SUBJECT: Award of Construction Contract for the North Central Outfall Sewer Connection Project at Los Angeles International Airport.

Award construction contract in the not-to-exceed amount of $6,750,000 to Steve Bubalo Construction Company for the "North Central Outfall Sewer Connection Project" at Los Angeles International Airport and appropriate capital funds in the amount of $7,825,000 for this project which includes hard costs, soft costs, and project contingency.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.

2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(2) and Article III, Class 11(8) of the Los Angeles City CEQA Guidelines.

3. FIND that as this is a construction contract, the CAO has determined that this action is exempt from the provisions of Charter Section 1022 (Use of Independent Contractors)

4. FURTHER FIND that Environmental Constructions Inc.'s bid is prohibited by Public Contract Code, Section 5105.

5. FURTHER FIND that MMC Inc.'s bid is rejected as non-responsive in accordance with Los Angeles Charter Section 371.
6. FURTHER FIND that the Bid Protests against Steve Bubalo Construction Co. are without merit and are rejected and further finds that any administrative irregularities or informalities in the Steve Bubalo Construction, Inc. bid are waived.

7. APPROVE the award of a three year construction contract to Steve Bubalo Construction Co., the lowest responsive and responsible bidder, for the “North Central Outfall Sewer Connection Project” at Los Angeles International Airport in the not-to-exceed amount of $6,750,000.

8. APPROPRIATE capital funds in the amount of $7,825,000 for this project which includes hard costs, soft costs, and project contingency.

9. AUTHORIZE the Chief Executive Officer to execute the contract with Steve Bubalo Construction Co. upon approval as to form by the City Attorney.

DISCUSSION:

1. Purpose

Award a three year construction contract to Steve Bubalo Construction Co. for construction of the “North Central Outfall Sewer Connection Project” at Los Angeles International Airport (LAX). Construction and installation of this connection will assist in fulfilling the regulatory obligations under the Federal Clean Water Act, and compliance with Low Impact Development and Industrial General Permit Requirements. LAWA has signed a Letter of Intent with Bureau of Sanitation to upgrade the sewer connection. The new connection will fulfill requirements for Low Impact Development (LID) stormwater collection.

2. Prior Related Actions

- April 21, 2016 – Resolution No. 25938
  The Board of Airport Commissioners (Board) authorized the release of Notice Inviting Bids for the “North Central Outfall Sewer Connection Project” at LAX.

- March 02, 2017 – Resolution No. 26189
  The Board approved the rejection of all bids and authorized the re-advertisement of bids for the “North Central Outfall Sewer Connection Project” at LAX.

3. Current Action

Los Angeles World Airports (LAWA) staff is proposing to construct an interceptor connection to capture storm water run-off from the Imperial and Pershing sub basins and divert the water to the Hyperion Treatment Plant (HTP).

The purpose of the the proposed project, is to create a short-term transfer point for substantial wet weather runoff from the airport property to the HTP, by connecting and discharging the flow to the NCOS.
Project Scope

The proposed award of contract to Steve Bubalo Construction Co. includes the following scope of work:

- Construction and Installation of a wet-weather pump station at the existing stormwater basin.
- Construction and installation of a new discharge storm pipeline from the new wet-weather pump station to the new connection to the existing North Central Outfall Sewer mainline.
- Construction and installation of a vortex structure for energy dissipation.
- Construction and installation of a junction structure to connect the new discharge pipeline into the existing North Central Outfall Sewer mainline.
- Construction and installation of new electrical infrastructure for new LADWP electrical service.
- Construction and Installation of new electrical panels for the new equipment.

The exhibit below identifies the existing stormwater basin area, the location of the proposed pumping systems and connection to the existing NCOS.

![North Central Outfall Sewer Connection Project](image)

Procurement Process

This project was advertised for bids on April 18, 2017 and a Pre-Bid Conference was held on May 2, 2017. LAWA received six (6) bids on May 11, 2017 as follows:
On May 18, 2017, LAWA received a bid protest from the apparent second low bidder, Environmental Construction, Inc. ("ECI"), against the apparent low bidder Mehta Mechanical Company, Inc. ("MMC"). On May 24, 2017, LAWA received a bid protest from the apparent fifth low bidder, Blois Construction, Inc., against apparent low bidders one through four. Protests against apparent low bidder MMC included the company's failure to meet the minimum experience requirements established in the RFB, its failure to list a qualified Senior Project Scheduler as defined in the RFB, and its failure to properly utilize a "City-approved bonded emergency sewer contractor" as required in the RFB.

Staff reviewed the protests against MMC, as well as MMC's response to the protests and found the protests meritorious; MMC's bid is non-responsive. ECI was disqualified from this bid due to California Public Contract Code 5105, which states "a bidder who claims a mistake or who forfeits his or her bid security shall be prohibited from participating in further bidding on the project on which the mistake was claimed or security forfeited." Since ECI withdrew its bid for the initial release of this project, and that withdrawal was acknowledged and publicly accepted by LAWA through its March 2, 2017 Board Report, ECI is legally prohibited from participating in further bidding on this project.

With MMC's bid determined to be non-responsive and the mandatory disqualification of ECI pursuant to Public Contract Code Section 5105, staff reviewed Blois' protest against apparent low bidder Steve Bubalo Construction Co. ("Bubalo"). The protest alleged that Bubalo failed to meet the requirements of the RFB by not listing a City approved bonded emergency sewer contractor to complete work required in the City Easement. After review, LAWA discovered that Bubalo is a City approved bonded emergency sewer contractor, satisfying the requirement. Therefore, the Planning and Development Group (PDG) determined the protest by Blois Construction, Inc. against Bubalo to be without merit. Staff recommends proceeding with this procurement process and awarding the contract to Steve Bubalo Construction Co. as the lowest responsive and responsible bidder.

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMC, Inc.</td>
<td>$6,374,111.00</td>
</tr>
<tr>
<td>Environmental Construction, Inc.</td>
<td>$6,498,439.00</td>
</tr>
<tr>
<td>Steve Bubalo Construction Co.</td>
<td>$6,750,000.00</td>
</tr>
<tr>
<td>Murray Company</td>
<td>$7,136,814.00</td>
</tr>
<tr>
<td>Blois Construction, Inc.</td>
<td>$7,283,500.00</td>
</tr>
<tr>
<td>W.A. Rasic Construction Co., Inc.</td>
<td>$8,330,720.00</td>
</tr>
</tbody>
</table>

LAWA's construction estimate for the contract was $6,624,859 and Steve Bubalo Construction Co. bid is 2% over the Engineer's estimate.
Steve Bubalo Construction Co., as a Local Small Business Enterprise (LSBE) satisfies all of LAWAs inclusivity program minimums set by LAWA's Procurement Services Division, at one hundred percent (100%) [SBE/LBE/LSBE].

**Project Budget**

The total project budget is $10,075,016, which includes hard costs (construction), soft costs (design, management, coordination, and administration), and project contingency. The contingency for this project is 10% of the construction contract value.

Total project costs are estimated as follows:

<table>
<thead>
<tr>
<th>Cost of Construction:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Contract</td>
<td>$6,750,000</td>
</tr>
<tr>
<td>City Services – Other Agencies (Inspection, LADBS, etc.)</td>
<td>$150,000</td>
</tr>
<tr>
<td>LA Department of Water and Power</td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Total Construction Costs:</strong></td>
<td><strong>$7,150,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Contingency:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10% of Construction Contract</td>
<td></td>
</tr>
<tr>
<td><strong>Total Contingency:</strong></td>
<td><strong>$675,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Soft Costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Design and Construction Administration</td>
<td>$778,546</td>
</tr>
<tr>
<td>Project Management Services (Consultant &amp; LAWA)</td>
<td>$1,065,877</td>
</tr>
<tr>
<td>PDG Program Support (Police, CALM, Utility/Area Shutdowns, etc.)</td>
<td>$218,075</td>
</tr>
<tr>
<td><strong>Total Soft Costs:</strong></td>
<td><strong>$2,062,498</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Planning &amp; Environmental Costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning &amp; Environmental</td>
<td></td>
</tr>
<tr>
<td><strong>Total Planning &amp; Environmental Costs:</strong></td>
<td><strong>$187,518</strong></td>
</tr>
</tbody>
</table>

**TOTAL PROJECT COST:** $10,075,016

<table>
<thead>
<tr>
<th>Prior Appropriated Project Costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Design and Construction Administration</td>
<td>$778,546</td>
</tr>
<tr>
<td>Project Management Services (Consultant &amp; LAWA)</td>
<td>$1,065,877</td>
</tr>
<tr>
<td>PDG Program Support (Police, CALM, Utility/Area Shutdowns, etc.)</td>
<td>$218,075</td>
</tr>
<tr>
<td>Planning &amp; Environmental</td>
<td>$187,518</td>
</tr>
<tr>
<td><strong>Total Prior Appropriations:</strong></td>
<td><strong>$2,250,016</strong></td>
</tr>
</tbody>
</table>

**TOTAL REQUESTED APPROPRIATION:** $7,825,000

This project is anticipated to start field construction in August 2017 and conclude in October 2018.
Action Requested

Staff requests the Board award a construction contract to Steve Bubalo Construction Co. in the amount of $6,750,000 and appropriate capital funds in the amount of $7,825,000 for the North Central Outfall Sewer Project at LAX.

Fiscal Impact

The North Central Outfall Sewer Project is an approved capital project. Project costs, including design, pre-construction, and construction services, will be capitalized and reimbursed through landing fees, terminal rates and charges as well as non-aeronautical revenues.

4. Alternatives Considered

• Take No Action

Staff considered deferring this project. However, LAWA has signed a Letter of Intent with Bureau of Sanitation to upgrade the sewer connection. Deferral of this project would require LAWA to meet the Clean Water Act requirements on several other ongoing and future projects adding considerable cost to each project for various Industrial General Permit compliance projects. The new connection will fulfill requirements for Low Impact Development (LID) stormwater collection.

• Use existing City staff

LAWA does not have the staffing resources needed to execute this project due to size, complexity, and expedited schedule. Given the scope of work, staff determined that the work can be performed more economically or feasibly by an independent contractor specializing in underground utility and pumping station construction.

APPROPRIATIONS:

Staff requests that funds for this project be appropriated and allocated in the not-to-exceed amount of $7,825,000 from the LAX Revenue Fund to WBS Element 1.15.21A-700 (Stormwater Connection - North Central Outfall Sewer) as may be required.

STANDARD PROVISIONS:

1. Operation, repair, maintenance or minor alteration of existing facilities utilities, electrical power, sewage and water systems serving existing facilities and installation, maintenance, relocation, replacement and/or removal of: structures, utility, sewer and drainage system facilities; and other facilities which are accessory to the use of existing or approved airport structures, facilities, or operations, and involve negligible or no expanstion of airport operations beyond that previously existing or permitted are exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(2) and Article III, Class 11(8) respectively of the Los Angeles City CEQA Guidelines.

2. This contract is subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 245.

4. As this is a construction project, selected Steve Bubalo Construction Co. will comply with the applicable provisions of the Living Wage Ordinance and the Labor Code of the State of California (Prevailing Wage).

5. Procurement Services has reviewed this action (File No. 10041185) and established mandatory goals of 15% Small Business Enterprise (SBE), 5% Local Business Enterprise (LBE) and 3% Local Small Business Enterprise (LSBE) (as a subset to the LBE goal) for the project. As a certified SBE and LBE firm, Steve Bubalo Construction Co. is credited with 100% SBE and LBE/LSBE participation.


7. Steve Bubalo Construction Co. has been assigned Business Tax Registration Certificate number 0000986735-00001-3.

8. Steve Bubalo Construction Co. will comply with the provisions of the Child Support Obligations Ordinance.

9. Steve Bubalo Construction Co. will have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to issuance of a Notice to Proceed.

10. As this is a construction project, the CAO has determined that this action is exempt from the provisions of Charter Section 1022 (Use of Independent Contractors).

11. Steve Bubalo Construction Co. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

12. Steve Bubalo Construction Co. must be determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance prior to contract execution.

13. Steve Bubalo Construction Co. will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.

14. Steve Bubalo Construction Co. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
# Subcontractor Participation Plan

**Attention:**
You MUST list ALL subcontractors, regardless of their dollar amount or percent proposed, and regardless of whether they are certified or not. You MUST fill out ALL applicable fields completely for Prime and all subcontractors.

Project Title: NORTH CENTRAL OUTFALL SEWER CONNECTION

## Subcontractor Details

<table>
<thead>
<tr>
<th>Name</th>
<th>Group</th>
<th>Ethnicity</th>
<th>NAICS Code</th>
<th>Description</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steve Bubalo Construction Co.</td>
<td>SBE</td>
<td></td>
<td></td>
<td>Underground Utilities</td>
<td>$6,750,000</td>
<td>66.7%</td>
</tr>
<tr>
<td>Amber Steel Co</td>
<td>SBE</td>
<td></td>
<td>238120</td>
<td>Reinforcing Steel</td>
<td>$150,000</td>
<td>17%</td>
</tr>
<tr>
<td>Blue Iron</td>
<td>N/A</td>
<td></td>
<td>238900</td>
<td>Shoring</td>
<td>$160,000</td>
<td>23%</td>
</tr>
<tr>
<td>Loma Construction Co.</td>
<td>SBE</td>
<td></td>
<td>238110</td>
<td>Pump Station Concrete</td>
<td>$444,730</td>
<td>66.7%</td>
</tr>
<tr>
<td>Lee Electric</td>
<td>SBE</td>
<td></td>
<td>238210</td>
<td>Electrical &amp; Instrumentation</td>
<td>$417,676</td>
<td>62%</td>
</tr>
</tbody>
</table>
I certify under the penalty of perjury that the information contained on this form is true and correct and that the firms listed are the subcontractors that will be utilized if this contract is awarded to the above prime contractor. I agree to comply with any applicable provisions for additions and substitutions, and I further understand and agree that any and all changes or substitutions must be authorized by the LAWA Procurement Services Division prior to their implementation.

Participation Level(s) Proposed by Bidder/Proposer:

☐ 100% ☑ LBE
☐ 100% ☑ LSBE
☐ 100% ☑ SBE

Participation Level(s) or Goal(s) Stated in the Request for Bid/Proposal:

☐ 5% ☑ LBE
☐ 3% ☑ LSBE
☐ 15% ☑ SBE

John C. Schiller, President
(626) 574-7570

Print Name: Signature: Date: May 11, 2017
Title: Phone: