



DATE: JULY 2, 2014

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39696 TO ABCO TRADING CO. FOR THE PURCHASE OF TREATED CREOSOTE PILES

SUMMARY:

The Construction and Maintenance Division (C&M) requests the approval of a one-year contract with two, one-year renewal options to ABCO Trading Company of Los Angeles, California, for the purchase and delivery of treated creosote piles for an amount not to exceed \$289,665 for the first year, \$626,975 for the second year, and \$689,673 for the third year (if the renewal options are exercised) for a three-year total of \$1,606,313. These piles are used by the C&M Pile Driving Section to replace old timber piles when necessary throughout the Port.

RECOMMENDATION:

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

1. Approve Contract No. 39696 with ABCO Trading Company for the purchase and delivery of treated creosote piles for a period of one year, with two, one-year renewal options in an amount not to exceed \$289,665 for the first year, \$626,975 for the second year, and \$689,673 for the third year (a total of \$1,606,313) and authorize said expenditures;
2. Authorize the Executive Director to execute Contract No. 39696; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - Wharves at the Port of Los Angeles are composed of both concrete and timber piling. The majority of these pilings are concrete and the Engineering Division is responsible for their maintenance. Approximately 18,000 pilings are timber and maintained by C&M. Timber piling may be either bearing, which primarily support the wharf structure, or fender, which are located at the face of the wharf and protect it from the ships that dock at the wharf. The 5,800 fender piles are most prone to damage. Due to damage and natural deterioration, approximately 300 timber fender piles will need to be replaced annually.

In Fiscal Year 2014-15, C&M is scheduled to drive nearly 300 replacement creosote piles at Berths 73 (SP Slip), 153-155 (Warehouses), 163-164 (NuStar/Valero), 177-181

DATE: JULY 2, 2014

PAGE 2 OF 4

SUBJECT: AWARD OF CONTRACT NO. 39696 TO ABCO TRADING COMPANY

(Pasha), and 187-189 (Vopak) (Transmittal 1). This is an increase from the 130-150 average of the last few years, though on par with the historical twenty year average of 300 piles per year. Transmittal 2 provides a breakdown of the C&M pile requirements over the three year period of the requested contract. C&M currently has approximately 180 piles in inventory.

Untreated pilings are susceptible to damage from marine borers, organisms that can compromise the integrity of the timber piling within just a few years. Creosote and other wood treatments (e.g., Ammoniacal Copper Zinc Arsenate) protect the piling and significantly extend its life, but can release potentially harmful constituents such as polycyclic aromatic hydrocarbons (PAH) into harbor waters. This potential hazard is mitigated effectively (and complies with the U.S. Army Corps of Engineers permit) by wrapping pile with plastic.

The City of Los Angeles Harbor Department (Harbor Department) is currently utilizing several measures to reduce or eliminate the potential impact of creosote treated pilings. These include:

- The purchased piling will be stored on land, as opposed to the historic practice of storage in the water.
- Piling will be pre-wrapped in plastic.
- Piling will be barged to the repair site.
- After piling is driven, divers will inspect and repair any damage to the wrap.
- Divers will install a "tidal" wrap to further protect the piling and plastic wrap.

This method not only protects and lengthens the life of the piling, but also protects the water from the leaching of creosote. The Harbor Department's Water Resources Action Plan requires an evaluation of additional wrap system alternatives to creosote treated pilings. For example, C&M recently purchased new sleeve-like wraps that adheres more tightly to the piling and more strongly restricts any creosote from escaping into the water.

Contract Process - The Contracts and Purchasing Division submitted a purchase request for treated creosote piles. Request for Bids (RFB) F-853 was released on January 28, 2014 to solicit bids for piles based on estimated actual usage. It was advertised on the City of Los Angeles Business Assistance Virtual Network (LABAVN) and the Port of Los Angeles website. The bid requested cost per pile ranging from 50-100 feet in length. Bids received by the February 19, 2014 deadline have been tabulated as detailed in Transmittal 3. Bids were received from ABCO Trading Company, Gemini Forest Products, and Bridgewell Resources. The bid calls for an award to the lowest, responsive bidder.

RFB F-853 was also eligible for the Local Business Preference Program (LBPP) which provides for an eight percent (8%) bid preference for qualifying businesses in the five

DATE: JULY 2, 2014

PAGE 3 OF 4

SUBJECT: AWARD OF CONTRACT NO. 39696 TO ABCO TRADING COMPANY

counties closest to the Port of Los Angeles on any contract opportunity valued in excess of \$150,000. ABCO Trading Company in Los Angeles County is eligible for the preference and that calculation is shown on Transmittal 3.

Of the six RFB line items, Bridgewell Resources was the lowest bidder on three items and Gemini Forest Products was the lowest bidder on three items. After calculating in the LBPP bid preference, ABCO Trading Company became the low bidder on five of the six line items. With the LBPP, the Harbor Department will pay a maximum net amount of \$6,052 more, including taxes, in the first contract year than the absolute lowest bids in the RFB, \$59,153 in the second year, and \$91,670 in the third year. This is a total of \$156,875 over three years. Taking the LBPP into consideration, staff is recommending approval by the Board of a contract with ABCO Trading Company (Transmittal 4).

Since bids were received, C&M updated its estimated need for creosote piles based on new workload estimates and reduced the overall number of piles to be purchased over the three year contract from the estimate of 685 per year in the bid to the amounts detailed in Transmittal 2. As the contract states, the number of piles summarized in Transmittal 2 may be increased or decreased based on C&M's needs. However, any funding amount in excess of the Board-approved maximum would require additional Board action.

ENVIRONMENTAL IMPACT:

The proposed action is approval of a contract with ABCO Trading Company for the purchase of treated creosote piles. 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 the proposed contract will support 2 direct and 1 secondary jobs for the five-county region.

FINANCIAL IMPACT:

The purchase and delivery of treated creosote piles will cost the Harbor Department a maximum total of \$289,665 in the first contract year (lower than future years due to a significant number of piles currently in inventory). Should the renewal options be exercised in the second and third years, the not-to-exceed cost is expected to be \$626,975 and \$689,673, respectively, resulting in a total three-year not-to-exceed amount of \$1,606,313.

DATE: JULY 2, 2014

PAGE 4 OF 4

SUBJECT: AWARD OF CONTRACT NO. 39696 TO ABCO TRADING COMPANY

Piles vary in size and cost. The average cost per pile is approximately \$1,460. Generally, there is no maintenance associated with a pile once it is installed. Piles are visually inspected by underwater divers every three years and if damage is found, repairs are scheduled. Damage costs are billed to the responsible terminal.

Piles are replaced when damaged or decayed. If they are not replaced they compromise the structural integrity of the pier and may result in damage to the vessel and unsafe conditions at the pier.


C&M spent approximately \$370,000 in Fiscal Year 2012-13 on treated creosote piles. No funds were spent in FY 2013-14 due to the number of piles on hand from the prior fiscal year. Funding for Fiscal Year 2014-15 in the amount of \$300,000 has been budgeted in Account 55010 (Parts and Materials), Center No. 0510, and Program No. 000. Upon Board approval, future fiscal year funding will be requested as part of the annual budget process. A funding out clause is included in the contract.


CITY ATTORNEY:

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


TRANSMITTALS:

1. Map of Piles to be driven in FY 2014-15
2. Yearly Creosote Pile Estimates – Updated June 2014
3. Recap of Bid No. F-853
4. Contract No. 39696

FIS Approval:  (initials)

CA Approval:  (initials)


JOE MALDONADO
Acting Director of Port Construction and Maintenance


MOLLY CAMPBELL
Deputy Executive Director

APPROVED:

EUGENE D. SEROKA
Executive Director