



Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: APRIL 25, 2018**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39854  
TO THE JANKOVICH COMPANY FOR MARINE DELIVERED FUEL**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve the award of a one-year annual contract with two one-year renewal options to The Jankovich Company of San Pedro, CA for marine delivered fuel to be used by City of Los Angeles Harbor Department (Harbor Department) vessels. The amount of this contract is not to exceed \$306,000 for the initial year. If the two renewal options are exercised, \$306,000 will be authorized annually for each year for an overall total not to exceed amount of \$918,000. Harbor Department vessels currently run on ultra low sulfur diesel fuel or gasoline. The 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 administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Award Contract No. 39854 with The Jankovich Company for a term of one year with two one-year renewal options for the annual not to exceed amount of \$306,000 per year, or a total compensation amount not to exceed of \$918,000, and authorize said expenditures;
3. Authorize the Executive Director to execute Contract No. 39854; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background - The Harbor Department currently has an active fleet of 50 marine vessels. These vessels are assigned to the Port Pilots, Port Police, Construction, and Construction and Maintenance (C&M) Divisions. Seven vessels use ultra low sulfur diesel fuel and 43 vessels use gasoline. This contract requires the selected vendor to supply and deliver all required fuels from a marine docking facility capable of fueling vessels up to 100 feet long. The delivery is to be made directly from the wharf to the vessel's fuel tank.

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Ultra low sulfur diesel fuel has a maximum sulfur content of 15 parts per million as compared to standard diesel fuel containing up to 500 parts per million. The fuel meets California Air Resources Board (CARB) diesel fuel specifications. Under the current yearly authority, which expires April 30, 2018, the Harbor Department pays 35 cents per gallon over the Oil Price Information Service (OPIS) index for ultra low sulfur diesel fuel and diesel fuel #2 for orders exceeding 249 gallons; 40 cents per gallon for ultra low sulfur diesel fuel orders of 249 gallons or less. The Harbor Department pays 48 cents per gallon over the Oil Price Information Service (OPIS) index for super unleaded 91 octane fuel for orders exceeding 249 gallons; 48 cents per gallon for this product for orders of 249 gallons or less.

This bid requested a total of six prices to qualify as a responsive bid: small and large orders of diesel fuel #2 (a version of ultra low sulfur fuel), small and large orders of ultra low sulfur diesel fuel, and small and large orders of premium unleaded gasoline. The bidders were asked to provide their markup or discount applied to each gallon of these fuels (in dollar terms, not percentages). The discount or markup they provided is based on the OPIS Market Average Weekly Closing Rack Price. The discount or markup provided by the selected bidder will remain constant throughout the contract, but the OPIS Rack Price will be subject to market fluctuations.

OPIS is a private, independent company with no stake in the increase or decrease in fuel prices. OPIS provides daily coverage of the various refined oil products bought and sold in the open or spot market at the nation's top oil trading centers. The OPIS estimated cost figures are recognized as the industry standard for benchmarking for fuel purchases by large fleets. Large utilities, rental car companies, housing authorities, state and local governments, and private corporations buy and sell fuel based on OPIS spot market assessments.

Selection Process - RFBs were mailed to The Jankovich Company and Green Mountain Corp. The RFB was also posted on the City's Business Assistance Virtual Network ([www.labavn.org](http://www.labavn.org)) and the Harbor Department's website ([www.portoflosangeles.org](http://www.portoflosangeles.org)). At least two additional potential vendors inquired about the bid and all questions and answers were made publically available as an addendum to the bid. The award of contract is based on the lowest price provided in the submitted bids.

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Only one bid was received in response to the RFB (Transmittal 1). The following table summarizes the results using the dollar amount above OPIS (per gallon) for the bidder:

<b>Fuel Category</b>	<b>Jankovich Co.</b>
Diesel Fuel #2 (0-249 gallons)	\$0.70
Diesel Fuel #2 (250-1,999 gallons)	\$0.70
Ultra Low Sulfur Diesel (0-249 gallons)	\$0.70
Ultra Low Sulfur Diesel (250-1,999 gallons)	\$0.70
Unleaded Gasoline, Super (0-249 gallons)	\$0.80
Unleaded Gasoline, Super (250-1,999 gallons)	\$0.80

Based on its bid, it is recommended that The Jankovich Company be awarded the contract for marine delivered fuel (Transmittal 2). No subcontracting opportunities were identified for this contract. Although The Jankovich Company is a current Harbor Department tenant, this did not affect the bid selection process.

**ENVIRONMENTAL ASSESSMENT:**

As an administrative activity, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed marine delivered fuel contract authorizes the Harbor Department to expend the not-to-exceed amount of \$918,000 over three years for marine delivered fuel.

In Fiscal Year 2016-17, total expenditures for marine fuel were approximately \$174,000 or \$14,500 per month. In the first eight months of Fiscal Year 2017-18, expenditures were approximately \$196,000, or \$24,500 per month. The monthly increase is due primarily to the fluctuating cost of fuel.

Funding in the amount of \$50,000 has been budgeted in Account 55040 (Materials - Fuel), Center No. 0510 (Construction and Maintenance Division), Program No. 000 (Base Budget), to cover this contract's costs for the remainder of Fiscal Year 2017-18. A funding out clause is included in the contract. In order to fund the contract renewal option, future fiscal year funding will be requested as part of the annual budget process upon Board approval.

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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 under the contract, the contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Bid Recap for Bid No. F-1014
2. Contract No. 39854

FIS Approval: 

CA Approval: 



TIM CLARK  
Director of Port Construction and Maintenance



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

APPROVED:



EUGENE D. SEROKA  
Executive Director

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