



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

Board of Harbor Commissioners

DATE: SEPTEMBER 22, 2015

FROM: CONTRACTS AND PURCHASING

**SUBJECT: RESOLUTION NO. _____ - INCREASE EXPENDITURE
AUTHORITY FOR THREE ANNUAL PROCUREMENT CONTRACTS**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) Contracts & Purchasing Division (CPD) is requesting approval to increase the expenditure authority for three annual procurement contracts for a total aggregate contract not-to-exceed amount of \$431,000 per year. These annual procurement contracts are used to purchase electrical parts, roofing materials, tools, and accessories. The requested increases are necessary in order for the Construction and Maintenance Division (C&M) to complete current and planned capital projects throughout the Port of Los Angeles (Port). Although contract authority levels would increase to \$870,000, actual contract expenditures will not exceed the budget levels authorized in the C&M operating, the Capital Improvement Program (CIP), and Maintenance Improvement Program (MIP) budgets. The Harbor Department is financially responsible for the payment of expenses under the proposed contracts.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve Purchase Order Changes increasing the annual expenditure authority, including any renewal options for each contract, as follows:
 - a. Increase Contract No. 39697 with Associated of Los Angeles for electrical parts and supplies from \$150,000 annually to \$350,000 annually;
 - b. Increase Contract No. 39731 with L.A. Roofing Materials, Inc. for roofing material and supplies from \$140,000 annually to \$320,000 annually; and
 - c. Increase Purchase Order No. 31617 with Grainger for hand tools, power tools, and accessories from \$149,000 annually to \$200,000;
3. Authorize the Executive Director or his designee to execute the Purchase Order Changes for each annual procurement contract; and

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4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - The Harbor Department executes annual procurement contracts to purchase required materials, supplies, and services to support Harbor Department operations and projects. C&M currently utilizes more than one hundred annual procurement contracts in order to provide safe, reliable, efficient, and quality services to its customers. Through these annual procurement contracts, a wide range of vendors provide materials and services that allow C&M to efficiently maintain the Harbor Department's infrastructure. Most of these annual procurement contracts are less than \$150,000 per year, and are typically sufficient for C&M to perform both planned and responsive maintenance responsibilities.

Since Fiscal Year (FY) 2010-11, \$5 - \$7 million has been budgeted annually in the CIP and the MIP budgets to address deferred maintenance or replacement of facilities and equipment. Recent projects have included the replacement of the air conditioning systems at the Test Lab and the C&M/Contracts and Purchasing Administration Building, fire alarm system replacements at the Yang Ming and APM terminals, replacement of two elevators and 14 cargo doors at the Berth 93 passenger terminal, and elastomeric roof coatings at the NYK, Evergreen and APL terminals.

In the course of normal operations, C&M requests increases as needed in the spending authority level on annual procurement contracts to complete maintenance and capital improvement projects. These requests may be necessary due to extra work needed on a capital project or simply as a result of changing needs in C&M operations (e.g., a terminal needs more replacement electrical parts than usual after normal preventive maintenance is performed). Although the expenditure level may increase for a specified contract, actual expenditures will not exceed the annual budget levels authorized in the CIP, MIP, and C&M operating budgets.

Contracts Requiring Increased Funding - In order for C&M to complete scheduled projects and maintain regular operations, CPD is requesting approval to increase the expenditure authority for three annual procurement contracts by an amount not-to-exceed \$431,000 per year (Transmittal 1). These annual procurement contracts are used to purchase electrical parts, roofing materials, and tools/accessories. These contracts give C&M the flexibility needed to procure key materials for scheduled projects and unscheduled repairs in a timely manner. The requested expenditure increases are estimates for expenditures and are based on what is known today for scheduled projects and current contract year expenditure levels. If additional increases are required, subsequent Board action will be required to further increase contract expenditure levels.

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The following is a summary of each contract requiring increased funding:

- Associated of Los Angeles – On April 4, 2014, the Harbor Department executed Contract No. 39697 with Associated of Los Angeles for a maximum expenditure authority of \$150,000 per year and term of one-year, with two one-year renewal options. The first renewal option was exercised in March 2015 (Purchase Order Change (POC) No. 1). Contract No. 39697 is a piggyback on City of Los Angeles Department of General Services (GSD) Contract No. 59624. This contract is essential for capital and maintenance projects requiring electrical supplies and parts. CPD is requesting that the Board approve a POC (Transmittal 2) to increase the maximum contract authority by \$200,000 from \$150,000 to \$350,000 per year. An increase in regular electrical maintenance work at the Yusen and Evergreen terminals, upgrades of equipment associated with the AMP (Alternative Marine Power) throughout the Port and deferred maintenance work on lighting system upgrades at the Harbor Department Administration Building have led to a heightened level of material use which will be sustained for at least the next year.
- L.A. Roofing Materials, Inc. – Effective December 1, 2014, the Harbor Department executed Contract No. 39731 with L.A. Roofing Materials, Inc. for a maximum expenditure authority of \$140,000 per year and a term of one-year. Contract No. 39731 is a piggyback on GSD Contract No. 59321. This contract is essential for providing readily available roofing materials and sealants for use on both maintenance and capital projects. The requested increase is necessary to provide materials for a reroofing project at the Pasha terminal (a transit shed) included in the FY 2015-16 CIP budget. The cost of roofing materials for the CIP project is currently estimated at \$180,000. CPD is requesting that the Board approve a POC (Transmittal 3) to increase the current maximum contract authority level by \$180,000, from \$140,000 to \$320,000. The contract will expire on November 30, 2015. C&M plans to purchase all the materials it needs for the Pasha reroofing job before the expiration of the contract to have materials on hand prior to starting work.
- Grainger – Effective March 1, 2014, the Harbor Department executed Purchase Order No. 31617 with Grainger for a maximum expenditure authority of \$99,000 per year and term of one-year, with two one-year renewal options. Purchase Order No. 31617 is a piggyback on GSD Contract No. 59276. This contract is essential for providing tools and accessories needed by C&M crews to perform work on capital and maintenance projects. In September 2014, the authority was increased to \$149,000 (POC No. 1). The first renewal option was exercised in March 2015 (POC No. 2). CPD is requesting that the Board approve a POC (Transmittal 4) to increase the maximum contract authority by \$51,000 from \$149,000 to \$200,000 per year. C&M has been in the process of upgrading

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safety available through the contract in its maintenance yard at Berth 161 as well as providing new tools, as needed, for its work crews. C&M anticipates needing additional funds for a major replacement of fall protection gear which a recent safety review recommended.

It should be noted that increasing the contract expenditure authority does not mean that funds will be spent up to the increased amount. Expenditures may fall short of the recommended increased amount due to changes in a project. In addition, although contract authority levels may change, actual expenditures will not exceed the budget levels authorized in the C&M operating, CIP, and MIP budgets.

ENVIRONMENTAL ASSESSMENT:

The proposed action is to increase expenditure authority under three annual procurement contracts for the purchase of electrical parts, roofing materials, tools, and accessories. 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) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed contracts will support one direct and one secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

The requested increase in expenditure authority will modify the maximum spending authority on three annual procurement contracts by \$431,000 in the aggregate per year. No additional costs are scheduled to be incurred beyond the amount budgeted in the current FY for deferred maintenance projects in the CIP and MIP, or the designated budgets for each capital project. The contract increases are as follows:

Contractor	Contract No.	Current Annual Authority	Increase in Annual Authority	Proposed Annual Authority
Associated of L.A.	39697	\$150,000	\$200,000	\$350,000
L.A. Roofing Materials	39731	\$140,000	\$180,000	\$320,000
Grainger	31617	\$149,000	\$51,000	\$200,000
TOTAL		\$439,000	\$431,000	\$870,000

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Funding in the amount of \$6,146,320 for deferred maintenance and capital projects is in the FY 2015-16 CIP budget, and \$1,219,130 is in the FY 2015-16 MIP budget. Funding for expenditures beyond the current fiscal year will be requested as part of the annual budget process upon Board approval.

CITY ATTORNEY:

The City Attorney's office has reviewed and approved the Purchase Order Changes as to form and legality.

TRANSMITTALS:

1. Annual Procurement Contracts with Requested Authority Increases
2. Purchase Order Change for Contract No. 39697 – Associated of L.A.
3. Purchase Order Change for Contract No. 39731 – L.A. Roofing
4. Purchase Order Change for Contract No. 31617 – Grainger

FIS Approval: MB (initials)
CA Approval: JMK (initials)



TRICIA CAREY
Director of Contracts and Purchasing



MARLA BLEAVINS
Deputy Executive Director and
Chief Financial Officer

APPROVED:



EUGENE D. SEROKA
Executive Director

FOL

BG/FHA
Author: BGarrett/FAIbers/DYoung