



THE PORT  
OF LOS ANGELES

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MARCH 12, 2024**

**FROM: CONSTRUCTION**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ -  
APPROVAL OF CHANGE ORDER NO. 2  
FOR UNFORESEEN UNDERWATER OBSTRUCTION AND DEBRIS  
CONTRACTOR: REYES/LARISON JV  
BERTHS 177-182 MARINE IMPROVEMENTS  
SPECIFICATION NO. 2799 – CONTRACT NO. 2323**

**SUMMARY:**

Staff requests approval of Change Order No. 2 (CO No. 2) to Contract No. 2323 (Contract) with Reyes/Larison JV (Contractor) for the Berths 177-182 Marine Improvements Project (Project). Under the proposed CO No. 2, \$2,000,000 of existing contingency funds will be allocated to authorize the Contractor to perform unforeseen underwater obstruction and debris removal and disposal at the Project site. In addition, under the proposed action, contingency funds will be increased from 10% of the original Contract amount to 20% of the original Contract amount which will result in a \$2,098,695 increase to the total Contract authority from \$23,085,645 currently to \$25,184,340 as proposed. The City of Los Angeles Harbor Department (Harbor Department) will continue to be financially responsible for the payment of expenses under the Contract.

**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 and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 2(2) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, work under the Change Order can be performed more feasibly by an independent contractor rather than by City employees;

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3. Approve Change Order No. 2 for a not-to-exceed amount of \$2,000,000 and increase the contingency percentage from 10% to 20% of the original contract amount for a total contingency of \$4,197,390 and a total authorization of \$25,184,340;
4. Authorize the Executive Director to execute and the Board Secretary to attest to Change Order No. 2; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On August 28, 2023, the Board approved Resolution No. 23-10233 for the award of the Contract with a total authorization in the amount of \$23,085,645, inclusive of the \$2,098,695 in contingency. The scope of the Project includes improvements at three locations: Shell Oil Terminal at Berths 167-169, Pasha Terminal at Berths 174-181, and Berth 182 (Transmittal 1). The Contract was executed on October 30, 2023. The Notice to Proceed for the Contract was issued on November 6, 2023. The duration of work is 425 calendar days. Change Order No. 1 (CO No. 1) was issued in the amount of \$40,000 for work associated with pile wrapping that was not included within the original contract documents.

Proposed CO No. 2 – Approval of CO No. 2 (Transmittal 2) will authorize the Contractor to remove and dispose of unforeseen underwater obstruction and debris along the existing slope at the Project site. The contract drawings identified several pieces of debris to be removed, however, when the debris removal commenced, the Contractor found a substantially larger amount of debris that was not identified in the Contract drawings (Transmittal 3). Large pieces of debris can be detrimental when the new concrete piles are installed, as well as a potential navigational hazard if debris rolls down the slope and into the main channel.

The current authorized contingency of 10% is \$2,098,695. To date, \$40,000 has been committed under this contingency amount for CO No. 1. If CO No. 2 is approved and fully utilized, the 10% contingency amount remaining will be \$58,695. With the majority of the Contract time and scope of work remaining to be completed, and in anticipation of encountering additional unforeseen work, as well as scope changes, a 10% addition to the approved contingency is being requested to increase the total approved contingency to 20% from \$2,098,695 currently to \$4,197,390 as proposed.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is for the approval of CO No. 2 to Contract No. 2323 which is an administrative activity that would authorize the Contractor to perform work related to the replacement of a commercial or industrial structure with a new structure of substantially the same size, purpose, and capacity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 2(2) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed CO No. 2 will allocate \$2,000,000 of existing contingency funds to authorize the Contractor to perform unforeseen underwater obstruction and debris removal and disposal at the Project site. In addition, under the proposed action, contingency funds will be increased from 10% of the original Contract amount to 20% of the original Contract amount which will result in a \$2,098,695 increase to the total Contract authority from \$23,085,645 currently to \$25,184,340 as proposed, summarized as follows:

	<b>Current</b>	<b>Proposed</b>	<b>Increase</b>
Project Cost	\$20,986,950	\$20,986,950	\$-
Plus: Contingency	\$ 2,098,695	\$ 4,197,390	\$2,098,695
<b>Total Contract Authority</b>	<b>\$23,085,645</b>	<b>\$25,184,340</b>	<b>\$2,098,695</b>

To date, \$40,000 of contingency funds have been committed under CO No. 1. If proposed CO No. 2 is approved, then \$2,000,000 of additional contingency funds will be authorized, and the remaining contingency balance will be \$2,157,390.

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

<b>Fiscal Year (FY)</b>	<b>\$ Amount</b>
FY 2023-2024	\$11,885,645
FY 2024-2025	\$13,298,695
<b>Total</b>	<b>\$25,184,340</b>

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FY 2023-2024 funds in the amount of \$11,885,645 are available in Account No. 54510 (Capital Construction Services), Center 1187, Program 000. Funding for future years will be requested as part of the annual budget adoption process, upon Board approval. If, in any subsequent fiscal year, funds are not appropriated by the Contract, then the Contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved Specification No. 2799 as to form and legality on January 27, 2023.

**TRANSMITTALS:**

1. Site Map
2. CO No. 2
3. Photos of Unforeseen Obstructions and Debris

**FIS Approval:** MB

**CA Approval:** SO



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SHAUN SHAHRESTANI  
Chief Harbor Engineer

*Dina Aryan-Zahlan*  
DINA ARYAN-ZAHLAN, P.E.  
Deputy Executive Director

**APPROVED:**

*Marla Bleavins* For

EUGENE D. SEROKA  
Executive Director

JSS:MHP:lh  
S2799CO2  
File No. 8.4  
APP No. 161215-177