Governments SANBAG Working Together

San Bernardino Associated Governments

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TRANSPORTATION MEASURE I

•San Bernardino County Transportation Commission •San Bernardino County Transportation Authority
•San Bernardino County Congestion Management Agency •Service Authority for Freeway Emergencies

July 23, 2015

FHWA CA Division
Attn: Steve Pyburn
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814

Subject: SPECIAL EXPERIMENTAL PROJECT NO. 14
PILOT PROGRAM FOR LOCAL AND VETERAN HIRING INCENTIVE

Dear Steve Pyburn:

San Bernardino Associated Governments (SANBAG) formally submits the attached work plan, contract provision and Local Hire Residency and Veterans Certification Form for review and approval to utilize a geographic labor hiring preference and veterans hiring preference under the provisions of Special Experimental Project No. 14 (SEP 14) for the use of innovative contracting practices.

SANBAG wants to utilize the SEP-14 Pilot Program for the I-10 Pepper Avenue Interchange project. I will be the designated point of contact regarding this work plan. Should you have any questions please concerning this notice please contact me at (909) 884-8276 and via email at jhill@sanbag.ca.gov.

Sincerely,

Jeffery Hill
San Bernardino Associated Government
Procurement Manager

Special Experimental Project No. 14 (SEP-14) Work plan to Evaluate the Use of Local Labor and Veteran Hiring Preferences

San Bernardino Associated Governments acting as the San Bernardino County Transportation Commission (SANBAG)

Location: I-10 Pepper Avenue Interchange

Federal-aid Project Number: Pending

Local Project Number: 15-1001238

A. Introduction

San Bernardino Associated Governments acting as the San Bernardino County Transportation Commission (SANBAG) submits this work plan for review and approval to utilize a geographic labor hiring preference and veterans hiring preference under the provisions of Special Experimental Project No. 14 (SEP 14) for the use of innovative contracting practices. SANBAG has traditionally used the lowest responsible and responsive bid based procurement for construction of public works projects, and will continue to do so under this pilot project.

The Contractor will provide backup documentation (Certified Payroll and a self-certifying Disclosure Form that captures both Residency and Veteran Status information) to SANBAG for each local or veteran employee in order to receive an incentive reimbursement. This will minimize the amount of SANBAG staff time to monitor and maintain this incentive program while making it appealing to the contractor to utilize. SANBAG's goal is to stimulate the economy with employee income staying local and reduce local and veteran unemployment.

Description: The I-10 Pepper Avenue Interchange project (Project) will widen Pepper Avenue from three lanes to five; lengthen turn lanes to improve queue storage; and improve the intersections to facilitate traffic flow. The project would replace the existing I-10 Pepper Avenue Bridge and would correct existing features that do not meet Caltrans and ADA standards.

B. Purpose

The purpose of this SEP-14 is to utilize a cash incentive to increase the number of San Bernardino County residents and veterans that the construction contractor employees on the I-10 Pepper Interchange project. The County of San Bernardino still has not recovered from the "great recession" so there is a demand from the residents and the elected officials to keep tax dollars local. To meet this demand, SANBAG is actively pursuing methods that have the potential to enhance the use of each tax dollar in the County without significantly increasing the cost of completing transportation improvements. The pilot program will evaluate the incentive's ability to:

- Increase the number of local residents and veterans employed on the construction of the interchange project
- Impact on the response to the Invitation for Bids
- Impact on the construction cost

C. Scope

Currently, SANBAG only has the I-10 Pepper Interchange Project in the City of Colton which will be ready to advertise before the pilot period ends. The Project consists of replacing the existing Pepper Avenue Bridge over I-10 and ramp improvement to address congestion at the interchange.

SANBAG is proposing to award this contract to the lowest responsible and responsive bidder. The hiring preference initiative will allow the Contractor to receive an incentive of $3.50 per hour for each local or veteran labor hour used on the project with a not-to-exceed incentive amount of $50,000.00.

D. Schedule:

• Invitation for Bids released	October 2015
• Award construction contract	January 2016
• Construction Notice to Proceed	March 2016
• Initial evaluation report	May 2016
• Construction Complete	August 2017
• Final evaluation report	November 2017

E. Evaluation Measures:

To receive the total incentive, it is estimated that approximately 25% of the construction prevailing wage staff would need to be local residents or veterans. To qualify, the person performing the labor must live within San Bernardino County or must have served or is serving in the armed forces. Verification of the construction staffs' residency or status as a veteran will be done utilizing the certified payroll information the Contractor is currently required to provide along with a Local Hire Residency and Veteran Certification Form.

SANBAG will evaluate the following activities compared to projects of similar size and scope. The evaluation will include:

- The number of local residents and veterans employed on the construction of the interchange project.
- Impact the incentive has on the response to the Invitation for Bids
- Impact the incentive has on the construction cost

The number of local residents employed will be compared to the I-10/Riverside Interchange project (recently completed), the I-10/Citrus Interchange project (recently completed), and the I-10/Cherry Interchange project (recently completed).

The impact the incentive has on the response to Invitation to Bids will be evaluated by interviewing Contractors that bid on the project and purchased a bid set. Also, the number of bids received for this project will be compared against the number of bids received for the SR-210/Pepper Interchange project, scheduled to be awarded a few months after the subject project. The impact the incentive has on the construction cost will be evaluated by interviewing Contractors that bid on the project.

1) ***Describe the project(s), including the amount of FHWA funding involved in the as well as the estimated total project cost.***

   The total project cost is estimated at $10,046,000. Federal Funding will be made up of Transportation Equity Act of the 21st Century Demonstration Funds (TEA-21 DEMO) in the amount of $6,064,000 and Interstate Maintenance Discretionary (IMD) funds in the amount of $904,000. For a total of $6,968,000 of Federal Funding.

2) ***Describe the proposed contracting requirement that may otherwise be found to be inconsistent with the general requirement for full and open competition.***

   SANBAG intends to provide an incentive for the contractor to hire local and veteran employees on our I-10 Pepper Avenue Interchange project. However, per the LAPM Chapter 12, Section 12.9, "Restricted Contract Provisions", Local agencies may not use local hiring practices on Federal-aid construction projects.

   Providing an incentive will not restrict the full and open competition of the solicitation, but it will reward the lowest responsive and responsible bidder if they choose to participate by hiring local and veteran employees.

3) ***Describe how the applicant will evaluate the effects of relevant contracting requirements on competitive bidding. In doing so, the applicant should, at a minimum, provide comparisons of bids received for the projects utilizing the relevant contract requirements to other projects of similar size and scope and in the same geographic area not utilizing such requirements. If a reduction in the pool of bidders is evident, explain the potential offsetting benefits resulting from the use of the requirement.***

   SANBAG will evaluate the following activities compared to projects of similar size and scope. The evaluation will include:

   - The number of local residents and veterans employed on the construction of the interchange project.
   - Impact the incentive has on the response to the Invitation for Bids
   - Impact the incentive has on the construction cost

   The number of local residents employed will be compared to the I-10/Riverside Interchange project (recently completed), the I-10/Citrus Interchange project (recently completed), and the I-10/Cherry Interchange project (recently completed).

The impact the incentive has on the response to Invitation to Bids will be evaluated by interviewing Contractors that bid on the project and purchased a bid set. Also, the number of bids received for this project will be compared against the number of bids received for the SR-210/Pepper Interchange project, scheduled to be awarded a few months after the subject project.

The impact the incentive has on the construction cost will be evaluated by interviewing Contractors that bid on the project.

4) ***Describe and quantify how the proposed contracting requirement would lead to increases in the effectiveness and efficiency of Federal funding for the project(s).***

With increasing demands of keeping tax dollars local, SANBAG is actively pursuing methods that have the potential to enhance the use of each tax dollar in a local setting without significantly increasing the cost of completing transportation improvements. This method should result in a stimulated economy by employee income staying local. Having the Contractor incentive should increase the number of potential bidders and allow the costs to come down on the bids.

An analysis of the effectiveness and efficiency of the incentive will be made by the prime contractor being interviewed at the conclusion of the contract to obtain their opinion of the effectiveness and efficiency of the incentive on its construction operations and to discuss any potential concerns or recommendations for the program. This will provide a measurement of the relative efficiency of the contractor utilizing local and veteran labor to obtain the incentive.

5) ***Describe and quantify how the proposed experimental contracting technique would protect the integrity of the competitive bidding process either in connection with the particular contract or when considered over the long term for that agency's program.***

By using an incentive program instead of goals or penalties, SANBAG will not restrict competition, prevent submission of a bid or prohibit consideration of a bid submitted by any responsible contractor which will keep the integrity of bidding process intact. SANBAG will continue to use competitive bidding to select the lowest responsible and responsive bidder. If the Pilot Program is extended, SANBAG would like to continue to use an incentive program such as this.

6) ***Describe whether or not the proposed contracting requirement has been the subject of litigation or whether litigation surrounding the use of the requirement has been threatened.***

To SANBAG staff's actual knowledge, SANBAG's proposed contracting requirement for the local hiring and veteran's preference on the I-10 Pepper Avenue Interchange Project is not and has not been the subject of litigation, and no litigation has been threatened.

F. Reporting

SANBAG will prepare and submit initial and final reports on this project. The initial report will be prepared at the approximate time of commencement of construction. The initial report will include industry reaction to the incentive program and any identifiable effects on the bids received.

A final report will be submitted upon completion of the contract and final SANBAG acceptance. The final report will contain a review of the number of hours worked by local or veteran residents, a comparison of the hours worked against other completed projects, summary of the Contractor's interview, along with any suggestions and recommendations for improving the incentive program.

Attachment A – Contract Provision

Local and Veterans Hiring Preference Incentive Plan

The primary objective of this incentive plan is to provide opportunities for local residents and military veterans to enter into construction trade careers. The program also provides an incentive to the Contractor to utilize qualified local labor and/or veterans for this project. The contractor is to make every effort to enroll local labor and veterans into their work force. The local hire and veteran incentive program applies only to workers covered by the prevailing wage requirement and whose work hours are documented in the Certified Payroll Reports.

The Contractor shall be reimbursed $3.50 per hour incentive for each hour of work performed by qualified local/veterans on the project, not to exceed the amount of $50,000.00 in the totality for the project.

The terms qualified "local labor" and "veteran" are defined as follows:

Local Labor:

An individual whose primary place of residence is the County of San Bernardino.

Veteran

An individual who is currently serving or was honorably discharged from any branch of the United States Military.

Validation

- The contractor shall provide each of these individuals with a **"Local Hire Residency and Veterans Certification Form" (Appendix A)** at time of hire (or at any time prior to the craft workers starting work on the project) to verify the worker's eligibility for local and/or veteran status consideration.
- Local hire workers must also provide a valid California Driver's License with a local address or a comparable form of identification for address verification purposes. In addition, a utility bill must be provided that proves the worker resides at the stated address. The worker must have lived at the address for a minimum of 100 days.
- Individuals claiming "veteran" status must provide a valid Veteran Identification Card or comparable method of verification.

Reporting

Local Hire Hours reported are verified based on the Certified Payroll Reports received. The contractor shall sort the zip codes into Local and Non-Local categories to easily identify eligible participants. If the Local/Veterans Self-Certification form does not contain the information required to verify worker status, the worker is placed in the "declined to respond" category.

SANBAG will use the Certified Payroll Reports to validate the residency status and will make note of any discrepancies between the Certified Payroll Reports and the Local Hire Residency and Veterans Certification Form.

The contractor shall identify on the certified payroll submitted to SANBAG the labor for which they are seeking reimbursement and a submit to SANBAG a summary that includes the names of the labor, the hours they are seeking reimbursement per labor, and the total reimbursement requested.

The Contractor may submit documents with the monthly progress payment or at the completion of the project. The contractor shall submit these documents for review and audit by the Representatives from SANBAG, CALTRANS and FHWA upon request.

Local Hire Residency and Veteran Certification Form

I, _____, certify the following is true and correct:

Current Employer Name: _____

Trade: _____ **Employment Period:** _____

Residency Certification within the County of San Bernardino

I reside at _____
(Address, City, State, Zip)

I have lived there for _____ **years/months.** (Must be a minimum of 100 days)

United States Military Veteran Status Certification

Veteran Status: ☐ Active ☐ Honorably Discharged ☐ N/A

United States Military Branch: ☐ Air Force ☐ Army ☐ Marines ☐ Navy ☐ Coast Guard

CERTIFICATION

I understand that this certification is subject to audit by San Bernardino Associated Governments (SANBAG) or their designee, and that all statements made herein are true and correct. Attached are two appropriate items for proof of residency in the County of San Bernardino or valid Veteran Identification Card or comparable method of verification.

The foregoing is true and correct under penalty of perjury of the laws of the State of California

Signature:

_____

Date: _____

CERTIFYING OFFICIAL USE ONLY:

The applicant/worker is approved for certification as a Local Hire and/or United States Military Veteran

_____ *SANBAG*
(Print Name)

Signature _____ Date: _____