



DATE: AUGUST 29, 2023

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - INCREASE CONTRACT
AUTHORITY AMOUNT FOR ANNUAL PURCHASE ORDER NO. 39961-
23 WITH TELL STEEL

SUMMARY:

Staff requests approval of Change No. 1 to Purchase Order No. 39961-23 with Tell Steel of Long Beach, CA which will increase the annual contract authority from \$149,000 to \$298,000 per year. The Harbor Department utilizes this Purchase Order to acquire ferrous and non-ferrous metal as may be required for both maintenance and construction projects throughout the Port of Los Angeles (Port). The requested increase is necessary to complete current and planned capital and maintenance projects.

Purchase Order No. 39961-23 was executed in February 2022 with a one-year term and two one-year renewal options. Under the proposed Change Order, the spending authority for the first and second option period will increase by \$298,000 in aggregate from \$298,000 currently to \$596,000 over two years. The Harbor Department will continue to be financially responsible for the payment of expenses incurred under the Purchase Order.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve Purchase Order Change No. 1 to Purchase Order No. 39961-23 with Tell Steel to increase the annual expenditure authority from \$149,000 to \$298,000 for the first option period and the second option period.
3. Authorize the Executive Director to execute and the Board Secretary to attest to said purchase order change; and
4. Adopt Resolution No. _____.

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SUBJECT: INCREASE EXPENDITURE AUTHORITY FOR PURCHASE ORDER NO. 39961-23 WITH TELL STEEL

DISCUSSION:

Background/Context - The Harbor Department executes annual procurement contracts to purchase required materials, supplies, and services to support its operations and projects. The Construction and Maintenance division (C&M) currently utilizes more than one hundred varied annual procurement contracts in order to provide safe, reliable, efficient, and quality services to its customers as well as to maintain the Port's infrastructure. Most of these annual procurement contracts are less than \$150,000 per year and they are typically sufficient for C&M to perform both planned and responsive maintenance responsibilities. In addition, many of these contracts are contingent in nature, i.e. they are entered into without a specific project in mind but are exercised when needed to meet more immediate needs, allowing for a quick response to any given situation.

In the course of normal operations, C&M requests increases, as needed, in the spending authority level on annual procurement contracts to complete Maintenance Improvement Program (MIP), Capital Improvement Program (CIP), and operating projects. These requests may be necessary due to an expanded scope of work, unforeseen needs, or extra time required to complete a project. Usually, there are sufficient surplus funds available in the CIP, MIP, or C&M operating budgets to cover for these needs.

Contract Requiring Increased Funding – During the first year of the contract, effective March 10, 2022, there was a significant increase in the cost for ferrous and non-ferrous metal to carry out maintenance and CIP deferred maintenance projects. The projects in the first renewal option of the contract include Berth 100 Advanced Electrical Infrastructure Demonstration, Berth 91-92 Passenger Terminal Pedestrian Deck Coating, and Berth 93 Parking Deck Waterproofing Improvement.

In addition, based on a review of current project schedules and anticipated projects, it is estimated that a total contract authority of \$596,000 will be needed for parts and materials during the two renewal options.

Purchase Order No. 39961-23 (Transmittal 1) and Purchase Order No. 39961 have been attached for review (Transmittal 2).

Purchase Order No. 39961-23 with Tell Steel is a cooperative purchasing ("piggyback") agreement based on City of Los Angeles (Department of General Services) Contract No. 190000000127. The contract provides for the purchase of ferrous and non-ferrous metal as may be required for both maintenance and construction projects throughout the Port of Los Angeles (Port). Using the contract for ferrous and non-ferrous metal, C&M keeps a small inventory of such items and supplements it as needed throughout the year.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an expenditure increase for the annual purchase order No. 39961-23 between the Port and Tell Steel, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed renewal option authorizes the purchase of ferrous and non-ferrous metal in the amount of \$298,000 per year, or \$596,000 in aggregate, if the first and second renewal options are exercised.

Funding for FY 2023/24 in the amount of \$298,000 has been budgeted, and funding for FY 2024/25 in the amount of \$298,000 will be requested to be budgeted for the CIP budget and within Center 0510, Account 55110 (Operating Materials & Supplies), Program 000. Upon Board approval, funding for future fiscal years will be requested to be budgeted as part of the annual budget process as follows:

		Berth 100 Advanced Electrical Infrastructure Demonstration	Berth 91-92 Passenger Terminal Pedestrian Deck Coating	Berth 93 Parking Deck Waterproofing Improvement	C&M Maintenance	Totals
	Project No.	2557600	2572000	2573000	various	
	Org No.	1042	1207	1207	0510	
FY23-24	Account 55010	\$105,000	\$48,000	\$95,000	\$50,000	\$298,000
FY24-25	Account 55010	\$105,000	\$48,000	\$95,000	\$50,000	\$298,000
		\$210,000	\$96,000	\$190,000	\$100,000	\$596,000

Future fiscal funds will be requested to be budgeted as part of the annual budget process pending Board Approval. If in any subsequent fiscal year funds are not appropriated for work requested 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 has reviewed and approved Contract No. 39961-23 as to form and legality.

TRANSMITTALS:

1. Purchase Order No. 39961-23
2. Purchase Order No. 39961

FIS Approval: MB
CA Approval: SO



TIM CLARK
Director of Construction & Maintenance

Michael DiBernardo
MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:

Marla Blewins For

EUGENE D. SEROKA
Executive Director

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