



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

Aram Benyamin (Jul 24, 2024 13:54 PDT)

ARAM BENYAMIN
Chief Operating Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: July 10, 2024

SUBJECT: Contract No. 459 for Ductile Iron Pipe and Rubber Gaskets with United Waterworks, Inc.

SUMMARY

The proposed Contract No. 459 (Contract) is to furnish and deliver ductile iron pipe and rubber gaskets for a term of one year with two one-year optional renewal periods. The total estimated expenditure is \$36,810,409, and for an amount not to exceed \$46,013,011 (budgeted). The Contract is a result of a competitive bid process.

The Contract will provide ductile iron pipe and rubber gaskets. These materials are used for new pipeline installation, the repair and replacement of existing pipelines, and are essential components of the Water Distribution System.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing award of the Contract to United Waterworks, Inc. (United), the lowest bidder.

ALTERNATIVES CONSIDERED

LADWP does not have the staffing, skill set, nor facilities to manufacture ductile iron pipe and rubber gaskets in-house. LADWP purchased pipe as needed with spot purchases during the COVID-19 pandemic. Spot purchases alone result in limited stock, inhibit LADWP's ability to respond to emergency situations, and can cause costly delays in construction. Having a Price-and-Time material contract is essential for keeping LADWP stores well-stocked with ductile iron pipe and rubber gaskets. Readily available materials will support the Water System's goal to maintain and repair water infrastructure and provide customers with reliable service.

FINANCIAL INFORMATION

The budgeted Contract is for a term of one year with two one-year optional renewal periods.

	<u>Minimum Expenditure</u>	<u>Estimated Expenditure</u>	<u>Maximum Expenditure</u>
Original Contractual Period	\$ 2,974,768	\$ 11,899,071	\$ 14,873,839
First Optional Period	\$ 0	\$ 12,266,289	\$ 15,332,861
Second Optional Period	\$ 0	\$ 12,645,049	\$ 15,806,311
Contract Total	\$ 2,974,768	\$ 36,810,409	\$ 46,013,011

LADWP agrees to a minimum expenditure of 25 percent and a maximum expenditure of 125 percent of the estimated expenditure. The maximum expenditure will not exceed \$46,013,011.

The total quotation of \$36,810,409 is approximately 15 percent lower than LADWP's estimated amount of \$43,519,182. LADWP's estimate was based on the previous contract's original unit prices with adjustments for inflation, and an overall increase based on vendor outreach performed prior to the bid advertisement. LADWP's estimate utilized the U.S. Bureau of Labor Statistic's Producer Price Index (PPI). The variance is due to an overestimate in anticipated price increases and competition. The price of ductile iron vastly increased during the COVID-19 pandemic, and the PPI exhibits a decline of ductile iron prices in 2024, which attributes to LADWP's overestimation.

BACKGROUND

The purpose of this Contract is to procure ductile iron pipe and rubber gaskets. Ductile iron pipe and rubber gaskets provide LADWP a robust water distribution system with a long service life. LADWP's construction crews install this product, and the ease of assembly and adaptability of ductile iron pipe allows field adjustments to minimize costly delays in construction. This Contract supports the Water System's Infrastructure Replacement Program and future new business, thus improving our ability to provide high quality water and reliability to the communities served by LADWP. This Contract

will also enhance our emergency response capabilities and ensure LADWP always has adequate stock.

United has performed satisfactorily on previous contracts.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the furnishing of a contract for the purchase of ductile iron pipe and fittings is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution