

(R-2000-1561 CORR. COPY)

RESOLUTION NUMBER R- 293401

ADOPTED ON JUN 26 2000

WHEREAS, San Diego Municipal Code sections 22.0803(b) and 22.0805(b) provide for the permanent debarment of construction companies and their Affiliates from bidding on the City's public works contracts for corrupt practices involving City projects; and

WHEREAS, Southern California Underground Contractors, Inc., of Brea, California is currently the prime contractor on ten City public works construction contracts and has engaged in corrupt practices, as is more particularly set forth in City Manager Report No. 00-132 and its Attachments on file in the office of the City Clerk;

NOW THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the findings of fact set forth in City Manager Report No. 00-132 and its attachments relative to the corrupt practices of Southern California Underground Contractors, Inc., and its Affiliates [hereinafter "SCU"] in the performance of City contracts are hereby adopted in full.

BE IT FURTHER RESOLVED, that the City Council of the City of San Diego hereby finds that SCU engaged in conduct constituting corrupt practices involving administration of city contracts in violation of San Diego Municipal Code sections 22.0803(b) and 22.0805(b).

BE IT FURTHER RESOLVED, that the City Council of the City of San Diego finds all of the following:

A. Misuse of Water:

1. We find that on December 17, 1999, SCU was observed filling a water truck from a City of San Diego fire hydrant without a meter as required by Section 7-15 of the Sewer Group Job 647 construction contract, City of San Diego Supplemental Amendments to the Standard Specifications for Public Works. We find that the City notified SCU and its Affiliates that a properly registered, functional water meter was required.

2. We find that again on February 15, 2000, SCU was observed filling a water truck from a City of San Diego fire hydrant without a meter as required by the Water and Sewer Group Job 464A construction contract. We find that on that date City staff verbally notified SCU, and again on February 18, 2000 gave written notice to SCU of the contract requirement that a water meter was necessary.

3. We find that on Water and Sewer Group Job 464A on April 13, 2000, SCU used an inoperable water meter, Serial No. 91004201, which was confiscated by City staff and returned to the City of San Diego Water Department. We find that this meter had been registered to SCU but that SCU had reported it stolen three months earlier, as discovered by the Water Department.

4. We find that on April 28, 2000, SCU used an inoperable water meter Serial No. 88537360 on Water and Sewer Group Job 530A by connecting it to a City of San Diego fire hydrant. We find that this meter had been reported lost or stolen by SCU, and that it was overdue for a reading. We find that City staff again advised SCU both verbally and in writing of the contract requirement that a water meter be properly registered.

5. We find that on May 3, 2000, City staff checked the water meter SCU was using on Sewer Group Job 636 and found the meter, Serial No. 89542881, had been reported lost or stolen by SCU in December 1999.

6. We find that after numerous and repeated notices by City staff of violations relating to water meters, SCU rented five new water meters from the City of San Diego Water Department in May 2000.

7. We find evidence to be true as testified to by City staff at the hearing that after renting five new water meters from the City of San Diego Water Department, SCU again used an unregistered water meter to acquire water for their construction work.

B. Traffic Control Permits:

8. We find that on Water and Sewer Group Job 464A, SCU began work in the public right-of-way without a required traffic control permit. SCU disregarded three violation notices dated January 12, 2000, January 31, 2000 and February 2, 2000, and continued to work without a traffic control permit thereby creating a threat to public health and safety.

9. We find that on Water and Sewer Group Job 496, SCU issued a traffic control violation notice on February 3, 2000, because SCU failed to: 1) install required traffic control devices which warn motorists of construction activities and guide them safely through a construction zone; 2) provide continuous access for emergency vehicles and local traffic as required; 3) remove construction debris from the right-of-way, and 4) cease work and exit right-of-way during peak traffic hours required under their traffic control permit.

10. We also find that on Water and Sewer Group Job 605, SCU failed to obtain a traffic control permit and on several occasions failed to implement proper traffic control. City

staff issued stop work or violation notices after observing this behavior on January 27, 2000, February 16, 2000, February 25, 2000, March 2, 2000, March 17, 2000 and May 23, 2000. We find that on April 3, 2000 SCU was cited by the San Diego Police Department for performing work in the right-of-way without a valid traffic control permit.

11. We find that while performing work on Water and Sewer Group Job 464A, SCU presented a traffic control permit to include areas which were not covered by their approved traffic control permit.

12. We find that while performing work on Water and Sewer Group Job 464A, SCU presented a traffic control drawing which had been fabricated in order to convince City staff to allow SCU to continue working in the right-of-way. We find that on the traffic control drawing presented by SCU, SCU had cut an approval stamp from a different, approved drawing and pasted it on an unapproved drawing. We find that at the time, SCU acknowledged to City staff that, in fact, they had modified the unapproved drawing to make it appear valid.

13. We find that in March 2000, SCU provided late notice, and the late notice failed to state necessary parking restrictions to prevent citizens from parking in construction areas. As a result, citizens of the Kensington community's vehicles were towed at their expense.

14. We find all of the following: that on March 30, 2000, SCU failed to adhere to City staff instructions to avoid impacting a concrete encased high voltage electric conduit; and that on March 31, 2000, SCU told City staff that SCU performed measurements which indicated that work could be performed without impacting the concrete encased electric conduit. Subsequently, SCU began chipping away at the concrete encased conduit with a large hydraulic chipping device

attached to a backhoe, causing damage to the electrical conduit and a power outage in the community.

15. We find that on Sewer Group 647, SCU constructed new portions of the sidewalk and added surface improvements over sewer laterals without replacing the lateral as required by the construction contract. We find that SCU warranted to City staff that the laterals had been replaced and excavated to confirm that the laterals had been replaced. We find that excavation revealed that SCU did not replace the dilapidated sewer lateral. Before City staff could observe excavations which were to occur on December 20, 1999 at three other locations, SCU performed unauthorized work over the weekend of December 18, 1999, and replaced sewer laterals which SCU previously claimed had been replaced.

D. Claims for Extra Work:

16. We find that SCU submitted Daily Extra Work Reports (DEWR) claiming inflated labor compensation rates. On Water and Sewer Group Jobs 464A, 514, 530A and Sewer Group Job 636, the construction contracts section 3-3.2.2 require SCU to charge the City its actual labor costs. We find that SCU charged the City \$28.00 per hour for labor when SCU's actual costs was less than \$11.00 per hour, and only after being confronted and receiving several written requests by the City did SCU finally submit actual labor rates.

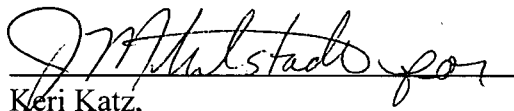
17. We find that SCU submitted a DEWR charging the City the higher hourly rate for a JD 510D backhoe at \$22.67, when the actual backhoe used was a JD 310D which has a much lower hourly rate of \$16.52. We find that the model number on the JD 310D backhoe used had been altered to make the backhoe appear to be the JD 510D.

E. Workers Compensation Claims:

18. We find that SCU filed three workers compensation claims against the City of San Diego Water Department's Owner Controlled Insurance Program for Group Job 605. Subsequent City investigation revealed that on one injury date, the work had been shut down on the date and time in question. In addition, we find that in contrast to SCU's claims, City investigation revealed that the workers allegedly injured were not assigned to working at that job site full-time and/or the worker's injuries did not occur while performing work at the construction site.

BE IT FURTHER RESOLVED, that as a consequence of said facts, Southern California Underground Contractors, Inc. and its Affiliates listed on California State Contractor's License Number 611356, are permanently debarred from performing contract work for the City of San Diego.

APPROVED: CASEY GWINN, City Attorney

By 
Keri Katz,
Deputy City Attorney

KK:km
6/06/00
Aud.Cert:N/A
Or.Dept:Eng.&Cap.Projects
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