



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 28, 2012

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39645 TO CASE POWER & EQUIPMENT FOR THE PURCHASE OF ONE BACKHOE LOADER AND ONE TRACTOR

SUMMARY:

The Construction and Maintenance Division (C&M) requests approval of Contract No. 39645 with Case Power & Equipment of Santa Fe Springs, CA, for the purchase of one backhoe loader in the amount of \$114,977 and one tractor in the amount of \$97,002, for a total of \$211,979 including sales tax. This equipment will replace a 16 year-old backhoe and a 12 year-old tractor in poor condition. The replacements were planned and are funded in the Fiscal Year 2012-13 capital equipment budget.

RECOMMENDATION:

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

1. Approve Contract No. 39645 with Case Power & Equipment of Santa Fe Springs, CA in the amount of \$211,979 and authorize said expenditures;
2. Authorize the Executive Director to execute Contract No. 39645; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The City of Los Angeles Harbor Department (Harbor Department) regularly replaces vehicles and equipment when they reach the end of their life cycle or if maintenance costs exceed the value of a vehicle or piece of equipment. As in all vehicle or equipment replacements at the Harbor Department, they will not be replaced if they are still functioning properly and do not incur excessive costs to maintain.

C&M takes into consideration the capital costs associated with purchasing vehicles and equipment and balances that with the repair costs for each vehicle or piece of equipment. C&M always first seeks to extend the life of any vehicle or piece of equipment if it is in good condition, even if guidelines recommend replacement (such as ten years for pool cars or 15 years for heavy duty equipment). The Harbor Department vehicle and equipment replacement and selection policy (Transmittal 1) was used to

DATE: NOVEMBER 28, 2012

PAGE 2 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39645 TO CASE POWER & EQUIPMENT

determine the actions requested in this report. The equipment requested has been assessed by C&M fleet staff and supervisors and meets the threshold for replacement.

C&M purchased one off-road heavy duty construction loader/backhoe in fiscal year 1996-97 and one off-road heavy duty construction loader/tractor in fiscal year 2000-01. The backhoe has been used exclusively for City of Los Angeles Harbor Department (Harbor Department) projects, while the tractor has been solely operated at Cabrillo Beach for clean-up purposes. In accordance with a Memorandum of Understanding with the City of Los Angeles Department of Recreation and Parks, C&M procures and maintains vehicles and equipment used to maintain Cabrillo Beach. The backhoe and tractor have been in continuous use since they were purchased and have reached their operational limits.

The 1997 loader/backhoe (Vehicle No. 260-76) has logged over 2,500 engine hours on its diesel engine. It has considerable wear and tear based on frequent heavy usage over the years. This vehicle is structurally and electronically in poor condition and C&M staff has determined that replacement is the most cost effective alternative.

The 2001 loader/tractor (Vehicle No. 296-66) has logged nearly 4,500 hours on its diesel engine. This vehicle is used every day on beach clean-up detail and operates in the saltwater and sand environment on a regular basis. The structural condition of this vehicle is very poor. The vehicle's chassis, running gear, and body parts are deteriorating consistently from oxidation. C&M staff has determined that replacement is necessary.

The backhoe proposed to be purchased by C&M is a combination wheel loader with an integral boom-type backhoe, two-wheel drive, with an extend-a-hoe dipper stick and hydraulic thumb. It will be able to dig at a depth of at least 17 feet 11 inches and lift a minimum of 5,300 pounds. The diesel engine meets Environmental Protection Agency Tier 4 emission requirements. In addition, the new backhoe comes with a one-year warranty for unlimited hours, a two-year or 2,000 hour warranty for the powertrain, and a five-year or 5,000 hour extended warranty for the drive train and hydraulics. The estimated life span of the new backhoe is 15 years.

The tractor proposed to be purchased by C&M is a wheel loader/tool carrier four wheel drive tractor with an enclosed cab, 1.75 cubic yard four-in-one combination bucket with a Category II three-point hitch and a Power Take Off to operate the hitch. It will have a bucket capacity of one cubic yard, a bucket width of 80 inches, and lift capacity of at least 6,500 pounds. The turbo diesel engine meets Environmental Protection Agency Tier 4 emission requirements. In addition, the new tractor comes with a one-year warranty for unlimited hours, a two-year or 2,000 hour warranty for the powertrain, and a five-year or 5,000 hour extended warranty for the drive train and hydraulics. The estimated life span of the new tractor is 15 years.

DATE: NOVEMBER 28, 2012

PAGE 3 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39645 TO CASE POWER & EQUIPMENT

C&M is continually striving to reduce costs involved with the maintenance and repair of all Harbor Department owned vehicles and equipment. Standardizing the fleet is key to making that happen. Service and repair costs are reduced to a minimum by not having to acquire multiple parts from multiple brands of vehicles and equipment. In addition, training costs are reduced by only needing to train C&M staff on a few brands.

Selection Process – C&M submitted a purchase requisition with specifications for a backhoe and tractor in July 2012. The Contracts and Purchasing Division released Request for Bid (RFB) F-802 on August 21, 2012 to solicit bids for a backhoe and tractor. It was advertised on the City of Los Angeles Business Assistance Virtual Network (LABAVN) and the Port of Los Angeles website. Four bids were received by the September 12, 2012 deadline (Transmittal 2).

Scott Equipment bid only on the tractor, and their bid was for an alternate to the specifications. Their bid did not meet the capacity requirement for the multi-purpose bucket, did not meet the hydraulic system requirements, and did not have control options or the operator seat available as required. These deviations make this bid non-responsive.

Quinn Company bid only on the backhoe, and their bid was for an alternate to the specifications. Their bid did not meet the front and rear axle capacities as required in the specifications. These deviations make this bid non-responsive.

Coastline Equipment bid on both the backhoe and tractor, and their bid was for an alternate to the specifications. Their bid on the backhoe did not meet the requested level of stick dig force or bucket dig force, did not meet the required front and rear axle capacities, and did not include roller switches and backhoe thumb lock-out options as required in the specifications. Their bid on the tractor did not meet the requested loader lift capacity, did not meet the required front and rear axle capacities, and included the steering cylinder/linkage equipment in front of the axle instead of behind the axle. These deviations make this bid non-responsive.

Case Power & Equipment provided the sole responsive bid on both the backhoe and tractor. They are not eligible for the Local Business Preference Program (LBPP). However, they were the lowest, responsive bidder even without the eight percent LBPP credit. Staff is recommending approval by the Board of a contract with Case Power & Equipment, the lowest, responsive bidder (Transmittal 3).

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a contract with Case Power & Equipment for the purchase of a backhoe loader and a tractor to replace old equipment. As an administrative activity, the Director of Environmental Management has determined that

DATE: NOVEMBER 28, 2012

PAGE 4 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39645 TO CASE POWER & EQUIPMENT

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:

Spending under this proposed contract will support approximately 1 direct and 1 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

The purchase of a backhoe and a tractor, including tax and shipping charges, will cost the Harbor Department a total of \$211,979. Total ongoing maintenance costs associated with the new equipment is expected to be approximately \$1,500 per item per year, excluding fuel costs and including warranty provisions. This is a decrease in operations and maintenance costs from the existing backhoe and tractor of approximately \$4,000 per item per year. The existing backhoe and tractor have fully depreciated in value. For accounting purposes, the useful life of the equipment is seven years.

One alternative to replacing the current equipment would be to make significant structural refurbishments at a cost of approximately \$60,000 for both pieces of equipment, and continue to spend approximately \$4,000 per item per year in regular maintenance and repairs.

Funding in the amount of \$190,000 for the proposed backhoe and tractor was budgeted in the Fiscal Year 2012-13 C&M Capital Equipment Budget Account No. 13240, Center No. 0510, and Program No. 000. Contingency funding of \$21,979 in that account is available to fund the balance of the purchase amount.

DATE: NOVEMBER 28, 2012

PAGE 5 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39645 TO CASE POWER & EQUIPMENT

CITY ATTORNEY:

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

TRANSMITTALS:

1. Harbor Department Vehicle/Equipment Replacement/Selection Policy
2. Recap of Bid No. F-802
3. Contract No. 39645

FIS Approval: WR (initials)

CA Approval: JM (initials)


JIM MORGAN

Director of Port Construction and Maintenance


JOHN M. HOLMES
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

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

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