



**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. 39647 TO LOS ANGELES TRUCK CENTER, LLC DBA LOS ANGELES FREIGHTLINER FOR THE PURCHASE OF TWO DUMP TRUCKS

SUMMARY:

The Construction and Maintenance Division (C&M) requests approval of Contract No. 39647 with Los Angeles Truck Center, LLC dba Los Angeles Freightliner of Whittier, CA, for the purchase of two compressed natural gas fueled dump trucks in the amount of \$389,231, including sales tax. These dump trucks will replace 15 year-old and 16 year-old diesel fueled dump trucks 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. 39647 with Los Angeles Truck Center, LLC dba Los Angeles Freightliner of Whittier, CA, in the amount of \$389,231 and authorize said expenditures;
2. Authorize the Executive Director to execute Contract No. 39647; 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 4

SUBJECT: AWARD OF CONTRACT NO. 39647 TO L.A. FREIGHTLINER

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 heavy duty 12 cubic-yard dump truck in fiscal year 1996-97 and another dump truck in fiscal year 1997-98. Both of those trucks have been in continuous use since then and have reached their operational limits.

The 1997 dump truck (Vehicle No. 260-45) has logged just over 72,000 actual road miles and over 7,100 engine hours. This calculates to over 400,000 operational miles on its diesel engine. (One engine hour is calculated as 60 miles, and overlaps with the actual road miles.) This vehicle is structurally and electronically in poor condition. While still operationally safe, there are minor load-related stress cracks within the chassis and bed recently found during regular maintenance. In addition, the electrical system has aged to a point where repairs are needed more frequently to keep the vehicle road worthy.

The 1998 dump truck (Vehicle No. 260-73) has logged almost 73,000 actual road miles and close to 5,800 engine hours. This calculates to nearly 350,000 operational miles on its diesel engine. This vehicle's hydraulic system has had multiple problems requiring costly parts replacement to keep the system working including pumps, power-take-off units, hoses and cylinders. The overall condition of this vehicle is poor. Climate conditions are also affecting this dump truck with the exterior body and chassis deteriorating from oxidation. While some body work and paint would make the vehicle look better, that would not change the underlying problems with the vehicle's overall condition.

The two dump trucks proposed to be purchased by C&M are 52,000 pound compressed natural gas (CNG) powered vehicles with 12 cubic-yard dump beds able to haul loads up to 14.5 tons each. The CNG engines will meet all Environmental Protection Agency and California Air Resources Board requirements and certifications. In addition, the new dump trucks come with a one-year warranty for the dump body and chassis, three-year warranty for the hydraulics, and an extended five-year warranty for the power train and electrical system. The estimated life span of the new dump trucks is 15 years.

Selection Process – C&M submitted a purchase requisition with specifications for two dump trucks in July 2012. The Contracts and Purchasing Division released Request for Bid (RFB) F-804 on July 31, 2012, to solicit bids for two dump trucks. It was advertised on the City of Los Angeles Business Assistance Virtual Network (LABAVN) and the Port of Los Angeles website. Three bids were received by the August 23, 2012 deadline (Transmittal 2).

The Los Angeles Truck Center, LLC dba Los Angeles Freightliner bid was the only one of the three bids to qualify as a Local Business Enterprise and received an eight percent

DATE: NOVEMBER 28, 2012

PAGE 3 OF 4

SUBJECT: AWARD OF CONTRACT NO. 39647 TO L.A. FREIGHTLINER

bid preference in accordance with the Local Business Preference Program (LBPP). However, they were the lowest bidder even without the LBPP credit, resulting in no net expenditures beyond the lowest absolute bid amount. Staff is recommending that the Board approve a contract with Los Angeles Truck Center, LLC dba Los Angeles Freightliner, the lowest, responsive bidder (Transmittal 3).

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a contract with Los Angeles Truck Center, LLC dba Los Angeles Freightliner, for the purchase of two dump trucks to replace old 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:

Spending under this proposed contract will support approximately 2 direct and 2 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

The purchase of the two dump trucks, including tax and shipping charges, will cost the Harbor Department a total of \$389,231. Total ongoing maintenance costs associated with the new dump trucks is expected to be approximately \$2,000 per truck per year, excluding fuel costs and including warranty provisions. This is a decrease in operations and maintenance costs from the existing dump trucks of approximately \$20,000 per truck per year. The existing dump trucks have fully depreciated in value. For accounting purposes, the useful life of the vehicles is seven years.

One alternative to replacing the current dump trucks would be to make significant structural repairs at a cost of \$40,000 for the two trucks, and continue to spend approximately \$20,000 per truck per year in regular maintenance and repairs.

Funding in the amount of \$370,000 for the proposed dump trucks 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 \$19,231 in that account is available to fund the balance of the purchase amount.

DATE: NOVEMBER 28, 2012

PAGE 4 OF 4


SUBJECT: AWARD OF CONTRACT NO. 39647 TO L.A. FREIGHTLINER

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-804
3. Contract No. 39647

FIS Approval:  (initials)

CA Approval:  (initials)

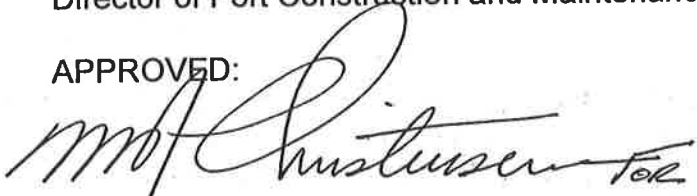


JIM MORGAN
Director of Port Construction and Maintenance



JOHN M. HOLMES
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

S:/Share/Clerical Documents/Board Items/C&M_Dump Trucks 112812

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

Author: D. Young