



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JUNE 30, 2011

FROM: ENGINEERING DIVISION

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE LOS ANGELES
HARBOR DEPARTMENT SPACE NEEDS ACTION PLAN**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is in the process of renovating its facilities. This is being done through a series of projects that will improve employee work environment, complete deferred maintenance and extend the life of the Harbor Administration Building (HAB). The projects involve the replacement and upgrading of furniture, building systems, equipment, and infrastructure. This series of projects collectively is called the Space Needs Action Plan (SNAP). The estimated cost of the program is approximately \$25 million, of which slightly over \$12 million has been expended to date. The SNAP is scheduled for completion in June of 2013. The Board of Harbor Commissioners (Board) has already approved various elements of the program. Staff is providing a program overview and is recommending that the Board provide conceptual approval for the overall project including the remaining program expenditures and the proposed schedule. This approval would not negate the need to bring contracts for the program components to the Board for approval. The more efficient use of space that will occur as a result of the SNAP Program will make it possible for the Business Development Bureau to return to the HAB from their current rental location at Pacific Place. This will result in an annual savings of approximately \$475,000 per year to offset the cost of the program.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Space Needs Action Plan; and
2. Adopt Resolution No. _____.

DISCUSSION:

Background – The HAB was built in 1981 as a modern efficient office building serving the needs of 380 employees. At the time, the only computer in the building was the mainframe system located on the second floor with a few remote terminals scattered

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throughout the building. The building was designed with an open floor plan requiring modular furniture systems to create office space and area lighting.

Today the HAB accommodates nearly 425 employees with over 600 networked computers, printers, and plotters. As a result the existing furniture systems' pre-installed electrical components are insufficient for current office electrical, telecommunications, and information technology (IT) needs, creating short circuits within the electrical systems causing interruption in the HAB's electrical and IT service. Existing elevators are slow and prone to break down. Plumbing, heating, and air systems require constant repair and do not meet today's conservation and energy efficient standards.

Although the SNAP has never been approved by the Board as a program, projects that make up the SNAP have been approved in the capital budget and through individual contracts. In 2008 the Board was presented a briefing on the SNAP that identified upgrades totaling \$10,785,000. The 2008 version of the SNAP was presented as a short term measure of largely cosmetic upgrades to accommodate employee growth and failing furniture systems until a long term solution was identified. This version did not include deferred maintenance and infrastructure projects such as heating system replacement, restroom and plumbing upgrades, electrical and lighting upgrades or elevator overhauls. Since the presentation of this briefing, various long term solutions were studied including constructing a new administration building, adaptive reuse of existing Port buildings, buying an existing office building, and renovating the existing HAB.

Estimates for a new administration building ranged from \$200 to \$300 million. Adaptive reuse of existing Port buildings proved costly and did not provide the functionality required. In searching for office space for sale it was determined that there were no suitable office buildings for sale in the immediate area available in the near term. At the same time as these studies were occurring there was a downturn in the economy. The projected employee growth was revisited and it was determined that the Harbor Department would need to continue to use the existing HAB in the immediate future (for at least ten years) and that it would be necessary to conduct the deferred maintenance and infrastructure upgrades identified above to continue to safely and effectively use the building.

In recent years, various other steps have been taken to accommodate the increase of Harbor Department staff and upgrade failing office systems. In spring 2007, the Harbor Department leased space on the 10th floor of the Pacific Place building (one block from the HAB) for the relocation of the Environmental Management and Homeland Security Divisions. In 2009, the Harbor Department leased additional office space on the 9th floor of Pacific Place to relocate its Real Estate, Planning and Economic Development, and Marketing Divisions. Moreover, the new Port Police Headquarters will open this summer to accommodate the needs of the Port Police Division.

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Space Needs Action Plan – SNAP's objectives are to alleviate office space constraints while meeting existing and future electrical and technological needs, improve lighting levels, provide reliable and energy efficient environmental systems, and provide a healthy office environment. The SNAP is a Multi-Bureau effort led by the Director of Operations. It includes staff from the Engineering and Construction and Maintenance Divisions (SNAP Project Team).

Elements of the SNAP at the HAB, include new flooring and carpet installation, removing old wall finishes, painting walls and ceiling tiles, installing new energy efficient lighting, air systems, and roofing, upgrading elevator controls and finishes, renovating restrooms and pantry areas, structural repairs, landscaping, and the purchasing, and installing new and used furniture systems. A breakdown of the SNAP elements and costs are included in Transmittal No. 1. A SNAP schedule is included as Transmittal No. 2.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the SNAP for renovations to the HAB. Various elements of the SNAP have already been approved individually and have been implemented. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) under Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Spending under SNAP would result in approximately 189 direct and 160 secondary one-year equivalent job impacts for the five-county region when the project elements are completed.

FINANCIAL IMPACT:

To date the Harbor Department has spent \$12.3 million implementing the SNAP. The Board has approved a budget of \$5 million for fiscal year 2011/2012 for various elements of the plan in various accounts.

Prior to implementing the SNAP, staff evaluated the option of constructing a new Administration building and also looked into the possibility of purchasing existing office space. Constructing a new building was estimated to cost in the range of \$200 million to \$300 million. There is currently no office space for sale that meets the Harbor Department's needs. Funding the SNAP will provide the Harbor Department with a safe, healthy work environment.

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Estimated spending plans for future fiscal years is as follows:

Prior FY	\$ 12,301,925
FY 11/12	\$ 4,910,292
FY 12/13	\$ 2,792,173
FY 13/14	\$ 5,043,710
<u>TOTAL</u>	<u>\$ 25,048,100</u>

The SNAP Program expenditures will be offset by a rent savings of \$475,000 per year (based on 2014-2015 lease data) as a result of the move of the Business Development Bureau back to the HAB from their current location at Pacific Place.

CITY ATTORNEY:

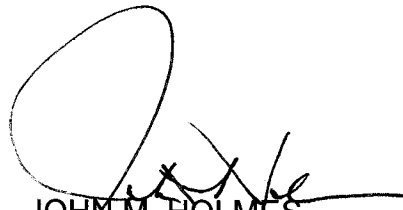
The City Attorney has determined that this matter raises no legal issues at this time.

TRANSMITTALS:

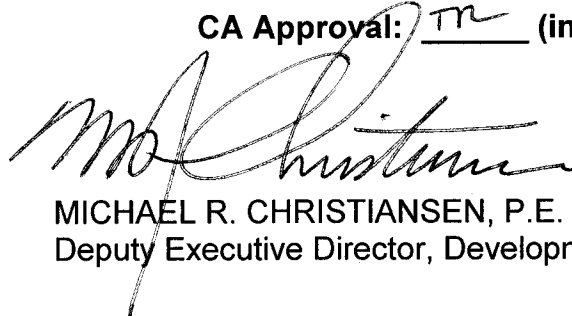
1. Space Needs Action Plan Cost
2. Space Needs Action Plan Schedule

FIS Approval: WR (initials)

CA Approval: TR (initials)

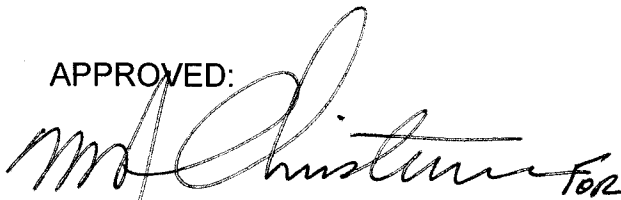


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