



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

DATE: SEPTEMBER 17, 2020

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39923 TO 72 HOUR LLC FOR PURCHASE OF LIGHT/MEDIUM DUTY TRUCKS AND PASSENGER CARS

SUMMARY:

Staff requests approval of a one-year contract with two one-year renewal options, Contract No. 39923 with 72 Hour LLC dba National Auto Fleet Group (72 Hour) of Watsonville, California for the purchase and delivery of light/medium duty trucks and passenger cars as identified in the 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 costs incurred under the proposed contract.

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. 120716-NAF, a cooperative purchase agreement;
3. Approve Contract No. 39923 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;
4. Authorize the Executive Director to execute and Board Secretary to attest to Contract No. 39923 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 compiles 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 (Transmittal No. 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) 2021 includes forty-four light/medium trucks and passenger cars.

Entering into proposed Contract No. 39923 (Transmittal No. 2) represents an opportunity to shorten the procurement process by taking advantage of pre-negotiated prices for a wide array of light/medium duty trucks available through Sourcewell, a cooperative of more than 50,000 member agencies that has developed competitively bid purchasing contracts for various materials and services. 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 – 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

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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.”

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.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a one-year contract with two one-year renewal options with 72 Hour LLC of Watsonville, CA for the purchase and delivery of light/medium duty trucks and passenger cars, 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, for the purchase of light/medium duty trucks and passenger cars. 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 2020-21 Amount</u>	<u>Total</u>
13150	0510	000	\$3,500,000	\$3,500,000
		TOTAL	\$3,500,000	\$3,500,000

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 \$10,500,000. Actual contract expenditures may be less than the contract amount.

Over three fiscal years from FY 2018 through 2020, the Harbor Department's annual capital equipment budget appropriation had averaged approximately \$8,000,000 per year. In FY 2021, the capital equipment appropriation was reduced to \$5,131,910 due in part to the impact of COVID-19 on the Port's business. The proposed first year expenditures of \$3,500,000 under the proposed contract are related to light/medium duty

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trucks and passenger cars which represent one component of the Harbor Department's overall \$5,131,910 FY 2021 capital equipment budget appropriation. The previous agreement for the purchase of light/medium duty trucks and passenger cars, Contract No. 39815 and its two one-year renewal options also with 72 Hour, had a total not to exceed of \$13,500,000. The amount spent was \$8,198,161.

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 contract as to form and legality.

TRANSMITTALS:

1. Photos of Light/Medium Duty and Passenger Cars
2. Contract No. 39923

FIS Approval: MT

CA Approval: SO



TIM CLARK
Director of Port Construction & Maintenance



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

APPROVED:



EUGENE D. SEROKA
Executive Director