

**DEPARTMENT OF PUBLIC WORKS
BOARD OF PUBLIC WORKS
REPORT NO. 1**

April 26, 2024

COUNCIL DISTRICT: ALL

**REQUEST FOR AUTHORITY TO REJECT ALL PROPOSALS AND RE-ADVERTISE
THE RENTAL AND ROYALTIES PHASE 2 ASSESSMENT REQUEST FOR
PROPOSAL**

RECOMMENDATIONS

That the Board of Public Works, authorize the Executive Officer to:

1. Reject all proposals submitted for this proposal;
2. Return to the Board of Public Works for authority to re-advertise the proposal.

BACKGROUND

The Office of Petroleum and Natural Gas Administration and Safety (OPNGAS) reports to the Board of Public Works and is headed by the Petroleum Administrator. The OPNGAS is responsible for the management of all functions related to petroleum and natural gas, including geological exploration, petroleum production, underground pipelines, oil fields, refineries, drilling leases and gas storage facilities within the City of Los Angeles (City). The OPNGAS is responsible for providing technical and policy advice to the Mayor, City Council, the Board of Public Works and any City department requesting assistance on such matters.

On April 28, 2020, OPNGAS commissioned InterAct PMTI to conduct research into City records for the purpose of determining whether royalties from petroleum mineral rights being paid by oil and gas operators are accurate and complete. The focus of the record review was to obtain lease contracts between the City and the oil and gas company (operator) that developed the property.

A Los Angeles citywide assessment on lease management is estimated to cost approximately \$200,000, excluding internal City departmental costs, but will likely result in additional annual revenues in excess of this amount. It is recommended that each department assess its revenue potential from such an assessment and pay for its proportionate share of the cost of the assessment. Therefore, OPNGAS has been working to hire an expert to conduct the Rental and Royalties Phase 2 Assessment.

LA City Council established a budget of approximately \$200,000 for these efforts.

- The Board of Public Works approved the Request For Proposals (RFP) release on November 15, 2023.
- OPNGAS released the RFP on November 15, 2023.
- Proposals were due on December 15, 2023.
- Nomadic Land Services, Catalyst Environmental Solutions Corporation and 2H Offshore Engineering LTD were the three proposals received.

BID REVIEW

The OPNGAS received and reviewed three proposals to the RFP. All proposers either failed to submit the required compliance documents on the Regional Alliance Marketplace for Procurement (RAMP) or did not meet the technical requirements of the Request for Proposal.

The Board of Public Works requested a Business Inclusion Program (BIP) Waiver from the Office of Procurement (OOP) for the Rental Royalties Phase 2 Assessment RFP. On May 15, 2023, the OOP denied the BIP Waiver Request and made BIP Outreach a requirement on the RFP.

All three proposers were not in compliance with the RFP. Two proposers failed to complete the requirements of the BIP Outreach. The third proposer who completed the BIP requirements, failed other requirements and did not meet the technical requirements of the RFP.

In view of the above findings, staff recommends that the Board reject all proposals and re-advertise this RFP.

If you have any questions, please contact Petroleum Administrator, Erica Blyther at (213) 978-2679.

ELB: elb/dl/sg

Respectfully Submitted,



T.J. Knight,

Acting Executive Officer, Board of Public Works

Erica Blyther

ERICA BLYTHER,
Petroleum Administrator, Board of Public Works

For questions regarding this report,
Please contact Daniel Loo at
Daniel.Loo@lacity.org