



April 1, 1997

Los Angeles County
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Authority

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TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER, INTERIM CHIEF EXECUTIVE OFFICER
SUBJECT: REJECT ALL BIDS FOR IFB NO. OP-3360-0501 FOR UNDERGROUND TANK REPLACEMENT AT DIVISION 10

Linda Bohlinger

RECOMMENDATION

- a) Reject all bids submitted for the Underground Tank Replacement at Division 10; and
- b) authorize the reissuance of solicitations for this procurement.

ORGANIZATIONAL IMPACT

The replacement of underground tanks ensures that the MTA is in compliance with new federal regulations relating to these systems. The existing systems do not meet these newer regulations and must be brought into compliance according to federal statute no later than December 1998. Failure to do so may result in fines or other penalties which could affect service.

BUDGET IMPACT

The funding for this procurement is contained in Grant Numbers CA-90-X534 and CA-90-X664.

ALTERNATIVES CONSIDERED

One alternative for the recommended action is to award the contract to the lowest bidder, Environmental Restoration (ER), Inc. This alternative is not recommended because ER did not meet the DBE goal for this procurement.

BACKGROUND

The existing single-wall underground fuel storage tanks at Division 10, located at 742 North Mission Road, Los Angeles, must be removed and replaced with double-wall steel tanks. The work also includes the upgrade of piping and fuel systems and the removal and disposal of contaminated soil and groundwater from the tank farm area.

PROCUREMENT PROCESS

On July 9, 1996, IFB No. OP-3360-0501 was issued and advertised. On August 14, 1996, seven bids were received as follows:

<u>Bidder</u>	<u>Price</u>
Environmental Restoration	\$1,493,890
A.E. Schmidt Environmental	\$1,728,887
Wayne Perry	\$1,806,825
CET Environmental Services	\$1,844,387
Smith Environmental	\$1,846,423
Tait & Associates	\$1,890,000
Hickman Mechanical	\$2,615,300

The DBE participation goal for this procurement was 26%. Environmental Restoration (ER) submitted the lowest bid with a 39% DBE participation. During bid evaluation, it was determined that one of ER's named DBE subcontractors was de-certified prior to the bid opening. Therefore, ER's DBE participation was reduced to 24.6%. ER claimed that it had no knowledge of the de-certification, having relied on the MTA's published DBE Directory and certification letter. According to the bid documents, the bidders are encouraged to use these publications to solicit DBEs. Furthermore, the provision in the IFB that the bidder verify the certification status of the DBEs failed to disclose methods for verifying certification status. Due to the ambiguity of these instructions, staff is recommending that it would be in the MTA's best interest to reject all bids and reissue the procurement. In order to ensure that this situation does not happen again, the Equal Opportunity Programs Department has cleaned up the ambiguity, and bidders are required to call in to the department to verify certification status of listed DBEs.

DBE PARTICIPATION

As mentioned above, the DBE participation goal for this procurement is 26%.

Prepared by: Andi Wang

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