

CITY OF LOS ANGELES

CALIFORNIA



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October 15, 2015

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WASTEWATER ENGINEERING SERVICES DIV.
2714 MEDIA CENTER DRIVE
LOS ANGELES, CA 90065
FAX: (323) 342-6210 OR -6211

ELECTRONIC MAIL

To: Top Three (3) Pre-Qualified On-Call Contract Consultants of LA Sanitation

LA SANITATION ON-CALL CONSULTANT SERVICES CONTRACTS ISSUANCE OF TOS SN-48 – HTP RECYCLE WATER MARKET RATE STUDY

The City is soliciting responses from top three (3) consulting firms on Pre-Qualified On-Call List. Attached are details of the Task Order Solicitation (TOS) required services and a ranking list.

There is no pre-proposal meeting for this TOS. All questions regarding this TOS must be submitted in writing to LASAN Project Manager, Mr. Augustine Nnuro, by October 22, 2015 before 4:00 P.M.

The deadline for proposal submittal is Thursday, November 5, 2015 before 2:00 P.M. If your firm is interested in this TOS, please submit an electronic copy of proposal via e-mail to the following LASAN's staff on the indicated due date, to:

- Augustine Nnuro, Augustine.Nnuro@lacity.org
- Thu-Van Ho, Thu-Van.Ho@lacity.org

Thank you for your interest and we look forward to receiving your response to this TOS.

Sincerely,

Ali Poosti, Division Manager
Wastewater Engineering Services Division
LA Sanitation

AP:tvh

Attachments:

1. Details of required services for this TOS.
2. A ranking list



c: Abdul Danishwar, WESD
Scott Hare, WESD
Thu-Van Ho, WESD
Eva Sung, FMD
Dale Burgoyne, FMD
Augustine Nnuro, FMD
Roberta Lau, FMD

**City of Los Angeles
Department of Public Works
Bureau of Sanitation**

On-call Consultant Services Contract

**Task Order Solicitation (TOS) SN-48 for
*HTP Recycle Water Market Rate Study***

October 2015

1. Introduction

The City of Los Angeles' Hyperion Treatment Plant (HTP) produces approximately 280 million gallons per day of secondary effluent. On July 3, 1991, an agreement was reached between the City of Los Angeles and West Basin Municipal Water District (West Basin) in which HTP supplies West Basin with approximately 40 MGD of secondary effluent for 25 years at a fixed price, per Resolution No. 91-344. This secondary water is sent via pipeline to West Basin's Edward C. Little Water Recycling Facility (ECL Facility) in El Segundo for further treatment and is distributed as advanced tertiary recycled water.

LA Sanitation (LASAN) is investigating an addition to its treatment facilities at HTP to produce 70 MGD of membrane bioreactor nitrified/denitrified effluent, for transport to West Basin's ECL Facility for further treatment and distribution. These modifications to HTP's treatment processes will enhance plant performance and improve West Basins' influent water supply. As a result, with the upcoming contract expiration in 2016, it is necessary for LASAN to determine values for HTP's current and future effluent that can be used in negotiating new rates for treatment effluent sold to West Basin.

2. Scope of Services

LASAN is soliciting a qualified consultant firm to develop alternatives for pricing HTP's secondary effluent as well as effluent from the proposed additional facility. This work will include development of lower and upper limits on prices; other considerations such as sharing cost savings, the availability of substitute sources of water and the prices of other agencies; consideration of risks and development of pricing structures. These studies, along with the findings and results, will be summarized in a technical memorandum.

The following provides more details regarding the services from the qualified consultant:

- Task 1:** Review all pertinent documents, reports, assignments, capital projects, and water quality reports, etc., including but not limited to:
- a. Review existing water quality data for HTP's secondary effluent delivered to West Basin;
 - b. Review expected water quality from studies of the proposed membrane bio reactor;
 - c. Review current regulations and policies on water quality on secondary and tertiary treated effluent and water recycling;

- d. Review cost data for production of HTP effluent, the proposed additional treatment at HTP and treatment at the ECL Facility, including direct O&M, overhead and capital costs.

Task 2: Develop the theoretical framework for pricing the HTP's effluent, including the following:

- a. Incremental cost of producing secondary effluent as the lower limit price and the lowest cost of West Basin's alternatives for producing/obtaining recycled water as the upper limit price;
- b. Commercial considerations for setting the prices within the lower and upper limits, such as sharing cost savings between the agencies, the availability of substitutes and the prices of other agencies;
- c. Consideration of risks, such as liability and the risk of stranded assets, including ways of mitigating the risks and incorporating risks in the prices;
- d. Consideration of the costs and benefits to include in the pricing calculations;
- e. Consideration of different prices for different ultimate recycled water customers, based on the quality of the water;
- f. Consideration of the market for recycled water and the development of long-term versus short term pricing strategies;
- g. Consideration of regulatory and policy targets for the sale of recycled water;
- h. Pricing structure, such as fixed and variable components and which costs to use in calculating the components.

Task 3: Evaluate the supporting data, including but not limited to:

- a. Determine recycled water demands through 2040 (25 years) at West Basin;
- b. Identify West Basin's planned capital improvement projects that may affect recycled water demand in West Basin's service area;
- c. Evaluate West Basin's prices and alternative costs for selling recycled water and costs of producing and delivering water to consumers;
- d. Identify recycled water policy and changing demand for varying qualities of recycled water and the effect on operations of HTP and the ECL Facility;
- e. Evaluate the pricing policies of comparable water and wastewater treatment facilities and agreements between treatment facilities and recycled water distributors (e.g. San Diego, LACSD, OCSD, etc).

Task 4: Develop alternatives for pricing and recommend a pricing approach, including recommended prices, addressing the elements of the theoretical framework developed in Task 2, including but not limited to:

- a. Calculate the lower limit and upper limit prices of the effluent produced;
- b. Develop the commercial considerations for setting prices;
- c. Develop contractual formulas for sharing cost savings between agencies;
- d. Develop comparable prices to similar agencies with adjustments for differing water quality and distribution costs;
- e. Develop strategies for dealing with risks, market conditions and sales targets;
- f. Develop the pricing structure, including prices for different water quality.

Task 5: Report progress and prepare a technical memorandum.

- a. Meetings to report progress and interim findings and to review the draft technical memo;

- b. Draft, review, and finalize the technical memo.

3. Term of Engagement

The City’s schedule for completion of each task in Section 2 is within three (3) months of issuance of the Task Work Order. The duration of this TOS is twelve (12) months from the issuance date of Notice to Proceed (NTP). It is estimated that the cost ceiling for this TOS is approximately \$149,000.

4. Solicitation Schedule

- Issue Task Order SolicitationDate of Cover Letter.
- Receive Solicitation Responses.....As indicated in Cover Letter.
- Conduct Interviews if necessary4 weeks after issuance of TOS.
- Select and Negotiate.....6 weeks after issuance of TOS.
- Award Task Order.....8 weeks after issuance of TOS.

5. Solicitation Response Requirements

Solicitation responses shall not exceed twenty (20) pages, exclusive of cover, dividers and resumes. Solicitation Responses shall be submitted to the following Bureau’s staff via e-mail, no later than 2:00 pm of proposal due date indicated in cover letter:

- Augustine Nnuro, Augustine.nnuro@lacity.org
- Thu-Van Ho, thu-van.ho@lacity.org

Solicitation responses shall include:

- Resumes demonstrating that the candidates are capable of meeting the requirements of the Scope of Work. Resumes shall include work experience history with dates, and references from past employers, owners, and/or organizations.
- Provide a proposed cost breakdown by tasks.
- Provide a breakdown of estimated time for completion of each task.
- Proposed Hourly Billing Rate Summary for the proposed candidates with all respective direct and indirect costs, markups, expenses, overhead rates and profit. (Sample Attached).
- MBE/WBE/SBE/EBE/DVBE/OBE subcontractors utilized and the percent utilization.

Note: Department of Public Works only recognizes:

- MBE/WBE certifications certified by City of LA – Bureau of Contract Administration (LABCA), LA County Metropolitan Transportation Authority (MTA), CalTrans, The Southern California Minority Supplier Development Council (SCMSDC), or Women’s Business Enterprise National Council (WBENC)-WEST; and any member of California Unified Certification Program (CUCP); and
- SBE/EBE/DVBE certifications certified by LABCA, MTA, or State of California – Department of General Services (CA-DGS)
- Provide a copy of valid MBE/WBE/SBE/EBE/DVBE Certifications of MBE/WBE/SBE/EBE/DVBE subcontractors utilized.
- Statement pertaining to the candidate’s availability.

6. Selection Criteria

The selection team will evaluate the proposals with the following criteria:

- Capability, and experience in providing the Scope of Services as demonstrated by the proposal.
- Expert knowledge and work experience associated with understanding of the issues, options, and approaches related to the scope.
- The value offered to the City considering cost in comparison to capabilities and experience of the candidates.
- Expert knowledge and experience in facilities planning issues in relation to wastewater, recycled water, as well as City operations and practices.
- Proven capability in conducting engineering and economic studies supporting wastewater, and recycling water facilities planning.
- Ability to effectively and rapidly meet on going needs for the project

7. Suggested MBE/WBE/SBE/EBE/DVBE/OBE Participation Levels

The City had set anticipated participation levels (APLs) for subconsultants as follows: 18% MBE, 4% WBE, 25% SBE, 8% EBE, and 3% DVBE. The City encourages the Primes to utilize these subconsultants wherever feasible, especially MBE/WBE subconsultants.

Note: Subconsultants that are not listed on Schedule A in your contract cannot be added and/or utilized without the performance of the outreach and approval of LASAN.

8. Task Order Manager

LASAN On-Call Contract Manager is: Mr. Ali Poosti, Division Manager, Wastewater Engineering Services Division, (323) 342-6228.

LASAN Project Manager for this designated TOS is: Mr. Augustine Nnuro, Environmental Engineer, Financial Management Division, (213) 485-2384

9. Disclaimer

The City may or may not decide to award any or part of this task order based on its sole convenience and shall not be responsible for any solicitation response costs.

HOURLY BILLING RATES

(To be submitted for each Task Order Solicitation)

FIRM	Status	Last Name	First Name	Position	Rate (\$/hr)	Approved Overhead Rate	Approved Profit	Billing Rate (\$/hr)	Effective Date	Notes
Prime Firm	Prime									
Prime Firm	Prime									
Prime Firm	Prime									
MBE Firm Name 1	MBE									
MBE Firm Name 2	MBE									
MBE Firm Name 3	MBE									
WBE Firm Name 1	WBE									
WBE Firm Name 2	WBE									
SBE Firm Name	SBE									
EBE Firm Name	EBE									
DVBE Firm Name	DVBE									
OBE Firm Name 1	OBE									
OBE Firm Name 2	OBE									

Firm Name	Status	Fee	%Fee
MBE Firm Name 1	MBE		
MBE Firm Name 2	MBE		
MBE Firm Name 3	MBE		
WBE Firm Name 1	WBE		
WBE Firm Name 2	WBE		
SBE Firm Name	SBE		
EBE Firm Name	EBE		
DVBE Firm Name	DVBE		
OBE Firm Name 1	OBE		
OBE Firm Name 2	OBE		

Summary	Total Fee (\$)	% Fee
Prime		
MBE		
WBE		
SBE		
EBE		
DVBE		
OBE		
Total		