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April 29, 2009

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STATEMENT OF PUBLIC INTEREST FINDINGS

REQUEST FOR AUTHORIZATION

AMERICAN RECOVERY & REVINVESTMENT ACT OF 2009
CITY OF LOS ANGELES BAY HARBOR REGION PHASE II
RESURFACING PROJECT
ESPL-5006(580)

In compliance with Title 23 USC, Section 116, the City of Los Angeles hereby submits information demonstrating that the use of City Force Account resources for the City of Los Angeles Bay Harbor Region Resurfacing Project under the American Recovery & Reinvestment Act of 2009 (ARRA) is in the best interest of the citizens of Los Angeles and the State of California.

Description of Work to be performed:
This project will resurface approximately 16.5 miles of Urban Arterial and Collector streets. Work in the streets will include removing the top 2 or 3 inches of the existing deteriorated Asphalt Concrete (AC) pavement by cold milling and then overlaying with 2 or 3 inches of Hot Mixed Asphalt (HMA). The proposed resurfacing work will be limited to the existing pavement between the curbs and gutters on both sides of the roadway. As needed, access ramps with detectable warning surfaces will be constructed within the proposed project locations.

The City of Los Angeles' design and coordination staff provided design of the project and coordinated with all agencies and utility companies for interference clearance prior to start of construction. The City will construct this project in compliance with the Caltrans' Local Assistance Procedures Manual for Force Account Work and meet applicable design standards for this agency: Geometric Design Standards for 3R Projects - Minimum Standards for Geometric Design of Federal-Aid Resurfacing, Restoration and Rehabilitation Projects on Local Streets and Road, Standard Specifications for Public Works Construction (Green Book). It is understood that all documents relating to this project are subject to review by the FHWA and/or Caltrans.

All Force Account work performed hereunder will be fully documented, including time sheets, field reports, material testing and sampling (QAP), and material and equipment costs. Force Account work will comply with Buy America requirements.

Cost Effectiveness of Force Account:
It is generally recognized that construction change orders are usually not cost effective. The use of City Force Account eliminates the potentially expensive change orders charged by a contractor for standby and necessary design modification due to unexpected changes of site conditions. City Force Account staff can and will be

mobilized immediately to minimize pedestrian and vehicular traffic disruption. Using Force Account also eliminates the need to advertise, bid, award and administer a construction contract, which translates into an estimated fifteen percent (15%) to thirty percent (30%) cost savings. In addition, the use of City Force Account reduces the overall project schedule and prevents project delays by potential contractor claims.

The City Force Account has consistently repaved over 150 miles of City streets annually for the past 10 years. City Force Account staff are well trained and experienced in street paving operation. The City has the equipment, material, and necessary engineering support to execute construction of this project in the most cost effective manner.

Meeting the Objectives of ARRA:
The City of Los Angeles is committed to achieving the objectives set forth by the Federal government in ARRA: infrastructure investment, local fiscal stabilization, job preservation and creation, and assistance to the unemployed.

This project will invest in our local infrastructure by resurfacing and rehabilitating federal-aid eligible streets in the Bay Harbor region of the City of Los Angeles. By paving approximately 16.5 miles of streets and constructing ADA-compliant access ramps with detectable warning surfaces, this project will help in stabilizing the local economy through purchase of materials such as Recycled Asphalt Concrete (RAC), Portland Concrete Cement (PCC), and detectable warning surfaces from local vendors in the western United States region.

One of the primary goals of ARRA is to preserve and create jobs. This project will not only retain existing experienced City staff, but will require an estimated eighteen (18) new staff, to be hired through either the hiring hall, the local Job Corps, or civil service process for completion of this project. The hiring of staff through any of these methods supports the April 3, 2009 directive issued by the Director of the Office of Management and Budget(OMB) entitled "Updating Implementing Guidance for the American Reinvestment and Recovery Act of 2009", which states that "Departments and agencies should seek to maximize the economic benefits of a Recovery Act-funded investment in a particular community by supporting projects that seek to ensure that the people who live in the local community get the job opportunities that accompany the investment." In addition to the construction staff, there will be support staff needed for coordination work, construction inspection, engineering, and quality control.

As stated above, the current City Force Account crews are well trained and experienced in paving operations. The newly hired staff will be placed into existing crews to learn the City's operations and gain experience from the existing City Force Account staff. The City also provides in-house training courses as well as advanced education courses that will benefit those who are newly hired into the City.

Comparison of Cost Estimates:
In the June 28, 2005 Statement of Public Interest Findings for Force Account VII, the City of Los Angeles conducted an analysis comparing the final costs of 133 City jobs completed in FY 2004-05 with the contractor low bid prices received by the Los Angeles County - Department of Public Works (LACDPW), Design Division, Estimating Unit, from February 2001 through March 2004. The LACDPW awards their contracts based on bid items and two of the items are "AC Pavement Item Code 2600" and "Cold Mill AC Pavement Item Code 3270". A total of 123 "AC" and 78 "Cold Mill" LACDPW jobs were used in this comparison. LACDPW data were selected for this study because there were insufficient City contracts for a meaningful analysis. The LACDPW bid prices were adjusted to FY 2004-05 values in accordance with the standard inflation index.

The City's Force Account costs included all overheads and were based on the TOTAL actual costs; including engineering, construction management, and other administrative expenses. Therefore, for a compatible comparison, a 35% cap rate on general administration costs (the maximum cap rate allowed by Federal

regulations for engineering, bid/award, construction management and inspection costs on contract work), and a 5% change order were added to the County's low bid prices. The application of these additional percentages were reviewed and approved during a Caltrans process review on the City's 2005 Force Account Resurfacing Program. A 10% increase from FY 07-08 prices is reflected in both County and City Force Account unit costs as shown below:

	LACDPW Low Bid Price			City Force Account Cost		
	Unit Cost Per S.F. ($)	**Qty**	**Total**	**Unit Cost Per S.F. ($)**	**Qty**	**Total**
2" AC (Cold Mill and Overlay						
10,001 to 25,000 S.F.	3.19	21,175 SF	$67,548.25	2.46	21,175 SF	$52,090.50
100,001 to 200,000 S.F.	2.23	3,406,885 SF	$7,597,735.36	1.99	3,406,885 SF	$6,779,701.15
Access Ramps w/Detectable Warning Surface	2750	113 EA	$310,750.00	2750	113 EA	$310,750.00
Detectable Warning Surface	550	187 EA	$102,850.00	550	187 EA	$102,850.00
TOTAL (excludes contingency)			**$8,078,883.61**			**$7,245,391.65**

Advantages of Force Account Projects

In the past decade, the City of Los Angeles' Bureau of Street Services has constructed hundreds of miles of sidewalk improvements through various City-funded sidewalk programs, as well as many State and Federally-funded grants for bulkheads, pedestrian improvements, bikepaths, and other transportation enhancements projects. Through years of repetitious work, BSS has become very experience and efficient on performing specific tasks. For example: (1) constructing new access ramps or modifying existing ramps in compliance with the American Disability Act (ADA) standards; (2) using forming machine for curb and gutter construction; and (3) constructing/repairing sidewalks in conjunction with building/modifying tree wells, and (4) established close coordination and working relation with other utility owners, such as: streetlights, traffic signals, power, water, gas, and others. The Force Account crews are experienced in many different types of projects, knowledgeable in standards and specifications, and familiar with the constituents in the various communities within the City of Los Angeles. As summarized below, these are some of the advantages of using Force Account:

- Experienced crews work efficiently to minimize construction time, and thereby minimizing complaints by communities/constituents
- Efficiency translates into cost-effectiveness
- Flexibility in scheduling of projects favored by communities/constituents to lessen community impact
- Cost savings from the advertise-bid-award process, contract change orders, and contractor claims can be used for the construction costs
- No delays due to contractor claims
- In-house engineers and landscape architects staff work closely with construction crews to resolve any unforeseen issues during construction

I certify that the statements contained herein are true and accurate to the best of my knowledge and further certify that the use of Force Account to perform the work described herein is in the best interest of the citizens of Los Angeles and the State of California.

By: _____
WILLIAM A. ROBERTSON, Director
for Bureau of Street Services

WAR/FC/sl