributed Control System (DCS). The Contractor will also replace the communication WAN, install new Uninterruptible Power Supplies (UPS), install Human Machine Interfaces (HMI), and provide training, spare parts, and warranty support.

#### **Design-Build project delivery**

To implement the Clean Water and Stormwater Control System Upgrade and Integration project, LASAN is pursuing a turnkey project development model known as Design-Build, where much of the performance and risk is shifted to the project contractor who has the expertise and record of accomplishment with such projects. The project development approach ensures that the contractor addresses any potential short-term corrections to the Project before turning the project over to the LASAN. Design-Build minimizes time, cost and improves project delivery outcomes through the City's direct involvement in the design process.

The City Charter permits the awarding of contracts according to a competitive sealed proposal method, following criteria established by ordinance adopted by at least two-thirds of the City Council (Section 371). This process also allows for the use of Design-Build or other appropriate project delivery systems when justified by the type of project and approved by the contracting authority.

To control costs, manage City risk, and assure timely delivery of a high-quality product, LASAN proposes to use the Design-Build project delivery method in-lieu of the conventional design-bid-build project delivery method for the Clean Water and Stormwater Control System Upgrade and Integration Project.

By this report, LASAN requests the City Council to request the Office of City Attorney to prepare and present an ordinance according to Section 371 to allow the Board of Public Works to use a Design-Build contract for the delivery of the LASAN Clean Water and Stormwater Control System Upgrade and Integration Project.

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**Rationale for Using Design Build Delivery Method**

The Design-Build project delivery method will minimize time, reduce cost, and improve project completion outcomes through the City's direct involvement in the engineering, design, and construction process. In addition, the qualified contractor, with similar large-scale municipal control system integration experience, should provide the best value to the City and the lowest ultimate cost.

**Cost Estimate of Contract**

There is no impact to the General Fund. The estimated cost includes Control System Upgrade and Integration, consultant construction management, allowances, and contingencies totaling \$26,090,727.

**Clean Water and Stormwater Control System Upgrade and Integration cost** include complete field verification, design, engineering, fabrication, systems integration, testing, procurement, construction, installation, documentation, management, ancillary services, training, warranty, and any other services necessary to upgrade and standardize all Clean Water and Stormwater Facilities logic controllers and WAN communication to achieve a fully functional and reliable enterprise-level SCADA/DCS system.

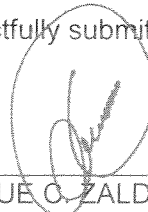
PROJECT REVIEW COMMITTEE (PRC) APPROVAL

The project budget was approved by PRC on October 14, 2020 for \$26,090,727.

STATUS OF FINANCING

No funding is required at this time. Specific funding information will be provided at the time of the project award.

Respectfully submitted,



ENRIQUE C. ZALDIVAR, P.E.  
Director and General Manager  
Bureau of Sanitation

REVIEWED AND APPROVED BY:



Digitally signed by Lisa B. Mowery  
DN: cn=Lisa B. Mowery, o=LASAN, ou=Exec,  
email=lisa.mowery@lacity.org, c=US  
Date: 2021.04.08 08:55:40 -07'00'

LISA B. MOWERY, P.E., Chief Financial Officer  
Bureau of Sanitation

Date: 4/8/21

Prepared by:  
Sam Alavi, WESD  
(310) 648-5733

DEPARTMENT OF PUBLIC WORKS  
BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
July 15, 2009

CD: ALL

AUTHORITY TO DISTRIBUTE A REQUEST FOR PROPOSALS (RFP) AND  
NEGOTIATE A CONTRACT FOR THE DESIGN, CONSTRUCTION, AND  
MAINTENANCE OF THE LOS ANGELES WASTEWATER CONTROL SYSTEM  
REPLACEMENT PROGRAM (LAWCSRP)

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### RECOMMENDATIONS

Authorize the Director of Bureau of Sanitation (BOS) to:

- 1 Distribute and advertise the transmitted Request for Proposals (RFP) for the purpose of upgrading the City of Los Angeles (City) Wastewater Information and Control System.
- 2 Evaluate the proposals and pre-qualify proposers based upon the requirements and procedures set forth in the RFP,
- 3 Negotiate a Design, Engineering, Construction, and Maintenance Contract with the highest rated and most responsive proposer,
- 4 Return to the Board of Public Works for authority to execute the contract(s).

### TRANSMITTAL

Copy of the RFP to design, construct and maintain wastewater information and control system.

### DISCUSSION

#### **Project Background**

The City Clean Water Program involves approximately 6,500 miles of pipeline and 65 pumping plants to serve over 4 million people in the greater Los Angeles area. Wastewater collected at these facilities is treated at four wastewater treatment plants, with a capacity of approximately 600 million gallons per day. The BOS not only operates and maintains valuable assets that make up the Clean Water Program, but also meets the demands of growth and changes driven by continually restrictive regulations. The key to ensuring reliable and cost effective operations and maintenance of the wastewater collection and treatment is the control systems. The key functions of these systems are:

- Continuous collection of real-time data from approximately 27,000 field devices,
- Perform automatic control (automation) to optimize performance of facilities,
- Display data, alarms and information to the operation groups and maintenance, crews for informative decision making,
- Aid in the collection of information for regulatory, performance and BOS reporting functions,

The City is currently facing two major obstacles to effective and efficient control system performance:

**1. Non-Uniform Control Systems** - Historically, functional implementations of the Clean Water Program's Control Systems were based on bid and award process with little or no standardization among treatment plants. This plant-by-plant and system-by-system approach resulted in costly and complex integration and training issues, multiple complex commercial arrangements with the vendors and numerous costly procurements. It also forced the City continue to maintain numerous sole source contracts for maintenance and upgrade agreements due to the proprietary nature of these systems.

**2. Aging Control Systems** - Currently, over 75 percent of the Control Systems, which includes the Hyperion Treatment Plant (HTP), Terminal Island Water Reclamation Plant (TIWRP), and the Wastewater Collection System, are nearly obsolete. Vendors of the hardware and software for these systems will no longer support and/or provide parts within the next few years. For example, several control system elements at the HTP are over 25 years old and replacement parts are no longer readily available. The control system elements at the Los Angeles Glendale Water Reclamation Plant (LAG) and the Donald C Tillman Water Reclamation Plant (DCTWRP) (the remaining 25 percent of the Control Systems) are also experiencing the same problem.

#### **BOS's JUSTIFICATION FOR NEW APPROACH**

Through the Strategic Planning process, the following requirements were developed by BOS' executives and stakeholders:

1. **Replacement** of the aged control systems,
2. **Drive, or enable, cost savings** in operations, maintenance and capital,
3. **Simplify integration** of business systems and reporting,
4. **Increased security** simplifies access and meets emerging regulations,
5. **Standard control system platform** to maximize knowledge retention,
6. **Standardized operations** for effective training and to improve staff flexibility,
7. **Resist the obsolescence** of the IT market.

Given the urgency and needs of the current system, three different approaches to delivering these business goals were evaluated.

1. **Maintain Current Systems** - where systems are kept functioning by unconventional means and methods (i.e. attempt to purchase used replacement parts from secondary or gray marketplaces.)
2. **Replace with Multiple Systems** - where systems parts and support are procured by separate bids for each facility (current approach).
3. **Procure One System** - where a long term (15 year) contract for the supply, delivery, implementation and upgrades would be performed by the vendor for all facilities

Using a full lifecycle model, where the capital cost, operational expenses, mitigated risks to the City and the estimated costs of meeting or not meeting the business goals were considered, the approach to **Procuring One System** was determined to be the best solution in both the short and long term.

Lifecycle model provides the following advantages:

- Implementation costs (Cost of Capital) is expected to be reduced through repeatability of products and designs, leveraging the buying power (economy of scale) and forming a long term partnership with suppliers,
- Significant discounts are projected because of the competition between vendors to win this multi-million dollar contract,
- Training costs will be reduced since the BOS is training on one system rather than multiple systems from different vendors,
- Cost of integration to other business systems (document management, maintenance management etc) will be reduced, simplified and sustainable,
- The standardization of system elements will drive a high level of system security and simplified management of emerging security requirements,
- Risk of obsolescence, intellectual property issues and other delivery risks will be dramatically reduced,
- With this approach, the BOS will deliver significant O&M efficiencies through knowledge management, simplified training and staff flexibility,

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- Cost of contracts and overhead to manage multiple vendors/contractors will be dramatically reduced,
- Ongoing maintenance and upgrade costs will be reduced because they will be negotiated up front with the selected proposer(s).

### **WORK SEQUENCE**

The Work is divided into five work Segments. The sequence of the project implementation is based on the urgency, age, and condition of the Control Systems as follows:

1. Hyperion Treatment Plant,
2. Wastewater Collection Systems & Pumping Plants,
3. Terminal Island Water Reclamation Plant,
4. Donald C. Tillman Water Reclamation Plant,
5. Los Angeles-Glendale Water Reclamation Plant.

The City will issue a separate notice to proceed for each work Segment. Each Segment is divided into five Phases:

- |         |  |
|---------|--|
| Phase 1 | Engineering/Design                             |
| Phase 2 | Procurement, Staging, Programming and Testing, |
| Phase 3 | Field Constructions and Commissioning,         |
| Phase 4 | Maintenance and Upgrade Services.              |
| Phase 5 | Warranty/Closeout                              |

### **PROPOSED TERM OF CONTRACT**

The work will be delivered in aforementioned Segments over a 15 year period.

### **COST ESTIMATE OF CONTRACT**

Estimate of Capital Cost is \$66.5M over the term of the contract.

It should be noted here that it is the intent of the BOS and this contract to maintain this system for an additional 15 years.



## REQUEST FOR PROPOSALS (RFP)

It is recommended that an RFP be issued to replace the Control Systems with a single system. The scope of work will include the delivery of one system to service all wastewater treatment facilities and the collection system. The delivery will include all parts, equipment and services to design the new system stage and test the Control Systems prior to installation, construct, install and commission the new system over a 15 year period. Unique to this procurement, the selected party must maintain all parts inventories, keep the system current, on the same product line, and operating at peak performance over the full duration of the contract. At the end, the City will have a system that will be current and likely viable for an additional 15 years.

This procurement will be led either by a control system vendor or by a joint venture between a control system vendor and an engineering firm. Since the Contract requires the provider to upkeep and upgrade the system over 15 years, provide and install the most current field proven hardware and software at the 13 year mark, and commit to parts supply, only the vendor or owner of the product line can make this commercial commitment.

It is BOS's intent to assign to the selected proposer the sole responsibility for:

1. Comprehensive field investigation, verification and documentation of existing conditions of all facilities and sites,
2. System design,
3. Planning and scheduling,
4. System installation,
5. System functional testing, configuration and implementation,
6. Operator and system maintenance training,
7. Complete documentation
8. Provide maintenance, support, and warranty.

The selected proposer will be responsible for providing and performing all work, services and materials expressly required or implied by the contract documents to produce a fully connected, integrated, complete, and operational City-wide Control System.

## **RATIONALE FOR USING AN RFP**

To ensure the long term viability of the products and services an RFP process is being used instead of the bid process in order to solicit the best available specialized and certified services at the most competitive price. The review committee will entertain all proposals in order to determine which proposal(s) will bring the greatest benefits to the City.

## **SELECTION PROCESS AND EVALUATION CRITERIA**

A proposal review committee consisting of City staff will evaluate all proposals. The selection process is a multi-step qualifications based methodology. The evaluation criteria will be based upon six (6) criteria:

1. Compliance with the Technical Requirements,
2. Project Approach,
3. Project Management and Project Team Members,
4. Compliance with the Commercial Requirements,
5. Lump Sum pricing and Unit Pricing of the proposed products,
6. Additional Information.

Item number 6, will be information requested by the BOS from only the top two or three proposers under a non-disclosure agreement to evaluate the longevity, sustainability and financial capabilities of the proposers and availability of their product lines.

Proposers will be required to submit lump sum pricing for the delivery of products for each facility and the collection system. Additionally, the proposers will be required to provide a detailed and comprehensive list of unit prices for all elements of the work (including labor). These unit prices will be used for the future expansions of the Control System or change orders under the term of the agreement to protect the City from predatory pricing for changes and additions.

An evaluation matrix containing over 100 key scoring criteria has been developed to ensure fair, consistent and comprehensive selection process.

## **APPROVAL AS TO FORM**

The City Attorney has reviewed this RFP and approved it as to form. The Bureau of Contract Administration has opined as to commercial requirements.

#### **MBE/WBE/OBE SUBCONTRACTOR OUTREACH PROGRAM**

The MBE/WBE/OBE Subcontractor Outreach Program will be in accordance with the Mayor's Executive Directive No. 2001-26. The anticipated MBE/WBE participation levels established for this RFP are 10% and 2% respectively. The RFP was reviewed by the Office of Contract Compliance.

#### **WORLD WIDE WEB**

The RFP will also be posted on the City Web Site, [www.labavn.org](http://www.labavn.org), in compliance with City Council Motion 95-1060-S2.

#### **NEWSPAPER ANNOUNCEMENT**

Upon authorization from the Board, this RFP will be advertised in

1. Dodge Greensheet
2. Reed Construction (formerly Construct Market Data)
3. Bid America - used by lots of other public agencies. [www.bidamerica.com](http://www.bidamerica.com)
4. BAVN LA City website [www.labavn.org/](http://www.labavn.org/)
5. BOE website

The RFP documents will be sent to firms that respond to the notice and public advertisement

#### **COMPLIANCE WITH BOARD RFP POLICY**

As per Board policy, this RFP was delivered to the Secretary of the Board prior to Board consideration thereof.

#### **NOTIFICATION OF INTENT TO CONTRACT**

The required Notification of Intent to ~~Contract~~ was filed with the CAO's Clearinghouse on July 26, 2007.

#### **COMPLIANCE WITH CHARTER SECTION 1022**

Per Charter Section 1022 Determination issued from CAO office on December 8, 2008, there is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the department's need.

#### **OTHER CITY REQUIREMENTS**

The selected contractor(s) will be required to comply with all City of Los Angeles requirements including:

- Non-discrimination/Affirmative Action/Equal Employment Program
- Living Wage and Service Contractor Worker Retention Ordinance
- Equal Benefits Ordinance
- Insurance Requirements
- Business Tax Registration Certification
- Non-collusion Affidavit
- Los Angeles Residence Information
- Child Support Obligations Policy
- Americans with Disabilities Act
- Slavery Disclosure Ordinance
- Municipal Lobbying Ordinance

The necessary attachments and forms pertaining to these requirements are included with the RFP.

#### **CONTRACTOR RESPONSIBILITY ORDINANCE**

All participants in this program are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance No. 173677, [Division 10, Chapter 1, Article 14, Los Angeles Administration Code (L.A.A.C.)] Failure to comply with all requirements specified in the Ordinance will render the selected proposer's contract subject to termination pursuant to the conditions 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.

Bureau of Sanitation  
Bureau of Contract Administration  
Joint Board Report No. 1  
July 15, 2009

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## CONTRACT ADMINISTRATION

Responsibility for the administration and management of this Contract will rest with the Wastewater Engineering Services Division of BOS.

## FUTURE ACTIONS

Upon authorization by the Board, the RFP will be sent to each vendor listed in the Proposed Mailing List, Transmittal No. 3. A review committee will evaluate the proposals received and the most qualified proposer(s), who submitted the best proposal(s) in response to the RFP, will be reviewed, ranked, and selected. BOS will then negotiate with the selected proposer(s) and return to the Board for authority to execute the contract(s).

## STATEMENT OF FINANCING

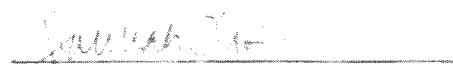
The funding statement will be provided in the awarding Board Report.

Respectfully submitted,

  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

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

Compliance Review Performed  
and Approved By:

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

Prepared by: Sam Alavi  
(213) 342-6257

## DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT No.1  
FEBRUARY 16, 2011  
CD: ALL

**AUTHORITY TO AWARD AND EXECUTE CONTRACT WITH HONEYWELL  
INTERNATIONAL INC. FOR THE LOS ANGELES WASTEWATER CONTROL  
SYSTEM REPLACEMENT PROGRAM (LAWCSRP)**

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RECOMMENDATIONS

1. Declare Honeywell International Inc. (Honeywell) to be the most responsive and responsible for the Los Angeles Wastewater Control System Replacement Program (LAWCSRP) in providing the City of Los Angeles (City) with the best overall value.
2. Declare Honeywell as sole-source provider and installer of control system technology and products for the City of Los Angeles Wastewater treatment plants, collection systems and/or any other wastewater related systems for all future City of Los Angeles Wastewater projects while this contract is in effect.
3. Approve and forward this report with transmittals to the Mayor and City Council for approval with the request that the Board of Public Works (Board) be authorized to enter into and execute a fifteen (15) year contract with Honeywell for executing the LAWCSRP.
4. Upon the Mayor's and Council's authorization, the President or two (2) members of the Board will execute the contract.
5. Return the executed contract to the Bureau of Sanitation for further processing. Contact Board Report Section at (213) 485-4246.
6. Authorize Director of Bureau of Sanitation, designated City Engineer or their designees to negotiate and enter into an agreement for additional and planned Capital Improvement Projects with Honeywell, and increase the contract ceiling when the change order percentage exceeds the contingency amount or when change orders exceed 25% of the total contract amount.
7. Recommend the Bureau of Sanitation report to the Board on a quarterly basis the current contract status.

TRANSMITTALS

1. Copy of the adopted Bureau of Sanitation (BOS) and Bureau of Contract Administration (BCA) Joint Board Report No. 1, dated July 15, 2009, authorizing BOS to distribute a Request for Proposals (RFP) and negotiate a contract for the design, construction, and maintenance of the LAWCSRP.

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2. Copy of the adopted BOS Status Update Board Report No. 2, dated October 27, 2010, providing a status update on the progress of the LAWCSRP, ranking of proposers, and intent to begin negotiations with the top ranked proposer.
3. Copy of the proposed Contract and General Conditions between the City and Honeywell for the LAWCSRP. Originals will be delivered to the Board Office by Mr. Sam Alavi at (323) 342-6257 when the contract is ready for execution.
4. Letter dated February 8, 2011, from Gary Grodt, Sr. Account Manager for Honeywell Process Solutions to Mr. Sam Alavi of the City of Los Angeles, Bureau of Sanitation.

## DISCUSSION

### **PROJECT BACKGROUND**

The City Clean Water Program has approximately 6,700 miles of pipeline and sixty-five (65) pumping plants to serve over four (4) million people in the greater Los Angeles area. Wastewater collected at these facilities is treated at four (4) wastewater treatment plants, with a capacity of approximately 600 million gallons per day. The BOS not only operates and maintains valuable assets that comprise the Clean Water Program, but also meets the demands of growth and changes driven by continually restrictive regulations. The key to ensuring reliable and cost effective operations and maintenance of the wastewater collection and treatment is the control systems.

The City is currently facing two major obstacles to maintain effective and efficient control system performance:

1. Non-Uniform Control Systems
2. Aging Control Systems

At the request of the BOS and following approval of the Board, as delineated in the July 15, 2009 Board Report (Transmittal No. 1), the Board authorized BOS to develop and release a Request for Proposals (RFP) for the purpose of upgrading the City's Wastewater Information and Control System.

### **SCOPE OF SERVICES**

The City intends to implement a new enterprise-wide Distributed Control System (DCS) for its four (4) wastewater treatment plants and Wastewater Collection System (WWCS) to integrate operations at an enterprise level from a single location. The Scope of this Contract includes the design, delivery and maintenance of a DCS for the Hyperion Treatment Plant (HTP), followed by

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the scheduled design, delivery and maintenance of an integrated DCS system for the WWCS, Terminal Island Water Reclamation Plant (TIWRP), Donald C Tillman Water Reclamation Plant (DCTWRP) and Los Angeles Glendale Water Reclamation Plant (LAGWRP).

#### **RFP SELECTION PROCESS AND NEGOTIATIONS**

The RFP was advertised in August 2009, and as indicated in the October 27, 2010 Status Update to the Board (Transmittal No. 2), the City received four (4) proposals prior to the due date of December 17, 2009. The Proposers, in alphabetical order, were as follows:

- Emerson Process Management
- Honeywell International, Inc.
- Invensys System Inc.
- Yokogawa Corporation of America

A Project Management Team (PMT) comprised of experts from Bureau of Sanitation (BOS), Bureau of Engineering (BOE) and Bureau of Contract Administration (BCA) evaluated each proposal. Proposal evaluations by the PMT were conducted in a three-stage process. The PMT evaluated the completeness of the Proposal (stage 1), the content of the proposal (stage 2) and the non-disclosure information provided by Proposers (stage 3). Per Transmittal No. 2, there were a total of six (6) criteria evaluated. These Criteria were:

1. Compliance with Technical Requirements
2. Project Approach to delivery
3. Strength of Proposed Team
4. Compliance with Commercial Terms
5. Pricing (Lump Sum and change order/future costs)
6. Non-disclosure Agreement Information (NDA)

Additionally, as part of the evaluation process, select City staff visited the recommended sites, provided by the Proposer, where staff was able to directly examine the proposer's equipment up-close and evaluated the equipment based on the Proposer's proposed technology, operation and maintenance.

After an extensive evaluation and ranking process by the BOS, BOE, and BCA experts, the proposers' ranking in terms of providing the "best value" to the City, was determined to be as follows:

1. Honeywell International, Inc.
2. Yokogawa Corporation of America
3. Emerson Process Management

Honeywell ranked highest in all six (6) criteria and therefore was selected as "best value" and most qualified proposer. Honeywell received the highest overall score with 87.4 of 120 points.



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The other proposal scores were 20% and 17% lower than Honeywell. Per the results of the RFP process and as authorized by the Board, BOS entered into contract negotiations with Honeywell. While maintaining the same material scope and schedule, the City and Honeywell reached an agreement to enter into a fifteen (15) year contract for the LAWCSR.

#### **HONEYWELL CONTRACT NEGOTIATION**

On October 27, 2010, BOS began negotiating with Honeywell resulting in the proposed contract agreement between the City and Honeywell (Transmittal No. 3).

The City's Program Management Team (PMT) and Honeywell have reached the following resolutions during negotiations:

1. Contract Conditions (General Conditions and Requirements): The RFP requested proposers submit a fully compliant proposal to the contract conditions by which the City will evaluate and score. The City also requested proposers to provide their preferred modifications to the City's contract conditions and an associated cost deduction from the overall price. The cost deductions were not considered a part of the evaluation process to allow all proposers to be evaluated equally.

The PMT, with the support of the City Attorney, City's Risk Manager and with the Board's approval has concluded negotiations with Honeywell on the contract conditions. The General Condition (GC)/General Requirement (GR) portion of the contract negotiations were based solely on the cost deductions submitted by Honeywell, as part of their RFP. No new or additional cost deduction items were allowed.

By addressing and negotiating the proposed GC/GR deductions Honeywell had submitted, an overall cost savings of \$16.2M was yielded to the City.

2. Value Engineering (Technical Specifications): The RFP was generic in nature to enable a high level of competition in the market and to create an equality in scope, such that no proposer could gain an unfair advantage by reusing existing equipment.

As part of the negotiations, the PMT and Honeywell held Value Engineering sessions to determine and leverage intrinsic features of the Honeywell systems platform, while keeping the scope of work and required deliverables materially constant.

The results of the Value Engineering Negotiations yielded a \$4.2M overall cost savings for the City.

#### **MBE/WBE/OBE SUBCONTRACTOR OUTREACH PROGRAM**

At the time of distribution of the original RFP for this contract, the City had established anticipated participation levels of 10 percent MBE and 2 percent WBE. Honeywell received a passing score on their Good Faith Effort (GFE) evaluation.

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
February 16, 2011

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Honeywell's proposal was for \$ 109,000,000 with pledged participation levels of 0.75 percent MBE, 0.15 percent WBE and 24.12 percent OBE. However, based on the negotiations Honeywell has now pledged 3.29 percent MBE, 2.33 percent WBE and 29.66 percent OBE.

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

Subcontractors	MBE/ WBE/ OBE	Gender/ Ethnicity	% of Contract Amount	Subcontract Amount
JM Fiber Optics, Inc.	MBE	M/HA	3.29%	\$2,912,531
KAL Architects, Inc.	WBE	F/SAA	0.07%	\$61,000
Kennard Development Group dba KDG Development & Construction Consulting	WBE	F/AA	2.26%	\$2,000,000
Worley Parsons Group, Inc.	OBE		5.64%	\$5,000,000
California Spectra Instrumentation, Inc. dba Spectra, Inc.	OBE		17.97%	\$15,928,825
Wunderlich-Malec Engineering, Inc.	OBE		6.05%	\$5,359,454
Total MBE Pledged Participation			3.29%	\$2,912,531
Total WBE Pledged Participation			2.33%	\$2,061,000
Total OBE Pledged Participation			29.66%	\$26,288,279
Total Contract Amount				\$88,637,168

In comparison to the original proposal from Honeywell, and post negotiations, the anticipated participation level of the subcontractors has increased due to the reduced contract value and negotiated GC. In a letter dated February 8, 2011 (Transmittal No. 4), Honeywell states that it was able to increase the participation of two proposed subcontractors primarily due to the negotiated risk / liability approach (approved by the City's Risk Manager) and the Value Engineering Negotiation which enabled them to implement their industry proven means and methods with no material changes in scope. These negotiations resulted in Honeywell shifting work that they had planned to self perform to two subconsultants. The City Attorney's Office has approved the increase in subcontract amounts prior to award per the negotiated GC and value engineering.

## **FISCAL IMPACT STATEMENT**

Financing for this fifteen (15) year contract agreement will be requested in the Wastewater Capital Improvement Program (WCIP) and Sanitation operating budgets. There is no impact to the General Fund resulting from this proposed contract. This contract will be funded by the Sewer Construction and Maintenance Fund.

## **CITY REQUIREMENTS**

Honeywell has provided the following documents and shall comply with the following requirements:

- Affirmative Action Plan/Non-Discrimination/Equal Employment Opportunity
- Child Support Obligation Ordinance
- Business Tax Registration Certificate
- Equal Benefits Ordinance
- Insurance/Bond Requirements
- Americans with Disabilities Act
- Slavery Disclosure Ordinance
- Los Angeles Residence Information
- Contract History
- Non-collusion Affidavit
- Municipal Lobbying Ordinance
- Living Wage Ordinance/Prevailing Wage and Service Contractor Worker Retention Ordinance

## **NOTIFICATION OF INTENT**

A Notification of Intent to Contract was filed with CAO Clearinghouse on July 26, 2007.

## **CHARTER SECTION 1022**

The CAO made a Charter Section 1022 determination on December 8, 2008 and concluded that the work to be contracted can be performed more feasibly by a contractor than by the City.

## **CONTRACT PERFORMANCE EVALUATION**

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

## **CONTRACTOR RESPONSIBILITY ORDINANCE**

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Ordinance will render the contract subject to termination pursuant to the conditions expressed therein.

#### **CONTRACT ADMINISTRATION**

Responsibility for administering this contract shall be with the PMT. Daily on-the-job inspections, Partial and Final Acceptance and contractor evaluation shall be the responsibility of Bureau of Contract Administration.

#### **HEADQUARTERS AND WORKFORCE INFORMATION**

The headquarters address of Honeywell is: 101 Columbia Road, Morristown, NJ 07962.

Honeywell's local business information is as follows:

- Approximately 1000 employees reside in the City of Los Angeles
- Approximately 1600 employees reside in the greater Los Angeles area
- Potential LAWCSRP Subcontractors have over 800 employees in the Los Angeles area
- Honeywell expects to hire 80 positions for the project (inclusive of subcontractors)
- The Honeywell team including its subcontractors will be residents of the Los Angeles basin.

#### **CITY ATTORNEY REVIEW**

The City Attorney has reviewed the contract and has approved it as-to-form.

#### **PROGRAM REVIEW COMMITTEE (PRC) APPROVAL**

The PRC has approved a capital improvement budget, with contingency, of \$70.7M for the LAWCSRP Replacement Project on January 21, 2011. The remaining budget will be approved through the annual budget process.

#### **STATUS OF FINANCING**

Funding in the amount of \$97,500,885 will be made available as shown in the table below. Funds may be drawn from the Sewer Operations and Maintenance Fund No. 760, Sewer Capital Fund No 761 the Wastewater Systems Commercial Paper B Construction Fund No. 70X, or any other funds established as a result of commercial paper or bond sales, at the discretion of the Director of the Bureau of Sanitation or appointed designee.

The agreement contains a "Financial Liability Clause" delineated in GC300 (Transmittal #3).

The following funding has been verified and approved by the Director of the Office of Accounting, subject to conditions described above:

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
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	CONTRACT AMOUNT	CONTINGENCY (10%)	TOTAL COST
GDM7 HTP WW Control System	\$2,576,600	\$0	\$2,576,600
GA6X CS WW Control System	\$814,000	\$0	\$814,000
Future WCIP and Sanitation budgets	\$85,246,568	\$8,863,717	\$94,110,285
Total	\$88,637,168	\$8,863,717	\$97,500,885

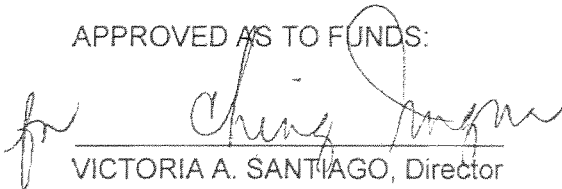
BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
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COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

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

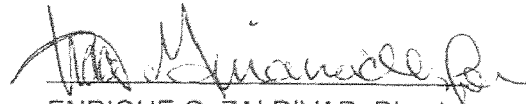
APPROVED AS TO FUNDS:


  
VICTORIA A. SANTIAGO, Director  
Office of Accounting

Date: 2/11/11

Prepared by: Sam Alavi, WESD  
Sam Alavi, WESD  
(323)342-6257

Respectfully submitted,

  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

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

**Sec. 371. Competitive Bidding; Competitive Sealed Proposals.**

(a) **Competitive Bidding.** Except as provided in subsection (e) below, the City shall not be, and is not, bound by any contract unless the officer, board or employee authorized to contract has complied with the procedure for competitive bidding or submission of proposals established by this section and ordinance.

Contracts shall be let to the lowest responsive and responsible bidder furnishing satisfactory security for performance. This determination may be made on the basis of the lowest ultimate cost of the items in place and use. Where the items are to constitute a part of a larger project or undertaking, consideration may be given to the effect on the aggregate ultimate cost of the project or undertaking. Notwithstanding the provision of this subsection requiring award to the lowest responsive and responsible bidder, a bid preference can be allowed in the letting of contracts for California or Los Angeles County firms, and the bid specifications can provide for a domestic content and recycled content requirement. The extent and nature of the bid preference, domestic content and recycled content requirement and any standards, definitions and policies for their implementation shall be provided by ordinance.

(b) **Competitive Sealed Proposals.** As an alternative to an award pursuant to open and competitive bidding, a contract can be let pursuant to a competitive sealed proposal method, in accordance with criteria established by ordinance adopted by at least a two-thirds vote of the Council. The competitive sealed bid proposal system may permit negotiations after proposals have been opened to allow clarification and changes in the proposal. Adequate precautions shall be taken to treat each proposer fairly. No award may be made pursuant to this alternative method to a proposer whose final proposal is higher as to the ultimate cost to the City, as above defined, than any other responsive proposal submitted. The contracting authority, in order to utilize this alternative method, must make a written finding supported by a written statement of facts that adherence to the rule that the award be made to the lowest responsive and responsible bidder is not practicable or advantageous and shall also state in writing the reason for the particular award.

Consistent with competitive bidding requirements, design-build or other appropriate project delivery systems may be used when justified by the type of project and approved by the contracting authority.

(c) **Right to Reject.** The City shall reserve the right to reject any and all bids or proposals and to waive any informality in the bid or proposal when to do so would be to the advantage of the City. The City may also reject the bid or proposal of any bidder or proposer who has previously failed to timely and satisfactorily perform any contract with the City.

(d) **Notice.** The Council, board, officer or employee authorized to contract shall cause notice inviting bids or proposals to be published at least once in a daily newspaper circulated in the City, or to be given by other method prescribed by ordinance, inviting bids or proposals. All bids and proposals shall comply with additional requirements provided by ordinance, including, but not limited to, the furnishing of a bid bond, performance bond and affidavit of non-collusion. Further procedures for competitive bidding shall be prescribed by ordinance.

(e) **Exceptions.** The restrictions of this section shall not apply to:

(1) Contracts involving consideration reasonably valued at less than an amount specified by ordinance.

(2) Contracts, as determined by the contracting authority, for the performance of professional, scientific, expert, technical, or other special services of a temporary and occasional character for

which the contracting authority finds that competitive bidding is not practicable or advantageous.

(3) Contracts for the furnishing of articles covered by letters patent granted by the government of the United States.

(4) Contracts for leasing as lessee or purchasing real property when approved by majority vote of the Council.

(5) Contracts for repairs, alterations, work or improvements declared in writing by the contracting officer or board, or its designee, to be of urgent necessity for the preservation of life, health or property. The declaration shall give the reasons for the urgent necessity and must be approved by the Council or its designee. Approval may be conditioned upon compliance with one or more of the requirements of this section.

(6) Contracts entered into during time of war or national, state or local emergency declared in accordance with federal, state or local law, where the Council, by resolution adopted by two-thirds vote and approved by the Mayor, suspends any or all of the restrictions of this section or their applicability to specific boards, officers or employees.

(7) Contracts for equipment repairs or parts obtained from the manufacturer of the equipment or its exclusive agent.

(8) Contracts for cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts and professional, scientific, expert or technical services contracts of those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process.

(9) New, long-term concession agreements with the existing merchants as of the Adoption Date of the Charter on Olvera Street negotiated by the City department responsible for administering the El Pueblo de Los Angeles Historical Monument.

(10) Subject to the requirements of Section 1022, contracts (including without limitation those, as determined by the contracting authority, for the performance of professional, scientific, expert, technical or other special services), where the contracting authority finds that the use of competitive bidding would be undesirable, impractical or impossible or where the common law otherwise excuses compliance with competitive bidding requirements.