



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JUNE 19, 2013

FROM: CONTRACTS AND PURCHASING

**SUBJECT: RESOLUTION NO. _____ - INCREASE EXPENDITURE
AUTHORITY FOR FOUR ANNUAL PROCUREMENT CONTRACTS**

SUMMARY:

The Contracts & Purchasing Division (CPD) is requesting approval to increase the expenditure authority for four annual procurement contracts by an amount not-to-exceed \$625,000 per year for all four annual procurement contracts. These annual procurement contracts are with Brand Scaffolding Services for scaffolding rental, Hertz Rental for rental of construction equipment, Western Fence for fencing installation, and Johnson Controls, Inc. for heating, ventilation and air conditioning maintenance. The requested increases are necessary in order for Construction and Maintenance (C&M) staff to complete current and planned capital projects throughout the Port of Los Angeles (Port). Although contract authority levels may increase, actual expenditures will not exceed the budget levels authorized in the C&M operating budget, and the Capital Improvement Program (CIP) and Maintenance Improvement Program (MIP) budgets.

RECOMMENDATION:

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

1. Approve Purchase Order Changes increasing the annual expenditure authority for Contract Nos. 39610 with Brand Scaffolding Services, 39619 with Hertz Rental, 31421 with Western Fence, and 31402 with Johnson Controls, Inc., including any renewal options for each contract;
2. Authorize the Executive Director or designee to execute the Purchase Order Changes for the annual procurement contracts with Brand Scaffolding Services, Hertz Rental, Western Fence, and Johnson Controls, Inc.; and
3. Adopt Resolution No. _____ .

DISCUSSION:

Background/Context - The City of Los Angeles Harbor Department (Harbor Department) executes annual procurement contracts to purchase required materials, supplies, and services to support Harbor Department operations. C&M currently utilizes more than one hundred annual procurement contracts in order to provide safe, reliable, efficient, and quality services to its customers. Through these annual procurement contracts, a wide range of vendors provide materials and services that allow C&M to efficiently

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maintain the Port's infrastructure. Most of these annual procurement contracts are less than \$150,000 per year, and are typically sufficient for C&M to perform its planned maintenance responsibilities.

Since Fiscal Year (FY) 2010/11, \$5 million is budgeted annually in the CIP and the MIP to address major maintenance or replacement of facilities and equipment. For example, funding in these accounts was used on capital projects including the Harbor Administration Building (HAB) lobby and fifth floor renovations, 300 Water Street construction, and the Berth 93 Cruise Ship Terminal project.

In the course of normal operations, C&M requests increases in the spending authority level on annual procurement contracts. These requests may be necessary due to extra work needed on a capital project or simply as a result of changing needs in C&M operations (i.e. a terminal needs more replacement electrical parts than usual after normal preventive maintenance is performed). Although the contract authority levels may increase, actual expenditures will not exceed the annual budget levels authorized in the CIP, MIP, and C&M operating budgets.

Summary - In order for C&M to complete scheduled projects and maintain regular operations, CPD is requesting approval to increase the expenditure authority for four annual procurement contracts by an amount not-to-exceed \$625,000 per year (Transmittal 1). These annual procurement contracts are used to rent scaffolding and construction equipment, install fencing, and maintain heating, ventilation and air conditioning systems. The annual procurement contracts give C&M the flexibility needed to procure key materials and services for scheduled projects. The requested expenditure increases are estimates for expenditures and are based on what is known today for scheduled projects. Expenditures may fall short of the recommended increased amount due to changes in a project. If additional increases are required, subsequent Board action will be required to further increase contract expenditure levels.

The following is a breakdown of each contract and a synopsis of the need to amend each contract:

- Brand Scaffolding – On December 5, 2011, the Harbor Department executed Contract No. 39610 with Brand Scaffolding for scaffolding rental needs. Contract No. 39610 was for a maximum expenditure authority of \$140,000 per year, and a term of one-year, with two-one year renewal options. On May 17, 2012, the Board authorized approval of the renewal options and also authorized increasing the expenditure authority to \$150,000 per year. For the current contract year, \$83,249 has been expended to date. CPD is requesting that the Board authorize a Purchase Order Change to increase the maximum expenditure authority level from \$150,000 to \$350,000 per year through the end of the current contract

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which expires on October 31, 2014, assuming the last renewal option is exercised. The requested increase is necessary to accommodate several large, new projects including painting at Berths 153 and 155A, water leak repairs at APL, and roofing projects at Evergreen and Maersk.

- Hertz Rental – On March 28, 2012, the Harbor Department executed Contract No. 39619 with Hertz Rental for a maximum expenditure authority of \$149,000 per year, and term of one-year with a one-year renewal option. Hertz Rental provides C&M staff with construction equipment necessary for C&M to complete capital projects. Contract No. 39619 is a piggyback on City of Los Angeles (City) Contract No. 59139. The City contract has no remaining renewal options and will expire on March 31, 2014. On May 17, 2012, the Board authorized approval of the renewal option and also authorized increasing the expenditure authority to \$150,000 per year. For the current contract year, \$57,000 has been expended to date. CPD is requesting that the Board authorize a Purchase Order Change to increase the maximum authority level from \$150,000 to \$300,000 per year. The requested increase is necessary to accommodate capital projects that C&M is undertaking, including \$5 million in deferred maintenance projects such as air conditioning installations at the HAB, and cargo door replacements at Berth 93.
- Western Fence – On October 1, 2011, the Harbor Department executed Contract No. 31421 with Western Fence for a maximum expenditure authority of \$55,000 per year and a term of one-year, with two, one-year renewal options. On April 11, 2012, and July 24, 2012, the expenditure authority was increased to \$90,000 and \$120,000, respectively. On May 17, 2012, the Board authorized approval of the renewal options and also authorized increasing the expenditure authority to \$150,000 per year. For the current contract year, \$100,341 has been expended to date. CPD is requesting that the Board authorize a Purchase Order Change to increase the maximum authority level from \$150,000 to \$250,000 per year. The requested increase is necessary to accommodate a two-phase deferred maintenance project in Fiscal Years (FY) 2013/14 and 2014/15 which will upgrade the fencing of lots and projects throughout the Port. It is estimated that this project will cost approximately \$100,000 per FY.
- Johnson Controls, Inc. – On May 1, 2011, the Harbor Department executed Contract No. 31402 with Johnson Controls, Inc. for a maximum expenditure authority of \$24,900 per year and a term of one-year, with two, one-year renewal options. Contract No. 31402 is a piggyback on City Contract No. 59189. On August 4, 2011, the Board authorized approval of the renewal options and also authorized increasing the expenditure authority to \$150,000 per year. No funds have been spent to date in the current contract year. CPD is requesting that the Board authorize a Purchase Order Change to increase the maximum authority

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level from \$150,000 to \$325,000 per year. The requested increase is necessary to accommodate major heating, ventilation, and air conditioning repairs and upgrades at the Port Police Headquarters and other Harbor Department facilities.

It should be noted that increasing the contract expenditure authority does not mean that all funds will be spent up to the increased amount. Many contracts have contingency amounts that only incur full expenditures in rare situations. In many instances, the funds actually spent fall below the contract amount authorized. In addition, although contract authority levels may change, actual expenditures will not exceed the budget levels authorized in the C&M operating budget, and the CIP and MIP budgets.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to increase the expenditure authority of four annual procurement contracts. 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.

ECONOMIC BENEFITS:

Approval of the proposed Purchase Change Orders will support 8 direct and 6 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

The requested increase in expenditure authority will modify the maximum spending authority on four annual procurement contracts by \$625,000 total. No additional costs are scheduled to be incurred beyond the \$5 million amount budgeted in the current FY for deferred maintenance projects in the CIP and MIP, or the designated budgets for each capital project. In tabular format, the increase in contract authority amounts for the three contracts is as follows:

Contract No.	Current Annual Authority	Proposed Annual Authority	Increase in Annual Authority
39610	\$150,000	\$350,000	\$200,000
39619	\$150,000	\$300,000	\$150,000
31421	\$150,000	\$250,000	\$100,000
31402	\$150,000	\$325,000	\$175,000
Total	\$600,000	\$1,225,000	\$625,000

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If the Purchase Order Changes are not approved, there will be no fiscal impact as project funding is already authorized for these expenditures. The lack of approval will delay the ability of C&M to complete deferred maintenance and other capital projects.

Funding in the amount of \$4,500,000 for deferred maintenance and capital projects is in the FY 2013/2014 CIP budget, and \$709,109 is in the FY 2013/2014 MIP budget. In addition, funding for the capital projects C&M supports is included in the CIP and MIP budgets.

CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and determined that this item raises no legal issues at this time.

TRANSMITTAL:

1. Annual Procurement Contracts with Requested Expenditure Increases

FIS Approval: WR (initials)
CA Approval: grc (initials)



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APPROVED:



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