

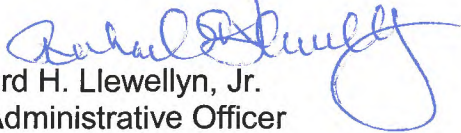
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05666-000

Date: November 27, 2019

To: City Council
Energy, Climate Change and Environmental Justice Committee
Personnel and Animal Welfare Committee
Budget and Finance Committee

From: Richard H. Llewellyn, Jr.
City Administrative Officer



Subject: **REPORT BACK ON THE BUREAU OF SANITATION SEWER CONSTRUCTION CREWS (C.F. 19-0600-S158)**

RECOMMENDATION:

That the City Council:

1. Receive and file the report; no further action is recommended at this time.

SUMMARY

During Fiscal Year 2019-2020 Proposed Budget deliberations, the Bureau of Sanitation (Bureau) submitted a request for 15 positions to construct small diameter (6"-10") sewer lines. Subsequently, \$1,300,000 was placed in the Unappropriated Balance (UB) from the Sewer Capital Fund for salaries and equipment expenses. The Bureau was asked to report back on the feasibility of establishing crews to perform this work and whether any positions are eligible for the Targeted Local Hire (TLH) Program. On May 28, 2019, the Bureau submitted a report to the Budget and Finance Committee detailing the request.

This report does not make any specific recommendations regarding establishing City crews that will perform work on small diameter sewer pipelines. Its intent is to provide a starting point for further policy discussions and to provide information regarding this topic.

Background

The Bureau's request is for two crews to pilot a small diameter sewer construction program. The City currently contracts out the construction portion of sewer repair projects as City forces are unable to perform this work. The Bureau currently performs construction in regards to sewer lines by primarily installing residential wye connections. In addition, staff from the Solid Resources Processing and Construction Division perform grading and small construction for the City's solid resources facilities and greenway projects. The Bureau states that rising construction

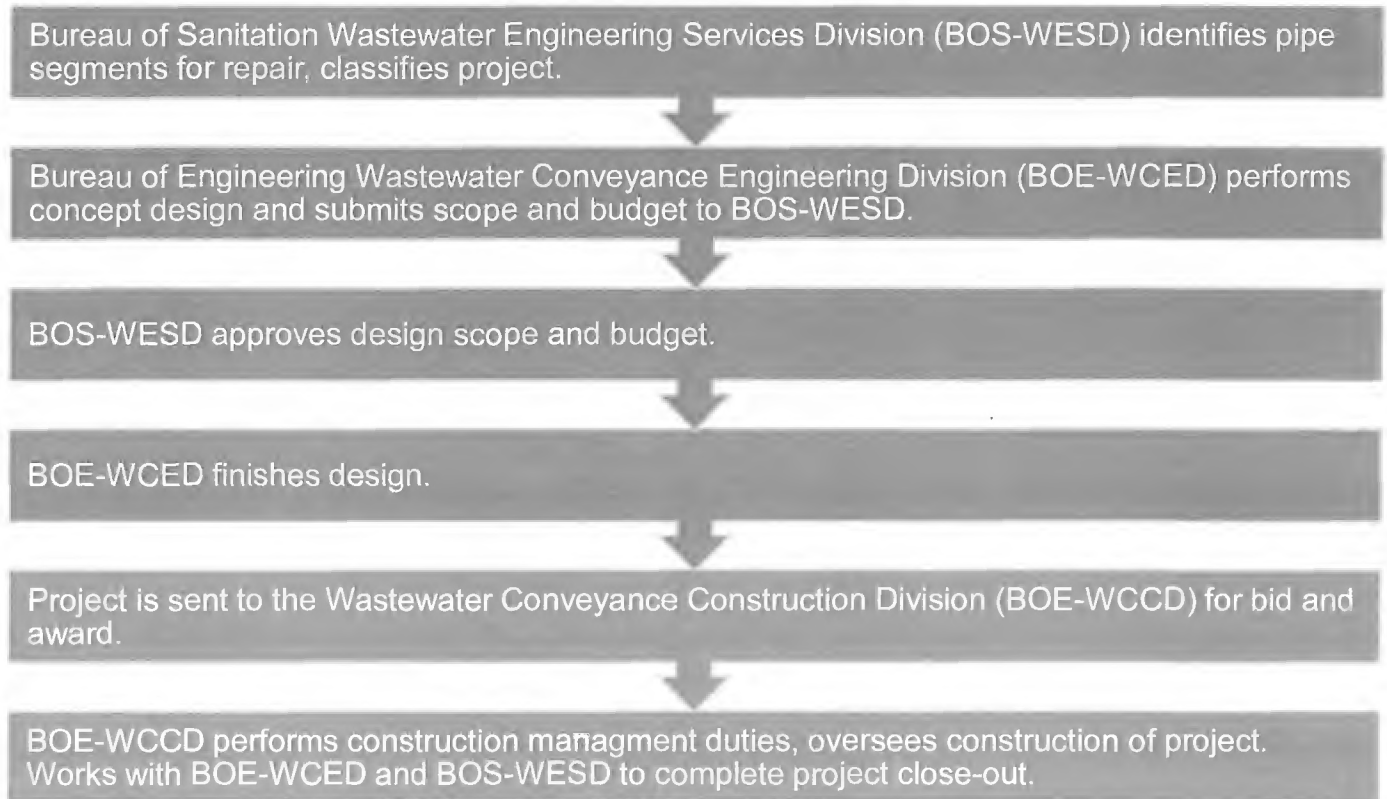
costs justifies the use of in-house crews and has cited several projects as examples of contractor bids that were at least 33 per cent above the engineering estimate. In order to create a pilot program involving two crews, the Bureau is requesting resolution authority for 15 positions as follows:

- (6) Maintenance and Construction Helpers
- (2) Construction and Maintenance Supervisor
- (2) Equipment Operator
- (2) Pipefitter
- (2) Wastewater Collection Worker II
- (1) Senior Construction Engineer

The amount allocated in the UB, \$1,300,000, is for nine months funding of salaries plus expense costs for equipment (\$854,293 for direct costs and \$440,445 for indirect costs, rounded up to the nearest ten thousand). The Bureau would work with the General Services Department (GSD) to procure equipment and supplies.

Current Process

The Bureau is the owner/operator of the City's sewer pipeline network. The Bureau of Engineering (BOE) is considered the designer and construction manager for sewer pipeline projects. The process for identifying, designing and constructing non-emergency sewer repairs is detailed below.



Projects are given a designation based on the severity of the affected pipe. There are two categories: non-emergency and emergency. Segments identified as emergency are further classified as either full Emergency or Super Expedited Wastewater Emergency Repair of Sewers (SEWERS). Projects considered for the Emergency route are at risk of imminent failure or have already failed. Projects considered for the SEWERS route are at risk, but can wait a few months for repair.

Each designation has a unique timeline and cost associated. Non-emergency projects have the longest timelines and the highest level of cost control. This type of project goes through a traditional design-bid-build process. The bid and award process is open to any contractor, pending compliance with City policies. As such, non-emergency projects have the potential to have lower costs as material procurement is typically less expensive. The BOE reserves the right to withhold award should the construction bids come in too high. Projects classified as Emergency or SEWERS have a shorter timeline and higher cost. SEWERS projects are also design-bid-build; however, these projects are bid out to a pre-qualified on-call list of contractors only. Emergency projects have the highest costs as this type is treated as a design-build project. Contractors meet directly with staff from BOE-WCED to complete projects. Material and labor costs are higher as procurement times are extremely short. Once construction is complete, the divisions work together to close-out projects.

Elements for Consideration

The positions requested and amount allocated do not fully encapsulate the total cost of establishing two crews for this purpose as there are several issues that have not been addressed. As such, it is difficult to conduct a thorough cost-benefit analysis of having the City perform construction on sewer pipelines.

Personnel – With the exception of the Senior Construction Engineer, all other classes currently exist within the Bureau. The Bureau has vacancies in the Maintenance and Construction Helper and Wastewater Collection Worker II classes. Of the requested positions, only the Maintenance and Construction Helper is eligible for the TLH Program. The Personnel Department has reviewed the request and determined that all except the Senior Construction Engineer are appropriate for the type of work involved. In lieu of the Senior Construction Engineer, the Personnel Department has determined a Construction and Maintenance Superintendent is appropriate.

After meeting with staff from both the Bureau of Sanitation and Bureau of Engineering to clarify the role of the Senior Construction Engineer, it is understood that this position is intended to coordinate projects overall. This position would work with the BOE-WCED to identify projects ready for construction and to perform the duties of construction manager, including administering any contracts needed. Currently, staff employed at the BOE as Civil Engineering Associate II perform this level of work.

Training – As this is a new program, there are currently no City staff that can perform this type of work. Examples of training include backhoe and other large equipment training, confined spaces training, and hazardous material training. In addition, training to perform repairs with pipe

and appurtenances would be required. The Bureau has not indicated how the crews will receive training or the associated costs.

Coordination with other Departments/Bureaus – Currently, the role of construction manager is held by staff at the BOE. The Bureau is unable to estimate the number of projects the crews would be able to undertake. This makes it difficult to determine the impact on the BOE's workload. Increased coordination would be needed between the Bureaus to manage projects. In addition, as the Bureau of Contract Administration (BCA) typically supplies an inspector to certify fieldwork being completed, the level of BCA's involvement is not clear at this time.

Liability – Performing construction of any type carries inherent liability. Due to the nature of pipeline and trenching work, it is possible that the City's liability will increase. Possible scenarios include falls into trenches, hitting other utilities including gas lines and higher worker's compensation claims. Under the current process, these liabilities are transferred to the contractor.

Economic influences – The Bureau has stated that construction bids are higher due to the economic environment and that having in-house construction forces could offer alternatives to paying higher contractor prices. There is insufficient data available to indicate that a City-led construction force would be less costly. As the construction industry continues to hold steady in terms of growth, contractors will continue to submit higher bids as most have sufficient work without City projects. However, the converse is also possible in that during times of recession, contractor bids would be lower than engineering estimates.

Equipment/Supplies – At this time, there are insufficient contracts available to procure equipment and supplies. Contracts would be needed for items such as hydraulic shoring, steel plates, various diameter pipe, various diameter appurtenances, and heavy duty equipment. The Bureau has indicated that GSD has contracts with suppliers that could potentially procure sewer pipe and appurtenances; however an amendment to existing contracts would be required. Given current timelines for the procurement process to occur, as many as five years may be needed to have the necessary contracts in place. In addition, a storage facility for the materials and equipment has yet to be identified.

Should these concerns be addressed, the request for positions could be re-submitted for consideration at a future date. It is expected that answers to the above would provide better cost estimates and allow for a cost benefit analysis of the two methods.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City based on the recommendations of this report. The financial impact should the Mayor and City Council approve the position authorities is unknown and can be addressed in a future report. In addition, in order to be in compliance with the City's financial policies, an on-going revenue source should be identified.