



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

Board of Harbor Commissioners

DATE: FEBRUARY 13, 2013

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ - CHANGE ORDER NO. 4
120 W "C" STREET PORT POLICE CANINE FACILITY
CONTRACTOR: GRIFFITH COMPANY
2010-2012 SITE IMPROVEMENTS
SPECIFICATION NO. 2705**

SUMMARY:

Change Order No. 4 to Contract No. 2270 authorizes Griffith Company (Griffith) of Brea, California to complete construction of the 120 W "C" Street Port Police Canine Facility (Canine Facility) as part of the 2010-2012 Site Improvements project for a fixed price of \$1,059,486 plus a 10% contingency for a total of \$1,165,000. An additional cost of \$20,000 for inspection services will also be added to the baseline budget increasing the total cost from \$860,000 to \$1,992,000. Of this amount \$1,300,000 would be grant funded. The additional \$692,000 would be funded from the City of Los Angeles Harbor Department (Harbor Department) capital budget. The Harbor Department's Construction and Maintenance Division (C&M) started work on the project in March 2012 with an estimated completion date in May 2012. The project cost, which was initially established based on a modular building, has escalated due to an increase in costs for a non-modular structure, unforeseen costs for methane abatement, and additional site improvements required for construction of the Canine Facility. A total of \$807,000 has been expended on this project thus far. A supplemental grant (Round 12) in the amount of \$500,000 has been obtained to defer a portion of the additional costs for the Canine Facility for a total grant funding amount of \$1,300,000. It is recommended that the work be completed using the Harbor Department's 2010-2012 Site Improvements contractor, Griffith, in order to expedite construction to ensure that the Port Security Grant Program (PSGP) Round 8 funding is expended by the June 2013 deadline. The total baseline budget for this project would be reset from its original \$860,000 to \$1,992,000.

RECOMMENDATION:

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

1. Authorize the expenditure of additional funds in the amount of \$1,132,000 and reset the baseline budget for the project from \$860,000 to \$1,992,000;

SUBJECT: CHANGE ORDER NO. 4 – 120 W “C” STREET PORT POLICE CANINE FACILITY

2. Find that in accordance with the City Charter Section 1022, work covered under Change Order No. 4 can be performed more feasibly by an independent contractor (Griffith Company) rather than by City employees;
3. Approve Change Order No. 4 to the 2010-2012 Site Improvement Contract with Griffith Company for an increase not-to-exceed amount of \$1,165,000, and authorize the Executive Director to execute this Change Order; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – The Change Order No. 4 (Transmittal 1) of the 2010-2012 Site Improvement contract will be used to authorize the work necessary to complete the Canine Facility project. A new Canine Facility is necessary to adequately support the expanding number of working police dogs assigned to safeguard the Port of Los Angeles' (Port) visitors, tenants, personnel, and vital infrastructure. The Canine Facility will provide housing quarters for up to 14 dogs and includes space for grooming, bathing, sanitation, and veterinary treatment. Currently the Harbor Department has 10 working police dogs and is in the process of purchasing two more dogs. The current canine facility, located at the Berth 93 Cruise Terminal, is temporary and inadequate to house and support the critical expanding role of the Port Police Canine Unit. These highly trained dogs provide Improvised Explosive Device (IED) detection at critical assets throughout the Port including the World Cruise Center, Catalina Island Ferry facilities, liquid bulk petroleum facilities, government buildings, rail, bridges, and other critical Port infrastructure. The proposed Canine Facility will provide adequate support of the unit and help to sustain a higher operational readiness.

The proposed Canine Facility is located on the southeast corner of Marine Avenue and “C” Street, where Port Police currently operate a modular building for training purposes. The scope of the proposed project includes construction of a 2,000 square foot block wall building with 14 indoor/outdoor stalls, a grooming area, an equipment storage room, a sanitary sewer flush system, heating, ventilation, air conditioning and other utilities, and privacy screens on the inside of the perimeter fence.

The original cost estimates for the Round 8 PSGP grant called for the purchase of a pre-fabricated building from a specialty company in Arizona. The project is grant funded as part of the PSGP Round 8 funding for \$800,000 with an initial deadline date of June 30, 2012. The initial baseline budget approved by the Board on October 12, 2011 was \$860,000. On April 5, 2012 an extension of the grant was given with a new deadline date of May 31, 2013, with no additional extensions possible.

Subsequent to the approval of the grant the design was changed to a cement block structure because staff believed they were unable to contract with the Arizona Company due to a City Council Resolution adopted on April 12, 2010 (Council File 10-0002-S36).

DATE: FEBRUARY 13, 2013

PAGE 3 OF 5

SUBJECT: CHANGE ORDER NO. 4 – 120 W “C” STREET PORT POLICE CANINE FACILITY

Other possible pre-fabricated alternatives were investigated, but due to design and permitting costs and the potential delays associated with obtaining permits for these changes and the use of a new contractor, these options were considered to be unworkable. As a result, C&M started a fast-track construction of the Canine Facility in March 2012, utilizing hiring hall labor for general construction and private contractors for the specialty construction. This was done in an effort to meet the PSGP Round 8 deadline of June, 2013.

An evaluation of the project after start of construction showed that the estimated costs for the purpose-built building were coming in much higher than what had been anticipated and budgeted. Design costs had increased, and it was recognized that the project estimate-at-completion would be substantially higher. The City of Los Angeles Building and Safety Department inspectors found that the waste and methane control systems originally permitted by their department required expensive rework. Other conditions encountered during construction included a need to replace existing electrical panels and to enhance the perimeter fencing and security around the entire Port Police site rather than just the Canine Facility building. After internal meetings, it was concluded that the project cost would greatly exceed the baseline budget. As a result, work on the facility was stopped until additional funding and a plan to move forward could be identified.

Subsequently, a supplemental grant (Round 12) in the amount of \$500,000, with a deadline of August 30, 2014, was obtained for the Canine Facility, bringing the total grant funding to \$1,300,000. Additionally, it is recommended that the best course of action moving forward is to have the remaining work completed by Griffith, the Harbor Department's Site Improvements contractor. Griffith is an experienced building contractor that has the resources, expertise, and supervisory oversight to complete the necessary work in time to ensure that the Harbor Department meets the PSGP Round 8 grant funding deadline. Consideration was given to having C&M complete the facility. C&M raised concerns based on their dependence of hiring hall personnel, the amount of supervisory time involved, the fact that this supervisory time is not reimbursable under the grant, and other work commitments. The total cost of the work to be performed by Griffith is \$1,059,486. Change Order No. 4 includes a 10% contingency to deal with unforeseen issues during construction. This price takes into account materials already purchased and work completed by C&M. The cost has gone through two iterations of negotiation by Harbor Department staff and was verified by an independent estimate and found to be fair and reasonable.

Total costs expended on the project so far, including design work, materials purchased, and construction work completed by C&M, is approximately \$807,000. Approximately \$458,540 of this amount has been spent to deal with previously unknown site conditions, inspector-imposed changes, and other costs associated with the existing site and facilities. After including the work to complete the project by Griffith, the revised total project construction cost, including the 10% contingency in Change Order No. 4 and inspection services, is approximately \$1,992,000. This exceeds the baseline budget

DATE: FEBRUARY 13, 2013

PAGE 4 OF 5

SUBJECT: CHANGE ORDER NO. 4 – 120 W “C” STREET PORT POLICE CANINE FACILITY

of \$860,000 authorized by the Board. Using the existing 2010-2012 Site Improvements contract will allow the project to be completed in time to achieve the maximum grant funding anticipated for the project. Harbor Department staff has required that Griffith received competitive subcontract quotes for critical subcontracted portions of the construction included under this change order.

In reviewing this process, there are a number of areas where internal communications and decision-making needs to be improved. The first of these is when the scope of a grant changes substantially. It is at this point where the Development and Operations Bureaus need to better communicate to determine if the grant funding is sufficient to meet the stated objectives and if the project should move forward. In addition, better communication is needed between the Engineering and C&M Divisions when a change in project scope or a substantial increase in project cost is identified on projects being performed using in-house C&M labor. In this case these changes were identified, but not appropriately discussed. Communication failures that occurred in both Bureaus will not occur in the future. A multi-disciplinary team has been formed to map out this process and appropriate decision points to follow in the future. A report from this team will be provided to the Board within the next 30 days.

ENVIRONMENTAL ASSESSMENT:

The proposed action is a Change Order to an existing contract for construction of the project between the Harbor Department and Griffith Company. The proposed action is to construct a Port Police canine facility located at 120 W “C” Street. The Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Funds for this Change Order are available in Account No. 54510, Center No. 1179, Program No. 000, in the amount of \$1,185,000 and is available from the contingency fund. To date \$807,000 has been spent on the project and an additional \$1,185,000 is required. It is anticipated that funds for this project will be expended as follows:

FY 2012-2013:	\$760,000
FY 2013-2014:	<u>\$425,000</u>
TOTAL:	\$1,185,000

DATE: FEBRUARY 13, 2013

PAGE 5 OF 5

SUBJECT: CHANGE ORDER NO. 4 – 120 W “C” STREET PORT POLICE CANINE FACILITY

CITY ATTORNEY:

The Office of the City Attorney has determined that Change Order No. 4 is consistent with the original contract.

TRANSMITTAL:

1. Change Order No. 4

FIS Approval: MS (initials)

CA Approval: MC (initials)

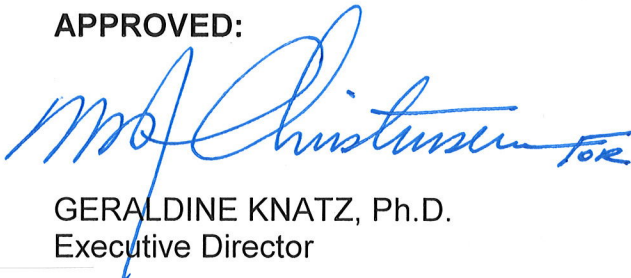


JOHN HOLMES
Deputy Executive Director



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

MR:be2705CanineFacilityRev2.doc

Authors: M. Christensen, J. Holmes



425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL/TDD 310 SEA-PORT www.portoflosangeles.org

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Executive Director

February 12, 2013

Griffith Company
12200 Bloomfield Ave.
Santa Fe Springs, CA 90670-0150

Attention: Colleen Montano

**SUBJECT: CHANGE ORDER NO. 4 - INCREASE
120 WEST "C" STREET PORT POLICE CANINE FACILITY
2010-2012 SITE IMPROVEMENTS
SPECIFICATION NO. 2705 - CONTRACT NO. 2270**

In accordance with Sections 01000.37, 01000.38, and 01000.39 of the subject specification, which authorizes the City to make changes in the work and contract time, and provides provisions for such changes, after approval and execution by all parties, this will be your authority to make changes and perform extra work, the full extent of which will only be assessable after completion. The contract will be adjusted later by Authority(ies) for Adjustment on the basis set forth herein.

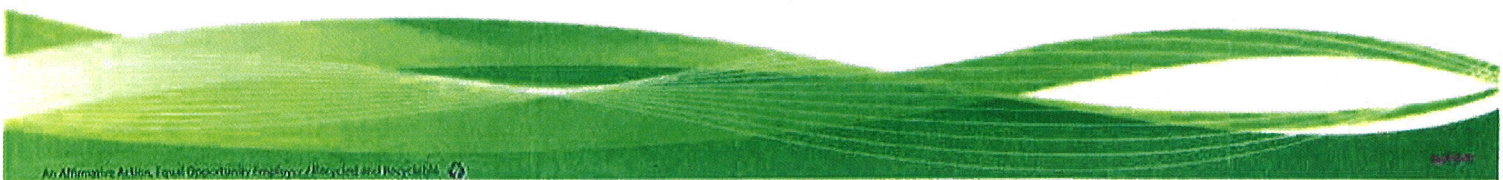
DESCRIPTION

Provide transportation, labor, equipment, materials, tools, and incidentals necessary to complete construction of a concrete block canine kennel facility for the specific care and housing of Port Police's Explosive Detection dogs.

PAYMENT

Payment for this above-described work shall be in accordance with Section 01000.38 and 01000.39 of the contract specification. Partial payment for the work identified above and authorized under this change order will be paid based on the Engineer's estimate of the amount of work completed at the end of the progress payments period in accordance with Section 01000.60b (Partial Payments) of the contract specification.

This work shall be completed for the lump sum price of \$1,059,486. A 10% contingency totaling \$105,514 is included to deal with unforeseen construction issues at the direction of the Engineer.



LIMIT OF AUTHORITY

The limit of authority of Change Order No. 4 is \$1,165,000.00.

TIME EXTENSION

Time extension is not required. All work associated with this change order shall be completed by September 1, 2013.

All work shall be subject to inspection and shall be done in conformance with the requirements of the specification.

Please sign the original and accompanying copy. Retain the original for your files and return the executed copy to this office immediately.

Sincerely,



SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division

Total for CO No. 4 is \$1,165,000.00
Board authorization is required

Accepted: 
Griffith Company

Approved: _____
GERALDINE KNATZ, Ph.D.
Executive Director

PO:ec22772.doc
bcc: Construction, P. Ouk, O. Insong, H. Grageda,
R. Williams
Accounting, Controller

Account#	54510	W.O. #	25098
Ctr/Div#	1179	Job Fac.#	287-53
Proj/Prog#	000		
	Budget	Amount:	
	FY:		
	2012-13	\$750,000	
	2013-14	\$415,000	
	TOTAL	\$1,165,000.00	

For Acct/Budget Div. Use Only

Verified by: _____

Verified Funds Available: _____

Date Approved: _____