



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

FOR INFORMATION ONLY

DATE: JULY 6, 2023

TO: THE BOARD OF HARBOR COMMISSIONERS THROUGH AUDIT COMMITTEE

SUBJECT: JULY 2023 PROJECT DEVELOPMENT COMMITTEE REPORT

This report highlights the actions taken by the Project Development Committee (PDC) at its July 2023 meeting. On July 5, 2023, the PDC met to consider fifteen project items. The committee also reviewed standing reports regarding newly opened work orders, the status of the unallocated Capital Improvement Program (CIP) fund budget, completed CIP projects, the financial model, and the GASB 49 project list. Attached for review are the meeting minutes (Transmittal 1), Unallocated CIP Fund Report FY 2023/2024 (Transmittal 2), and CIP Status Report – Completed Projects (Transmittal 3).

The following is a summary of the meeting minutes by category:

- 1) Schedule change – Two items were submitted and approved.
- 2) Budget/Schedule/Scope change – Eleven items were submitted. Nine were approved and two were deferred.
- 3) New project – Two items were submitted. One was approved and one was deferred.

The Board of Harbor Commissioners (Board) approved \$15,000,000 in the fiscal year 2023/2024 CIP budget for unallocated capital improvements. The department uses this budget to fund new multi-year projects or fully fund projects within the current fiscal year. New projects at or in excess of \$100,000 are presented to the PDC for consideration. Staff presents projects under \$100,000 to the PDC for information and discussion. Staff then transmits the PDC meeting minutes to the Board for information.

The following is a summary of projects expected to utilize the unallocated CIP budget for fiscal year 2023/2024:

- 3 PDC-approved projects totaling \$825,000
- 1 project under \$100,000 totaling \$8,400

As of June 27, 2023, the remaining balance is \$14,166,600.

Various resources are available to move these projects forward. These include in-house staff, on-call consultant contracts, on-call site and marine improvement contracts, and annual contracts for supplies and materials. The Board approves these resources either through the annual budget process or as contracts that receive separate Board approval.


Marla Bleavins (Jul 7, 2023 11:39 PDT)

EUGENE D. SEROKA
Executive Director

Attachments:

- Transmittal 1: July 2023 PDC Pandect
- Transmittal 2: Unallocated CIP Fund Report FY 2023/2024
- Transmittal 3: CIP Status Report – Completed Projects

AVG

AG/mz

NEW PROJECT

SUBJECT **ORIGINAL PROJECT COST** \$900,000

**HARBOR ADMINISTRATION BUILDING FIFTH FLOOR CONFERENCE ROOMS –
NEW PROJECT**

SUMMARY

Staff requests approval to initiate a new project, the Harbor Administration Building (HAB) Fifth floor conference rooms.

The proposed work includes design and construction of two new large HAB fifth floor conference rooms, one in the center lobby and a Northeast conference room.

The total project cost is \$900,000 and the project completion date is March 4, 2025.

PDC ACTION Approved

COMMENT No comment.

SUBJECT **ORIGINAL PROJECT COST** \$21,000,000

BERTHS 73X-73Z BATTLESHIP USS IOWA IMPROVEMENTS – NEW PROJECT

SUMMARY

Staff requests approval to initiate a new project to design and construct improvements at Berths 73X-73Z.

The proposed work includes improvements to support the relocation of the Battleship USS Iowa. Improvements include upgrading the mooring and berthing elements, dredging, providing new and upgraded utilities, and Alternative Maritime Power (AMP).

The total project cost is \$21,000,000 and the project completion date is November 30, 2027.

PDC ACTION Deferred

COMMENT No comment.

SCHEDULE CHANGE

SUBJECT**ORIGINAL PROJECT COST** \$52,355,000**BERTH 302-305 ON-DOCK RAILYARD EXPANSION - SCHEDULE CHANGE****SUMMARY**

Staff requests approval to extend the Berth 302-305 On-dock Railyard Expansion schedule by ten months with no additional increase in the project budget of \$ 52,355,000.

The Engineering Division recommends adding ten months to allow for on-going negotiations with the tenant and extend the project schedule to align with the state and federal grants' one-time maximum extension to request Allocation by June 30, 2024. The new project completion date is December 31, 2026.

PDC ACTION Approved**COMMENT** No comment.**SUBJECT****ORIGINAL PROJECT COST** \$38,700,000**BERTH 302-305 RMG CRANE RAIL AND FOUNDATION - SCHEDULE CHANGE****SUMMARY**

Staff requests approval to extend the Berth 302-305 RMG Crane Rail and Foundation schedule by twelve months with no additional increase in the project budget of \$38,700,000.

The Engineering Division recommends adding twelve months to allow for on-going lease negotiations with the tenant. In addition, this extension aligns with the Berth 302-305 On-Dock Railyard Expansion project schedule. Both projects will be constructed under one contract. The new completion date is December 31, 2026.

PDC ACTION Approved**COMMENT** No comment.**SCHEDULE CHANGE, BUDGET CHANGE**

SUBJECT

ORIGINAL PROJECT COST \$7,600,000

PORT CYBER RESILIENCE CENTER - SCHEDULE AND BUDGET

SUMMARY

The Information Technology (IT) Division requests approval to amend Work Order No. 2555500, PORT CYBER RESILIENCE CENTER (CRC) project. The CRC Project Team recommends extending the project schedule and budget, to complete the next phase of construction of technology enhancements and operational services (see page 2 - Project Scope #8) required to maintain a successful system implementation. Technology limitations and inefficiencies were discovered that require additional enhancements and operational services to meet the requirements of the project scope. Since the implementation of the CRC, the ecosystem has yet to experience a major cyber incident or disruption to the flow of cargo at the Port of Los Angeles.

The original Construction portion of the project was completed on December 31, 2022. If approved by the Project Development Committee, the project will be extended by an additional 24 months with the revised Construction completion date of December 31, 2024. The total project changes will increase the overall capital budget from \$7,600,000 to \$12,600,000.

PDC ACTION Approved

COMMENT ITD will consult with accounting/financial staff to determine if the software subscription costs associated with this project can be capitalized.

SCOPE CHANGE, BUDGET CHANGE

ELECTRICAL INFRASTRUCTURE IMPROVEMENT PROGRAM– SCOPE AND BUDGET**SUMMARY**

Staff requests approval for additional scope and budget to the Electrical Infrastructure Improvement Program to support the future power demand requirement throughout the Port of Los Angeles (POLA) for Zero Emissions operations.

The initial budget was approved for preliminary engineering and environmental analysis. The additional scope of work is for the planning, design and construction of new electrical power distribution systems and expansion of the existing Receiving Station (RS-Q) to support a Zero Emission port operations throughout the Port, San Pedro, Wilmington, and Terminal Island districts.

The Port of Los Angeles is committed to protecting air quality in and around Los Angeles Harbor. Several Clean Air action plans and emission reducing programs have been put into place over the last decade including implementing the most comprehensive strategy to cut air pollution and reduce health risks ever produced for a global seaport complex.

The San Pedro Bay Ports Clean Air Action Plan (CAAP) is a landmark air quality plan that establishes the most comprehensive, far-reaching strategy for reducing port-related air pollution and related health risks, while allowing port development, job creation and economic activity associated with that development to continue. The plan ushered in a slew of anti-air pollution strategies including the Clean Truck Program, vessel pollution reduction programs, and advanced new technology, such as the world's first hybrid tugboat. The plan was originally adopted in 2006, with updates in 2010 and 2017. The 2017 CAAP goal is to achieve a 100-percent Zero Emission (ZE) Cargo Harbor Equipment (CHE) fleet by 2030.

POLA and LADWP have been coordinating for the past several years discussing various options, potential preliminary cost and associated lead times to expand the existing electrical infrastructure at POLA.

POLA and LADWP commissioned Electric Power Research Institute (EPRI) to analyze how electrifying the entire container handling equipment (CHE) at the port's container terminal will affect the existing Los Angeles Department of Water and Power (LADWP) electrical utility grid. LADWP/EPRI's electrical grid analysis determined POLA needed to expand existing Receiving Station Q (RS-Q) and construct new electrical power distribution systems to meet future Zero Emission goals.

The proposed program will coordinate with LADWP for the planning, designing and construction to expand existing Receiving Station Q (RS-Q) and construct new electrical power distribution systems to supply Zero Emissions electrical power for port operations throughout the Port, San Pedro, Wilmington, and Terminal Island districts.

The revised budget is increased by \$290,000,000 from \$10,000,000 to a new project budget of \$300,000,000 and a completion date of June 30, 2035.

PDC ACTION Deferred

COMMENT No comment.

SCOPE CHANGE, BUDGET CHANGE, SCHEDULE CHANGE

SUBJECT**ORIGINAL PROJECT COST** \$61,561,271**BERTHS 187-190 MOTEMS – VOPAK – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for change in scope, cost decrease, and schedule change to the Berths 187-190 MOTEMS – Vopak project. Previously, it was the Port’s responsibility to design and perform repairs and upgrades to the existing marine oil terminal (MOT) at Berths 187-190 in order for it to comply with Marine Oil Terminal Engineering & Maintenance Standards (MOTEMS) state code requirements. The Port will no longer design and perform the repairs and upgrades to the existing MOT as the tenant is now responsible to design and perform the necessary repairs and upgrades to bring the wharf into code compliance. The Port’s remaining scope in the project will be used to coordinate with the tenant and review, inspect, and monitor the tenant’s construction project through a Harbor Engineer Permit (HEP).

The revised budget is decreased by \$57,372,327 from \$61,561,271 to a new project budget of \$4,188,944. The revised schedule is increased by eleven years to a new completion date of January 31, 2028.

PDC ACTION Approved**COMMENT** No comment.**SUBJECT****ORIGINAL PROJECT COST** \$70,800,000**WILMINGTON WATERFRONT PROMENADE – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for cost increase and schedule change to the Wilmington Waterfront Promenade.

The cost increase is to account for change order authority of the construction contract; increased cost for Los Angeles Department of Water and Power (LADWP) undergrounding of electrical power lines; and additional design support. Engineering Division recommends adding three months to the schedule to allow for delays occurring during construction.

The revised budget is increased by \$6,500,000 from \$70,800,000 to a new project budget of \$77,300,000. The revised schedule is increased by three months to a new completion date of December 31, 2023.

PDC ACTION Approved**COMMENT** No comment.

SUBJECT**ORIGINAL PROJECT COST** \$50,000**SAN PEDRO WATERFRONT WEST HARBOR DEVELOPMENT ENVIRONMENTAL MONITORING SERVICES – SCOPE, SCHEDULE AND BUDGET CHANGE****SUMMARY**

Staff requests approval of a scope, schedule, and budget change for the San Pedro Waterfront West Harbor Development project that is currently under construction by the Developer. This project involves providing environmental monitoring services in the areas of biological, archaeological, and paleontological resources to comply with Mitigation Measures approved in the San Pedro Public Market EIR Addendums and in Lease No. 915. The project is located at the former Ports O’Call and is approximately 45 acres in size. The project area is highly sensitive for significant paleontological resources (i.e., shell and fossil specimens) and has unknown sensitivity for significant buried archaeological resources.

A scope change is needed to expand the monitoring services to include additional project management support, increased monitoring days by qualified specialists, and completion of final reports and field documentation. A six-month schedule change from June 24, 2024 to December 24, 2024 is needed as a result of the scope change and to cover the duration of the construction schedule provided by the Developer for Phase 1A. Based on the above, a cost increase of \$250,000 is also being requested which would bring the total budget to \$300,000.

PDC ACTION Approved**COMMENT** No comment.**SUBJECT****ORIGINAL PROJECT COST** \$65,200**NAVY WAY SEASIDE AVENUE STREET LIGHT FIXTURE REPLACEMENT – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for additional scope, budget increase, and schedule change to perform lighting restoration work on Navy Way and Seaside Avenue.

The proposed work includes additional restoration work to bring the street lighting on Navy Way and Seaside Avenue to working condition. Work has been completed to install new lighting fixtures, a new foundation and a new light pole and pull box. Additional work is deemed necessary to complete the restoration work and to secure the electrical components by installing security bolts and security lids. This work will require additional labor and materials and therefore, an incremental budget of \$550,150. The additional work will require 3 additional months to complete the restoration work.

The total project budget is \$612,650 and the project will be completed by November 8, 2023.

PDC ACTION Approved**COMMENT** No comment.

SUBJECT**ORIGINAL PROJECT COST** \$26,655,000**BERTH 164 MOTEMS - VALERO – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for change in scope, cost decrease, and schedule change to the Berth 164 Marine Oil Terminal Engineering & Maintenance Standards (MOTEMS) - Valero project. Previously, it was the Port's responsibility to design and construct a new MOTEMS compliant marine oil terminal (MOT) at Berth 164. The Port will no longer design and construct a MOTEMS compliant wharf as the tenant is now responsible for the design and construction of a new MOT. The Port's remaining scope in the project will be used to coordinate with the tenant and review, inspect, and monitor the tenant's construction project through a Harbor Engineer Permit (HEP).

The revised budget is decreased by \$21,850,112 from \$26,655,000 to a new project budget of \$4,804,888. The revised schedule is increased by six years and four months to a new completion date of January 31, 2028.

PDC ACTION Approved**COMMENT** No comment.**SUBJECT****ORIGINAL PROJECT COST** \$20,800,000**208 EAST 22ND STREET PARKING LOT IMPROVEMENTS – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for additional scope, cost increase, and schedule change to the 208 East 22nd Street Parking Lot Improvements project.

The additional scope was requested through memorandum by the Waterfront and Commercial Real Estate Division on March 6th, 2023 and includes adding approximately two acres of the southeast corner of the site, including building demolition and improvements. The additional area increases the number of parking stalls by up to 450, for a total of up to 2,350 parking stalls.

The revised budget is increased by \$4,600,000 from \$20,800,000 to a new project budget of \$25,400,000. The revised schedule is increased by six months to a new completion date of March 31, 2026.

PDC ACTION Deferred**COMMENT** No comment.

SUBJECT**ORIGINAL PROJECT COST** \$23,976,000**BERTH 163 MOTEMS - NUSTAR – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for change in scope, cost decrease, and schedule change to the Berth 163 MOTEMS - NuStar project. Previously, it was the Port of Los Angeles (Port) responsibility to design and construct a new Marine Oil Terminal & Engineering Maintenance Standards (MOTEMS) compliant marine oil terminal (MOT) at Berth 163. The Port will no longer design and construct a MOTEMS compliant wharf and instead will review the tenant’s design, issue a permit, and perform inspection services during construction of the tenant’s new MOT. The tenant is responsible for the design and construction of a new MOT. The Port’s remaining scope in the project will be used to coordinate with the tenant and review, inspect, and monitor the tenant’s construction project through a Harbor Engineer Permit (HEP).

The revised budget is decreased by \$21,535,554 from \$23,976,000 to a new project budget of \$2,440,446. The revised schedule is increased by seven years and eight months to a new completion date of January 31, 2028.

PDC ACTION Approved**COMMENT** No comment.**SUBJECT****ORIGINAL PROJECT COST** \$24,626,142**BERTHS 150-151 MOTEMS – PHILLIPS 66 – SCOPE, BUDGET, AND SCHEDULE CHANGES****SUMMARY**

Staff requests approval for change in scope, cost decrease, and schedule change to the Berth 150-151 MOTEMS – Phillips 66 project. Previously, it was the Port’s responsibility to design and construct a new MOTEMS compliant marine oil terminal (MOT) at Berths 150-151. The Port will no longer design and construct a MOTEMS compliant wharf as it is now the tenant’s responsibility to design and construct a new MOT. The Port’s remaining scope in the project will be used to coordinate with the tenant and review, inspect, and monitor the tenants construction project through a Harbor Engineer Permit (HEP).

The revised budget is decreased by \$20,995,213 from \$24,626,142 to a new project budget of \$3,630,929. The revised schedule is increased by six years and eight months to a new completion date of January 31, 2028.

PDC ACTION Approved**COMMENT** No comment.**SCOPE CHANGE, BUDGET CHANGE, SCHEDULE CHANGE, NAME CHANGE**

SUBJECT

ORIGINAL PROJECT COST \$11,500,000

SAN PEDRO WATERFRONT – HARBOR BOULEVARD FROM SP SLIP TO 22ND STREET ROADWAY IMPROVEMENTS - SCOPE, BUDGET, SCHEDULE, AND NAME CHANGE

SUMMARY

Staff requests approval to transfer the scope and budget of \$10,500,000 from the San Pedro Waterfront – Harbor Boulevard from Berth 73C to 22nd Street Roadway Improvements (Project Number 2488200) to the San Pedro Waterfront – Harbor Boulevard from SP Slip to Berth 73C Roadway Improvements (Project Number 2560000).

Staff also requests renaming project number 2560000 to the San Pedro Waterfront – Harbor Boulevard from SP Slip to 22nd Street Roadway Improvements, removing the ‘HOLD’ status and extending the project schedule by 59 months.

The scope of work consists of design and construction of a reconfigured and expanded Harbor Boulevard (formerly known as Sampson Way) to include two travel lanes in each direction, a scenic pedestrian walkway, and pedestrian access from SP Slip to 22nd Street.

The total budget transfer from Project Number 2488200 is \$10,500,000. The San Pedro Waterfront—Harbor Boulevard from SP Slip to 22nd Street Roadway Improvement project cost is \$22,000,000 and with a completion date of November 30, 2027.

PDC ACTION Approved

COMMENT No comment.

ADMINISTRATIVE ITEM GASB 49 Report and Completed Projects CIP Report Reviewed

ACTION ITEM FOLLOW UP

WORK ORDER REPORT REVIEWED

UNALLOCATED BUDGET REPORT REVIEWED

ADDITIONAL DISCUSSION



Antonio V. Gioiello
Development


Marla Bleavins (Jul 7, 2023 11:39 PDT)

Marla Bleavins
Finance and Administration

Unallocated Capital Improvement Program Fund FY 23/24

(Budget set in July)

\$ 15,000,000

PDC Approved Projects

Portwide Power Monitoring System (2575700)	\$	(60,000)
B. 93 Vehicular Ramp Repair (2575800)	\$	(165,000)
Harbor Administrative Building - New Fifth Floor Conference Rooms ()	\$	(600,000)

Subtotal PDC Approved Projects \$ ***(825,000)***

Projects Under \$100,000

Avalon Blvd and Water Street - Logistics Swing Gate Installation (2575900)	\$	(8,400)
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Subtotal Projects Under \$100,000 \$ ***(8,400)***

Balance as of June 27, 2023

\$ 14,166,600

CIP Status Report

Completed Projects

Actuals Thru: April 2023

Where Construction Finish Date is: >= 6/1/2023 <= 6/28/2023

Expend. Org.	Project Title	Project Manager	Status	Projected Cost	Design				Percent Design Complete	Construction				Percent Const. Complete	Pre- A500
					Start Baseline	Projected	Finish Baseline	Projected		Start Baseline	Projected	Finish Baseline	Projected		

Grand Total: \$0










Audit Committee Report Packet July 2023

Final Audit Report

2023-07-07

Created:	2023-07-07
By:	Karine Lurvey (klurvey@portla.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAs6XEwA0QN8c9WDzBhVi4JqjRs3489ebc

"Audit Committee Report Packet July 2023" History

-  Document created by Karine Lurvey (klurvey@portla.org)
2023-07-07 - 3:53:46 PM GMT- IP address: 199.245.255.5
-  Document emailed to Tony Gioiello (tgioiello@portla.org) for signature
2023-07-07 - 3:55:54 PM GMT
-  Email viewed by Tony Gioiello (tgioiello@portla.org)
2023-07-07 - 6:01:45 PM GMT- IP address: 199.245.255.5
-  Document e-signed by Tony Gioiello (tgioiello@portla.org)
Signature Date: 2023-07-07 - 6:02:46 PM GMT - Time Source: server- IP address: 199.245.255.5
-  Document emailed to mbleavins@portla.org for signature
2023-07-07 - 6:02:47 PM GMT
-  Email viewed by mbleavins@portla.org
2023-07-07 - 6:38:41 PM GMT- IP address: 199.245.255.5
-  Signer mbleavins@portla.org entered name at signing as Marla Bleavins
2023-07-07 - 6:39:47 PM GMT- IP address: 199.245.255.5
-  Document e-signed by Marla Bleavins (mbleavins@portla.org)
Signature Date: 2023-07-07 - 6:39:49 PM GMT - Time Source: server- IP address: 199.245.255.5
-  Agreement completed.
2023-07-07 - 6:39:49 PM GMT