



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: OCTOBER 28, 2015

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39766 TO THE EATON CORPORATION FOR ELECTRICAL TESTING, ANALYSIS, REPAIR SERVICES, AND THE PURCHASE OF RELATED PARTS AND EQUIPMENT

SUMMARY:

The Los Angeles Harbor Department (Harbor Department) Construction and Maintenance Division (C&M) requests approval of Contract No. 39766 with the Eaton Corporation of Raleigh, North Carolina for the testing and analysis of electrical equipment; equipment life extending and repair recommendations; equipment repair, refurbishment and replacement services; and the purchase of related parts and equipment. The proposed contract is for a one-year period with a not-to-exceed amount of \$845,000, with two one-year renewal options, with a not-to-exceed amount of \$1,000,000 for each individual renewal option year. The Fiscal Year (FY) 2015-16 budget includes \$845,000 for electrical equipment testing/studies, repair, and replacement services and parts. Funding for the optional renewal periods will be requested through the annual budget process and the contract shall only be funded at the approved FY budget amount. The proposed contract services are an essential component of the Harbor Department's plan to improve electrical safety and reliability throughout the Port complex. This proposed contract is the financial responsibility of the Harbor Department.

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. Find that in accordance with City of Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.15 (a)(8), the Harbor Department may enter into an agreement with the Eaton Corporation utilizing a current agreement for such services with the General Services Administration (GSA), Contract No. GS-06F-0023R, a cooperative purchase agreement;
3. Find that in accordance with Los Angeles City Charter Section 1022, work under the subject contract can be performed more feasibly by independent contractors than by City employees;

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4. Approve Contract No. 39766 with the Eaton Corporation for a term of one-year with a not to exceed amount of \$845,000, with two one-year renewal options with a not-to-exceed amount of \$1,000,000 for each year, to be exercised by the Executive Director or his/her designee, and authorize said expenditures;
5. Authorize the Executive Director to execute Contract No. 39766 and the Board Secretary to attest to; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – In January 2013, the “Electrical Safety Audit Report for the Port of Los Angeles” prepared by URS (Audit) was released, with a Harbor Department Audit Implementation Plan subsequently released in June 2013. Both the Audit and Audit Implementation Plan include the following recommendations:

- Develop a program to address preventative maintenance and equipment that presents a hazard (Recommendations 121-126).
- Perform risk assessments on aged equipment and create a correction plan (Recommendation 127).
- Perform regular maintenance on terminal high voltage switchgears and bus bars (Recommendation 129).
- Perform infrared, circuit, relay, and transformer oil testing (Recommendations 132-135).
- Perform arc flash analysis on new electrical installations and when major modification or renovations to electrical distribution equipment are made (Recommendations 92-94).

In recognition of the volume of low and high voltage electrical equipment and systems located throughout the Port of Los Angeles (Port), coupled with the on-going movement toward further equipment electrification to reduce air emissions and increase efficiencies, the Audit Implementation Plan established a multi-year timeframe for the development of an inventory of electrical equipment and components, equipment testing and related documentation of needed repairs, and equipment repair, refurbishment, and replacement implementation.

Concurrently, funding has been specifically allocated over the past several years for, and C&M has completed, a wide range of capital infrastructure projects that were deferred over the years due to staffing or funding restrictions, including, but not limited to projects to improve electrical infrastructure reliability within the Port environs. The Board’s on-going support for an annual budget of \$5-7 million for such deferred

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maintenance projects has allowed C&M to reduce the backlog of infrastructure maintenance and repairs, including electrical equipment repairs. While much progress is being made with the deferred maintenance program, it will take a long-term commitment to ensure the Port's infrastructure is maintained in an optimum condition of use.

FY 2015/16 Electrical Infrastructure/Equipment/Safety Projects

The high voltage equipment at the Yang Ming container terminal at Berths 121-126 was identified by C&M and the Engineering Division staff as aged equipment of particular concern based upon a July 2013 inspection and cleaning of the electrical crane trench and related breakers and buss bars. Subsequent equipment testing, performed utilizing contractual services available at the time, identified the equipment as having a high risk of failure and becoming a safety hazard. As a result, the FY 2015/16 deferred maintenance budget specifically allocates funding for replacement of the high voltage breakers at Berths 121-126. The proposed Eaton Corporation contract would be used to obtain needed parts and provide installation services to timely address the identified equipment deficiencies, improving both safety and system reliability.

In addition, the FY 2015/16 budget includes \$465,000 in funding to carry-out the Electrical Safety Audit Implementation Plan's recommendations related to equipment testing, analysis, studies, reports, and repair programs to remedy identified electrical equipment deficiencies. The proposed Eaton Corporation contract would be used to test equipment identified as being of concern by the C&M and the Engineering Division based on equipment age, service hours, and C&M field inspections. The proposed contract would also be used to obtain parts and repair services to remedy any immediate issues identified.

Equipment testing, repair, refurbishment, and replacement that requires time and resources that extend beyond the FY 2015/16 timeframe and budgeted resources would be recommended for funding and implementation in future fiscal years, consistent with the Harbor Department's multi-year the Electrical Safety Audit Implementation tasks and deferred maintenance program strategies. The proposed two one-year contract renewal options would be authorized based upon the Capital Improvement Projects and Audit Implementation Plan funding approved for the relevant fiscal year.

Contract Process – It is recommended that the Harbor Department join ("piggy back") General Services Administration (GSA) Contract No. GS-06F-0023R, Cooperative Purchase Agreement, which expires on December 7, 2019. The Harbor Department's contract will incorporate City contracting requirements, such as Affirmative Action Program, Child Support Obligations Ordinance, Contract Responsibility Program, and the Equal Benefits Ordinance. Due to the pricing afforded through joining the larger

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GSA contract, it is in the Harbor Department's best interest to join ("piggy back") GSA's contract with Eaton Corporation.

The City of Los Angeles Charter Article III, Section 371(e)(8) and Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.15 (a)(8) allow for "contracts for cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts and professional, scientific, expert or technical services contracts for those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process."

Therefore, it is recommended that the Board of Harbor Commissioners approve Contract No. 39766 with the Eaton Corporation, joining the GSA contract, for a term of one-year with a not to exceed amount of \$845,000, with two one-year renewal options with a not-to-exceed amount of \$1,000,000 for each year, for the testing and analysis of electrical equipment; equipment life extending and repair recommendations; equipment repair, refurbishment and replacement services, and; the purchase of related parts and equipment (Transmittal 1). The one-year contract renewal options would be exercised by the Executive Director or his/her designee. The \$845,000 first year cost of the contract, including services, parts, material, equipment, labor, and applicable sales tax, is consistent with the funding provided in the FY 2015/16 budget for such activities. In the event the contract is extended, the subsequent year contract funding levels will be based upon the Capital Improvement Projects and Audit Implementation Plan funding approved for that fiscal year, but in no case shall exceed \$1,000,000 annually.

ENVIRONMENTAL ASSESSMENT:

The proposed action is award of a contract to Eaton Corporation for electrical equipment testing, analysis, and repair and purchase of related parts and equipment. 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 contract will support 22 direct and 19 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

Proposed Contract No. 39766 with Eaton Corporation is an essential component of the Harbor Department's multi-year strategy to improve electrical safety and reliability

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throughout the Port complex. Due to the age and condition of existing infrastructure, and the potential safety implications and operational disruptions associated with electrical equipment failures, there is no feasible alternative to repairing, refurbishing, or replacing electrical equipment with identified deficiencies.

Contract expenditures during the initial year of the proposed contract would be \$845,000, commensurate with FY 2015/16 budget approved for the testing and analysis of electrical equipment; equipment life extending and repair recommendations; equipment repair, refurbishment and replacement services, and; the purchase of related parts and equipment:

Account	Account No.	Center No.	Program No.	Amount
Capital Budget	54010	1162	000	\$380,000
Outside Services	54030	0510	000	\$240,000
Professional Services	54290	0510	000	\$225,000

In the event the contract is extended through exercise of the renewal options contained therein, the subsequent year contract funding levels would be based upon the Capital Improvement Projects and Audit Implementation Plan funding approved for that fiscal year, but will in no case exceed \$1,000,000 dollars annually.

CITY ATTORNEY:

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

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TRANSMITTALS:

1. Contract No. 39766



JOE MALDONADO
Director of Port Construction & Maintenance

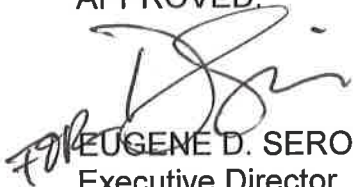
FIS Approval: MB (Initials)

CA Approval: GF (Initials)



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

APPROVED:



EUGENE D. SEROKA
Executive Director

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