



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: AUGUST 29, 2017**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - INCREASE CONTRACT  
AUTHORITY AMOUNT FOR ANNUAL PURCHASE ORDER NO. 31703-  
17 WITH MONTGOMERY HARDWARE CO.**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners approve an increase in the expenditure authority for Purchase Order No. 31703-17 with Montgomery Hardware Co., of Rancho Cucamonga, California, currently set at the amount of \$149,000 per year, to \$215,000 per year. This annual contract, which will expire on April 26, 2018, is administered by the Construction and Maintenance Division (C&M) and is for the purchase of frames, doors, and hardware, including installation services, for projects throughout the Port of Los Angeles (Port). The requested increase is necessary for C&M to complete current and planned capital and maintenance projects throughout the Port. Although the contract authority level would increase, the actual contract expenditures will not exceed the budget levels authorized in the C&M operating, Capital Improvement Program (CIP), and Maintenance Improvement Program (MIP) budgets. The Harbor Department is responsible for payment of expenses under this contract.

**RECOMMENDATION:**

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

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve Purchase Order Change No. 7 to Purchase Order No. 31703-17 with Montgomery Hardware Co., in the amount of \$66,000, increasing the annual expenditure authority from \$149,000 to \$215,000 annually;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said purchase order change; and
4. Adopt Resolution No. \_\_\_\_\_.

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**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 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 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 both planned and responsive maintenance responsibilities.

In the course of normal operations, C&M requests increases as needed in the spending authority level on annual procurement contracts 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 preventive maintenance is performed). Although the expenditure level may increase for a specified contract, actual expenditures will not exceed the annual budget levels authorized in the CIP, MIP, and C&M operating budgets.

Contract Requiring Increased Funding - In order to complete scheduled projects and maintain regular operations, C&M is requesting approval to increase the expenditure authority for the annual procurement contract with Montgomery Hardware Co. by an amount not-to-exceed \$215,000 per year (Transmittals 1 & 2). This annual procurement contract allows C&M the flexibility to obtain key materials for scheduled projects and unscheduled repairs in a timely manner. The contract also allows for installation of materials which frees C&M staff to perform other required work. The requested expenditure increase is an estimate based on current project needs and anticipated annual expenditure levels.

Purchase Order No. 31703-17 with Montgomery Hardware Co., went into effect on April 27, 2015 for a maximum expenditure authority of \$50,000 per year for a one-year term, with two one-year renewal options. The purchase order is a piggyback on City of Los Angeles General Services Department Contract No. 59499. This contract is needed to provide readily available doors and hardware for maintenance and capital projects, including associated installation services. The requested increase is necessary to provide materials for an approved capital door replacement project at the Municipal Fish Market included in this fiscal year's Capital Improvement Program budget. The project is currently underway. C&M is requesting an increase in the contract amount to \$215,000 to accommodate large supply purchases which will result in the replacement of eight of nine large cargo double-doors and eight of ten smaller personnel doors. The

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purchase also includes the installation of these doors. This is a one-time increase and it is not anticipated additional funds will be needed to meet any door material needs before the purchase order expires on April 26, 2018. In addition, actual expenditures will not exceed the budget levels authorized in the C&M operating budget, and the Harbor Department's CIP and MIP budgets.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is an increase in the expenditure authority for Purchase Order No. 31703-17 with Montgomery Hardware Co. from \$149,000 per year to \$215,000 per year. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The requested expenditure authority increase for the purchase order with Montgomery Hardware Co. is for \$66,000. Should this request be approved, the purchase order expenditure authority will increase from \$149,000 to \$215,000. To date, \$84,237 has been spent through the purchase order. Assuming approval of the increased spending authority, the new remaining balance of \$130,763 available in the current fiscal year would be spent as follows:

Center No.	Program No.	Account No.	Project No.	Task No.	Description	Amount
1191	000	55010 – Parts and Materials	2543800	0047600	Doors/hardware for Municipal Fish Market, Berth 72	\$71,000
1191	000	54010 – Maintenance Services-Buildings	2543800	0047600	Installation of above doors/hardware at Municipal Fish Market	\$31,000
0510	000	55010 – Parts and Materials	To be determined	To be determined	Door/hardware for maintenance project contingency	\$20,100
0510	000	54010 – Maintenance Services-Buildings	To be determined	To be determined	Door/hardware installation services for maintenance contingency	\$ 8,663

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No additional costs are anticipated to be incurred beyond the amount budgeted in the current fiscal year for normal maintenance in the C&M operating budget or deferred maintenance projects in the CIP and MIP budgets. Current funding levels in these budgets are sufficient to cover the increase to this purchase order. On-going operating and maintenance costs resulting from the completion of project work are the responsibility of the Harbor Department.

If the purchase order change is not approved, there will be no fiscal impact as project funding is already authorized for these expenditures. However, the lack of approval will particularly impact the Municipal Fish Market door replacement project, the primary reason for the requested increase. This project, which is currently underway through the use of this purchase order, will have to terminate.

**CITY ATTORNEY:**

The City Attorney's office has reviewed the change order and approved it as to form and legality.

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TRANSMITTALS:

1. Purchase Order Change No. 7 to Purchase Order No. 31703-17
2. Purchase Order No. 31703-17

FIS Approval: MB (Initials)

CA Approval: QBB (Initials)



TIM CLARK  
Director of Construction & Maintenance



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

APPROVED:



FOR

EUGENE D. SEROKA  
Executive Director

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