



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

DATE: FEBRUARY 3, 2021

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ -
APPROVAL OF CHANGE ORDER NO. 4
BERTH 44 MAIN BUILDING DEMOLITION AND
SINKHOLE REPAIR PROJECT
CONTRACTOR: NATIONAL DEMOLITION CONTRACTORS, INC.
2018-2020 ON-CALL REMEDIATION
SPECIFICATION NO. 2796 – CONTRACT NO. 2309**

SUMMARY:

Staff requests approval of Change Order No. 4 (Change Order) to Contract No. 2309, in the amount of \$1,800,000, and that the authorized contingency be increased to 25%. The Change Order authorizes National Demolition Contractors, Inc. (National) to perform lead and asbestos abatement, demolish the main building and slurry backfill a sinkhole at 2945 South Miner Street (Berth 44). The removal of the obsolete structures and filling of the sinkhole address safety concerns at the site. The total cost of the project will not exceed \$1,900,000. Work valued at approximately \$100,000 will be performed under contract bid items. The Harbor Department is financially responsible for expenses under this Change 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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Section 15269(b) of the State 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 the Change Order to the Contract with National for a not-to-exceed amount of \$1,800,000 and authorize the Executive Director to execute said Change Order;
4. Increase the contingency percentage from 20% to 25% for a total approved contingency of \$4,684,960 and total authorization of \$23,424,800; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The 2018-2020 On-Call Remediation contract (Contract) was approved by the Board of Harbor Commissioners on June 7, 2018 in the amount of \$18,739,840 plus a 10% contingency for change order work in the amount of \$1,873,984 for a total authorization of \$20,613,824. The Notice to Proceed for the Contract was issued on August 27, 2018, for a duration of 730 calendar days.

The Scope of the Contract consists of on-call soil remediation to be performed throughout San Pedro, Wilmington, and Terminal Island. Work includes, but is not limited to, demolition and removal of structures, pavement and other improvements, earthwork, and construction of chain link fencing and gates. Work also includes asbestos abatement, lead remediation, polychlorinated biphenyl (PCB) abatement, removal and disposal of chemically impacted soil at regulated and non-regulated sites, and light non-aqueous phase liquid water mix skimming, removal, and disposal.

On December 19, 2019, the Board approved Resolution No. 19-9584 for Change Order No. 1 in the amount of \$2,620,450. Since the original Board approved 10% contingency for change order work was not adequate to accommodate the additional scope under Change Order No. 1, the Board approved an increase to the approved contingency from 10% to 20% in the amount of \$1,873,984 for a total approved contingency of \$3,747,968 to accommodate Change Order No. 1. The current authorized contingency of 20% is \$3,747,968, and will be exceeded if the Change Order is approved. Therefore, a 5% addition to the approved contingency is requested, increasing the total approved contingency to 25%, or \$4,684,960. If the full amount of the Change Order is used, \$224,965 of the contingency will be available for future Change Orders.

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Change Order No. 4 (Transmittal 1) will authorize National to perform lead and asbestos abatement, demolish a 12,300 square-foot (SF) building, slurry backfill a sinkhole (approximately 1,400 SF), and install fencing and a gate at Berth 44.

The collapse of a portion of the floor slab and appearance of a large sinkhole at the main building at the former San Pedro Boatworks at Berth 44 was reported on August 25, 2020. Engineering Division was requested to assess the structural condition of the building. The building is part of the former boatyard complex, and is located on the northwestern portion of the site, next to the dike with its western wall on the seawall. The building has been vacant for 18 years. On September 3, 2020, Engineering Division conducted a field assessment of the building, adjacent structures and surrounding areas. Engineering Division in the Emergency Field Observation report (Transmittal 2), dated September 3, 2020, recommended that the building be demolished expeditiously to safety risks, understanding that the risk of potential injury or loss of life increases with the passage of time and growth of the sinkhole.

The total cost to perform the work will not exceed \$1,900,000. This amount includes work that will be paid through unit bid items in the subject contract, the cost of which will be approximately \$100,000. The remaining work valued at \$1,500,000 will be performed under the Change Order. In anticipation of encountering unforeseen scope of work (such as additional abatement, site remediation and substructure removal, and expansion of the sinkhole), \$300,000 has been included in the not-to-exceed amount for the Change Order, bringing the total not-to-exceed amount of this Change Order to \$1,800,000.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of Change Order No. 4 to authorize National to perform lead and asbestos abatement, demolish the main building, and slurry backfill a sinkhole at 2945 South Miner Street (Berth 44), which are emergency repairs to publicly or privately owned service facilities necessary to maintain service essential to the public health, safety or welfare. Emergency repairs include those that require a reasonable amount of planning to address an anticipated emergency. Therefore, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Section 15269(b) of the State CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed Change Order would increase the authority for Contract No. 2309 by \$936,992 from the last Board approved not-to-exceed amount of \$22,487,808 to a revised not-to-exceed amount of \$23,424,800. Funds for the Change Order in the amount of \$1,800,000 are available in Account No. 54010 (Capital Construction Services), Center No. 0311, and Program No. 309. To date, \$10,855,083.77 has been committed under this contract.

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

| | CIP | Environmental | Total |
|--------------|----------------|----------------------|------------------------|
| Previous FY | \$8,486,443.33 | \$0.00 | \$ 8,486,443.33 |
| FY 2020/2021 | \$6,000,000.00 | \$8,938,356.67 | \$ 14,938,356.67 |
| Total | | | \$23,424,800.00 |

Funding for future years will be requested as part of the annual budget adoption process. If, in any subsequent fiscal year, funds are not appropriated by the City for the work required under Contract No. 2309, then Contract No. 2309 shall be terminated. However, the termination would not relieve the parties of liability for any obligations previously incurred.

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CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2796 as to form and legality on March 5, 2018.

TRANSMITTALS:

1. Change Order No. 4
2. Emergency Field Observation Report

FIS Approval: MB

CA Approval: SO



Shaun Shahrestani
cn=Shaun Shahrestani,
email=sshahrestani@portl
a.org, c=US
2021.02.03 15:16:49 -08'00'

SHAUN SHAHRESTANI
Chief Harbor Engineer



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

APPROVED:

Marla Bleavins

EUGENE D. SEROKA
Executive Director

PO:lh
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