



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MARCH 6, 2019

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT NO. E6966 WITH BALFOUR BEATTY INFRASTRUCTURE, INC. FOR RAIL YARD INSPECTION AND MAINTENANCE SERVICES

SUMMARY:

Staff requests approval of Amendment No. 1 to Agreement No. E6966 between the City of Los Angeles Harbor Department (Harbor Department) and Balfour Beatty Infrastructure, Inc. (Balfour) to change the term from a one year agreement to a three year agreement, an increase of two years, and to increase the total compensation from \$85,000 to \$255,000, an increase of \$170,000. The Harbor Department is financially responsible for expenses under this agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that in accordance with Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
2. 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;
3. Approve Amendment No. 1 to Agreement No. E6966;
4. Authorize the Executive Director and Board Secretary to execute and attest to said amendment for and on behalf of the Board; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The Harbor Department has been responsible for the maintenance, inspection, and repair of the basic infrastructure of a rail yard located at Pier 300 since May 2008. The basic infrastructure consists of power switches, train control equipment, point detector signals, and other affiliated equipment. The rail yard primarily serves the Eagle Marine terminal at Berths 302-305. In late 2010, the Harbor Department Real Estate Division requested that the department's Construction and Maintenance Division (C&M) continue to provide these services since the lease with Eagle Marine Services

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does not include the tenant taking on this maintenance obligation. The rail yard must be inspected on a monthly basis with any noted maintenance problems addressed in a timely manner in accordance with Federal Railroad Administration regulations.

Due to the specialized nature of the work, a Request for Proposal (RFP) process has been used to engage a qualified contractor to perform the inspection and maintenance services needed for the rail yard. The most recent RFP was issued in August 2017. Three proposals were received from contractors who had competed in this process on previous occasions. After evaluating the proposals, Balfour was selected and awarded Agreement No. E6966 (Transmittal 1). This was a first time award to Balfour, previous awards having been made to the two other competing contractors at various points over the last several years. Balfour's price came in at five percent under the second ranked proposer on a basic monthly maintenance charge but the price differential widened to almost 12 percent when other cost factors were considered. The term of the current agreement is for one year, starting on April 5, 2018 and ending on April 4, 2019. The total dollar amount of the agreement is \$85,000.

Proposed Amendment No. 1 - Balfour has offered to extend their services for an additional two years in the same annual amount of \$85,000 per year. The rate structure and scope of work will remain unchanged. C&M has found Balfour's services to be reliable and well performed. It is highly unlikely that a better price could be realized through a new RFP. The proposed amendment allows the Harbor Department to lock in a favorable rate structure for another two years. It is therefore staff's recommendation that the current agreement be amended to extend the term of the contract for two additional years. The proposed amendment (Transmittal 2) would result in an agreement expiring on April 4, 2021.

ENVIRONMENTAL IMPACT:

The proposed action is the approval of the First Amendment to Agreement No. E6966 with Balfour to extend rail maintenance inspection and services from one year to three, 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:

The proposed Amendment No. 1 would extend the term of Agreement No. E6966 for two years and add \$170,000 to the current contract amount of \$85,000 for a total amount not-to-exceed \$255,000. Funding in the amount of \$85,000 is available in the 540 account series (Maintenance Services), Division 0510 (C&M), Program No. 000 (Base Budget) for Fiscal

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Year 2018-19. Spending under Agreement No. E6966 has occurred, and, pending approval of Amendment No. 1, the allocation for contracted expenditures is as follows:

Fiscal Year	Amount
2017/18	\$ 15,600
2018/19	\$ 85,000
2019/20	\$ 85,000
2020/21	\$ 69,400
Total Not-To-Exceed	\$ 255,000

During the current contract period, the trend of expenditures is coming in at approximately \$63,000. The need for unanticipated repairs, however, can occur at any time and a healthy margin exists in the contract to cover such needs.

The Harbor Department's financial obligations beyond FY 2018-2019 are contingent upon the Board's appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required under the contract, the contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred, nor will it relieve the Harbor Department of financial responsibility for the rail yard.

CITY ATTORNEY:

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

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TRANSMITTALS:


1. Agreement No. E6966
2. Amendment No. 1 to Agreement No. E6966

FIS Approval: 
CA Approval: 


TIM CLARK
Director of Port Construction and Maintenance


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

APPROVED:


EUGENE D. SEROKA
Executive Director

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