



DATE: MARCH 1, 2018

FROM: MANAGEMENT AUDIT

SUBJECT: RESOLUTION NO. _____ - APPROVAL TO PAY BCA WATSON RICE LLP FOR CONDUCTING THE INDUSTRIAL ECONOMIC AND ADMINISTRATIVE SURVEY UNDER CITY CONTRACT NO. C-129932

SUMMARY:

Staff requests Board approval to pay up to \$498,860 to BCA Watson Rice LLP (BCA) under City Contract No. C-129932 to conduct the Industrial, Economic, and Administrative Survey (IEAS or IEA Survey) of the Harbor Department. This contract is between BCA and the City, approved by the City Council, with a not-to-exceed amount of \$498,860 and terminates on December 31, 2018. Los Angeles City Charter Section 266 requires that an IEAS for the Harbor Department be conducted every five years and that the Harbor Department pay for the survey. As such, expenditures under this contract are the financial responsibility of the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Authorize the Harbor Department to pay BCA directly in accordance with the deliverables and payment schedule for the IEAS of the Harbor Department under City Contract No. C-129932, which terminates on December 31, 2018 and has a not-to-exceed amount of \$498,860;
3. Authorize direct payment to BCA as per the terms of contract C-129932; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – City Charter Section 266 provides that the City Council, the Mayor and the City Controller shall jointly cause, at least once every five years an industrial, economic and administrative survey (IEAS) of the business and property of

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each of the Harbor, Water and Power, and Airports Departments. Charter Section 266 further provides that the Controller, the City Council (represented by the Chief Legislative Analyst) and the Mayor are together the Joint Administrators of the IEAS, and must select an independent, qualified contractor to perform the IEAS, and perform all contracting and oversight authority for the IEAS. Charter Section 266 also mandates that cost of each Survey shall be paid from the funds of the surveyed Department.

City Contract No. C-129932

In 2017, the Joint Administrators selected BCA Watson Rice LLP in a competitive process to perform the IEAS. On August 29, 2017, the Mayor, City Controller and Chief Legislative Analyst entered into City Contract No. C-129932, approved by City Council, for BCA to perform the IEAS. The deliverable payment schedule is set forth below, including a 10% hold-back withheld from each invoice. The 10% withheld amount is disbursed as follows: half is released upon delivery of the Draft IEAS report, and the remaining half is released upon acceptance of the final report.

Deliverable Payment Schedule:

1. Project Work Plan	\$ 74,829
2. Business Model Review Report	\$124,715
3. Operations Review Report	\$124,715
4. Draft Report	\$ 49,886
5. Final Report	\$ 49,886
6. Presentations and Support	\$ 24,943
7. <u>Ten Percent Withholding</u>	<u>\$ 49,886</u>
Total Payments	\$498,860

ENVIRONMENTAL ASSESSMENT:

The proposed action is to authorize payment under City Contract No. C-129932 to BCA Watson Rice LLP for the performance of the IEA Survey. As an administrative activity, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

The cost of the IEA Survey will not exceed \$498,860. Funding for the IEAS will be provided in the FY 2017/2018 budget, Account 54290 (Outside Services), Division 0570 (Management Audit), Program 000. Depending on the timing of the final report and the Joint Administrators' review process, some of the payments for the IEAS may not occur until FY 2018/2019. If all payments cannot be made in the current fiscal year, staff will request funds in the FY 2018/19 budget.

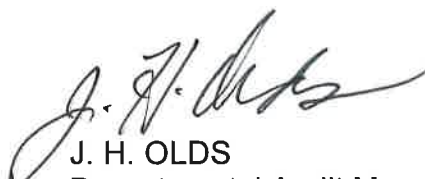
CITY ATTORNEY:

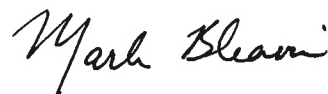
The Office of the City Attorney has reviewed and approved the proposed contract as to form and legality.

TRANSMITTALS:


1. Letter dated February 16, 2018 from the Controller's Office
2. City Contract C-129932

FIS Approval: MB (initials)
CA Approval: JM (initials)


J. H. OLDS
Departmental Audit Manager


MARLA BLEAVINS
Deputy Executive Director and
Chief Financial Officer

APPROVED:


EUGENE D. SEROKA
Executive Director