



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: AUGUST 28, 2025

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____
AWARD AND APPROVAL OF CONSTRUCTION CONTRACT
CONTRACTOR: ACCO ENGINEERED SYSTEMS, INC.
HARBOR ADMINISTRATION BUILDING HVAC REPLACEMENT
SPECIFICATION NO. 2837**

SUMMARY:

Staff requests for the approval of an award of a contract (Contract) to ACCO Engineered Systems, Inc. (ACCO), to construct the Harbor Administration Building HVAC Replacement (Project). The Project consists of removal and replacement of the Heating, Ventilation, and Air Conditioning (HVAC) system at the Harbor Administration Building (HAB), including all major HVAC components, installation of a separate, dedicated 24/7 chilled water system (for the critical Information Technology facilities on the 1st and 2nd floors), replacement of an existing heating plant, and other stand-alone air conditioning units. The Project is one of the first to utilize an electric heat pump system in a large-scale commercial application in lieu of a gas fired boiler. A heat pump is being utilized in this application to comply with the City Council motion and subsequent City of Los Angeles Ordinance No. 187714 (Ordinance).

The lowest responsive and responsible bidder is ACCO, located at 888 E. Walnut Street, Pasadena, CA 91101. The Contract amount of \$12,569,495.00 plus a 10% contingency, is \$13,826,445.00, and the work duration is 540 calendar days. The City of Los Angeles Harbor Department (Harbor Department) will be financially responsible for payment of expenses incurred under the proposed Contract. This project has no grant funding.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 2(6) of the Los Angeles City CEQA Guidelines;

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2. Find that, in accordance with the Los Angeles City Charter Section 1022, work under the subject Contract can be performed more feasibly by an independent contractor rather than by City employees;
3. Award and approve, Specification No. 2837 (Specification) for Item Nos. 1 through 27 of the Bid Proposal Line Items to ACCO for a total amount of \$13,826,445.00; including a 10% contingency, with Project work expected for 540 calendar days;
4. Authorize the Executive Director to execute and the Board Secretary to attest to this Contract for and on behalf of the Board;
5. Delegate and authorize the Executive Director to adjust the final bid quantities and accept the construction Contract upon its completion in accordance with City Charter Section 655 (g); and
6. Adopt Resolution No. _____.

DISCUSSION:

Project Objectives - The purpose of the Project is to remove and to replace the HVAC system at the HAB. The existing main HAB HVAC system has exceeded its useful service life of 30 years, and it is inadequate for the building's current demands. The Information Technology Division's Data Center HVAC units have reached the end of their service life requiring frequent repairs and risking significant interruption to critical computer systems. In addition, IT requires separate dedicated 24/7 AC units on the 1st and 2nd floors for the operation of the critical business systems data network at all hours, including weekends.

Project Description - The Project consists of replacing the HVAC system at the HAB. The HVAC system replacement includes all major components, including but not limited to, a penthouse built-up air-handling system, variable air volume (VAV) terminal air units, refrigeration/heat rejection systems, a compressor and evaporative condenser direct expansion (DX) system, supply and return fans, a heating hot water heat pump system, and building management controls system. Additional work includes partial ductwork replacement and reutilization of existing ductwork. Work also includes installation of a separate, dedicated 24/7 chilled water system (for the critical Information Technology facilities on the 1st and 2nd floors), replacement of an existing heating plant, and other stand-alone air conditioning units.

The Project is one of the first to utilize an electric heat pump system in a large-scale commercial application in lieu of a gas fired boiler. A heat pump is being utilized in this application to comply with the City Council motion and subsequent City of Los Angeles Ordinance. Prior to the City Council motion and Ordinance, staff advertised a project with

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a system that utilized natural gas and received four bids. However, the previous project did not move forward due to the redesign of the scope of work with an electric heat pump.

Work will take place throughout staff workspace in the HAB. To minimize impacts on staff and operations, the Project includes restrictions requiring that work be performed in the HAB primarily between the evening hours of 6:00 PM and 6:00 AM, weekends and holidays.

Project Advertisement and Outreach – With all projects, and especially this project, Harbor Department staff make multiple efforts to publicize contracting opportunities and encourage participation in our bidding process, with the aim of receiving multiple competitive bids for all projects. Staff attend outreach events with trade and professional organizations throughout the year. This project has been discussed at numerous events over the past two years.

On April 24, 2025, Specification was posted on Harbor Department’s Construction Division Business Opportunity Network (CDBON) System and the City of Los Angeles Regional Alliance Marketplace for Procurement (RAMPLA), at which time notifications were issued to registered users on both platforms. In conformance with the City Charter section for competitive bidding, the Notice of Inviting Bids for Specification (Transmittal 1) was advertised on the Port of Los Angeles website, Los Angeles Times, La Opinion, Rafu Shimpo, Dodge Construction “Green Sheet”, and Metropolitan News Company to reach out to as many potential bidders as possible. Specification was advertised for bids for 77 calendar days.

Additionally, to ensure that contract and bidding requirements were clearly understood, a pre-bid meeting, a job walk, and a Bidder’s Workshop were held with interested bidders. The pre-bid meeting was held on May 7, 2025. There were 33 in attendance, representing 23 potential contractors and subcontractors. The job-walk was held on May 16, 2025, with 21 participants. The Bidder’s Workshop was held on May 28, 2025, to explain the requirements of a responsive bid and the documents that must be submitted within 4 business days after bids are due. Seven participants (exclusive of Harbor Department staff) attended the Workshop. A Question-and-Answer platform in CDBON provided an opportunity for bidders to pose questions and receive responses regarding the Project. In all, 72 potential bidders (29 designated as prime contractors) downloaded bidding documents from CDBON.

Construction Award Process - City of Los Angeles Charter Section 371 (a) - Competitive Bidding sets forth the procedure staff should follow to award a Contract. Bidders submit bids through the Harbor Department’s Construction Division Business Opportunity Network (CDBON) System. The opportunity to submit bids closes once a predetermined time is reached. After bid closing, bid documents, Small Business Enterprise (SBE) and Very Small Business Enterprise (VSBE) participation, and other required documents are

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reviewed for compliance with Harbor Department requirements. Once all the information is verified, and if the lowest bidder is deemed responsive, a recommendation for the award of the construction contract is made. If the apparent low bidder is found non-responsive, the next lowest bidder is reviewed.

As authorized by the Executive Director on April 21, 2025, the Chief Harbor Engineer received one bid for Specification No. 2837 on July 9, 2025. Receipt of only one bid on a project occurs, but is rare. This case may be tied to the unusual use of a heat pump system and restrictions on when work can be performed, both of which were previously discussed. The Project is one of the first to utilize an electric heat pump system in a large-scale commercial application in lieu of a gas fired boiler. A heat pump is being utilized in this application to comply with the City Council motion and subsequent City of Los Angeles Ordinance.

ACCO was declared the apparent lowest bidder with a bid of \$12,569,495.00. The bid from ACCO is below the Engineer's Estimate for the Project. The analysis of bid results with the companies and their respective bid amounts are included in Transmittal 2. ACCO submitted the required documents within the time specified in the Specification. Staff has verified ACCO's state license, which was found to be in good standing.

The Harbor Department had set a minimum SBE participation level of 5%, of which 1% shall be VSBE participation. ACCO has provided the required documents regarding their SBE and VSBE participation, and staff have calculated their SBE/VSBE participation to be 14.96% and 10.70%, respectively (Transmittal 3).

The Contract is consistent with State of California Prevailing Wage provisions. The Contract is subject to the local business preference ordinance adopted by the Board on April 5, 2012, and Project Labor Agreement Resolution No.17-8164 as approved by the Board on September 7, 2017, and the Los Angeles City Council on December 5, 2017.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Contract with ACCO for the Project, which is an administrative activity involving the replacement of an existing heating and air-conditioning system. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 2(6) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed Contract will authorize a total amount of \$13,826,445.00 over a 540-day period for the construction of the Project. Funds are anticipated to be spent as follows:

FY 2025-2026	\$ 8,000,000.00
FY 2026-2027	\$ 4,826,445.00
<u>FY 2027-2028</u>	<u>\$ 1,000,000.00</u>
TOTAL	\$13,826,445.00

Fiscal Year (FY) 2025-2026 funding in the amount of \$8,000,000 is available within Account 161305 (Construction in Progress), Division 00000 (Harbor Global), Project 2509600 (Harbor Administration Building–HVAC Replacement). Future fiscal year funding will be requested and budgeted as part of the annual budget process, upon Board approval.

Although ACCO is not obligated to perform any work under the Contract in any fiscal year in which no appropriation for the Contract has been made, the Contractor agrees to resume performance of the work required by the Contract on the same terms and conditions for a period of 60 days after the end of the fiscal year if an appropriation therefore is approved within that 60-day period. The Contractor is responsible for maintaining all insurance and bonds during this 60-day period. The time for performance shall be extended during this period until the appropriation is made; however, such an extension of time is not compensable.

If in any subsequent fiscal year funds are not appropriated for work required by the Contract, the Contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligation previously incurred.

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CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification as to form and legality on October 8, 2024.

TRANSMITTALS:

1. Specification No. 2837
2. Analysis of Bids
3. Contractor, Subcontractor, and Supplier List

FIS Approval: JS

CA Approval: SO



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Chief Harbor Engineer

Dina Aryan-Zahlan
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APPROVED:

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