



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: DECEMBER 14, 2023**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 40025 TO 72 HOUR LLC FOR PURCHASE OF LIGHT/MEDIUM DUTY TRUCKS AND PASSENGER CARS**

**SUMMARY:**

Staff requests approval of Contract 40025 with 72 Hour LLC dba National Auto Fleet Group (72 Hour) located in Watsonville, California for the purchase and delivery of light/medium duty trucks and passenger cars. The proposed Contract would be for a one-year term with two one-year renewal options and would utilize an existing national cooperative agreement for such services between Sourcewell and 72 Hour. The Construction and Maintenance Division (C&M) will purchase light/medium duty trucks and cars as identified in the City of Los Angeles Harbor Department (Harbor Department) capital equipment budget approved as a part of the department's annual budget process. The amount of this agreement shall not exceed \$3,500,000 annually, or a total of \$10,500,000 for the duration of the three-year agreement if all options are exercised. The Harbor Department will be financially responsible for the payment of costs incurred under the proposed Contract.

The final decision in purchasing any new equipment would take into consideration the specific operational and regulatory requirements of the Harbor Department and the Mayoral directive L.A.'s Green New Deal Sustainability pLAN as of 2019 and whether these vehicles can meet these requirements.

**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) 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 72 Hour LLC utilizing a current agreement for such services with Sourcewell through their Contract No. 091521-NAF, a cooperative purchase agreement;

**DATE: DECEMBER 14, 2023**

**PAGE 2 OF 5**

**SUBJECT: AWARD OF CONTRACT NO. 40025 TO 72 HOUR LLC**

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;
4. Approve Contract No. 40025 with 72 Hour LLC in the amount of \$3,500,000 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;
5. Authorize the Executive Director to execute and the Board Secretary to attest to Contract No. 40025 for and on behalf of the Board; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Harbor Department's C&M Division is responsible for the maintenance of the majority of the department's vehicles. 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 all vehicles for the department. When making determinations about vehicle 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 compiles a list of vehicles 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 (Transmittal 1). The replacement list is reviewed and prioritized for submission 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 Los Angeles' Green New Deal plan insofar as it relates to equipment purchases. The list for Fiscal Year (FY) 2024 includes forty light/medium duty vehicles.

As part of the City of Los Angeles' Green New Deal Sustainability pLAN, incremental goals have been set to expand the City's zero emission (ZE) vehicle fleet with the ultimate goal of 100% of the City fleet zero emissions by 2050. As part of the City of Los Angeles, the Harbor Department must do its part in helping to achieve the pLAN's ZE goals by prioritizing the purchase of ZE vehicles and equipment.

**DATE: DECEMBER 14, 2023**

**PAGE 3 OF 5**

**SUBJECT: AWARD OF CONTRACT NO. 40025 TO 72 HOUR LLC**

C&M must consult the Port's Environmental Management Division (EMD) for any diesel-using equipment purchases or deviations from the specifications below. In some cases, operational necessity may require purchasing vehicles of the same make (manufacturer) that already exists in the fleet in order to benefit from improved maintenance, training costs, and compatible charging infrastructure. However, the objective is to always purchase the cleanest vehicle feasible.

Selection Process – 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 of those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process.”

Sourcewell is a self-supporting government organization that holds hundreds of competitively solicited cooperative contracts in various products and services ready for use. The Sourcewell contract is a mechanism for the Harbor Department to utilize 72 Hour LLC at prices that match or are more competitively priced than high volume government discounts. Therefore, in accordance with the City of Los Angeles Charter and Administrative Code, the proposed action by the Board is consistent with City contracting policies and staff is recommending approval of the contract with 72 Hour LLC (Transmittal 2).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of Contract No. 40025 with 72 Hour for the purchase and delivery of light/medium duty trucks and passenger vehicles, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed Contract would authorize expenditures of up to \$3,500,000 per year, or a maximum of \$10,500,000 over three years if all options are exercised. FY 2023/24 funding in the amount of \$2,333,000 is available within Account 13150 (Capital Equipment), Center 0510, Program 000. Spending under the proposed Contract is anticipated to occur as follows:

**DATE: DECEMBER 14, 2023**

**PAGE 4 OF 5**

**SUBJECT: AWARD OF CONTRACT NO. 40025 TO 72 HOUR LLC**

Fiscal Year (FY)	\$ Amount
FY 2023-24	\$2,333,000
FY 2024-25	\$3,500,000
FY 2025-26	\$3,500,000
FY 2026-27	\$1,167,000
<b>Total</b>	<b>\$10,500,000</b>

Future fiscal year funding will be requested to be budgeted as part of the annual budgeting process, subject to Board approval. While the maximum amount of the proposed Contract will be \$10,500,000 if both renewal options are exercised, actual contract expenditures may be less than the contract amount.

The proposed first year expenditures of \$3,500,000 under the proposed contract are related to light/medium duty trucks and passenger cars which represent one component of the Harbor Department's overall \$9,385,436 FY 2024 capital equipment budget appropriation.

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.

DATE: DECEMBER 14, 2023

PAGE 5 OF 5

SUBJECT: AWARD OF CONTRACT NO. 40025 TO 72 HOUR LLC

**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Photos of Light/Medium Duty and Passenger Cars
2. Contract No. 40025, Formal Bid No. F-1183

FIS Approval: MB

CA Approval: JC



TIM CLARK  
Director of Port Construction & Maintenance

*Michael DiBernardo*

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Deputy Executive Director  
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APPROVED:

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