



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

Board of Harbor Commissioners

DATE: JANUARY 22, 2025

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____
AWARD AND APPROVAL OF CONSTRUCTION CONTRACT
CONTRACTOR: HERZOG LARISON JOINT VENTURE
BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

SUMMARY:

Staff requests approval of an award of a contract (Contract) to Herzog/Larison A Joint Venture (HLJV), to construct the Berths 302-305 On-Dock Railyard Expansion project (Project). The Project consists of installing five new loading railroad tracks and additional improvements at the Fenix Marine Services Terminal. The lowest responsive and responsible bidder is HLJV, located at 600 S. Riverside Road, Saint Joseph, MO 64507. The Contract amount of \$63,612,714.00 plus a 10% contingency, is \$69,973,985.00, and the Contract duration is 730 calendar days. Certain expenses, up to \$37,378,743.00, incurred under the proposed Contract are eligible for reimbursement under grant funding provided by the Maritime Administration (MARAD) Port Infrastructure Development Program through the United States Department of Transportation (USDOT) and the Trade Corridor Enhancement Program (TCEP) through the California Department of Transportation (CALTRANS). The City of Los Angeles Harbor Department (Harbor Department) will be responsible for \$32,595,242.00 in expenses, net of grant reimbursements.

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 has been previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) and is administratively exempt from requirements of CEQA under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that, in accordance with the Los Angeles City Charter Section 1022, work under the subject Contract can be performed more feasibly by an independent contractor rather than by City employees;

**SUBJECT: BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

3. Find that the bid from the apparent low bidder, Balfour Beatty, is non-responsive due to Balfour Beatty not meeting the required Small Business Enterprise requirement and having a listed subcontractor, Raymond Youash Trucking, without a valid Department of Industrial Relations No. as required in the contract;
4. Award and approve, Specification No. 2817 for Item Nos. 1 through 44 of the Bid Proposal Line Items to HLJV for a total amount of \$69,973,985.00 including a 10% contingency, and a total term of 730 calendar days;
5. Authorize the Executive Director to execute and the Board Secretary to attest to this Contract for and on behalf of the Board;
6. Delegate and authorize the Executive Director to adjust the final bid quantities and accept the construction Contract upon its completion in accordance with City Charter Section 655 (g); and
7. Adopt Resolution No. _____.

DISCUSSION:

Project Objectives - The On-Dock Railyard Expansion Improvement project will increase rail capacity by adding five new loading tracks just north of and parallel to the existing loading railyard. The Project also improves rail efficiency with a tail track and departure track, expanded compressed air system, train-in-motion system, and remote rail signal system. The Project will also increase the number of containers being loaded and unloaded onto trains in the Port of Los Angeles, thereby reducing congestion, truck-miles traveled, and emissions. These reductions will in turn improve safety and pavement wear, as well as further the efforts of the San Pedro Bay Ports Clean Air Action Plan (CAAP) 2017 Update and the California Sustainable Freight Mobility Plan.

This Project has been approved to receive up to \$37,378,743.00 in grant funding under the MARAD Port Infrastructure Development Program through USDOT and the TCEP through CALTRANS. These funds must be spent by June 30, 2027.

Project Description - The Project consists of installing five new rail loading tracks (approximately 12,000 linear feet), a new departure track, and a tail track; installing a remote rail signal system; grading and paving; drainage; steel casing; waterline relocation; fire protection; electrical improvements; and striping and signage (Transmittal 1). The track consists of 136 pound continuously welded rail (CWR) on concrete ties, timber ties, ballast, and sub ballast. The on-dock railyard expansion also includes powered turnouts, manual derails, track bumpers, and expansion of the existing train-in-motion system. The Project involves utilizing the existing compressed air building and constructing new compressed air pits.

DATE: JANUARY 22, 2025

PAGE 3 OF 6

**SUBJECT: BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

Construction Award Process - City of Los Angeles Charter Section 371 (a) - Competitive Bidding sets forth the procedure staff should follow to award a Contract. For construction contracts such as this one, the Harbor Department publishes the Notice Inviting Bids in daily newspapers and trade publications circulated in the City of Los Angeles, as well as on the Port of Los Angeles website. The Harbor Department also conducts a pre-bid conference to answer questions related to the construction contract.

Bidders submit bids through the Port's Construction Division Business Opportunity Network (CDBON) System. The opportunity to submit bids closes once a predetermined time is reached. After bid closing, bid documents, Small Business Enterprise (SBE) and Very Small Business Enterprise (VSBE) participation, and other required documents are reviewed for compliance with Harbor Department requirements. Once all information is verified, and if the lowest bidder is deemed responsive, a recommendation for award of the construction contract is made. If the apparent low bidder is found non-responsive, the next lowest bidder is reviewed.

In conformance with the City Charter section for competitive bidding, as stated above, the Notice of Inviting Bids for Specification No. 2817 was advertised on the Port of Los Angeles website, Los Angeles Times, Eastside Journal, Rafu Shimpo, Dodge Construction "Green Sheet", and Metropolitan News Company to reach out to as many potential bidders as possible. A pre-bid meeting was held on September 24, 2024.

Bid Analysis and Protest

As authorized by the Executive Director on September 5, 2024, the Chief Harbor Engineer received five bids for Specification No. 2817 on November 7, 2024. Balfour Beatty (Balfour) was declared the apparent lowest bidder with a bid of \$55,706,787.62. HLJV was the second lowest bidder with a bid of \$63,612,714.00. The analysis of bid results with the companies and their respective bid amounts are included in Transmittal 2.

On November 27, 2024, HLJV submitted a bid protest letter (Transmittal 3) arguing Balfour's bid was non-responsive because the bid listed an SBE trucking supplier, Raymond Youash Trucking, that did not possess a valid SBE/VSBE certification, DMV Motor Carrier Permit, US DOT Operating Authority, and State of California Department of Industrial Relations (DIR) registration.

Specification No. 2817 requires all contractors and subcontractors to have a valid DIR number in place in order to bid on the project. Additionally, the specification required an 18% SBE participation level. While Balfour did submit the required documents and had

**SUBJECT: BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

a good standing, staff's review of Balfour's required documents revealed that Balfour's listed trucking supplier, Raymond Youash Trucking, had an expired registration listed in the DIR website. In addition, Balfour listed Raymond Youash Trucking as an SBE but as of December 3, 2024, Raymond Youash Trucking was not listed and certified as an SBE on the City's Contracts Management and Opportunities Database, Regional Alliance Marketplace Procurement (RAMP) website. Therefore, Balfour did not meet the required SBE participation level and was deemed non-responsive.

HLJV submitted the required documents within the time specified in the specifications. Staff has verified HLJV's state license, which was found to be in good standing.

The Harbor Department had set a minimum SBE participation level of 18%, of which 5% shall be VSBE participation. HLJV has provided the required documents regarding their SBE and VSBE participation, and staff has calculated their SBE/VSBE participation to be 24.85% and 6.21%, respectively (Transmittal 4).

The Contract is consistent with State of California Prevailing Wage provisions. The Contract is subject to the local business preference ordinance adopted by the Board on April 5, 2012, and Project Labor Agreement Resolution No.17-8164 as approved by the Board on September 7, 2017, and the Los Angeles City Council on December 5, 2017.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the construction contract to HLJV to construct the Project, which is an administrative action and an activity for which the underlying project has been previously assessed in Addendum #2 to the Berths 302-306 Container Terminal Project Final Environmental Impact Report (SCH# 2009071031), which was considered by the Board on May 20, 2021. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA under Article II Section 2(i) and is administratively exempt from requirements of CEQA under Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Contract will authorize a total amount of \$69,973,985.00 over a 730-day period for the construction of the Project. Funds are anticipated to be spent as follows:

FY 2024-2025	\$ 5,000,000.00
FY 2025-2026	\$50,000,000.00
FY 2026-2027	\$14,973,985.00
TOTAL	\$69,973,985.00

DATE: JANUARY 22, 2025

PAGE 5 OF 6

**SUBJECT: BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

Fiscal Year (FY) 2024-2025 funding in the amount of \$5,000,000.00 is available within Account No. 161305 (Capital Construction Services), Division No. 00000 (Harbor Global).

Future fiscal year funding will be requested as part of the annual budget process, subject to Board approval. While the Harbor Department will be responsible for funding the proposed Contract amount of \$69,973,985.00, the Harbor Department has also been awarded \$37,378,743.00 in grant funds to offset Project costs. Net of grant receipts, staff anticipates the Harbor Department will be ultimately responsible for \$32,595,242.00 in Project costs.

Although HLJV is not obligated to perform any work under the Contract in any fiscal year in which no appropriation for the Contract has been made, the Contractor agrees to resume performance of the work required by the Contract on the same terms and conditions for a period of 60 days after the end of the fiscal year if an appropriation therefore is approved within that 60-day period. The Contractor is responsible for maintaining all insurance and bonds during this 60-day period. The time for performance shall be extended during this period until the appropriation is made; however, such an extension of time is not compensable.

If in any subsequent fiscal year funds are not appropriated for work required by the Contract, the Contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligation previously incurred.

As agreed to within the TraPac Memorandum of Understanding (MOU) and its associated Operating Agreement, the award of this construction contract initiates a contribution from the Harbor Department to the Port Community Mitigation Trust Fund (PCMTF) to fund mitigation projects. The calculation of this contribution is outlined within the TraPac MOU and is based on cargo growth associated with the overall expansion project at Berths 302 to 306. This is in accordance with "The Berths 302 to 306 [APL] Container Project Final Environmental Statement/Environmental Impact Report" (B. 306 EIR), which was certified in 2012.

As indicated in the B. 306 EIR, the overall expansion project will increase total terminal cargo capacity at the Fenix Container Terminal by 1,053,000 twenty-foot equivalent units (TEU), from 2,153,000 TEUs to 3,206,000 TEUs. The increase is then multiplied by \$3.50 to derive the total contribution amount of \$3,685,500.

DATE: JANUARY 22, 2025

PAGE 6 OF 6

**SUBJECT: BERTHS 302-305 ON-DOCK RAILYARD EXPANSION
SPECIFICATION NO. 2817**

All mitigation projects to be funded by the PCMTF, including those to be funded with this approximately \$3.7 million contribution, must be approved by the Board. The Trapac MOU Operating Agreement explicitly indicates that PCMTF funds shall be spent by the Nonprofit [Harbor Community Benefit Foundation] on qualifying projects, as reviewed and approved by the Board, having exercised its independent judgment to determine that the projects mitigate a direct or indirect impact from Port and Port-related operations and are consistent with the Tidelands Trust and TraPac MOU.

CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2817 as to form and legality on July 30, 2024.

TRANSMITTALS:

1. Aerial Site Plans
2. Analysis of Bids
3. HLJV Bid Protest Letter
4. Contractor, Subcontractor, and Supplier List

FIS Approval: JS

CA Approval: JC



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SHAUN SHAHRESTANI
Chief Harbor Engineer

Dina Aryan-Zahlan
DINA ARYAN-ZAHLAN, P.E.
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