



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 16, 2026

FROM: CONSTRUCTION AND MAINTENANCE

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PURCHASE
CHANGE ORDER NO. 1 WITH HERC RENTALS, INC.**

SUMMARY:

Staff requests approval of Purchase Change Order No. 1 to Agreement No. 503 with Herc Rentals Inc. (Herc) of Carson, California, to increase the annual expenditure authority. Agreement No. 503 went into effect on August 26, 2025, for a one-year term, with two one-year renewal options, for a maximum expenditure authority of \$400,000 for the initial year, \$600,000 for the first renewal period, if exercised, and \$300,000 for the second renewal period, if exercised. If the proposed action is approved, the maximum expenditure authority for the current contract period will increase from \$400,000 to \$700,000, and if the first and second renewal options are exercised, will increase the second annual expenditure from \$600,000 to \$700,000 and the third annual expenditure from \$300,000 to \$700,000, for a total three-year expenditure increase amount of \$800,000. This will increase the total current three-year contract authority of \$1,300,000 to \$2,100,000. An expenditure increase is needed due to the increased rental burden caused by scheduling delays as the result of increased cruise ship traffic, weather delays, new projects, and unforeseen circumstances. Agreement No. 503 provides for the rental of construction equipment and heavy trucks required by the City of Los Angeles Harbor Department (Harbor Department) for maintenance and construction projects. The requested expenditure increase is necessary to ensure continuity of services and to avoid disruptions to critical capital projects and operations. Although the contract authority level will increase, the actual contract expenditures will not exceed the budget levels authorized in the Construction & Maintenance (C&M) operating, Capital Improvement Program (CIP), and Maintenance Improvement Program (MIP) budgets. The Harbor Department will continue to be financially responsible for the payment of expenses incurred under Agreement No. 503.

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 Change Order No. 1 to Agreement No. 503 with Herc to increase the annual expenditure authority from \$400,000 to \$700,000 for the current contract

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period and for the succeeding first and second contract renewal option periods, from \$600,000 to \$700,000 and from \$300,000 to \$700,000 respectively;

3. Authorize the Executive Director to execute and the Board Secretary to attest to Purchase Change Order No. 1 for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The Harbor Department executes annual procurement contracts to purchase required materials, supplies, and services to support Harbor Department operations and projects. C&M currently utilizes more than 100 annual procurement contracts 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 maintain the Harbor Department's infrastructure. Most of these annual procurement contracts are less than \$150,000 per year and are typically sufficient for C&M to perform both planned and responsive maintenance responsibilities.

In the course of normal operations, C&M requests increases to spending authority levels on annual procurement contracts only as needed to complete maintenance and capital improvement projects. 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 (e.g., a terminal needs more replacement electrical parts than usual after normal preventative maintenance is performed).

Contract Requiring Increased Funding – Agreement No. 503 with Herc is a cooperative purchasing ("piggyback") agreement based on Omnia Partners/City of Charlotte, North Carolina Contract No. 2019000318. Agreement No. 503 with Herc went into effect on August 26, 2025, for a maximum expenditure authority of \$400,000 for the initial year, \$600,000 for the first renewal period, if exercised, and \$300,000 for the second renewal period, if exercised. The contract provides for the rental of a variety of equipment that will be utilized in conjunction with various current and future capital and maintenance improvement projects and for as-needed repairs and demolitions throughout the Harbor Department. The contract allows C&M to complete scheduled projects and maintain regular operations in a timely manner. Equipment rented from Herc includes lifts and hoists, excavators, telehandlers, light plants, storage containers, and generators. Although C&M has an equipment inventory which includes such items, Herc is used to supplement the C&M inventory if equipment is out of service due to repairs or if additional equipment is required due to the limitations of the fleet. Renting equipment allows C&M to keep its capital equipment inventory to a minimum and reduces the need to hire additional employees for year-round maintenance of trucks and equipment.

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Since the execution of the contract on August 26, 2025, there has been an increase in the need for rental equipment to carry out CIP and MIP deferred maintenance projects. Due to increased cruise ship traffic, many project schedules such as the Berth 100 Advanced Electrical Infrastructure Demonstration, Berth 91-92 Terminal Roof Replacement, and Berth 93 Parking Deck Waterproofing Improvement, had to be extended to adjust to the influx of foot traffic, resulting in a setback in project completion. In addition, weather delays, new projects, and unforeseen circumstances caused scheduling delays in current projects. Furthermore, C&M expects that there will be an increase in Port-sponsored events, which have necessitated additional unanticipated equipment rentals since the contract went into effect.

The current contract with Herc is scheduled to expire on August 25, 2026. As of February 26, 2026, expenditures approved for payment under this contract are \$388,413.57. It is anticipated that during the current contract period, an additional \$300,000 will be needed to supplement the expenditure authority of \$400,000 for a total expenditure authority of \$700,000. In addition, based on a review of current project schedules and anticipated project needs heading into fiscal year 2026-27, it is estimated that a total contract authority of \$700,000 will be needed for equipment rental during the life of the contract. To increase the annual budget level to \$700,000 per year, C&M also requests approval for the additional expenditure level of \$100,000 for the first renewal period and \$400,000 for the second renewal period. The authorized expenditure level on the contract will not exceed the budget levels authorized in the C&M operating budget, and the CIP and MIP budgets.

The following are some of the current and future projects that require rental of construction equipment and heavy trucks:

- Berth 91-92 Passenger Terminal Pedestrian Deck Coating;
- New Dock Street – UV Disinfection System;
- Berth 93 Vehicular Ramp Corrosion Mitigation;
- Berth 93 Roof Replacement;
- POLA Sidewalk Repair Program;
- Berth 93 Gantry Removal; and
- POLA Electric Vehicle Charging Stations Phase 1

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an increase in expenditure authority for Agreement No. 503 with Herc for the rental of construction equipment and heavy trucks required for both maintenance and construction projects, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed

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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 Purchase Change Order No. 1 (Transmittal 1) to Agreement No. 503 (Transmittal 2) will increase the annual expenditure authority from \$400,000 to \$700,000 for the current contract period and for the succeeding first and second contract renewal option periods, from \$600,000 to \$700,000 and from \$300,000 to \$700,000, respectively, as illustrated below.

Fiscal Year	Current Annual Authority	Increase in Annual Authority	Proposed Annual Authority
2025/26	\$400,000	\$300,000	\$700,000
2026/27	\$600,000	\$100,000	\$700,000
2027/28	\$300,000	\$400,000	\$700,000
Total	\$1,300,000	\$800,000	\$2,100,000

If approved, no additional costs are scheduled to be incurred beyond the approved Fiscal Year 2025/2026 CIP and MIP budget amounts. Future fiscal year budget appropriations will be sought to cover anticipated expenditures for the rental of construction equipment and heavy trucks through the regular annual budget process.

If the purchase change order is not approved, there will be no fiscal impact as project funding is already authorized for these expenditures. However, the lack of approval will delay the ability of C&M to complete project work anticipated in the current and future fiscal years.

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CITY ATTORNEY:

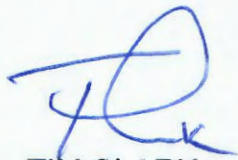
The Office of the City Attorney has approved the proposed Purchase Change Order No. 1 as to form and legality.

TRANSMITTALS:

1. Purchase Change Order No. 1
2. Agreement No. 503

FIS Approval: JS

CA Approval: SO



TIM CLARK
Director of Port Construction & Maintenance



DINA ARYAN-ZAHLAN, P.E.
Deputy Executive Director
Development

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

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