



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

Board of Harbor Commissioners

**DATE: DECEMBER 7, 2016**

**FROM: CONSTRUCTION**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ -  
PROPOSED AMENDMENT TO LOS ANGELES ADMINISTRATIVE  
CODE SECTION 10.5(a) TO INCREASE BOARD AUTHORITY TO  
ENTER INTO CONTRACTS UP TO FIVE YEARS FOR CAPITAL  
IMPROVEMENT RELATED PROJECTS**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve the proposed Amendment to the City of Los Angeles (City) Administrative Code Section 10.5(a) to increase Board authority to enter into certain types of construction, design or construction management contracts up to five years without council approval. The City Administrative Code Section 10.5(a) establishes a limitation on the power of City boards, officers and employees, including the Board, to make contracts. It limits the ability of such City agents to make contracts to a maximum term of three years without City Council approval. However, Section 10.5(a)3 exempts certain capital improvement-related personal service contracts of the Board of Public Works from the limitation, unless they are for a period that exceeds five years. Due to recent project delivery schedules associated with environmental, regulatory, permitting, coordination, and negotiations with third parties associated with projects, the City of Los Angeles Harbor Department (Harbor Department) desires the same ability retained by the Board of Public Works to enter into design consultant, project or construction management services, or other personal services contracts and construction contracts directly related to Harbor Department capital improvement projects for up to five years without the necessity of first obtaining City Council approval.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Authorize and direct the Board Secretary to forward the Proposed Ordinance requesting an amendment to Los Angeles Administrative Code Section 10.5(a) to the City Council for consideration; and
3. Adopt Resolution No. \_\_\_\_\_.

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**SUBJECT: INCREASE BOARD AUTHORITY**

**DISCUSSION:**

Background and Context – Section 10.5(a) of City of Los Angeles Administrative Code limits the power of the Board to make contracts to a period not to exceed three years unless City Council approval is obtained. Section 10.5(a)3 allows the Board of Public Works (Public Works) to enter into certain contracts up to five years without obtaining City Council approval.

Reasons for the Proposed Ordinance – Due to recent project delivery schedules impacted by comprehensive environmental reviews and documentation, lengthy regulatory and permitting process and requirements, and coordination and negotiations with stakeholders involved with projects, it is taking much longer to complete the planning, design, and construction of Harbor Department projects. The Board has approved and forwarded several design and construction contract extensions to the Los Angeles City Council in the last several years. As projects require much longer time to complete, the Harbor Department desires the ability to enter into contracts for a period not to exceed five years, similar to the authority of Public Works.

Currently, when a project gets delayed and additional time beyond the three years is required to complete the work performed by consultants/contractors, staff time and costs related to contract administration and processing increase. The Harbor Department seeks approval of the proposed Resolution so the City Council extends the same authority to the Board of Harbor Commissioners that is currently retained by the Board of Public Works by enacting an ordinance to amend Administrative Code Section 10.5(a), and once enacted, will increase efficiency and reduce these administrative costs (Transmittal 1).

Based on a review of contracts over the past few years, it was determined that 17 contracts had to be extended beyond their original three-year term up to 5 years through the City Council. Although it is difficult to determine the exact administrative cost of processing a contract amendment through the City Council, the cost may be estimated at \$10,000 dollars for each amendment (Transmittal 2). This cost covers the Board report preparation and initial circulation to all bureaus and divisions, addressing the comments and circulating through the Agenda Preview, addressing the comments from Agenda Preview and circulating through the Agenda Setting, addressing the comments from Agenda Setting, finalizing the Board report and transmitting to the Board for approval. Upon Board approval, the matter is transmitted to City Hall for further processing which typically takes between three to five months to process. Authorizing the Board to enter into contracts up to five years will benefit the City by reducing these administrative costs.

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SUBJECT: INCREASE BOARD AUTHORITY

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an amendment to the City of Los Angeles Administrative Code Section 10.5(a) to allow contracts of three years to a maximum of five years for services directly related to construction of capital improvements. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed Board item will reduce administrative work that is associated with extension of contracts beyond three years. It is difficult to determine the exact administrative cost of a contract amendment through the City Council. Transmittal 2 indicates cost savings of approximately \$10,000 for each contract amendment.

**CITY ATTORNEY:**



The Office of the City Attorney has reviewed and approved the proposed Ordinance on September 30, 2016.

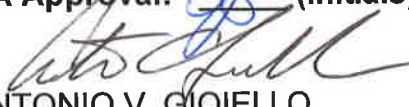
**TRANSMITTALS:**

1. Proposed Ordinance amending Los Angeles Administration Code Section 10.5(a)
2. Approximate Cost of Processing a Contract Amendment through City Council



SHAUN SHAHRESTANI  
Chief Harbor Engineer  
Construction Division

FIS Approval:  (initials)  
CA Approval:  (initials)



ANTONIO V. GIOIELLO  
Deputy Executive Director  
Development

**APPROVED:**



EUGENE D. SEROKA  
Executive Director

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SS:lh  
Resolution for 5 Year Contract