



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

**ANSELMO G. COLLINS**  
Senior Assistant General Manager  
Water System

**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** December 9, 2024  
**SUBJECT:** Contract No. 483 for Blowout Pavement Repairs with S E Pipe Line Construction Company

**SUMMARY**

The proposed Contract No. 483 (Contract) is to furnish blowout pavement repairs for a term of one year with four one-year optional renewal periods. The total estimated expenditure is \$55,972,734 and for an amount not to exceed \$69,965,917 (budgeted). The Contract is a result of a competitive bid process.

The Contract will provide pavement restoration services for streets damaged by blowouts. A blowout is a water main rupture that results in the replacement of 100 or more square feet of damaged pavement. These services are required to comply with the City of Los Angeles' street excavation permit requirements, as administered by the Department of Public Works (Public Works). Proper and timely restoration of pavement is necessary to ensure the longevity of repairs and the safety of motorists.

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 S E Pipe Line Construction Company (S E Pipe Line), the lowest bidder under all groups.

**ALTERNATIVES CONSIDERED**

There are no alternatives at this time. LADWP is not staffed or equipped to perform large-scale blowout pavement repair work. LADWP focuses on repairing leaks and blowouts, and increasing the amount of mainline installation each year by expanding its mainline construction crews. Public Works, Bureau of Street Services has performed

some of this work in the past, but has declined it in recent years, in order to give priority to the large-scale re-paving of city streets. Neither LADWP, nor Public Works have the resources to perform the high volume of work and there are no other alternatives to issuing this Contract.

**FINANCIAL INFORMATION**

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

**Groups I and II – S E Pipe Line**

	<u>Minimum Expenditure</u>	<u>Estimated Expenditure</u>	<u>Maximum Expenditure</u>
Original Contractual Period	\$ 2,376,436	\$ 9,505,742	\$ 11,882,178
First Optional Period	\$ 0	\$ 10,267,002	\$ 12,833,752
Second Optional Period	\$ 0	\$ 11,105,035	\$ 13,881,293
Third Optional Period	\$ 0	\$ 12,033,950	\$ 15,042,438
Fourth Optional Period	\$ 0	\$ 13,061,005	\$ 16,326,256
Contract Total	\$ 2,376,436	\$ 55,972,734	\$ 69,965,917

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 \$69,965,917.

The total quotation of \$55,972,734 is approximately 25 percent lower than LADWP’s estimated amount of \$74,946,641. 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. The variance is due to an overestimate in anticipated price increases and competition.

**BACKGROUND**

The purpose of this Contract is to provide paving services for the replacement and repair of asphalt and concrete from LADWP mainline blowouts. LADWP is required to restore street pavement, sidewalks, curbs, and gutters that have been removed by LADWP crews when performing underground construction or repairs of water distribution facilities in the public right-of-way. LADWP does not have the labor force or equipment to perform the work under this Contract. This Contract allows LADWP to focus on maintaining the distribution system and providing safe and reliable water to its customers.

The Contract will provide paving services in each of the two groups of geographic service areas. Group I is for work performed in the Metro area, comprised of the Central, Western, and Harbor Districts. Group II is for work performed in the Valley area, comprised of the East and West Valley Districts.

S E Pipe Line has performed satisfactorily on previous contracts.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 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. Under CEQA guidelines Section 15378(b)(4), the definition of a project does not include “the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact to the environment.” Therefore, the award of a contract for blowout pavement repairs 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
- Notice of Compliance with Contracting Out Policy

## PROCUREMENT SUMMARY

1.	Recommended Vendor(s): S E Pipe Line Construction Company (S E Pipe Line)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: 11/17/2023 C. Pre-Bid Conference Date: 11/28/2023 D. Bid/Proposal Due Date: 1/4/2024 E. Number of Downloads of Solicitation: (3 primes, 4 subcontractors)* F. Number of Bids/Proposals Received: 2 G. Protest Received: Yes (Denied)
4.	Buyer Assigned: Sandra Casillas
5.	Contract Administrator: Michael Amimoto
6.	LADWP System/Division: Water / Water Distribution Division
7.	Contact Person for Item: Michael Amimoto

\*Note: Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

### A. Summary of Bids Received

#### Group I:

Term	S E Pipe Line Construction Co.	Paveco Construction, Inc.
Original Period	\$ 5,639,117.68	\$ 6,166,365.90
1 <sup>st</sup> Optional Period	\$ 6,068,428.92	\$ 6,649,806.39
2 <sup>nd</sup> Optional Period	\$ 6,539,736.67	\$ 7,183,238.45
3 <sup>rd</sup> Optional Period	\$ 7,060,989.41	\$ 7,770,760.05
4 <sup>th</sup> Optional Period	\$ 7,636,135.08	\$ 8,420,526.52
Less Discount (if applicable)	-	-
Less LBPP (if applicable)	-	(\$ 1,000,000.00)
<b>Total Evaluated Amount</b>	<b>\$ 32,944,407.76</b>	<b>\$ 35,190,697.31</b>

#### Group II:

Term	S E Pipe Line Construction Co.	Paveco Construction, Inc.
Original Period	\$ 3,866,624.35	\$ 4,202,427.75
1 <sup>st</sup> Optional Period	\$ 4,198,572.88	\$ 4,567,913.20
2 <sup>nd</sup> Optional Period	\$ 4,565,297.94	\$ 4,973,566.13
3 <sup>rd</sup> Optional Period	\$ 4,972,960.76	\$ 5,422,932.61
4 <sup>th</sup> Optional Period	\$ 5,424,870.21	\$ 5,921,035.94
Less Discount (if applicable)	-	-
Less LBPP (if applicable)	-	(\$ 1,000,000.00)
<b>Total Evaluated Amount</b>	<b>\$ 23,028,326.14</b>	<b>\$ 24,087,875.63</b>

## B. Evaluation of Bid

LADWP received a total of two bids. S E Pipe Line submitted the lowest bid under Groups I and II.

Paveco Construction, Inc. (Paveco) submitted a letter dated March 8, 2024, and supplemental letter dated March 27, 2024, protesting the award of IFB No. 483. Paveco contended that S E Pipeline did not achieve the mandatory 20 percent Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) goal in IFB No. 483. LADWP has reviewed the information submitted by S E Pipeline and has verified and validated that S E Pipeline meets the SBE/DVBE goal with a participation commitment of 22 percent. Therefore, LADWP found no merit in Paveco's protest, and the protest was denied.

On June 14, 2024, Paveco submitted a protest appeal letter contending that, (1) LADWP's denial of Paveco's award protest misunderstood or misinterpreted Paveco's original protest, (2) LADWP's denial of Paveco's award protest is not congruent with and/or supported by LADWP IFB No. 483 or California law, and (3) Mallard Construction (proposed DVBE subcontractor to S E Pipe Line) does not perform a commercially useful function. LADWP found no merit in Paveco's protest appeal, and it was denied. As such, LADWP upholds the denial of Paveco's protest, and the recommendation of award stands.

The bid prices recommended for award have been determined to be fair and reasonable based upon competitive bidding.

## C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
998	Paveco Construction, Inc.	One year with 4 one-year optional periods	07/03/2019	07/02/2024	\$73,612,711

Vendor Experience – S E Pipe Line Construction Company (Previous 5 Years)					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
00872B	Blowout Pavement Repairs and Site Improvements-Group B	One year with 2 one-year optional periods	05/01/2018	04/30/2021	\$16,098,594
00872C	Blowout Pavement Repairs and Site Improvements-Group C	One year with 2 one-year optional periods	05/01/2018	04/30/2021	\$10,736,199
00856A	Asphalt Concrete and Concrete Pavement Trench Resurfacing-Group I	One year with 2 one-year optional periods	11/17/2017	11/16/2020	\$58,804,051

## D. Local Business Preference Program (LBPP)

The LBPP was included in this Bid. Paveco Construction, Inc. is a certified local business. However, LBPP was not a determining factor in the recommendation of award for this Contract.

## E. Additional Outreach Efforts Taken

In addition to the original bid list, the following outreach efforts were taken:

- The IFB was posted on the City of Los Angeles Regional Alliance Marketplace for Procurement (RAMP) website.
- The IFB was electronically advertised in eRSP for direct download.
- A pre-bid conference was held on November 28, 2023, via Webex. A representative from one firm attended the meeting.

## F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Subcontracting Participation

The minimum mandatory SBE/DVBE participation requirement set for this Contract was 20 percent. S E Pipe Line committed to an overall SBE/DVBE participation of 22 percent.

<b>SBE PARTICIPATION</b>			
Name	Description of Work	Dollar Amount	%
Smithson Electric	Traffic Signal Loop Construction	\$699,659	1%
Lindy's Cold Planing (WBE)	Asphalt Material Supplier	\$2,098,978	3%
<b>SBE Total:</b>		<b>\$2,798,637</b>	<b>4%</b>

<b>DVBE PARTICIPATION</b>			
Name	Description of Work	Dollar Amount	%
Mallard Construction Company	Asphalt Material Supplier	\$12,593,865	18%
<b>DVBE Total:</b>		<b>\$12,593,865</b>	<b>18%</b>

<b>MBE PARTICIPATION</b>			
Name	Description of Work	Dollar Amount	%
Mora's Rental Equipment	Equipment Rental, Construction Services, Saw Cutting, Trenching	\$349,830	0.5%
Luna's Trucking (WBE)	Operated Trucking	\$1,399,318	2%
Mission Paving & Sealing	Slurry Seal & Crackfilling	\$1,049,489	1.5%
<b>MBE Total:</b>		<b>\$2,798,637</b>	<b>4%</b>

<b>OBE PARTICIPATION (Non-Certified Firms)</b>			
Name	Description of Work	Dollar Amount	%
All American Asphalt	Asphalt Supplier	\$699,659	1%
Sully-Miller Contracting dba Blue Diamond Materials	Asphalt Supplier	\$3,148,466	4.5%
FST Sand and Gravel	Base Material	\$1,749,148	2.5%

<b>OBE PARTICIPATION (Non-Certified Firms) CONTINUED</b>			
Name	Description of Work	Dollar Amount	%
Vance Corporation	Operated Equipment	\$1,399,318	2%
Vulcan Materials	Asphalt Material Supplier	\$1,749,148	2.5%
Robertson's Readymix	Readymix Concrete Supplier	\$699,659	1%
<b>OBE Total:</b>		<b>\$9,445,398</b>	<b>13.5%</b>