



**DATE:** FEBRUARY 6, 2024

**FROM:** CONSTRUCTION AND MAINTENANCE

**SUBJECT:** RESOLUTION NO. \_\_\_\_\_ - INCREASE CONTRACT  
AUTHORITY AMOUNT FOR ANNUAL PURCHASE ORDER NO. 39971-  
24 WITH HERC RENTALS, INC.

**SUMMARY:**

Staff requests approval of Change No. 1 to Purchase Order No. 39971-24 with Herc Rentals, Inc. (Carson, California). The proposed change will increase the current contract, which is in its first renewal option, from \$149,000 to \$298,000. Should the second renewal option be exercised, the budgeted contract amount will be increased to an amount not to exceed \$298,000. This annual contract provides rentals for construction equipment and heavy trucks as required from time to time 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. 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. 39971-24 with Herc Rentals, Inc. to increase the annual expenditure authority from \$149,000 to \$298,000 for the current contract period and approve an amount not to exceed \$298,000 for the second renewal option;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said purchase order change; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context - The Harbor Department executes annual procurement contracts to purchase required materials, supplies, and services to support its operations and

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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. The rental option allows for the Construction & Maintenance division to keep its capital equipment inventory to a minimum. As a result, the rental option helps maintain an effective ratio of staff to vehicles and equipment that require year-round maintenance.

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 Projects (MIP) and Capital Improvement Projects (CIP). 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 funds available in the CIP, MIP, or C&M operating budgets to cover these needs.

Contract Requiring Increased Funding – Purchase Order No. 39971-24 with Herc Rentals is a cooperative purchasing (“piggyback”) agreement based on Omnia Partners/City of Charlotte, NC Contract No. 2019000318. The contract provides rentals for construction equipment and heavy trucks as may be required for both maintenance and construction projects throughout the Port. Herc Rentals is used to supplement the C&M inventory of construction equipment and heavy trucks.

An additional \$149,000 is needed to supplement the current expenditure authority of \$149,000 for a total proposed expenditure authority of \$298,000 in order to maintain current project schedules and operations. Since the execution of the contract on July 26, 2022, there has been an increase in the cost for renting construction equipment and heavy trucks due to inflation. Additionally, there has been an increase of Port-sponsored events, which requires a wide variety of equipment. There has also been an increase of CIP deferred maintenance projects, which include the Berth 100 Advanced Electrical Infrastructure Demonstration, Berth 153 Clock Tower Water Damage Repair, and Berth 91-92 Passenger Terminal Pedestrian Deck Coating. As of January 2, 2024, the contract's budget limit has been reached.

Based on a review of current project schedules and anticipated projects, it is estimated that a total contract authority of \$745,000 will be needed for rentals during the life of the contract.

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Purchase Order Change No. 1 (Transmittal 1) has been prepared to increase the annual expenditure authority for the first and second renewal options. Purchase Order No. 39971-24 and Renewal Option #1 are also attached for review (Transmittal 2).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of Change No. 1 to Purchase Order No. 39971-24 with Herc Rentals, 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 Purchase Order Change will increase the annual authorized expenditures amount by \$149,000 from \$149,000 to \$298,000, for the rental of construction equipment and vehicles. Fiscal Year (FY) 2023-2024 funding in the amount of \$298,000 has been budgeted in Account 59010 (Equipment Rental – Maintenance), Program 000 within the following cost centers:

<b>Fiscal Year (FY)</b>	<b>CIP Center 1900</b>	<b>MIP Center 0311</b>	<b>C&amp;M Center 0510</b>	<b>Total</b>
2023-2024	\$198,000	\$50,000	\$50,000	\$298,000
2024-2025	\$198,000	\$50,000	\$50,000	\$298,000
<b>Total</b>	<b>\$396,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$596,000</b>

Future fiscal year 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 required under 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 Purchase Change Order No. 1 as to form and legality.

**TRANSMITTALS:**

1. Purchase Order Change No. 1 to Purchase Order No. 39971-24
2. Purchase Order No. 39971-24

FIS Approval: MB

CA Approval: SO



TIM CLARK  
Director of Construction & Maintenance



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APPROVED:

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