



OFFICE OF THE CITY MANAGER

**DATE:** August 6, 2007  
**TO:** City Council  
**FROM:** City Manager  
**RE:** Contract Award to Manuel Bros., Inc. for the SR 710 Mitigation – Traffic and Monitoring System – ITS Project Federal-Aid Project No. RABA01-5064(045)

The City Council took action at their meeting on July 23, 2007 regarding the contract award to Manuel Bros., Inc. for the SR 710 Mitigation – Traffic and Monitoring System – ITS Project Federal-Aid Project No. RABA01-5064(045), issuing Manuel Bros. a potential finding of nonresponsibility (Attachment A). The grounds for this potential finding include:

- 1) The inability to employ apprentices as required by California Labor Code Sections 1777.5;
- 2) Labor code violations concerning the payment of wages in their contract with the City of Los Angeles; and
- 3) Proper licensing to perform the work on the City's project.

In addition to a written response to the notice of potential nonresponsibility (Attachment B), Manuel Bros., Inc. will be afforded an opportunity to present oral testimony in rebuttal of the potential finding at the City Council meeting of August 6, 2007.

As requested of staff at the City Council meeting on July 23, 2007, the potential nonresponsibility grounds were reviewed and the information is provided as follows:

1) Apprenticeship Programs

Manuel Bros. has provided a response indicating that their subcontractor on the project is signatory to the IBEW, and should be able to acquire Electrician Apprentices on this project.

In addition to the "transportation systems electrician" apprenticeship program identified by IBEW, staff has identified other apprenticeship programs which are applicable to the City's project. In addition to transportation systems electrician, the other trades which apply to this project include operating engineer, laborer, electrician, and cement mason. The State of California Division of Apprenticeship Standards (DAS) currently lists apprenticeship programs in these trades.

2) City of Los Angeles Labor Compliance

The City of Los Angeles contracted with Manuel Bros., Inc. for the Transit Priority System / Automated Traffic Surveillance and Control - Installation of Western Avenue/Santa Monica Boulevard/Long Beach Boulevard project for an original contract amount of \$4,970,000. The total value of work completed on this project is \$7,793,314.94. Staff obtained a copy of the Assessed Wage and Penalty Log that was issued to Manuel Bros., Inc. by the City of Los Angeles (Attachment C). The total amount assessed to Manuel Bros., Inc. for labor code violations is \$37,305.24, which includes \$14,845.98 in wage restitution, \$22,400 in penalties, and \$59.26 to be paid into the State of California Division of Apprenticeship Standards training fund. The final assessment of \$37,305.24 for labor compliance violations represents about one-half of one percent of the total value of the project.

It appears that the majority of the restitution and penalty is related to one employee who was performing work that is not considered Electrical work in most jurisdictions, but, due to special definitions adopted by the City of Los Angeles, is Electrical work on City of Los Angeles projects.

3) Contractors License

Staff has been advised by legal council that a contractor holding a class "A" General Engineering contractor's license qualifies to perform the work on the SR 710 Mitigation – Traffic Control and Monitoring System – ITS project. A class "A" contractor's license enables the contractor to perform specialty trades, including electrical work covered under a class "C-10" Electrical contractor's license. Current law requires that an electrician working for a "C-10" contractor be certified through the State of California DAS. This does not preclude a contractor holding only a class "A" contractor's license from employing certified electricians on their workforce.

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Lastly, staff was requested to review the bid of the second lowest bidder, Terno, Inc. Staff conducted a review of Terno, Inc., including research of their completed and ongoing projects, and licensing status of Terno Inc. and their listed subcontractors, and has determined that their bid is responsive and they are a responsible bidder.

In addition to the letter received from Manuel Bros., we have also attached a letter that was submitted on behalf of IBEW Local 11 by their attorney (Attachment D).



CYNTHIA J. KURTZ  
City Manager