



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

Board of Harbor Commissioners

DATE: MAY 1, 2019

FROM: PORT PILOTS

SUBJECT: RESOLUTION NO. _____ - CHANGE NO. 1 TO PURCHASE ORDER NO. 39866 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND VIGOR KVICHAK LLC FOR THE DESIGN, CONSTRUCTION AND DELIVERY OF TWO NEW PILOT BOATS

SUMMARY:

Staff requests approval of Change No. 1 to Purchase Order (P.O.) No. 39866 between the City of Los Angeles Harbor Department (Harbor Department) and Vigor Kvichak LLC (Vigor Kvichak), Seattle, Washington to design, construct and deliver, to the Harbor Department, two new pilot boats to be used for safely transporting Port Pilots to and from vessels calling at the Port of Los Angeles.

The proposed Purchase Order Change will increase the not-to-exceed amount of P.O. No. 39866 by \$380,882.41, from \$6,348,040.22 to \$6,728,922.63, to cover the costs associated with changing the scope of the Harbor Department's technical specifications, and to add contingency funds in the event that there are any other future unforeseen changes during the eighteen-month term of the contract. Payment of the costs associated with P.O. No. 39866 are the financial responsibility of the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed activity is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Class 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;
3. Approve Change No. 1 to Purchase Order No. 39866 between the Harbor Department and Vigor Kvichak LLC;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the said Change No. 1 to Purchase Order No. 39866 for and on behalf of the Board; and
5. Adopt Resolution No. _____

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NO. 39866

DISCUSSION:

Background/Context – At its meeting on December 18, 2018, the Board of Harbor Commissioners (Board) approved P.O. No. 39866 (Transmittal 1) between the Harbor Department and Vigor Kvichak for the design, construction and delivery of two new pilot boats. The award to Vigor Kvichak was made on March 5, 2018. The Purchase Order approved a total contract, not-to-exceed amount of \$6,348,040.22 including applicable taxes. The term of the purchase order is for eighteen months from the date of award.

Need for Purchase Order Change – Subsequent to the contract award, representatives from the Harbor Department and Vigor Kvichak met to review and confirm the technical specifications for construction of the vessels. During the review, the Harbor Department determined that three of the Harbor Department's seventy-eight RFB technical specifications were lacking important details and were in need of a change of scope to improve the vessels. These desired changes, as detailed in Transmittal 2, will increase personnel safety, vessel performance and fuel efficiency, and decrease maintenance costs over the service life of the vessels. The cost for these improvements is \$125,188.00, not including taxes, more than the not-to-exceed amount previously approved in P.O. No. 39866. In addition to the desired changes in scope, the Harbor Department would also like to request contingency funds to be used in the event that there are any additional unforeseen changes to the original purchase order.

Harbor Department Staff is requesting the Board approve a six percent increase of \$380,882.41 to the funding of the original Purchase Order No. 39866. This increase will cover the \$125,188.00 needed to change the scope of the three technical specifications and provide \$255,694.41 in contingency funds to cover the additional sales taxes and any other unforeseen changes that arise during the construction process.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of Change No.1 to P.O. No. 39866 between the City of Los Angeles Harbor Department and Vigor Kvichak LLC for the design, construction and delivery of two new pilot boats, 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 Change No. 1 to P.O. No. 39866 authorizes a six percent, \$380,882.41, increase to the previously approved amount in the Purchase Order. The amended total not-to-exceed amount for Purchase Order No. 39866 will total \$6,728,922.63. Capital funds in the amount of \$7,140,000 for the project have been budgeted within Project Number 2549600, Center 1104, Program 000, Account No. 59994. The expected total

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expenditure of the contract funds, including Change No. 1, for each fiscal year is:

Fiscal Year	Original Amount	P.O.C. No. 1	New Amount
2018/2019	\$871,322.00	\$45,337.00	\$916,659.00
2019/2020	\$3,491,421.74	\$61,725.26	\$3,553,147.00
2020/2021	\$1,985,296.48	\$273,820.15	\$2,259,116.63
Total	\$6,348,040.22	\$380,882.41	\$6,728,922.63

As part of the FY 2018/19 budget adoption process, \$916,659.00 is budgeted in Work Order No. 2549600, Center 1104, Program 000, Account No. 59994. The proposed FY 2019/20 budget has allocated \$3,553,147.00 also in Work Order No. 2549600, Center 1104, Program 000, Account No. 59994 pending Board approval. Future year funds will be requested to be budgeted through the Harbor Department's annual budgeting process, upon Board approval.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Contract as to form and legality.

TRANSMITTALS:

1. Purchase Order No. 39866
2. Purchase Order Change No. 1

FIS Approval: 
CA Approval: 



DAVID C. FLINN
Chief Port Pilot



THOMAS E. GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:



EUGENE D. SEROKA
Executive Director