



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 8, 2021

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ -
APPROVAL OF CHANGE ORDER NO. 4 FOR CARGO SUPPORT
SITE IMPROVEMENTS
CONTRACTOR: SULLY-MILLER CONTRACTING COMPANY
WILMINGTON WATERFRONT PROMENADE AND BUILDING
DEMOLITION
SPECIFICATION NO. 2780 – CONTRACT NO. 2315**

SUMMARY:

Staff requests approval of Change Order No. 4 to Contract No. 2315 (Contract) with Sully-Miller Contracting Company (Contractor) for the not-to-exceed amount of \$2,000,000, and that the authorized contingency be increased to 15%. Change Order No. 4 authorizes the Contractor to perform grading and site preparation for cargo container congestion relief at various locations throughout the Port of Los Angeles.

The Contract for the Wilmington Waterfront Promenade and Building Demolition project (Project) was approved by the Board of Harbor Commissioners on August 20, 2020 in the amount of \$51,900,020, plus a 10% contingency in the amount of \$5,190,002, for a total authorization of \$57,090,022. If the proposed request is approved, the contingency would increase by \$2,595,001 to \$7,785,003, and the total authorization would increase by a commensurate amount from \$57,090,022 to \$59,685,023. The Harbor Department is financially responsible for expenses under this Contract.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed actions are administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) and Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with City Charter Section 1022, work covered under the Change Order can be performed more feasibly by an independent contractor rather than by City employees;

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3. Approve and authorize the Executive Director to execute Change Order No. 4 for a not-to-exceed amount of \$2,000,000;
4. Increase the contingency percentage from 10% to 15% for a total approved contingency of \$7,785,003 and total authorization of \$59,685,023; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On August 20, 2020, the Board approved Resolution No. 20-9690 for the award of the Contract with a total authorization in the amount of \$57,090,022, inclusive of the \$5,190,002 in contingency (Transmittal 1). The scope of the Project includes construction of a realigned Water Street, waterfront promenade, public pier, public dock, public restroom with green roof, playground, and parking lots. Work also includes utilities, street work, grading, paving, striping, lighting, landscaping, and other improvements. The Notice to Proceed for the Contract was issued on November 30, 2020, for a duration of 840 calendar days.

Change Order No. 4 (Transmittal 2) will authorize the Contractor to improve several areas within the Harbor Department for temporary chassis and cargo container storage. The work includes but will not be limited to installing perimeter controls, excavating soil, grading and compacting soil, placing and compacting of crushed miscellaneous base (CMB) or crushed aggregate base (CAB), paving, and other related improvements.

Although the work under Change Order No. 4 is outside the original scope and boundaries of the Contract, the improvements are necessary due to the extraordinary volume of containers currently seen at the San Pedro Bay ports. Since there is national interest pressing for faster processing of cargo, Change Order No. 4 will address a portion of the supply chain emergency by expanding the cargo storage potential of various sites throughout the Port of Los Angeles, including several areas already identified within the West Basin Container Terminal and Wallenius Wilhelmsen Logistics (WWL) terminal (Transmittal 3). The work to be performed is similar in scope to that already in the Contract so the Contractor has resources available to perform this work.

The improvements in Change Order No. 4 will relieve congestion within the terminals and provide for more efficiency in cargo movement to and from the terminals, thus reducing back-up of the vessels outside the San Pedro Bay ports. The total cost to perform the work under Change Order No. 4 will not exceed \$2,000,000.

The current authorized contingency of 10% is \$5,190,002, and a large portion will be utilized if Change Order Nos. 3 and 4 are approved. If the full amount of all change orders

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to date are used, \$1,561,375.02 of the contingency will be available for future change orders. In anticipation of encountering additional unforeseen work, as well as scope changes, a 5% addition to the approved contingency is requested, increasing the total approved contingency to 15%, or \$7,785,003.

ENVIRONMENTAL ASSESSMENT:

The proposed action is for the approval of Change Order No. 4 to Contract No. 2315 which would authorize the Contractor to perform work related to port congestion relief, which is an activity for which the underlying project has been previously assessed in the Wilmington Waterfront Development Project Final Environmental Impact Report (SCH#2008031065), which was certified by the Board on June 18, 2009. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to CEQA in accordance with Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed \$2,000,000 for Change Order No. 4 is within the \$5,190,002 contingency amount previously authorized by the Board; however, an additional 5% budget authority is being requested for a total contingency amount of \$7,785,003. If approved by the Board, the previously approved not-to-exceed amount of \$57,090,022 will be increased to a not-to-exceed amount of \$59,685,023 (inclusive of the contingency amount).

Funds for Change Order No. 4 in the amount of \$2,000,000 are available in Account No. 54510 (Capital Construction Services), Center No. 1040, and Program No. 624. To date, \$128,626.98 has been committed under this contingency amount for Change Order Nos. 1 and 2 and Authority for Adjustment Nos. 1 through 9 and \$1,500,000 has been committed under Change Order No. 3 (pending approval by the Board). If Change Order No. 4 is approved, the 10% contingency amount remaining will be \$1,561,375.02. Approval of the proposed increase in contingency would raise the contingency percentage by 5% from 10% to 15% of the Contract Amount. Furthermore, the dollar amount of the remaining contingency would increase by \$2,595,001, from \$1,561,375.02 to \$4,156,376.02, and the total contract authority would increase by a commensurate amount from \$57,090,022 to \$59,685,023.

Spending under this Contract has occurred and is expected to occur as follows:

FY 2020-2021	\$	6,797,656.80
FY 2021-2022	\$	42,586,000.00
FY 2022-2023	\$	10,301,366.20
Total	\$	59,685,023.00

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Funding for future years will be requested as part of the annual budget adoption process, upon Board Approval. If, in any subsequent fiscal year, funds are not appropriated by the contract, then the Contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2780 as to form and legality on January 30, 2020.

TRANSMITTALS:

1. Project Site Plan
2. Change Order No. 4
3. Proposed Cargo Support Site Locations



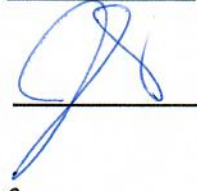
Shaun Shahrestani
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SHAUN SHAHRESTANI
Chief Harbor Engineer

FIS Approval: _____

MB

CA Approval: _____



ANTONIO V. GIOIELLO, P.E.
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CT:MHP:lh
2780B03CO4
APP NO. 160720-109
File No. 8.4