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**Title:** CONSIDER APPROVAL OF AMENDMENT NO 1. TO THE AGREEMENT FOR CONTRACT SERVICES BETWEEN THE CITY OF CARSON AND MRS ENVIRONMENTAL, INC. FOR ADDITIONAL SCOPE OF WORK FOR THE AUDIT OF PIPELINE FRANCHISES

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No. 1 - (MRS Environmental, Inc.) - Amendment No. 1 (April 2023), 2. Exhibit No. 2 - C-22-138 - MRS ENVIRONMENTAL, INC 2022 AUG 23

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, June 20, 2023

Consent

**SUBJECT:**

**CONSIDER APPROVAL OF AMENDMENT NO 1. TO THE AGREEMENT FOR CONTRACT SERVICES BETWEEN THE CITY OF CARSON AND MRS ENVIRONMENTAL, INC. FOR ADDITIONAL SCOPE OF WORK FOR THE AUDIT OF PIPELINE FRANCHISES**

**I. SUMMARY**

MRS Environmental, Inc. (MRS) has been providing the City of Carson with technical assistance related to the review of the existing Oil Pipeline Franchise Ordinance, audit of the existing records of total pipeline lengths within the city and corresponding payments, and to provide recommendations for potential revisions to the pipeline franchise ordinance, as needed.

Under a contract entered into August 23, 2022, MRS has completed auditing the status of private pipeline franchises within the city and has provided a Draft Report with extensive findings and recommendations. However, efforts have exceeded the funds originally allocated for this Project due to an extended timeline and due to the high volume of information that needed to be gathered and analyzed. As a result, the original scope of work budget of \$24,999.00 has been exceeded by \$7,026.00.

In addition, the Consultant is requesting \$49,860.00 for additional work the City has asked for the Consultant to perform, in addition to a \$16,377.00 (20%) contingency, thereby increasing the Contract Sum from \$24,999 to \$81,885.00, and the total sum to \$98,262.00 when considering contingency. The additional work includes further auditing of City GIS data pertaining to franchises, the drafting of a revised Pipeline Franchise Ordinance addressing all issues identified in the draft audit report and preparing a finalized report of this endeavor. Now, the contract term needs to be extended as well to December 31, 2024, allowing MRS additional time to complete the required services. Approval of the Amendment No. 1 to Contract Services Agreement (“Amendment No. 1”) (Exhibit No. 1) would authorize the commencement of the work.

## **II. RECOMMENDATION**

1. WAIVE the formal bidding procedures as defined by the Carson Municipal Code pursuant to the Carson Municipal Code Sections 2611(e) (sole source purchasing);
2. APPROVE Amendment No. 1 to the Agreement with MRS Environmental Inc. for the Audit of Pipeline Franchises for an additional amount of \$56,886.00 and to extend the term to December 31, 2024.
3. AUTHORIZE the expenditure of contingency, if necessary, in the amount of \$16,377 (20%) for extra work beyond that specified in the Scope of Services.
4. AUTHORIZE the Mayor to execute the Amendment No. 1, following approval as to form by the City Attorney.

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

Under the original scope (Exhibit No. 2), the City has requested that MRS prepare a report to provide technical service, research and analysis of the City’s pipeline franchise fee structure. The effort requires MRS to compile, summarize and collect data on franchise practices at the City and the pipeline franchise fee structure of other localities across California and provide recommendations to the City. Over the past several months, MRS has assisted the City in reviewing the previously prepared Audit of Oil Pipeline Franchises completed in March 2016 by another consultant, auditing the documentation provided by the pipeline franchisees within the City to help determine the accuracy of the information consistent with the City’s existing ordinance, and preparing a report for the City.

MRS has completed auditing the status of private pipeline franchises within the City and has provided the City with a Draft Report with extensive findings and recommendations. However, efforts have exceeded the funds originally allocated for this Project due to an extended timeline and due to the high volume of information that needed to be gathered

and analyzed. As a result, the original budget of \$24,999.00 has been exceeded by \$7,026.00. Also, additional efforts are needed to fully complete the originally envisioned scope. The efforts that still need to be completed include a review of GIS data to ascertain the accuracy of records provided by the various franchisees, the preparation a Pipeline Franchise Ordinance for consideration by the City Council, and a final audit report.

Now, the agreement entered into between City and MRS for the amount of \$24,999 needs to be amended to increase the total contract sum to an amount not to exceed \$81,885 and extend the term to December 31, 2024.

### Sole Source Determination and Procurement

The City Attorney's Office and the City Manager has agreed with such determination has determined that the procurement associated with the Amendment No. 1 meets the Carson Municipal Code Sections 2611(e) (sole source purchasing) definition:

*The City Manager may dispense with this Chapter's bidding requirements if he or she finds that the materials, supplies, equipment, or services are unique because of their quality, durability, availability, or fitness for a particular use and are available only from one (1) source, or, if available from more than one (1) source, can be purchased from the manufacturer or service provider for a lower price. If the cost of such sole source purchasing is \$25,000 or greater, then the City Council's approval shall be required.*

Sole source is justified given MRS has already completed the initial audit. The additional scope of work entailing the completion of GIS data audit, ordinance preparation, and finalizing of audit report are so closely tied to the previous work that having another consultant perform the work would be practically infeasible.

The City's municipal code also stipulates that certain professional services are selected on the basis of demonstrated competence and on the qualifications necessary for the satisfactory performance of the services required at a fair and reasonable price. In addition to the demonstrated technical competency, MRS has provided prices deemed fair and reasonable to the City. Specifically, the hourly rates of the personnel primarily performing the work (Engineer) under this Amendment No. 1 are at the same hourly rates in other MRS contracts with the City that had undergone competitive bidding processes.

Finally, in addition to the reasons above, the competitive process was determined to be unnecessary because CMC. 2611(c) provides that professional services may be procured "*after notice to a number of potential offerors adequate to permit reasonable competition consistent with the nature and requirements of the procurement, or pursuant to issuance of a request for proposals or qualifications*". Due to the new scope being so inextricably tied to the original scope, it is deemed permissible for MRS to perform the additional work without considering another consultant.

## **V. FISCAL IMPACT**

Funding is included in the fiscal year budget in account 101-80-820-100-6004.

## **VI. EXHIBITS**

1. Contract Amendment No. 1 (Pgs. 4-12)
2. Original Contract Services Agreement (Pgs. 13-36)

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