



15-0144

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Eric Garcetti Mayor, City of Los Angeles
Board of Harbor Commissioners Ambassador Vilma S. Martinez President
Eugene D. Seroka Executive Director
David Arian Vice President
Patricia Castellanos
Anthony Pirozzi, Jr.
Edward R. Renwick

February 3, 2015

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Mr. Michael Espinosa, City Clerk's Office

SUBJECT: RESOLUTION NO. 15-7740 – FIRST AMENDMENT TO PERSONAL SERVICES AGREEMENT NO. 12-3045 WITH WET ENTERPRISES, INC. TO PROVIDE MAINTENANCE SERVICES FOR THE HARBOR BOULEVARD WATER FEATURES

Pursuant to Section 373 of the City Charter, enclosed for your approval is the proposed First Amendment to Agreement No. 12-3045 with WET Enterprises, Inc. The proposed Agreement was approved at the January 8, 2015 meeting of the Board of Harbor Commissioners. There is no impact to the General Fund.

RECOMMENDATION:

- 1. The City Council approve the proposed Agreement between the City of Los Angeles Harbor Department and WET Enterprises, Inc.;
2. Adopt the determination by the Los Angeles Harbor Department 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; and
3. Return to the Board of Harbor Commissioners for further processing.

Respectfully Submitted,

[Handwritten signature of Amber M. Klesges]

AMBER M. KLESGES
Commission Secretary

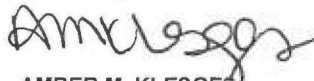
cc: Trade, Commerce, & Tourism Committee
Councilman Buscaino
Councilman LaBonge
Councilman Bonin
Mandy Morales, Mayor's Office
Erick Martell, Harbor Legislative Analyst

Alvin Newman, CAO
Lisa Schechter, CD4
Aaron Gross, Mayor's Office
Christine Yee Hollis, CLA

1-8-15  
4

RECOMMENDATION APPROVED;  
RESOLUTION NO. 15-7740 ADOPTED; AND  
AGREEMENT NO. 15-3045-A APPROVED  
BY THE BOARD OF HARBOR COMMISSIONERS

January 8, 2015



AMBER M. KLESGES  
Board Secretary



Executive Director's

Report to the

Board of Harbor Commissioners

**DATE:** DECEMBER 17, 2014

**FROM:** CONSTRUCTION AND MAINTENANCE

**SUBJECT:** RESOLUTION NO. 15-7740 - APPROVAL OF FIRST AMENDMENT TO PERSONAL SERVICES AGREEMENT NO. 12-3045 WITH WET ENTERPRISES, INC. TO PROVIDE MAINTENANCE SERVICES FOR THE HARBOR BOULEVARD WATER FEATURES

**SUMMARY:**

The Construction and Maintenance Division (C&M) is responsible for the maintenance of the Gateway Plaza Fanfare Fountains, Reflection Pool and Interactive Fountain along Harbor Boulevard in San Pedro. The fountain equipment, both software and hardware, is owned by the City of Los Angeles Harbor Department (Harbor Department) but is proprietary to WET Enterprises, Inc. (WET) of Sun Valley, California. On February 2, 2012, the Board of Harbor Commissioners (Board) approved personal services Agreement 12-3045 with WET for a term of one year with two, one-year renewal options at a maximum amount of \$1,153,920 over three years. C&M requests the approval of a First Amendment to Agreement 12-3045 with WET for a one-year term extension with four additional one-year options, and a maximum additional amount of \$2,014,762 for regular maintenance of these water features. All other terms and conditions of Agreement 12-3045 will remain the same. This action will ensure that these unique water features will continue to perform at optimal levels for visitors to the Port of Los Angeles (Port). This amendment is the financial responsibility of the Harbor Department.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with Los Angeles City Charter Section 1022, work under the subject First Amendment to Agreement 12-3045 with WET Enterprises, Inc. can be performed more feasibly by an independent contractor than by City employees;
2. Approve the First Amendment to Agreement 12-3045 with WET Enterprises, Inc. to increase the agreement amount by \$2,014,762 for the total not-to-exceed amount of \$3,168,682, and increase the agreement term by one year with four additional one-year renewal options (up to five years) for a maximum agreement total of eight years;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Agreement 12-3045 with WET Enterprises, Inc. for and on behalf of the Board;

DATE: DECEMBER 17, 2014

PAGE 2 OF 5

SUBJECT: APPROVAL OF FIRST AMENDMENT TO AGREEMENT 12-3045

4. Authorize the Board Secretary to forward the approval of the First Amendment to Agreement 12-3045 to the City of Los Angeles City Council for its approval pursuant to Section 373 of the City Charter; and
5. Adopt Resolution No. 15-7740.

**DISCUSSION:**

Background/Context – Construction of the Gateway Plaza Fanfare Fountains, Reflection Pool and Interactive Fountain along Harbor Boulevard in San Pedro at the World Cruise Center and near the intersection of First Street was completed under the oversight of the Engineering Division in 2008 by Sully-Miller, using the plans and designs of WET Design, a subsidiary of WET (Transmittal 1). In 2009, after a one-year warranty period, C&M assumed responsibility for the maintenance of the water features. Since the operational software and key mechanical elements of the systems were proprietary to WET Design, staff determined that a maintenance agreement with WET would be the most cost effective way to continue to maintain the water features. The current agreement has a maximum annual expenditure of \$1,153,920 over three years, or an average of \$384,640 per year.

On February 2, 2012, the Board of Harbor Commissioners (Board) approved personal services Agreement 12-3045 with WET for a term of one year with two, one-year renewal options at a maximum amount of \$1,153,920 over three years (Transmittal 2).

Personal Services Agreement 12-3045 with WET is broken into 4 modules:

Module 1: Gateway Fountain Equipment/Mechanical Maintenance

Module 2: Gateway Fountain Water Quality Maintenance

Module 3: Interactive Fountain Equipment/Mechanical Maintenance and Water Quality Maintenance

Module 4: Reflection Pool Equipment and Water Quality Maintenance

Each water feature includes proprietary software and hardware designed by WET. They are under a patent without expiration. This precludes entities other than WET from maintaining the fountain equipment. An alternative to solely utilizing WET is the replacement of the proprietary equipment and transitioning, if possible, to different software. Discussions with the Harbor Department Engineering Division have resulted in a determination to not move ahead with new equipment, primarily due to the significant costs required (approximately \$2.3 million including removal of existing equipment, purchase and installation of new equipment) and in light of the other major capital

DATE: DECEMBER 17, 2014

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**SUBJECT: APPROVAL OF FIRST AMENDMENT TO AGREEMENT 12-3045**

project priorities for the Harbor Department. Annual maintenance costs are not expected to decrease with new equipment.

The WET proposal for a fourth contract year, along with four additional one-year options, includes cost increases totaling approximately 5.5% over the maximum five year period covered by the proposed amendment, or an average of 1.1% per year (Transmittal 3).

It should be noted that this agreement does not include any modification of the 27 songs played at the Gateway Fountains for special events and ceremonies. The song licenses are covered under a separate agreement with the Public Relations Division. In addition, all four fountains use recirculating water and are re-filled only after evaporation, spills over the side, or when they are occasionally drained for maintenance.

**ENVIRONMENTAL IMPACT:**

The proposed action is approval of a First Amendment to Agreement 12-3045 with WET to extend the term of the agreement and the agreement amount for maintenance of existing water features. 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 Amendment will support 8 direct and 8 secondary one-year equivalent jobs for the five-county region.

**FINANCIAL IMPACT:**

C&M is currently spending \$32,480 per month, or \$389,760 per year, for maintenance of the Harbor Boulevard fountains under the existing WET agreement due to expire February 25, 2015. The agreement includes:

Agreement Year*	Fiscal Years	Maximum Amount	Percent Increase
1 (complete)	2011-12/2012-13	\$382,080	N/A
2 (complete)	2012-13/2013-14	\$382,080	0%
3 (current)	2013-14/2014-15	\$389,760	2%
<b>Total</b>		<b>\$1,153,920</b>	

\* Agreement year runs from February 25 – February 24

SUBJECT: APPROVAL OF FIRST AMENDMENT TO AGREEMENT 12-3045

Approval of the proposed first amendment will increase the maximum agreement authority in the following manner:

Agreement Year*	Fiscal Years	Maximum Amount	Percent Increase
4 (proposed)	2014-15/2015-16	\$397,556	2%
5 (option)	2015-16/2016-17	\$397,556	0%
6 (option)	2016-17/2017-18	\$404,268	1.7%
7 (option)	2017-18/2018-19	\$404,268	0%
8 (option)	2018-19/2019-20	\$411,114	1.7%
<b>Total</b>		<b>\$2,014,762</b>	

\* Agreement year runs from February 25 – February 24

Staff performed a cost-benefit analysis comparing the benefit of the proposed WET amendment against the alternative of replacing the existing fountains with non-proprietary fixtures at a cost of \$2.3 million, with associated maintenance costs accruing subsequent to installation of the new equipment. Based on this analysis, even if annual maintenance costs were ten percent lower than WET, over a 20 year period total fountain costs (including the replacement of equipment) would be 13 percent lower with WET. In an alternative scenario over the same period, with annual maintenance costs 20 percent lower than WET, fountain costs would still be five percent lower with WET. In both of these scenarios the cost savings resulting from the WET maintenance agreement compared to the alternatives evaluated is a result of not having to spend an additional \$2.3 million for new fountain fixtures.

Funding in the amount of \$392,356 has been budgeted in Account 54020 (Maintenance Services - Grounds), Center No. 0510 (Construction and Maintenance Division), Program No. 000 to cover this agreement's costs for Fiscal Year 2014-15. This amount is different from the Year 4 amount from the chart above because it includes a portion of two agreement years. Funding for future fiscal years will be requested as part of the annual budget process upon Board approval.

The Harbor Department's financial obligations after the current fiscal year 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 by the agreement, the agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. A funding out clause is included in the agreement.

DATE: DECEMBER 17, 2014

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SUBJECT: APPROVAL OF FIRST AMENDMENT TO AGREEMENT 12-3045

CITY ATTORNEY:

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

TRANSMITTALS:

1. Map and Site Plan of Harbor Boulevard Water Features
2. Original Scope of Work
3. First Amendment to Agreement 12-3045 with WET Enterprises, Inc.

FIS Approval: af (Initials)

CA Approval: OPB (Initials)



TIM CLARK  
Acting Director of Port Construction and Maintenance



MOLLY CAMPBELL  
Deputy Executive Director

APPROVED:



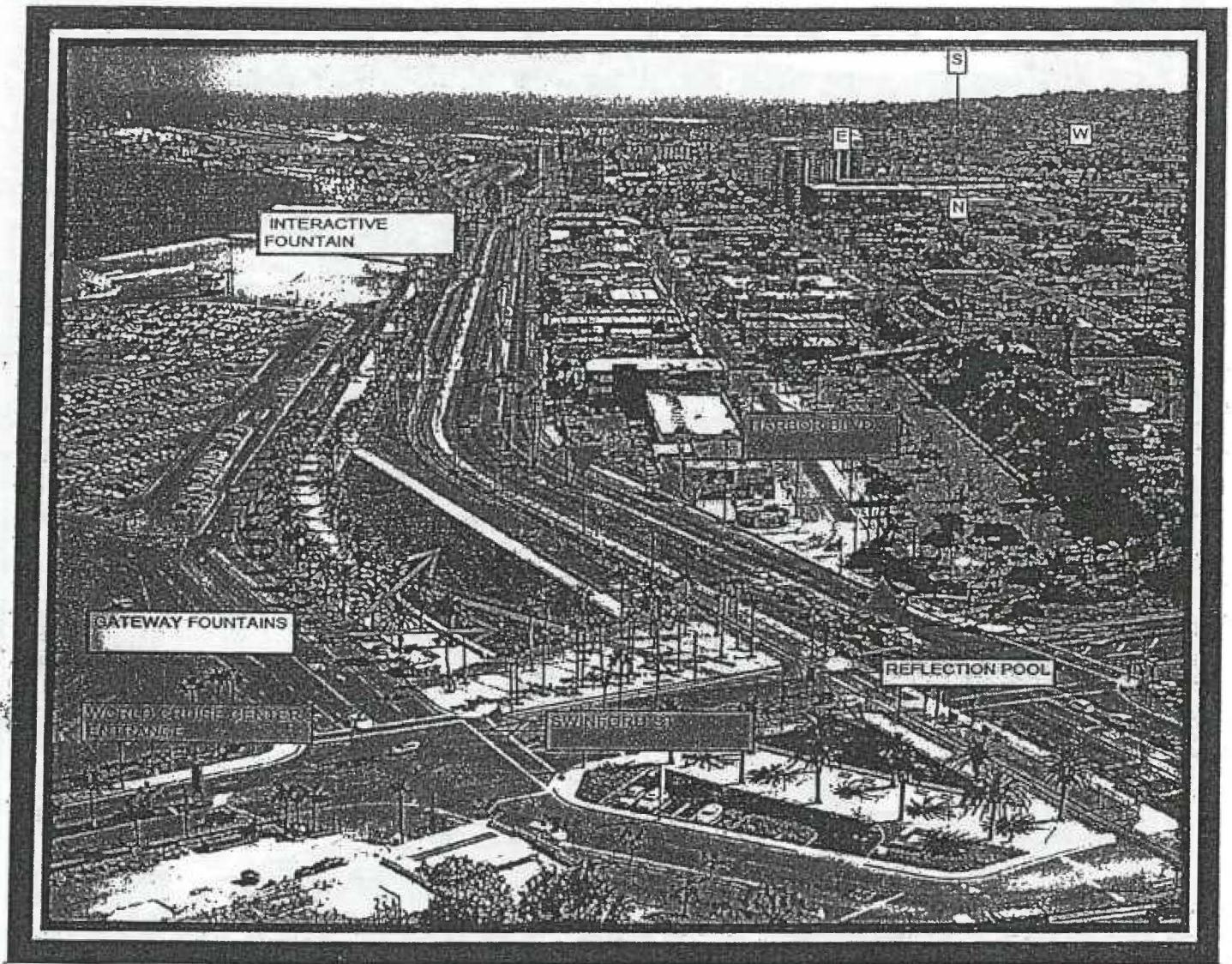
for EUGENE D. SEROKA  
Executive Director

Author: D. Young

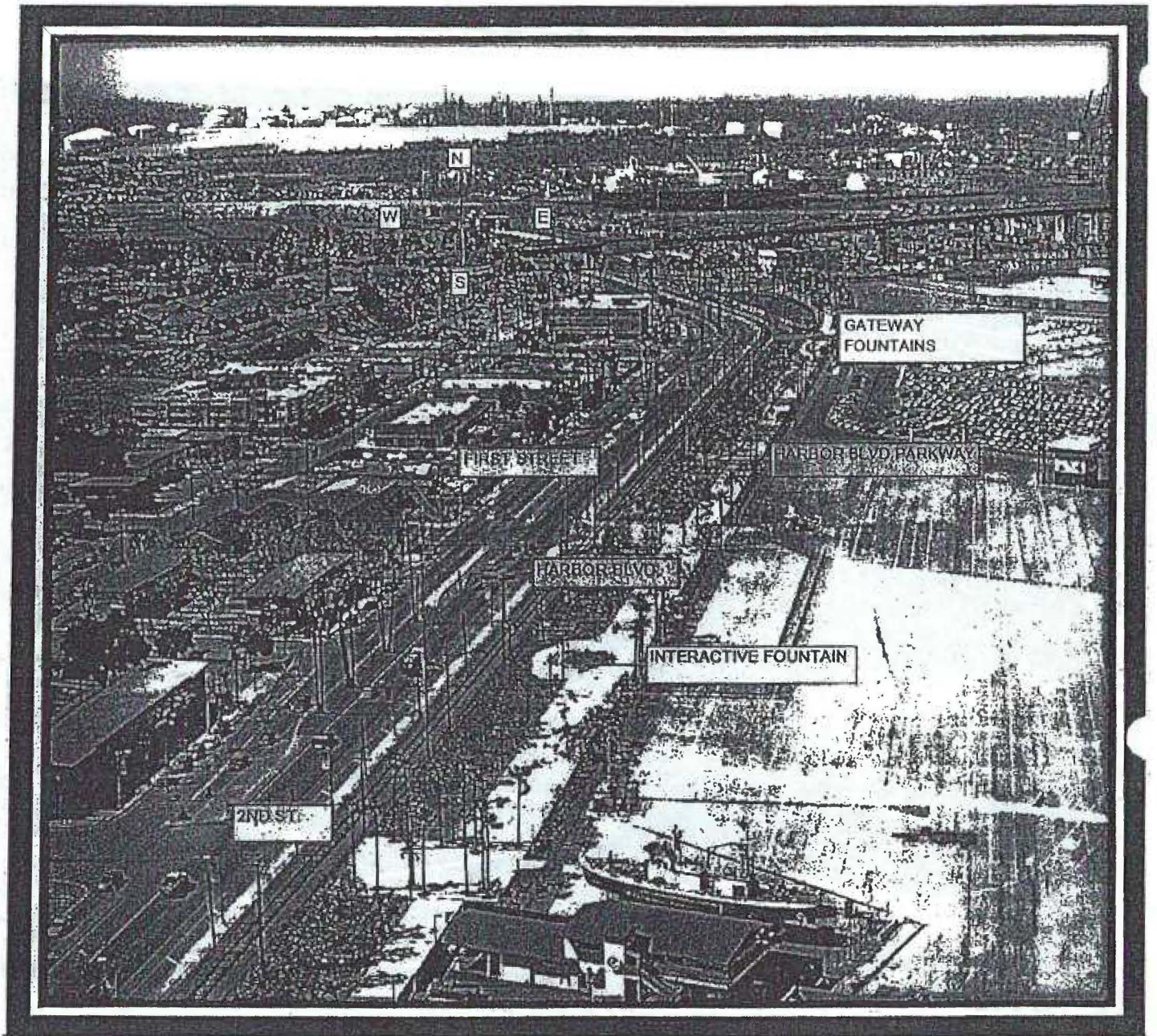
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File No. MGT-3-3  
HAR-9-1

Exhibit D – Water Features – Site Plan & Engineering Drawings

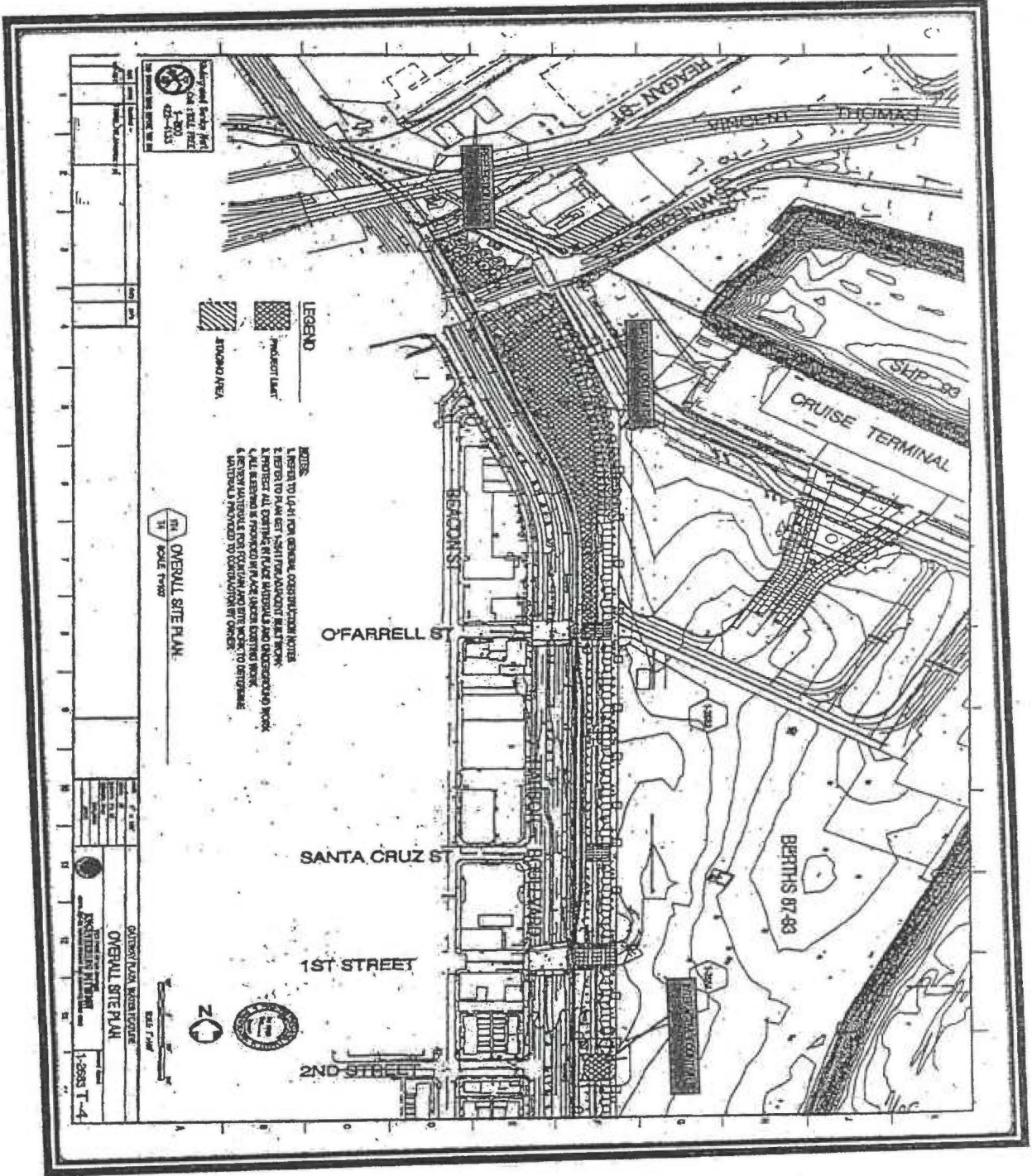


GATEWAY AND INTERACTIVE FOUNTAINS – VIEW TO SOUTH



INTERACTIVE AND GATEWAY FOUNTAINS – VIEW TO NORTH





Unauthorized copying, reuse, or distribution of this plan is prohibited. For more information, contact the project manager at 1-800-422-3333.

**LEGEND**

Product Limit

STAGING AREA

**NOTES**

1. REFER TO LOCAL FOR GENERAL CONSTRUCTION NOTES

2. REFER TO PLAN SET SHEET FOR ADDITIONAL NOTES

3. PROTECT ALL EXISTING UTILITIES AND UNDERGROUND WORK

4. ALL MATERIALS TO BE REMOVED AND SITE WORK TO BE COMPLETED WITHIN THE SPECIFIED TIME FRAME

5. ALL MATERIALS TO BE REMOVED AND SITE WORK TO BE COMPLETED WITHIN THE SPECIFIED TIME FRAME

OVERALL SITE PLAN  
SCALE: 1"=200'

GALVESTON PARK WATERFRONT  
OVERALL SITE PLAN  
1-5583 T-4



## Exhibit A - Scope of Work

### Gateway Fountains

#### Module 1 – Gateway Fountains Equipment/Mechanical Maintenance

Equipment/Mechanical and software items requiring maintenance at the Gateway fountains consist of the following items:

- Oarsman® assemblies – 18\*
- MiniShooter® assemblies – 40\*
- Superlight™ assemblies - 120
- Submersible junction boxes (medium) - 158
- Submersible junction boxes (large) - 2
- PicoLight™ assemblies, white with stands - 288
- Pumps (50 HP) - 2
- ZeptoLight™ assemblies, white with stands - 350
- Air system - 1
- Air pressure control module - 4
- Torpedo strainers - 3
- Pumps (7.5 HP) - 4
- Pressure/Vacuum switches - 14
- Pressure gauges - 30
- Water level sensors - 4
- Wind sensors - 2
- Animation and monitoring control systems – 2\*
- Pump speed controls, 50 HP (built in control panel) - 2

## Exhibit A - Scope of Work

### Gateway Fountains

#### Module 1 – Gateway Fountains Equipment/Mechanical Maintenance

Equipment/Mechanical and software items requiring maintenance at the Gateway fountains consist of the following items:

- Oarsman® assemblies – 18\*
- MiniShooter® assemblies – 40\*
- Superlight™ assemblies - 120
- Submersible junction boxes (medium) - 158
- Submersible junction boxes (large) - 2
- Picolight™ assemblies, white with stands - 288
- Pumps (50 HP) - 2
- ZeptoLight™ assemblies, white with stands - 350
- Air system - 1
- Air pressure control module - 4
- Torpedo strainers - 3
- Pumps (7.5 HP) - 4
- Pressure/Vacuum switches - 14
- Pressure gauges - 30
- Water level sensors - 4
- Wind sensors - 2
- Animation and monitoring control systems – 2\*
- Pump speed controls, 50 HP (built in control panel) - 2

- Picolight™ assemblies, white with stands – 24
- Submersible junction boxes – 7
- Water circulation filter and chemical treatment system – 1
- Water quality monitor – 1
- Animation and monitoring control system – 1\*
- Light contactor – 1
- GFCI breaker – 1
- Wind sensor – 1
- Water level sensors – 2
- Paver support – 24
- Other associated equipment not listed above

\* Equipment proprietary to WET Care, the company that designed and built the fountains.

## **Reflection Pool**

### **Module 4 – Reflection Pool Equipment AND Water Quality Maintenance**

Although there is no proprietary equipment in the reflection pool, the Contractor will service the feature including:

- Water quality system
- Water level sensors
- Water make-up valve
- Ozonator
- Pump
- Sand filter
- Control panel

## General Provisions

Maintenance is understood to include parts and labor; regularly scheduled service visits including custodial services; equipment repair/adjustments; water quality control; preventative maintenance; and any unscheduled visits as required.

More specifically, Contractor will:

1. Provide on-site maintenance services, as required, to keep the water features operating in show quality condition, with all characteristics of the two main fountains (Gateway Fountains) and the interactive fountain working at optimal levels of performance, with no appreciable downtime. Show quality condition is defined as the consistent performance of the main two fountains and the interactive fountain with music, lights, water streams, and operability of all feature equipment, in synchronization in the manner for which it was created. This performance must be reliably available to meet the show schedule as posted on the Port of Los Angeles website (<http://www.portoflosangeles.org/recreation/fountain.asp>). At minimum, 90% of the lights need to be working, 90% of the audio system speakers need to be operational, and the water streams need to be visually uniform and accent the music in an obvious manner. The standard of performance is one where a reasonable person can visually tell whether there is a malfunction of equipment.

Note: The songs played during fountain performances are not part of this agreement.

On-site maintenance will include three (3) scheduled visits per week along with any unscheduled visits necessary to maintain show quality condition throughout the agreement period.

The water features are further defined in two Operations and Maintenance Manuals, one entitled "San Pedro Gateway Monument Water Feature" dated September 18, 2008 another entitled "San Pedro Harbor Blvd / 2<sup>nd</sup> Street Water Feature" dated October 9, 2008, and a third volume entitled "San Pedro Gateway Monument Feature Operational and Maintenance Manual Electrical Drawings." These are incorporated by reference into the final agreement.

The water features represent constructed improvements that have been installed at the Harbor Boulevard Parkway, excluding infrastructure provided by the Los Angeles Harbor Department (LAHD), i.e. the basin, utility connections, and waterproofing.

2. Work with Harbor Department staff on a shared responsibility basis to respond to intrusion alarms and the need to perform resets for relevant

aspects of the water features. In the event of an intrusion, Contractor will respond and resolve whatever led to the problem. City will respond on weekdays and Contractor on weekends and holidays between 8:00am and 9:00pm. City Holidays are:

- New Year's Day (January 1)
- Martin Luther King's Birthday (Third Monday in January)
- President's Day (Third Monday in February)
- Cesar Chavez Birthday (Last Monday in March)
- Memorial Day (Last Monday in May)
- Independence Day (July 4)
- Labor Day (First Monday in September)
- Columbus Day (Second Monday in October)
- Veterans' Day (November 11)
- Thanksgiving Day (Fourth Thursday in November)
- Friday after Thanksgiving Day (Fourth Friday in November)
- Christmas (December 25)

When any holiday falls on a Saturday, it will be observed on the preceding Friday. When any holiday falls on a Sunday, it will be observed on the following Monday.

In all instances, Contractor will work to resolve whatever led to the problem. Contractor will be notified by Harbor Department staff of all scheduled special events (see link above).

3. Provide on-site water cleaning services as needed to maintain all required cleaning within the basins.
4. Maintain, as required, an adequate inventory of parts on City premises, within ¼ mile of the features, accessible to Contractor only, to ensure cost effective and continuous operation of the water feature. The Harbor Department is providing space in a storage container.
5. Notify Harbor Department staff of times the feature will be shut down for performance of unscheduled maintenance upon 72 hours notice to the Director of Construction and Maintenance or designee, and with the Director's concurrence.
6. Furnish all consumables (such as lamps, Ozonator tubes, and valve rebuild kits) in the performance of maintenance duties. Cost of consumables is within the compensation amount included in Exhibit B – Compensation Rates, excluding damage due to vandalism, natural disasters, or insurable causes.

7. Repair or replace, at no charge, any malfunctioning equipment furnished and installed by Contractor, excluding damage due to vandalism, natural disasters, or insurable causes.
8. Provide recommendations, as appropriate, for modifications to the existing systems in order to reduce operating costs or enhance overall appearance of the water features.
9. Provide on-site, informal training to Harbor Department maintenance and operations staff of the water features such as feature reset, start up and shut down, and safety features upon request of the Harbor Department. Such training will be requested as operational needs arise. Cost of training is included in the annual costs in Exhibit B – Compensation Rates.
10. Provide any necessary passwords or codes to Harbor Department staff for testing and verification of equipment by Harbor Department staff.
11. Comply with all non-permitted confined space entry standards per California Occupational Safety and Health Administration (Cal OSHA) Rules including T8 CCR §5157: Permit Required Confined Space and T8 CCR §5158: Other Confined Space Operations.

FIRST AMENDMENT TO AGREEMENT NO. 12-3045  
BETWEEN THE CITY OF LOS ANGELES AND  
WET ENTERPRISES, INC.

THIS FIRST AMENDMENT to Agreement No. 12-3045 is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and WET ENTERPRISES, INC. ("Consultant") as follows:

1. Section III, Effective Date and Term of Agreement, Subsection B, is amended to read:

"B. This Agreement shall be in full force and effect commencing from the date of execution and shall continue until either (i) one (1) year has lapsed from the effective date of this Agreement, or (ii) Board, in its sole discretion, terminates and cancels all or part of this Agreement for any reason upon giving to Consultant thirty (30) days' notice in writing of its election to cancel and terminate this Agreement, whichever of the foregoing events occurs first. Notwithstanding the foregoing, City alone shall have seven separate options to renew this Agreement for a period of one (1) additional year ("Renewal option" or "renewal options"), which renewal options shall be exercised by written notice provided by Executive Director to Consultant not less than thirty (30) days prior to the expiration of the initial one (1) year term, or the period created by a renewal option, as the case may be. During any period created by a renewal option, Board, in its sole discretion, may terminate or cancel all or part of this Agreement for any reason upon giving to Consultant thirty (30) days' notice in writing of its election to cancel and terminate this Agreement.

2. Section V, Compensation and Payment, Subsection A, is amended to read:

"A. As compensation for the satisfactory performance of the services required by this Agreement, City shall pay and reimburse Consultant at the rates set forth in Exhibit B and Exhibit B-1."

3. Section V, Compensation and Payment, Subsection B, is amended to read:

"B. The maximum payable under this Agreement, including reimbursable expenses (see Exhibit B and Exhibit B-1), and if all renewal options are exercised, shall be Three Million One Hundred Sixty Eight Thousand Six Hundred and Eighty Two Dollars (\$3,168,682), broken down as follows for each year, if the renewal option for said year is exercised:

Compensation in the first year shall not exceed Three Hundred Eighty Two Thousand and Eighty Dollars (\$382,080).

*[Handwritten Signature]*  
11-6-14



Compensation in the second year shall not exceed Three Hundred Eighty Two Thousand and Eighty Dollars (\$382,080).

Compensation in the third year shall not exceed Three Hundred Eighty Nine Thousand Seven Hundred and Sixty Dollars (\$389,760).

Compensation in the fourth year shall not exceed Three Hundred Ninety Seven Thousand Five Hundred and Fifty Six Dollars (\$397,556).

Compensation in the fifth year shall not exceed Three Hundred Ninety Seven Thousand Five Hundred and Fifty Six Dollars (\$397,556).

Compensation in the sixth year shall not exceed Four Hundred Four Thousand Two Hundred and Sixty Eight Dollars (\$404,268).

Compensation in the seventh year shall not exceed Four Hundred Four Thousand Two Hundred and Sixty Eight Dollars (\$404,268).

Compensation in the eighth year shall not exceed Four Hundred Eleven Thousand One Hundred Fourteen Dollars (\$411,114).

3. Exhibit B-1 is added as an exhibit with the attached document labeled as "Exhibit B-1".

Subject to the provisions of Charter Section 373, the effective date of this Amendment shall be the date of its execution by Executive Director upon authorization of the Board. Consultant is aware that pursuant to Charter Section 373 and Administrative Code Section 10.5, this Amendment requires approval by City Council prior to becoming effective.

Except as amended herein, all remaining terms and conditions of Agreement No. 12-3045 shall remain in full force and effect.

/////  
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IN WITNESS THEREOF, the parties hereto have executed this First Amendment to Agreement No. 12-3045 on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners

Dated: 1/13/15

By [Signature]  
EUGENE D. SEROKA  
Executive Director

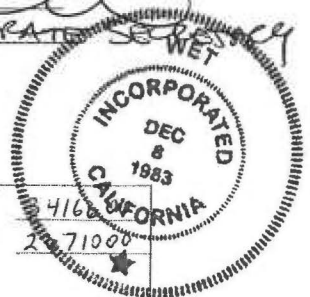
Attest [Signature]  
Board Secretary

WET ENTERPRISES, INC.

Dated: Nov. 6, 2014

By: [Signature]  
Mark W. Fuller, CEO  
(Print/type name and title)

Attest: [Signature]  
ASSISTANT CORPORATE SECRETARY  
(Print/type name and title)



APPROVED AS TO FORM AND LEGALITY

11/10, 2014  
MICHAEL N. FEUER, City Attorney  
Janna B. Sidley, General Counsel

By [Signature]  
Heather M. McCloskey, Deputy

Account # 54020 W.O. # 4166  
Ctr/Div # 0510 Job Fac. # 271000  
Proj/Prog # 000

Budget FY:	Amount:	FY	amt.
2011-12	\$127,360	2017-18	\$404,268
2012-13	382,080	2018-19	406,552
2013-14	384,640	2019-20	274,078
2014-15	392,356		
2015-16	397,556		
2016-17	399,792		
TOTAL	3,168,682		

For Acct/Budget Div. Use Only:

Verified by: [Signature]  
Verified Funds Available: [Signature]  
Date Approved: 11/10/2014

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11-6-14

THE UNIVERSITY OF CALIFORNIA LIBRARY  
100 S. BURNBANK AVENUE  
LOS ANGELES, CALIF. 90024

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## Exhibit B-1 – Compensation Rates

All direct expenses, including all parts and materials, traveling and subsistence expenses for WET's staff traveling to the water features, are included in the prices below.

### Gateway Fountains

#### Module 1 - Gateway Fountains Equipment/Mechanical Maintenance

1. The annual fee for Module 1 for the fourth year shall be \$335,620 and this fee will be paid in monthly installments at the rate of \$27,968 per month.
2. In the event that the fourth renewal option is exercised, the annual fee for Module 1 for the fifth year shall be \$335,620 and this fee will be paid in monthly installments at a rate of \$27,968.
3. In the event that the fifth renewal option is exercised, the annual fee for Module 1 for the sixth year shall be \$342,332 and this fee will be paid in monthly installments at a rate of \$28,527.
4. In the event that the sixth renewal option is exercised, the annual fee for Module 1 for the seventh year shall be \$342,332 and this fee will be paid in monthly installments at a rate of \$28,527.
5. In the event that the seventh renewal option is exercised, the annual fee for Module 1 for the eighth year shall be \$349,178 and this fee will be paid in monthly installments at a rate of \$29,098.

The total compensation for Module 1 assuming the exercise of all renewal options (five years total) shall not exceed \$1,705,082.

#### Module 2 - Gateway Fountain Water Quality Maintenance

1. The annual fee for Module 2 for the fourth year shall be \$23,500 and this fee will be paid in monthly installments at the rate of \$1,958 per month.
2. In the event that the fourth renewal option is exercised, the annual fee for Module 2 for the fifth year shall be \$23,500 and this fee will be paid in monthly installments at a rate of \$1,958.
3. In the event that the fifth renewal option is exercised, the annual fee for Module 2 for the sixth year shall be \$23,500 and this fee will be paid in monthly installments at a rate of \$1,958.

*MONT*  
11-6-1A

4. In the event that the sixth renewal option is exercised, the annual fee for Module 2 for the seventh year shall be \$23,500 and this fee will be paid in monthly installments at a rate of \$1,958.
5. In the event that the seventh renewal option is exercised, the annual fee for Module 2 for the eighth year shall be \$23,500 and this fee will be paid in monthly installments at a rate of \$1,958.

The total compensation for Module 2 assuming the exercise of all renewal options (five years total) shall not exceed \$117,500.

#### Interactive Fountain

#### Module 3 - Interactive Fountain Equipment/Mechanical Maintenance AND Water Quality Maintenance

1. The annual fee for Module 3 for the fourth year shall be \$26,928, and this fee will be paid in monthly installments at the rate of \$2,244 per month.
2. In the event that the fourth renewal option is exercised, the annual fee for Module 3 for the fifth year shall be \$26,928 and this fee will be paid in monthly installments at a rate of \$2,244.
3. In the event that the fifth renewal option is exercised, the annual fee for Module 3 for the sixth year shall be \$26,928 and this fee will be paid in monthly installments at a rate of \$2,244.
4. In the event that the sixth renewal option is exercised, the annual fee for Module 3 for the seventh year shall be \$26,928 and this fee will be paid in monthly installments at a rate of \$2,244.
5. In the event that the seventh renewal option is exercised, the annual fee for Module 3 for the eighth year shall be \$26,928 and this fee will be paid in monthly installments at a rate of \$2,244.

The total compensation for Module 3 assuming the exercise of all renewal options (five years total) shall not exceed \$134,640.

*OWT*  
*11-6-14*

Reflection Pool

Module 4 - Interactive Fountain Equipment/Mechanical Maintenance AND Water Quality Maintenance

1. The annual fee for Module 4 for the fourth year shall be \$11,508 and this fee will be paid in monthly installments at the rate of \$959 per month.
2. In the event that the fourth renewal option is exercised, the annual fee for Module 4 for the fifth year shall be \$11,508 and this fee will be paid in monthly installments at a rate of \$959.
3. In the event that the fifth renewal option is exercised, the annual fee for Module 4 for the sixth year shall be \$11,508 and this fee will be paid in monthly installments at a rate of \$959.
4. In the event that the sixth renewal option is exercised, the annual fee for Module 4 for the seventh year shall be \$11,508 and this fee will be paid in monthly installments at a rate of \$959.
5. In the event that the eighth renewal option is exercised, the annual fee for Module 4 for the eighth year shall be \$11,508 and this fee will be paid in monthly installments at a rate of \$959.

The total compensation for Module 4 assuming the exercise of all renewal options (five years total) shall not exceed \$57,540.

*MOWT*  
11-6-14

0150-10340-0000

**TRANSMITTAL**

TO  
Eugene D. Seroka, Executive Director  
Harbor Department

DATE  
**JAN 23 2015**

COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT  
15

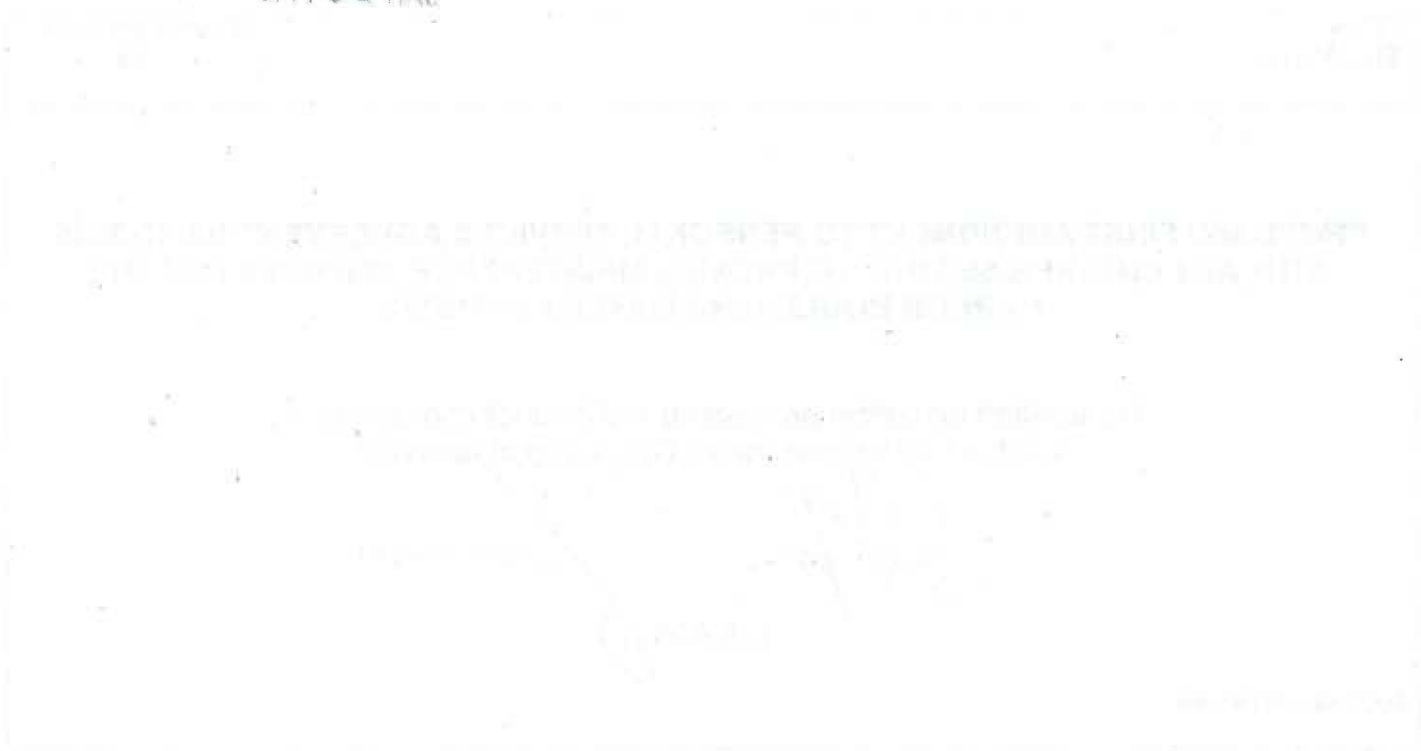
**PROPOSED FIRST AMENDMENT TO PERSONAL SERVICES AGREEMENT NO. 12-3045  
WITH WET ENTERPRISES INC. TO PROVIDE MAINTENANCE SERVICES FOR THE  
HARBOR BOULEVARD WATER FEATURES**

Transmitted for further processing and Council consideration.  
See the City Administrative Officer report attached.

  
(Ana Guerrero)  
MAYOR

MAS:ABN:10150059t

JAN 28 1972



100-100-100



REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 23, 2015

CAO File No. 0150-10340-0000

Council File No.

Council District: 15

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Correspondence from the Harbor Department dated January 14, 2015: referred by the Mayor's Office for report dated January 15, 2015

Subject: **PROPOSED FIRST AMENDMENT TO PERSONAL SERVICES AGREEMENT NUMBER 12-3045 WITH WET ENTERPRISES INC., TO PROVIDE MAINTENANCE SERVICES FOR THE HARBOR BOULEVARD WATER FEATURES**

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### SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 15-7740 authorizing the First Amendment to extend Personal Services Agreement (Agreement) No. 12-3045 with WET Enterprises Inc. (WET) to provide maintenance services for Harbor Boulevard Water Features in San Pedro. In February 2012, the Board approved the Agreement with WET to assist the Port's Construction and Maintenance Division to maintain the Gateway Plaza Fanfare and Reflection Pool, and Interactive Fountains along Harbor Boulevard in San Pedro. The original Agreement with WET was for a one-year term, with two one-year renewal options up to a maximum amount of \$1,153,920 over three years. The Agreement is to expire February 25, 2015. The proposed Amendment will extend the Agreement with WET for a term of one-year, with four additional one-year options, subject to approval by the Port Executive Director, and additional compensation up to a maximum of \$2,014,762 for five years. Approval of the proposed Amendment will increase the Agreement up to a combined term of eight years and a maximum compensation amount of \$3,168,682. The proposed Amendment will ensure that the water features to perform at optimal levels for visitors to the Port of Los Angeles (POLA).

Any stipulated changes to the original Agreement require an amendment to the contract. Except as amended, the Port states that all other terms and conditions of the Agreement will remain in effect. In accordance with Charter Section 373, City Council approval is required because the cumulative term of the contract exceeds three years.

### BACKGROUND

The Port states that the Fountains were built in 2008 as part of the "Bridge to Breakwater" project, as a community resource and for public enjoyment. It is situated in front of the World Cruise Center at Berth 93, so cruise passengers can also see the Fountains. The Fountains are the primary focus of the monthly maintenance costs since they have the most moving parts and specialized equipment.

WET was selected through a Request for Proposals (RFP) process. In 2008, prior to the release of the RFP, the Port, and a construction company that it hired, used the plans and designs of a WET subsidiary to construct the Gateway Plaza Fanfare and Reflection Pool, and Interactive Fountains. In 2009, the Port staff assumed responsibility for maintaining the Fountain's water features by contracting for the use of WET's proprietary software and key mechanical elements of their systems. However, Port staff subsequently concluded that a maintenance agreement with WET would be a more efficient and effective method to continue maintaining the water features. According to the Port, it implemented a month-to-month contract with WET until they could negotiate a suitable agreement. The Port states that because it could not reach a suitable agreement with WET and also was concerned with the proprietary nature of the software and equipment, the POLA decided to conduct a RFP process. The RFP's scope of work was separated into the following four project modules or components in which proposing companies could submit proposals for one or all of them.

- 1) Gateway Fountain Equipment/Mechanical Maintenance;
- 2) Gateway Fountain Water Quality Maintenance;
- 3) Interactive Fountain Equipment/Mechanical Maintenance and Water Quality Maintenance;
- 4) Reflection Pool Equipment and Water Quality Maintenance

The breakdown meant that more than one company could have been awarded an agreement based on the RFP. The Port received proposals from two companies and concluded that WET had rated as the best overall proposal based on following criteria: qualifications and experience; references and financial strength; project organization, personnel and staffing; project approach and work plan; compensation rates; and quality and responsiveness. In addition, WET has installed and maintained fountains in other states and locations inside and outside the State.

The Port states that this project includes 27 songs played at the Gateway Fountains for special events and ceremonies. The song licenses are covered under a separate agreement with the Port's Public Relations Division and will not be affected.

## **DISCUSSION**

The Port states that WET was the best option available for the POLA at this time and concluded that the use of its proprietary software and hardware equipment will provide the most efficient maintenance of the fountain equipment. According to the Port, it would be difficult for other vendors to compete due to the proprietary software and hardware used by WET to maintain the water features. The Port could incur greater costs to remove, purchase, install and replace the current equipment and possibly impact the operations of other capital projects for the POLA. The Port estimates replacing the existing fountains with non-proprietary fixtures could cost up to \$2.3 million. The current Agreement with WET provides for expenditures of approximately \$32,480 per month and \$1,153,920 over three years for the maintenance of the Port's fountains. The proposed Amendment with WET would add up to five years and \$2,014,762 in compensation to the Agreement. The following table shows the existing and proposed contractual periods and compensation increases:

**The existing and proposed contractual periods and compensation increases**

<b>Contract Year</b>	<b>Fiscal Year</b>	<b>Total Amount</b>	<b>Percent Increase</b>
<b>1</b>	2011-12/2012-13	\$ 382,080	N/A
<b>2</b>	2012-13/2013-14	382,080	0%
<b>3</b>	2013-14/2014-15	389,760	2%
<b>Subtotal (Existing)</b>		<b>\$1,153,920</b>	
<b>4 (proposed)</b>	2014-15/2015-16	\$397,556	2%
<b>5 (optional)</b>	2015-16/2016-17	397,556	0%
<b>6 (optional)</b>	2016-17/2017-18	404,268	1.7%
<b>7 (optional)</b>	2017-18/2018-19	404,268	0%
<b>8 (optional)</b>	2018-19/2019-20	411,114	1.7%
<b>Total (Proposed)</b>		<b>\$2,014,762</b>	

The Port states that it has included the funds in its current budget for the fourth year of the proposed Amendment, contingent upon approval by the Mayor and Council. Future funding for the Agreement will be requested as part of the Port's annual budget process. The Agreement includes a clause to discontinue funding if any subsequent fiscal year's funds are not approved by the Board for the work required, and the Agreement will be terminated.

**CONTRACT COMPLIANCE REQUIREMENTS**

The City Attorney has reviewed and approved the proposed Amendment as to form. The original Agreement and proposed Amendment is in compliance with applicable provisions of City Ordinances and contracting requirements. According to the Port, it prepared a Charter Section 1022 determination as part of the original Agreement and concluded that the work could be performed more economically and feasibly by the independent contractor instead of the City employees because of the expertise required and the use of the proprietary software and hardware equipment. The Port Director of Environmental Management has determined that the original and proposed Amendment is an administrative action that 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.

**RECOMMENDATION**

That the Mayor:

1. Approve the Harbor Department (Port) Board of Harbor Commissioners Resolution No. 15-7740 authorizing the First Amendment to extend Personal Services Agreement (Agreement) No. 12-3045 with WET Enterprises Inc. (WET) by adding one additional year and four additional option years to the contract term for a maximum term of eight years and increase the compensation by a maximum of \$2,014,762 for a total, not to exceed amount, of \$3,168,682 to provide maintenance services for Harbor Boulevard Water Features and equipment, and,
2. Return the document to the Port for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed First Amendment to Harbor Department (Port) Agreement with WET Enterprises Inc. to provide maintenance services for the Harbor Boulevard Water Features in San Pedro will increase the proposed Agreement amount by \$2,014,762 for a maximum contract amount of \$3,168,682 and increase the contract term by one year, with four additional one-year renewal options (up to five years), for a maximum total contract term of eight years. There is no impact on the City General Fund and funding for the proposed Amendment has been included in the Harbor Revenue Fund. Any future funding for the Agreement will be requested as part of the Port's annual budget process.

## **TIME LIMIT FOR COUNCIL ACTION**

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," the proposed Agreement must be approved by the Council before it can become effective. Unless the Council takes action by disapproving a contract that is longer than three years within 60 days after submission to Council, the contract will be deemed approved.

*MAS:ABN:10150059*