



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

DATE: JUNE 13, 2013

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO EIGHT AS-NEEDED ENVIRONMENTAL ASSESSMENT AND SITE RESTORATION AGREEMENTS

SUMMARY:

On March 30, 2011, the Board of Harbor Commissioners (Board) approved separate as-needed agreements with eight consultants for on-call environmental assessment and site restoration services to the City of Los Angeles Harbor Department (Harbor Department). These agreements (described below, and referred to herein as "Agreement" or together as "Agreements") collectively provide contractual authority for up to \$18,000,000 in services for a three-year period that ends in May 2014. The \$18,000,000 was only designed to provide maximum expenditure authority for these services, and was an estimate of what staff projected in environmental assessment and site restoration expenditures over this three-year period. Actual expenditures for environmental assessment and site restoration are only carried out under approved budgets each year for operational, capital or environmental liability expenses.

During the past two years, unanticipated extensive expenses for key Harbor Department capital and environmental liability projects have caused the \$18,000,000 funding authority for the eight on-call Agreements to become nearly exhausted, even though almost one year remains in their term. Amendments to the Agreements are therefore needed to provide additional contractual authority to allow budgeted services for FY 13/14 to be carried out through May, 2014. As a result, staff requests an increase in the combined \$18,000,000 not-to-exceed amounts by another \$6,600,000 for a total expenditure of \$24,600,000. Note that approval of the amendments only increases the contractual authority under each Agreement, not the Harbor Department budget. Funds for anticipated environmental assessment and site restoration expenses to be carried out under these Agreements are available in the Harbor Department FY 13/14 budget. The scope and contract term for each Agreement would remain unchanged.

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RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners:

1. Approve the First Amendment to Agreement No. 11-2959 with Tetra Tech, Inc. (Transmittal 1) to increase the contract amount by \$2,000,000 for the total not-to-exceed amount of \$7,400,000;
2. Approve the First Amendment to Agreement No. 11-2960 with The Source Group, Inc. (Transmittal 2) to increase the contract amount by \$2,450,000 for the total not-to-exceed amount of \$6,250,000;
3. Approve the First Amendment to Agreement No. 11-2961 with WorleyParsons Group, Inc. (Transmittal 3) to increase the contract amount by \$200,000 for the total not-to-exceed amount of \$2,100,000;
4. Approve the First Amendment to Agreement No. 11-2962 with ERM-West, Inc. (Transmittal 4) to increase the contract amount by \$400,000 for the total not-to-exceed amount of \$1,900,000;
5. Approve the First Amendment to Agreement No. 11-2963 with Pacific Edge Engineering, Inc. (Transmittal 5) to increase the contract amount by \$500,000 for the total not-to-exceed amount of \$2,000,000;
6. Approve the First Amendment to Agreement No. 11-2964 with Ninyo & Moore Geotechnical & Environmental Sciences Consultants (Transmittal 6) to increase the contract amount by \$450,000 for the total not-to-exceed amount of \$1,950,000;
7. Approved the First Amendment to Agreement No. 11-2965 with Leighton Consulting, Inc. (Transmittal 7) to increase the contract amount by \$500,000 for the total not-to-exceed amount of \$1,900,000;
8. Approve the First Amendment to Agreement No. 11-2966 with Eco & Associates, Inc. (Transmittal 8) to increase the contract amount by \$100,000 for the total not-to-exceed amount of \$1,100,000;
9. Authorize the Executive Director to execute and the Board Secretary to attest to said Amendments for and on behalf of the Board; and
10. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context - On March 30, 2011, the Board approved Agreement No. 11-2959 with Tetra Tech, Inc., Agreement No. 11-2960 with The Source Group, Inc., Agreement No. 11-2961 with WorleyParsons, Inc., Agreement No. 11-2962 with ERM-West, Inc. Agreement No. 11-2963 with Pacific Edge Engineering, Inc., Agreement No. 11-2964 with Ninyo & Moore Geotechnical & Sciences Consultants, Agreement No. 11-2965 with Leighton Consulting, Inc., and Agreement No. 11-2966 with Eco & Associates, Inc. to provide as-needed environmental assessment and site restoration services.

The Environmental Management Division (EMD) utilizes these environmental services to support the work of other divisions, such as Engineering and Construction in their project development activities, and Real Estate in their property management activities. In addition, EMD provides oversight of site remedial activities performed by the Harbor Department's tenants, as well as environmental data for litigation support to the City Attorney's Office. Services include: preliminary site assessments; site characterizations and baseline assessments; remedial investigations; remedial feasibility studies and action plans; regulatory agency coordination; and site remediation. Many of these tasks are required by federal, state, and local regulatory agencies to address environmental conditions in soil and groundwater on Harbor Department properties.

Specific assignments are authorized by the Harbor Department after an internal competitive process is carried out among the on-call consultants where they provide EMD with a specific scope of work, cost estimate, and schedule. This internal competitive process assures that services are provided at reasonable costs for the Harbor Department.

The Agreements were approved for three years and are scheduled to expire in May 2014. The Agreements were approved for a total combined amount, not-to-exceed \$18,000,000. This value was an estimate of what staff projected in environmental assessment and site restoration expenditures over the three-year Agreement term. Actual expenditures for environmental assessment and site restoration are only carried out under approved budgets each year for operational, capital, or environmental liability expenses.

During the first two years of these Agreements, EMD experienced a very high volume of environmental assessment and site restoration work requests largely due to the unprecedented amount of capital development activity occurring at the Port during this period. For example, unanticipated hazardous soils uncovered during the China Shipping and Berth 200 rail development projects resulted in nearly \$4,000,000 in additional capital expenditures that were handled through the environmental assessment and site restoration Agreements. This work required immediate action to meet requirements of regulatory agencies which necessitated use of the environmental assessment and site restoration Agreements.

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As a result, the table below shows that as of June 12, 2013, \$16,901,395 (94%) out of the \$18,000,000 has been committed to specific project tasks:

Consultant	Contract Amount	Commitment	Uncommitted	Invoiced
Tetra Tech	\$ 5,400,000	\$ 5,220,046	\$ 179,954	\$ 4,240,961
The Source Group	\$ 3,800,000	\$ 3,797,221	\$ 2,779	\$ 1,914,657
WorleyParsons	\$ 1,900,000	\$ 1,798,568	\$ 101,432	\$ 645,381
ERM-West	\$ 1,500,000	\$ 1,343,303	\$ 156,697	\$1,067,022
Pacific Edge	\$ 1,500,000	\$ 1,486,755	\$ 13,245	\$ 1,088,883
Ninyo & Moore	\$ 1,500,000	\$ 1,257,259	\$ 242,741	\$ 920,353
Leighton Consulting	\$ 1,400,000	\$ 1,329,153	\$ 70,847	\$ 1,023,631
Eco & Associates	\$ 1,000,000	\$ 669,090	\$ 330,910	\$ 320,742
TOTAL:	\$ 18,000,000	\$ 16,901,395	\$ 1,098,605	\$11,221,630

The total remaining uncommitted funds of \$1,098,605 in these Agreements are insufficient to complete ongoing projects and future anticipated services that will be required through the end of the Agreements' terms in May 2014 based on the Harbor Department's FY 13/14 budget.

Therefore, in order to provide services for FY 13/14 in the remaining year of the Agreements' term, it is necessary to provide additional contractual authority for future project assignments. Note, this action does not increase the Harbor Department budget, but rather will accommodate the FY 13/14 budget for the next 12 months.

Amendment - The proposed Amendments request an approval amount of an additional \$6,600,000 assigned as follows to the consultants:

Consultant	Agreement Amount	Amendment Amount	Revised Agreement Amount
Tetra Tech	\$ 5,400,000	\$ 2,000,000	\$ 7,400,000
The Source Group	\$ 3,800,000	\$ 2,450,000	\$ 6,250,000
WorleyParsons	\$ 1,900,000	\$ 200,000	\$ 2,100,000
ERM-West	\$ 1,500,000	\$ 400,000	\$ 1,900,000
Pacific Edge	\$ 1,500,000	\$ 500,000	\$ 2,000,000
Ninyo & Moore	\$ 1,500,000	\$ 450,000	\$ 1,950,000
Leighton	\$ 1,400,000	\$ 500,000	\$ 1,900,000
Eco & Associates	\$ 1,000,000	\$ 100,000	\$ 1,100,000
TOTAL:	\$ 18,000,000	\$ 6,600,000	\$ 24,600,000

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A portion of the \$6,600,000 amount requested above is earmarked for specific projects. The projects and estimated costs through the end of the Agreement terms are provided below:

	<u>Estimated Cost</u>
• CP Transfer Rail Yard Remediation	\$ 325,000
• Berth 100 Backland/Front Street Remediation	\$ 300,000
• LBLX Rail Yard Remediation	\$ 240,000
• Avalon Triangle Remediation	\$ 1,000,000
• Berth 95/96 UST Remediation	\$ 100,000
• Southwest Marine Remediation	\$ 990,000
• Westway Remediation, Berths 70-73	\$ 250,000
• HY-C Tane Remediation	\$ 200,000
• Berth 171-173 Remediation	\$ 270,000
• San Pedro Boat Works Remediation	\$ 100,000
• New Dock Street Pump Station	\$ 100,000
• Wilmington Grade Separation	<u>\$ 425,000</u>
	\$ 4,300,000
Uncommitted Funds	<u>\$ -1,098,605</u>
TOTAL:	\$ 3,201,395

The remaining \$3,398,605 is requested for further as-needed services that may arise through the end of the Agreements' term. This additional estimated amount is based on the available FY 13/14 budget and normal anticipated billing for the remainder of the Agreements' term. Example projects we believe will require environmental assessment and site restoration support include possible remediation for the TraPac Terminal development project, site assessment and remediation for the former Koppers facility, and further site assessment and remediation for the Ports O' Call redevelopment project. Each consultant is aware that the Amendment increases their Agreement amount but does not guarantee any specific amount of work. It is only through approval of specific assignments using the competitive process described above that consultants are assigned work and are able to move forward with actual task assignments. Again, these amendments only increase the Agreements' contract authority, not budget funding.

Small Business Development Program - The Small Business Enterprise (SBE) goal for the Environmental Assessment and Site Restoration Service agreements is 25%. The consultants have been very successful in exceeding this goal. As of June 12, 2013, the combined achieved SBE participation level is 50%. Pacific Edge is a Very Small Business Enterprise (VSBE), and although this program was not in place when the Agreements were approved, 100% of their contract will apply towards the Harbor Department's VSBE levels of participation.

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Consultant	Invoiced	SBE Achieved Amount	%
Tetra Tech	\$ 4,240,961	\$1,113,856	26%
The Source Group	\$ 1,914,657	\$1,914,657	100%
WorleyParsons*	\$ 645,381	\$76,933	12%
ERM-West	\$ 1,067,0223	\$532,198	50%
Pacific Edge	\$ 1,088,883	\$1,088,883	100%
Ninyo & Moore	\$ 920,353	\$ 304,470	33%
Leighton	\$ 1,023,6314	\$ 339,049	33%
Eco & Associates	\$ 320,742	\$190,956	60%
TOTAL:	\$ 11,221,630	\$5,561,002	50%

* WorleyParsons was recently issued a \$1M Project Directive and is expected to achieve a 50% SBE participation level at the end of the project.

ENVIRONMENTAL ASSESSMENT:

The proposed action is a request to amend eight Agreements for consultants who provide as-needed environmental assessment and site restoration services. As an administrative activity, the Director of Environmental Management has determined 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.

FINANCIAL IMPACT:

Amendments to these Agreements are needed to maintain services through the end of the Agreements' term of May 2014. The proposed Amendments increase the combined not-to-exceed amount of the Agreements by \$6,600,000, from \$18,000,000 to \$24,600,000. Approval of the Amendments increases the authority under each Agreement only, and not the budget. Funds are available in the Harbor Department's budget to cover the requested increase amount. It is estimated that funds for these Agreements may be expended in FY 13/14 under the following budgetary centers:

Amount	Account	Center	Program
\$ 4,590,000	21995	7000	000
\$ 1,300,000	54260	0331	000
\$ 710,000	54260	0330	000

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Each consultant is aware that the Amendment increases their Agreement amount but does not guarantee any specific amount of work. It is only through the approval of specific assignments using the competitive process described above that consultants are assigned work and are able to move forward with actual task assignments.

ECONOMIC IMPACT:

Spending under the original Agreement was anticipated to have 31 direct and 31 secondary one-year equivalent job impacts for the five-county region. Approval of the proposed Amendments will support six direct and nine secondary additional jobs for the region.

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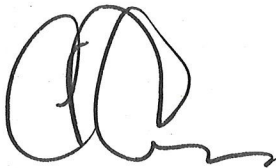
CITY ATTORNEY:

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

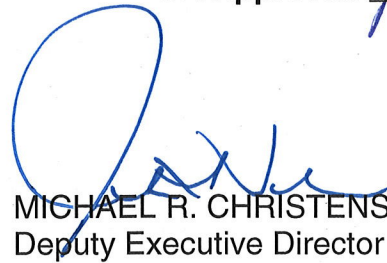
TRANSMITTALS:

1. First Amendment to Agreement No. 11-2959 with Tetra Tech, Inc.
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FIS Approval: CRP (initials)
CA Approval: JMC (initials)



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: KEN RAGLAND
BOARD MEETING: 6/20/13

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