



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 8, 2011

FROM: ENVIRONMENTAL MANAGEMENT DIVISION

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PERSONAL SERVICES AGREEMENTS WITH STARCREST CONSULTING GROUP, LLC, ENVIRON INTERNATIONAL CORPORATION, E2 MANAGETECH, INC., TETRA TECH, INC., AND INTEGRA ENVIRONMENTAL CONSULTING FOR AS-NEEDED AIR QUALITY SERVICES

SUMMARY:

Staff recommends approval of Agreements with Starcrest Consulting Group, LLC, Environ International Corporation, E2 ManageTech, Inc., Tetra Tech, Inc., and Integra Environmental Consulting to provide as-needed air quality services. The five (5) Agreements are for a term of three years each and for a combined total contract amount of \$7,000,000.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with the City Charter Section 1022, work under the subject Agreements can be performed more feasibly by independent consultants rather than by City employees;
2. Approve the five (5) personal services Agreements (Transmittal 1) for a term of three years each, with a combined contract total of \$7,000,000:
 - a. Starcrest Consulting Group (Albuquerque, NM) for \$2,000,000;
 - b. ENVIRON (Los Angeles, CA) for \$2,000,000;
 - c. E2 ManageTech, Inc.(Long Beach, CA) for \$1,250,000;
 - d. Tetra Tech, Inc. (Pasadena, CA) for \$1,250,000; and
 - e. Integra Environmental Consulting (Burbank, CA) for \$500,000.
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreements, for and on behalf of the Board; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background – The proposed Agreements support the City of Los Angeles Harbor Department (Harbor Department) air quality programs. This includes the development and implementation of programs to support Clean Air Action Plan (CAAP) goals and climate change initiatives, regulatory permitting and reporting support for operation of Harbor Department stationary and mobile sources, and ongoing regulatory and legislative tracking and analysis.

The Harbor Department is a world leader in air quality programs and initiatives. With the adoption of the CAAP in November 2006, the Harbor Department has developed and implemented a number of important air quality programs, including the Clean Truck Program, Vessel Speed Reduction Program, Fuel Switch Incentive Program, Alternative Maritime Power (AMP) Program, Pacific Harbor Line Switcher Modernization Program, and Technology Advancement Program. With implementation of the CAAP, there have been emission reductions of 52% for diesel particulate matter, 33% for oxides of nitrogen, and 55% for oxides of sulfur compared to 2005. In addition to the CAAP-related accomplishments, the Harbor Department has been a leader in the area of climate change and greenhouse gas inventories and strategy development. The Harbor Department has been active in several international efforts in this area involving the World Ports Climate Initiative and the International Association of Ports and Harbors.

The Air Quality Group within EMD provides project management to oversee consultants performing specialized technical work. This approach best leverages limited staff resources to meet the demands of projects requiring environmental support. Further, the scope and complexity of Harbor Department projects increasingly require personnel with specialized skill sets in areas such as control strategy development, air quality modeling, climate change, regulatory analysis, and health risk assessments. As a result, staff believes this level and quality of consultant services is necessary to continue to provide ongoing comprehensive and highly competent air quality assistance for the Harbor Department.

During the past three (3) years, the following five (5) consulting firms have performed as-needed air quality services for the Harbor Department:

Agreement No.	Contract Amount	Project Directives Authorized	Remaining Amount	Expiration Date
2650 (CH2MHill)	\$ 1,500,000	\$ 116,539	\$1,383,461	04/22/11
2651 (Environ)	\$ 2,500,000	\$1,311,500	\$1,188,500	04/22/11
2652 (SAIC)	\$ 1,500,000	\$ 996,148	\$ 503,852	04/22/11
2653 (Starcrest)	\$ 4,300,000	\$4,160,806	\$ 139,194	04/22/11
2654 (Tetra Tech)	\$ 2,000,000	\$1,789,116	\$ 210,884	04/22/11
TOTAL:	\$11,800,000	\$8,374,109	\$3,425,891	

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The “authorized” amounts are funds committed by Project Directives (PDs) to the consultants for specific scopes of work to be performed. These funds are planned to be expended through current project work activities prior to the expiration of the on-call contracts.

The remaining amount of approximately \$3.4 million during this three-year contracting period was due to several factors including: delayed adoption of the CAAP Update, which in turn, delayed the implementation of new measures; deferral of adoption of the Climate Action Plan and implementation of its measures; and a less than anticipated demand for special studies and technical review for environmental documents. These are also the reasons why some of the firms were underutilized. *The current requested amount of \$7 million is \$4.8 million less than the previous as-needed air quality services contracts. This is due to the EMD’s increased experience and efficiency in CAAP measures implementation and reflects efforts to reduce future expenditures for outside services. These efforts include training staff to undertake selected technical tasks that would otherwise be handled by consultants. The effectiveness of efforts to reduce such expenditures will be evaluated each fiscal year and actual budget requests for each year may be adjusted accordingly.*

Services to be Performed – Services to be provided under the proposed Agreements include:

- Supporting and assisting with the implementation of the strategies in the CAAP, including special studies for the five (5) main source categories identified in the CAAP.
- Updating the Bay Wide Health Risk Assessment (BWHRA) Modeling Tool.
- Assisting in the identification, evaluation, and demonstration/piloting of new and emerging emission reduction technologies/strategies applicable to the Port industry.
- Supporting the Harbor Department greenhouse gas (GHG) programs, including leadership in local, national and international GHG and Climate Change initiatives.
- Providing technical expertise and review of air quality sections and health risk assessments of California Environmental Quality Act (CEQA)/National Environmental Protection Act (NEPA) documents.
- Supporting and tracking of existing and proposed local, state, and federal regulations/legislation, and an analysis of the potential impact on the Port.
- Assisting in grant writing and tracking for air quality-focused grant opportunities and awards.
- Providing permit compliance support for Regional Clean Air Incentives Market (RECLAIM) and other stationary and mobile sources.
- Assisting in information sharing and outreach to national and international ports.
- Assisting in preparing technical papers and presentations for conferences.
- Providing any additional services requested by the Director of Environmental Management.

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The detailed Scope of Work is attached as Transmittal 2.

These consultant services will help the Harbor Department to continue achieving significant emission reductions and maintain its position as a world leader in air quality programs. Services will be provided on an as-needed basis as projects are proposed by the Harbor Department, tenants, or other applicants.

Pre-Request for Proposals Outreach - As part of a pre-Request for Proposals (RFP) outreach, a "Meet and Confer" was held on September 20, 2010 with the Service Employees International Union (SEIU), the local union that represents Environmental Specialists, Environmental Supervisors and Marine Environmental Supervisors currently employed by the City, to discuss the RFP for as-needed air quality services. On September 21, 2010, staff received correspondence from SEIU which stated that "the work required in the RFP has minimal to no impact to our bargaining units" and that "SEIU has no objections on the work moving forward" (see Transmittal 7).

Also, prior to issuance of the RFP, in conformance with the City's Charter Section 1022 procedure, EMD notified nine (9) major City departments with environmental staff and asked if those departments had personnel that could perform the above-referenced scope of services. Departments that were contacted either did not respond or responded that they lacked sufficient personnel to assist. Based on these findings, a Charter Section 1022 Determination was prepared on September 15, 2010 which found that the work proposed to be contracted can be performed more feasibly by a contractor than by City employees because there is insufficient existing City staff to perform the proposed work and additional staff cannot be trained in a timely manner to meet the Harbor Department's needs.

Selection Process – The selection process for Harbor Department outside services will be guided, going forward, by a memo issued by the Harbor Department's Contracts and Purchasing Division. The memo, entitled "Contracting Procedures: New Program and Policy Directives" is dated December 21, 2010, and sets forth procedures for solicitation, interviewing, and contracting of outside services. Since the EMD's process for solicitation, interviewing and contracting for air quality on-call consultants began several months before this memo was issued, it was not used to organize and direct this particular effort. However, since the memo was issued, an effort has been made to comply with its requirements, and in cases where its procedures were not followed to the letter, changes to this process have been made to comply with the spirit of the memo.

On October 28, 2010, a RFP was posted on the Harbor Department's website, on the DiversityXchange Database, and on the City of Los Angeles' website. A RFP notification letter was also mailed to 256 consulting firms. Firms were able to propose for the entire scope of services or for specific services.

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The Harbor Department received proposals from ten (10) firms. Three (3) Air Quality Group staff from EMD and an Assistant Director from the Marketing Division evaluated the proposals using the criteria shown on the Proposal Evaluation Form (Transmittal 3). The criteria were also presented in the RFP. All the proposals were deemed responsive to the RFP. Due to the low number of proposals received, EMD chose to invite all of the proposers for interviews.

The interviews were conducted between December 15 and December 22, 2010. The interview panel consisted of two (2) Environmental Specialists, a Marine Environmental Supervisor and an Environmental Affairs Officer from EMD and an Assistant Director from the Marketing Division. An attempt was made to include an individual from an outside agency, however due to the large number of interviews and time commitment, EMD was unable to secure an individual.

The firms were evaluated in the following five (5) categories and scores were determined by the accompanying weighted factors: Firm Qualifications and Experience (40%), Project Organization and Personnel (20%), Technical Approach (20%), Fees and Budget Control (10%), and Quality and Responsiveness of Proposal (10%). The Interview Evaluation Form is contained in Transmittal 4. During the interviews, a special effort was made to identify firms that had not recently been providing services to EMD in order to consider the potential for new ideas and approaches. The ranking and selection was based 100% on interview scores. The firms scoring the highest in their interview were recommended for contract negotiations and for award. E2 ManageTech and Integra are new to the EMD as prime consultants, but have performed services as sub-consultants in the past. The other three firms have existing contracts for environmental services with the Harbor Department. Information on the firms' business locations, status of recommendations, and an overview of the selection process is contained in Transmittal 5. The selected firms are shown below:

Starcrest Consulting Group, LLC.	\$2,000,000; 3-year contract
Environ International Corp.	\$2,000,000; 3-year contract
E2 ManageTech, Inc.	\$1,250,000; 3-year contract
Tetra Tech, Inc.	\$1,250,000; 3-year contract
Integra Environmental Consulting	\$500,000; 3-year contract

The implementation of CAAP strategies and the Baywide Health Risk Assessment Tool, for which Starcrest Consulting Group and Environ, respectively, have provided services, will remain significant future work efforts. Approximately \$2 million is anticipated to be required for these ongoing efforts over the three-year contract period. A higher contract amount is being awarded to these two firms to work on these tasks to ensure project continuity and cost control moving forward. Other work would be awarded based on a competitive process described below.

Prior to engaging consultants, for tasks that could potentially be performed by City employees, EMD will contact other City departments to ask if they have qualified

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personnel available. If staffs from other City departments are not available, EMD will utilize a competitive scope of work and "mini-proposal" process among the selected firms in order to optimize the approach and cost for particular activities. This is expected to assure that the new firms have ample opportunity to demonstrate their capabilities and compete for significant scopes of work. The work will be authorized through a PD approved by the Executive Director. Each PD will delineate the specific parameters for the tasks, including, but not limited to, a detailed scope of work, schedule, and cost.

Small Business Development Program – The consultant agreements will include an overall 25% Small Business Enterprise (SBE) requirement. The SBE participation commitment level will be specified for the scope of work on each individual PD when work is assigned. This will allow the overall SBE and Very Small Business Enterprise (VSBE) goals for each consultant to be tracked. E2 ManageTech, Integra, and Starcrest are certified SBE's; therefore, 100% of their services will apply towards the SBE goal. If all funds are expended in these contracts, the consultants will cumulatively achieve a SBE participation level of 65% or over \$4.5 million. The RFP was released prior to adoption of the Harbor Department's VSBE policy. However, two (2) firms, Starcrest and Integra, qualify as VSBEs. Their cumulative contract amount of \$2.5 million greatly exceeds the VSBE requirement of 5%. The composition of each consultant team is attached as Transmittal 6. All firms will be required to submit a monthly subcontractor report indicating their level of compliance with these goals. This compliance will be monitored monthly by staff.

ENVIRONMENTAL ASSESSMENT:

The proposed action is for the approval of five (5) personal services Agreements for a term of three (3) years each, for as-needed air quality services. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

The proposed three-year Agreements authorize a total amount not-to-exceed \$7,000,000. It is anticipated that funds for these Agreements will be expended as follows:

Fiscal Year 2010/11	\$ 400,000
Fiscal Year 2011/12	\$ 1,900,000
Fiscal Year 2012/13	\$ 2,350,000
Fiscal Year 2013/14	<u>\$ 2,350,000</u>
TOTAL	<u>\$ 7,000,000</u>

Funds for Fiscal Year 2010/11 are available in Account 54260, Center 330, (Environmental Management Division), Program 000. Funding needed in future years will be requested through the annual budget adoption process upon Board approval.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the Agreements, the Agreements shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. A funding out clause is included in each Agreement.

ECONOMIC BENEFITS:

Approval of these five (5) Agreements will support 43 direct and 61 secondary one-year-equivalent jobs in the five-county region.

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CITY ATTORNEY:

City Attorney has reviewed and approved the proposed agreements with Starcrest Consulting Group, LLC, Environ International Corporation, E2 ManageTech, Inc., Tetra Tech, Inc., and Integra Environmental Consulting as to form and legality.

TRANSMITTALS:

1. Agreements
 - a. Agreement with Starcrest Consulting Group, LLC
 - b. Agreement with Environ International Corp.
 - c. Agreement with E2 ManageTech, Inc.
 - d. Agreement with Tetra Tech, Inc.
 - e. Agreement with Integra Environmental Consulting Technical Services, Inc.
2. Scope of Work
3. Proposal Evaluation Form
4. Interview Evaluation Form
5. Evaluation Criteria/Selection Process Summary
6. Sub-consultant Composition
7. SEIU "Meet and Confer" Correspondence

FIS Approval: KR



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: KEVIN MAGGAY
BOARD MEETING: 3/17/2011

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