



DATE: FEBRUARY 25, 2011

FROM: ENVIRONMENTAL MANAGEMENT DIVISION

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PERSONAL SERVICES AGREEMENTS WITH TETRA TECH, INC.; THE SOURCE GROUP, INC.; WORLEYPARSONS GROUP INC.; ERM-WEST, INC.; PACIFIC EDGE ENGINEERING, INC.; NINYO & MOORE GEOTECHNICAL & ENVIRONMENTAL SCIENCES CONSULTANTS; ECO & ASSOCIATES, INC.; AND LEIGHTON CONSULTING, INC. FOR AS-NEEDED SITE ASSESSMENT AND RESTORATION SERVICES

SUMMARY:

The Environmental Management Division (EMD) recommends approval of Agreements with Tetra Tech, Inc. (Tetra Tech); The Source Group, Inc. (Source Group); WorleyParsons Group Inc. (WorleyParsons); ERM-West, Inc. (ERM); Pacific Edge Engineering, Inc. (Pacific Edge); Ninyo & Moore Geotechnical & Environmental Sciences Consultants (Ninyo & Moore); Eco & Associates, Inc. (Eco); and Leighton Consulting, Inc. (Leighton), to provide as-needed environmental services for the investigation and remediation of soil and groundwater contamination for property reuse, hazardous and toxic waste management, and oversight of tenant remediation activities (Transmittal 1). Examples of these services include conducting environmental site assessments, soil and groundwater investigations, site cleanups, environmental media management, due diligence, and environmental regulatory compliance. The eight Agreements are for a term of three years each and for a combined total contract amount of \$18,000,000.

RECOMMENDATION:

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

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 eight personal services Agreements for a term of three years each, with a combined contract total of \$18,000,000 as follows:
 - a. Tetra Tech, Inc. (Pasadena, CA) for \$5,400,000;

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- b. The Source Group, Inc. (Signal Hill, CA) for \$3,800,000;
 - c. WorleyParsons Group Inc. (Long Beach, CA) for \$1,900,000;
 - d. ERM-West, Inc. (Irvine, CA) for \$1,500,000;
 - e. Pacific Edge Engineering, Inc. (Mission Viejo, CA) for \$1,500,000;
 - f. Ninyo & Moore Geotechnical & Environmental Sciences Consultants (Irvine, CA) for \$1,500,000;
 - g. Leighton Consulting, Inc. (Los Angeles, CA) for \$1,400,000; and
 - h. Eco & Associates, Inc. (Orange, CA) for \$1,000,000;
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. _____

DISCUSSION:

Background – Historic contamination of soil and groundwater in the Port of Los Angeles (Port) with hazardous and toxic wastes significantly affects or constrains both the City of Los Angeles (City) Harbor Department's (Harbor Department) ability to develop and reuse property and complete development projects on budget and schedule. Due to the technical and very specialized nature of work involving properties contaminated with toxic wastes, consultant services are required to assist the Harbor Department in restoring properties to a usable condition; reduce environmental liabilities; comply with regulatory agency requirements; establish baseline environmental conditions for lease terminations and renewals; and to assist other Divisions in the Harbor Department with development projects impacted by soil and groundwater contamination.

The current as-needed Site Assessment Agreements are listed below with funds authorized to date:

Agreement No.	Agreement Amount	Project Directives Authorized	Remaining Amount	Expiration Date
2655 (Tetra Tech, Inc.)	\$ 7,150,000	\$ 7,141,566	\$ 8,434	4.21.2011
2656 (The Source Group, Inc.)	\$ 3,960,000	\$ 3,949,733	\$ 10,267	4.23.2011
2657 (CH2M Hill, Inc.)	\$ 2,050,000	\$ 1,811,414	\$ 238,585	4.21.2011
2658 (Kennedy/Jenks Consultants)	\$ 1,890,000	\$ 1,889,723	\$ 277	4.21.2011
2659 (Pacific Edge Engineering, Inc.)	\$ 2,000,000	\$ 1,399,406	\$ 600,594	4.23.2011
2660 (Locus Technologies)	\$ 1,890,000	\$ 1,868,541	\$ 21,459	4.23.2011
2661 (Arcadis U.S., Inc.)	\$ 760,000	\$ 754,305	\$ 5,695	4.23.2011
TOTAL:	\$19,700,000	\$18,814,688	\$ 885,311	

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These current as-needed Site Assessment Agreements are for a contract period of three (3) years, expiring on either April 21 or April 23, 2011, with a combined contract total of \$19,700,000. The "authorized" amounts are funds committed by project directives 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.

An average amount of more than \$6,000,000 has been spent each fiscal year during the three-year contracting period, resulting in total expenditures of about \$19,000,000. This same level of activity is also anticipated in the upcoming years based on ongoing regulatory/litigation driven projects and planned site assessment projects requested by other Harbor Department divisions. The request for this three-year contracting period has been reduced to \$18,000,000 to reflect efforts to reduce expenditures for outside services going forward. These efforts will include: (i) training staff to undertake selected technical tasks, which would otherwise be handled by consultants, and (ii) engaging in proactive assessments and investigations to potentially reduce clean-up and remediation costs. The near-term 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 – Consultant assistance is necessary to assess the condition of properties, identify potential soil and groundwater contamination, determine the nature and extent of contamination, develop cost estimates and schedules associated with remediation of sites, and provide other technical expertise as needed to comply with regulatory requirements. Examples of the contractual services to be performed under the Agreements include the following:

- Conduct Phase I Environmental Site Assessments,
- Perform Remedial Investigations/Site Characterization of soil and/or groundwater,
- Design and implement Remedial Feasibility Studies and Action Plans,
- Prepare and submit Site Closure Reports to regulatory agencies,
- Conduct Environmental Compliance Assessments (ECA) to determine potential environmental impacts and liabilities from Port operations,
- Assist in Regulatory Agency Coordination,
- Provide Technical Expertise and Design Services to assess potential environmental emerging technologies,
- Review Environmental Documents, and
- Provide Litigation Support Services.

As discussed above, the amounts that may be spent on these contractual services for ongoing and new projects, under these new agreements, is anticipated to be similar to expenditures during the past three years of the current agreements. Transmittal 2

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provides a list of all the Project Directives issued to each consultant during the term of the current contracts (expiring in April) to illustrate the types of work scopes and projects that have been funded in the past.

At present, EMD's site assessment and restoration group includes a supervisor and three (3) staff members with expertise in conducting and managing environmental assessment and remediation projects. The staff serves as project managers for over 60 projects. Consultant services are required because specialized technical expertise and equipment are needed to carry out the above described work, especially considering the potentially dangerous and toxic conditions of the work environment. It is neither practical nor cost-effective for the Harbor Department to maintain permanent staff to conduct the activities outlined in the work scope. The number and types of projects are highly variable. Much of the work requires the operation and maintenance of specialized equipment for environmental monitoring, including soil and groundwater sampling, as well as the operation of drilling, excavation, treatment, and disposal equipment. The work also requires a wide range of expertise and training in numerous disciplines, such as hydrogeology, chemistry, computer modeling, and microbiology. The selected firms have the resources to efficiently provide the specialized services needed to respond to the Port's environmental problems and incidents. It is in the best interest of the City to employ the services of consultant firms to perform these needed functions.

A more detailed description of the scope of work is attached as Transmittal 3.

Work Assignments – Work assignments and services will be provided on an as-needed basis. The work will be authorized through a Project Directive (PD) process and approved by the Executive Director. Each PD includes a detailed scope of work, schedule, Small Business Enterprise (SBE) and Very Small Business Enterprise (VSBE) participation level, and cost estimate.

For new projects involving a significant scope of work, a competitive process for assignment of work will be utilized to provide the most efficient, timely, and cost-effective services, as well as, to insure that all the appropriate firms have the opportunity to perform the requested work. In such cases, proposals will be requested from the various firms, and the selection will be based on a number of criteria, including consultant expertise, available resources, and costs and schedule.

Selection Process – The selection process for Harbor Department outside services will be guided, going forward, by a memo issued by the Harbor Department's Contacts 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 site assessment and restoration service

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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 September 2, 2010, a Request for Proposals (RFP) was released and posted on the Harbor Department's website, within the Diversity Xchange database, and the Los Angeles Business Virtual Network (LABVN). A RFP notification letter was also mailed to firms that have specifically expressed interest in this RFP to the EMD, but were not yet registered on the Diversity Xchange database or the LABVN.

The Harbor Department received proposals from twenty (20) firms. The RFP criteria for evaluation of the proposals were developed from previous Environmental Site Assessment and Restoration Services contracting forms used to evaluate these particular on-call services. Several criteria were considered, including project management, applicable experience (including Port and non-Port), technical approach, and rates and fees. The criteria were presented in the RFP for each proposer to review, and each proposal was evaluated based on these criteria. The criteria are shown on the Environmental Site Assessment and Restoration Services RFP Selection Evaluation Form (Transmittal 4).

The proposals were evaluated by three Environmental Specialists and a Marine Environmental Supervisor from EMD, and a Harbor Engineer from the Engineering Division. Based on the ranking results, the following 17 firms were invited to interview. The remaining three firms received low scores and did not qualify to interview.

- Eco & Associates, Inc.
- Ninyo & Moore
- Tetra Tech, Inc.
- Kennedy Jenks Consultants, Inc.
- CDM
- WorleyParsons Group Inc.
- Accord Engineering, Inc.
- E2 Manage Tech
- ERM-West, Inc.
- URS Corporation
- Haley & Aldrich
- Leighton Consulting, Inc.
- The Source Group, Inc.
- Locus
- Delta Consultants
- Geosyntec Consultant
- Pacific Edge Engineering, Inc.

The interviews were planned, and interviewers were selected in advance of the issuance of the above referenced Contracting Procedures memo. Nevertheless, while an interviewer from outside the Harbor Department could not be secured, two interviewers from outside the EMD were added to the team of the interviewers.

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Accordingly, interviews were conducted by two Environmental Specialists, one Marine Environmental Supervisor, one Harbor Engineer from the Engineering Division and one representative from the Port Police Hazardous Materials Unit from December 7 through December 16, 2010. Interview questions were based on the criteria presented in the RFP.

The firms were evaluated under the following six criteria with the accompanying weighting factor shown in parentheses. The Interview Evaluation Form is enclosed in Transmittal 5.

- Firm Qualifications and Experience (10%),
- Project Organization and Personnel (30%),
- Technical Approach (20%),
- Project Management (20%),
- Quality and Responsiveness of Proposal (10%), and
- Rates and Fees (10%)

The following firms scoring the highest in their interview were recommended for contract negotiations and for award:

Tetra Tech, Inc.	\$5,400,000; 3-year contract
The Source Group, Inc.	\$3,800,000; 3-year contract
WorleyParsons Group Inc.	\$1,900,000; 3-year contract
ERM-West, Inc.	\$1,500,000; 3-year contract
Pacific Edge Engineering, Inc.	\$1,500,000; 3-year contract
Ninyo & Moore	\$1,500,000; 3-year contract
Leighton Consulting, Inc.	\$1,400,000; 3-year contract
Eco & Associates, Inc.	\$1,000,000; 3-year contract

Eight firms were selected to provide the as-needed services to maximize the number of firms and opportunities to work for the Harbor Department. For four of the selected firms (WorleyParsons, Eco, ERM and Leighton), this is their first opportunity to demonstrate their environmental service capabilities to the Port. The firm of Ninyo & Moore is returning after a six-year break in consulting service to the Port. Details of the selection process are enclosed in Transmittal 6.

To ensure project continuity and cost control, Tetra Tech, Source Group, and Pacific Edge are anticipated to continue with their assigned projects involving ongoing regulatory agency orders and environmental support on litigation issues. Approximately \$8,000,000 is anticipated to be required for these ongoing projects over the three-year contract period. The remaining amount of \$10,000,000 will be assigned to consultants based on consultant's capabilities. As stated above, for projects with significant scopes of work and duration, a competitive process will be used in order to optimize efficiencies

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and costs, and provide an opportunity for new ideas and approaches. This is expected to ensure that the new firms have ample opportunity to demonstrate their capabilities and compete for significant scopes of work, and could result in the new firms ultimately receiving even greater work than is anticipated based on favorable performance.

Finally, it should be noted that some of the selected consultants have identified up to 16 subconsultants as part of their proposed team. This is typical for these types of services. A variety of subconsultants are often needed to perform specialized scopes of work and services, including but not limited to: asbestos and lead surveys, environmental drilling services, hazardous waste management, human and ecological risk assessment, traffic control, mobile and stationary analytical laboratory services, and environmental remediation services. Often, more than one subconsultant firm may be selected for the same type of service, such as drilling companies and environmental laboratories, to insure the availability of these services or equipment and provide the greatest flexibility for scheduling work on Port projects. In the previous contracting periods for these services, nearly all of the listed subconsultants were used at one time or another based on the project needs.

Small Business Development Program – The consultant agreements will include an overall 25% SBE participation requirement. The SBE participation commitment level will be specified for the scope of work on each individual Project Directive when work is assigned. This will allow the overall SBE and VSBE goals for each consultant to be tracked. Pacific Edge is a certified VSBE. Eco and Source Group are both certified SBE's; therefore, 100% of their services will apply towards the SBE goal. If all the funds are expended in these contracts, the consultants will cumulatively achieve an SBE participation level of 43% (\$7.725 million), and a VSBE participation level of 8% (\$1.5 million). The composition of each contractor 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.

In addition, as part of its performance under this contract, staff has asked Tetra Tech to conduct a mentoring program for SBE and VSBE firms with consulting capabilities. Tetra Tech will assist these companies in developing their ability to perform technical projects for the Harbor Department's EMD. Further, the Source Group will remain involved in an outreach and internship program with students from California State University of Long Beach Engineering program. The Source Group will also remain involved in training SBE/WBE (Women-owned Business Enterprises) companies (i.e. Buell CAD & Design and Engineering/Remediation Resources Group (ERRG)) to work on the Port's EMD projects, as well as with other public agencies on environmental projects.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of eight Agreements for as-needed site assessment and restoration 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.

FINANCIAL IMPACT:

The proposed 3-year Agreements authorize a total amount not-to-exceed \$18,000,000. It is anticipated that funds for these Agreements will be expended as follows:

Fiscal Year 2010/11	\$ 1,000,000
Fiscal Year 2011/12	\$ 6,500,000
Fiscal Year 2012/13	\$ 6,500,000
Fiscal Year 2013/14	<u>\$ 4,000,000</u>
TOTAL	\$18,000,000

Funds for Fiscal Year 2010/11 in the amount of \$1,000,000 are available as follows: \$100,000 in Account 54260, Center 330 (Environmental Management Division), Program 000, \$400,000 in Account 21995, Center 7000 (Liability), Program 000, \$400,000 in Account 54260, Center 0331 (Remediation), Program 000; and \$100,000 in Account 54260, Center 1000 (Capital Improvement Program), Program 000. Funding needed in future fiscal 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 the proposed Agreements will support approximately 87 direct, plus 122 secondary, one-year equivalent jobs in the five -county region.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed Agreements with Tetra Tech, Inc.; The Source Group, Inc.; WorleyParsons Group Inc.; ERM-West, Inc.; Pacific Edge Engineering, Inc.; Ninyo & Moore Geotechnical & Environmental Sciences Consultants; Eco & Associates, Inc.; and Leighton Consulting, Inc. as to form and legality.

TRANSMITTALS:

1. Agreements
 - a. Agreement with Tetra Tech, Inc.
 - b. Agreement with The Source Group, Inc.
 - c. Agreement with WorleyParsons Group Inc.
 - d. Agreement with ERM-West, Inc.
 - e. Agreement with Pacific Edge Engineering, Inc.
 - f. Agreement with Ninyo & Moore Geotechnical & Environmental Sciences Consultants
 - g. Agreement with Eco & Associates, Inc.
 - h. Agreement with Leighton Consulting, Inc.
2. Project Directives List
3. Scope of Work
4. RFP Selection Evaluation Form
5. Interview Evaluation Form
6. Selection Process
7. Consultant Team Composition

FIS Approval: 



CHRISTOPHER CANNON
Director of Environmental Management

FOR 

MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:

FOR 

GERALDINE KNATZ, Ph.D.
Executive Director