



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 5, 2017

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT
NO. 39825 TO NATIONAL AUTO FLEET GROUP FOR PURCHASE OF
HEAVY DUTY TRUCKS – CLASS 6, 7, 8, CHASSIS

SUMMARY:

Staff requests that the Board of Harbor Commissioners approve Contract No. 39825 with National Auto Fleet Group of Watsonville, California for the purchase and delivery of heavy duty trucks as identified in the capital equipment budget proposed as a part of the Harbor Department's Fiscal Year 2017-18 annual budget in the not to exceed amount of \$1,500,000 annually. This one-year contract with two one-year renewal options is the financial responsibility of the Harbor Department.

RECOMMENDATION:

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

1. Find 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 as determined by the Director of Environmental Management;
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 National Auto Fleet Group utilizing a current agreement for such services with the National Joint Powers Alliance (NJPA) through their Contract No. 081716-NAF, a cooperative purchase agreement;
3. Approve Contract No. 39825 with National Auto Fleet Group in the amount of \$1,500,000 for a period of one year, with two one-year renewal options in the same amount annually to be exercised by the Executive Director or his/her designee;
4. Authorize the Executive Director to execute and Board Secretary to attest to Contract No. 39825 for and on behalf of the Board; and
5. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – The Harbor Department's Construction and Maintenance Division (C&M) is responsible for the maintenance of the majority of the department's rolling and floating equipment. As such, C&M has been assigned responsibility for developing an annual budget for the replacement of equipment it is responsible for maintaining and has served as the procurer of a majority of additions to the vehicular and floating equipment fleet for the department. When making determinations about vehicle or equipment replacement, the fleet managers at C&M take several factors into consideration. These factors include, but are not limited to, age, mileage or hours, maintenance history, anticipated usage needs, and overall condition/reliability. In addition, environmental regulatory changes may require the replacement of equipment outside of the normal criteria.

Each year as a part of the annual budget process, C&M will compile a list of equipment that meets the replacement criteria depending on the class of equipment involved. At its simplest, for light duty equipment, which includes passenger vehicles and light and medium duty pickup trucks, replacement is considered after 10 years of service and/or having reached 100,000 miles of use. For heavy vehicles, which include heavy trucks, tractors, and construction equipment, including trailers, replacement is considered after 15 years of service. The replacement list is reviewed and prioritized for submittal as a part of the annual capital equipment budget request. The list is typically pared down and those pieces which make the final list are replaced after research is undertaken as to what constitutes the most economical, environmentally friendly replacement, including adherence to the Mayor's Sustainable City plan insofar as it relates to equipment purchases. The development of specifications and submittal of a requisition for procurement through the bid process can take from a few days to several weeks. Depending on what is ordered, the lead time for delivery is usually never sooner than two months. Sometimes, however, it can take several months for an item to be delivered, pushing delivery and payment into the following fiscal year. In these instances, funds need to be reallocated to the budget for the next fiscal year in order to pay for purchases under contracts issued during the previous fiscal year.

Entering into proposed Contract No. 39825 (Transmittal 1) represents an opportunity to shorten the procurement process by taking advantage of pre-negotiated prices for a wide array of heavy duty trucks available through the National Joint Powers Alliance (NJPA), a cooperative of more than 50,000 member agencies that has developed competitively bid purchasing contracts for various materials and services. Like the City of Los Angeles Department of General Services, which is using several NJPA contracts for the purchase of various classes of vehicles and equipment, the Harbor Department

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would like to do the same. It is estimated that this contract will reduce the procurement process by up to four months for those items that are available through the contract and potentially reduce instances where funds need to be carried over from one fiscal year to the next for the payment of previous year purchases. Whereas submittal of requisitions for equipment will normally take place over the course of six months once the fiscal year has begun, it is anticipated this contract will shorten the time for processing vehicle orders. Delivery may still take some time because of the manufacturing cycle involved with vehicle order, but the overall schedule of delivery will be shortened.

Selection Process – Staff identified this contract as one that would be advantageous to the Harbor Department. Staff learned that the City of Los Angeles Department of General Services is using this agreement for the purchase of heavy duty trucks. It is recommended that the Harbor Department enter into contract with the National Auto Fleet Group and, through it, join (“piggyback”) NJPA Contract No. 081716-NAF. The NJPA is a national public purchasing agency that establishes nationally leveraged and competitively solicited contracts for use by NJPA members which include government agencies, school districts, higher education institutions, and non-profits. Further, NJPA is open to governmental agencies to enter into their negotiated contracts and thus benefit from the agreements they strike. Due to the pricing afforded through joining the larger NJPA contract, it is in the Harbor Department’s best interest to join the NJPA contract with National Auto Fleet Group. As previously stated, the contract will speed the procurement process and allow C&M to be more responsive to its internal customers by being able to supply replacement equipment more readily. Likewise, the sooner new equipment is provided, the sooner older, more maintenance prone equipment can be salvaged. In addition, the contract contains two, one-year renewal options which will allow for the continuation of the benefits of a speedier procurement process for this type of equipment.

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.”

ENVIRONMENTAL ASSESSMENT:

The proposed action is award of a contract to National Auto Fleet Group for the purchase and delivery of heavy duty trucks. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from

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the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The Harbor Department's annual capital equipment budget will vary due to the composition of equipment coming up for replacement/acquisition and upon managerial decisions on the appropriation level acceptable for equipment. In the past few years, the appropriation has ranged from \$2.5 million to \$6 million. The appropriation this fiscal year is over \$6 million. Of this amount, it is anticipated that expenditures for heavy duty trucks will not exceed \$1.5 million annually. Therefore the amount of the contract will represent only the heavy duty truck portion of the annual appropriation. Expenditures for the first year of the contract are expected to be as follows:

<u>Account No.</u>	<u>Center No.</u>	<u>Program No.</u>	<u>FY 2017-18 Amount</u>	<u>Total</u>
13150	0510	000	\$1,500,000	\$1,500,000
		TOTAL	\$1,500,000	\$1,500,000

Should the Harbor Department exercise the renewal options in future years, funds will be requested as a part of the annual budget approval process in each future year, upon Board approval. If the two renewal options are exercised, the maximum authorized expenditure for the entire term of the contract would be for an amount not-to-exceed \$4,500,000. Actual contract expenditures may be less than the contract amount.

Equipment replaced as a result of the purchase of new equipment will be salvaged through the Los Angeles City Department of General Services and the proceeds will be returned to the Harbor Revenue Fund. The Harbor Department is responsible for all operational and maintenance costs associated with newly acquired equipment.

CITY ATTORNEY:

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

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TRANSMITTAL:

1. Contract No. 39825

FIS Approval:  (Initials)

CA Approval:  (Initials)



TIM CLARK
Director of Port Construction & Maintenance



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

APPROVED:



EUGENE D. SEROKA
Executive Director

FOR

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