



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

Board of Harbor Commissioners

DATE: DECEMBER 12, 2019

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ -
APPROVAL OF CHANGE ORDER NO. 1
REAR BERTHS 206-209 BUILDING DEMOLITION PROJECT
CONTRACTOR: NATIONAL DEMOLITION CONTRACTORS, INC.
2018-2020 ON-CALL REMEDIATION
SPECIFICATION NO. 2796 – CONTRACT NO. 2309**

SUMMARY:

Staff requests approval of Change Order No. 1 (Change Order) to Contract No. 2309, in the amount of \$2,620,450, and that the authorized contingency be increased to 20 percent. The Change Order authorizes National Demolition Contractors, Inc. (National) to perform lead and asbestos abatement, demolish buildings, grade, relocate a fire hydrant, and install bollards, fencing and striping at Rear Berths 206-209. The removal of the obsolete structures will allow for better use of the land for current tenants and increase marketability for redevelopments. The total cost of the project will not exceed \$3,190,450. Work valued at approximately \$570,000 will be performed under contract bid items. Change Order No. 1 in the amount of \$2,620,450 will be used to perform the balance of work remaining.

The 2018-2020 On-Call Remediation contract (Contract) was approved by the Board of Harbor Commissioners on June 7, 2018 in the amount of \$18,739,840 plus a 10% contingency in the amount of \$1,873,984 for a total authorization of \$20,613,824. A 10% addition to the approved contingency is requested increasing the total approved contingency to 20% to accommodate for this Change Order and possible future Change Orders to the contract. The Harbor Department is financially responsible for expenses under this Change Order.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find that in accordance with City Charter Section 1022, work covered under the Change Order can be performed more feasibly by an independent contractor rather than by City employees;
3. Approve the Change Order to the Contract with National Demolition Contractors, Inc. for a not-to-exceed amount of \$2,620,450 and authorize the Executive Director to execute said Change Order;
4. Increase the contingency percentage from 10% to 20% in the amount of \$3,747,968 for a total authorization of \$22,487,808; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - Change Order No. 1 (Transmittal 1) will authorize National Demolition Contractors to perform lead and asbestos abatement, demolish two buildings, two gate complexes and eight guard booth buildings, grade, relocate a fire hydrant, and install bollards, fencing and striping at Rear Berths 206-209. The structures recommended for demolition include the Matson Building, Gate Office Building, In-Gate Canopy and Out-Gate Canopy (Transmittal 2).

Cargo and Industrial Real Estate staff identified this portion of the Berths 206-209 area as functionally obsolete due to constraints that are tied to older structures on site that have been vacant since Matson vacated the terminal in the early 2000's. The Port of Los Angeles has been unable to attract tenants willing to lease these structures due to their overall poor condition and functional obsolescence. The two buildings are not rentable as they do not meet current building code requirements and would require extensive remediation to eliminate contaminants. The cost to restore these buildings to make them rentable would far exceed the cost of the demolition, and restoration costs likely would not be recoverable based on current market rental rates. The former terminal Gate structure has no viable use and impedes and limits truck queuing.

It is estimated that the land freed by the removal of these structures is approximately 38,275 square feet from their footprints alone and another 14,000 square feet that has been constrained into inefficient use. The freed land alone could generate approximately \$219,555 per year (\$4.20/sf/yr.), in additional annual rent to offset the capital cost of demolition that should not be prolonged any further as more efficient use of the Port's land will become a priority in the future as container volumes increase over time.

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With removal of the obsolete structures, the land will more easily be reprogrammed for current market demands due to the lack of obstacles in the way of new construction, increasing marketability for redevelopment.

The Port received four quotes in response to a Request for Quote dated September 17, 2019, issued to the contractors. The lowest quote received was from National for the amount of \$2,890,450. The quote includes work that will be paid through unit bid items in the subject contract, the cost of which will be approximately \$570,000. The remaining work valued at \$2,320,450 will be performed under Change Order No. 1 is. In anticipation of encountering extra work (unforeseen abatement, site remediation and substructure removal), \$300,000 has been included in the not-to-exceed amount for Change Order No. 1, bringing the total not-to-exceed amount to \$2,620,450.

The current authorized contingency of 10% is \$1,873,984 which will be exceeded if Change Order No. 1 is approved. Although we do not anticipate spending the total authorized Contract amount, additional Change Orders to the Contract may be necessary to accommodate future projects. Therefore, a 10% addition to the approved contingency is requested, increasing the total approved contingency to 20%, or \$3,747,968. If the full amount of Change Order No. 1 is used, \$1,123,773 of the contingency will be available for future Change Orders.

Previous Board Action – On June 7, 2018, the Board approved Resolution No. 18-8302 for the Award of Contract to National in the amount of \$20,613,824.

The Scope of the Contract consists of on-call soil remediation to be performed throughout San Pedro, Wilmington, and Terminal Island. Work includes, but is not limited to, demolition and removal of structures, pavement and other improvements, earthwork, and construction of chain link fencing and gates. Work also includes asbestos abatement, lead remediation, polychlorinated biphenyl (PCB) abatement, removal and disposal of chemically impacted soil at regulated and non-regulated sites, and light non-aqueous phase liquid water mix skimming, removal, and disposal.

The Notice to Proceed for the Contract was issued on August 27, 2018, for a duration of 730 calendar days.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Change Order to Contract No. 2309, 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 the proposed Change Order would increase Contract No. 2309 by \$1,873,984 from an original not-to-exceed amount of \$20,613,824 to a revised not-to-exceed amount of \$22,487,808. Funds for the Change Order in the amount of \$2,620,450 are available in Account No. 54510 (Capital Construction Services), Center No. 1156, and Program No. 000. To date, \$4,615,163.85 has been committed under this contract.

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

	CIP	Environmental	Total
Previous FY	\$4,615,163.85	\$0.00	\$ 4,615,163.85
FY 2019/2020	\$5,000,000.00	\$0.00	\$ 5,000,000.00
Future FY (if needed)	\$2,000,000.00	\$10,872,644.15	\$12,872,644.15
Total			\$22,487,808.00

Funding for future years will be requested as part of the annual budget adoption process. If, in any subsequent fiscal year, funds are not appropriated by the City for the work required under Contract No. 2309, then Contract No. 2309 shall be terminated. However, the termination would not relieve the parties of liability for any obligations previously incurred.

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CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2796 as to form and legality on March 5, 2018.

TRANSMITTALS:

1. Change Order No. 1
2. Aerial Site Plan and Photos

FIS Approval: MB

CA Approval: GM

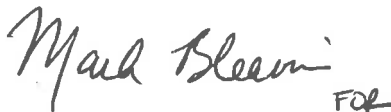


SHAUN SHAHRESTANI
Chief Harbor Engineer
Director of Construction



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

APPROVED:



EUGENE D. SEROKA
Executive Director

PO:lh
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