



**THE PORT
OF LOS ANGELES**

Executive Director's

Report to the

Board of Harbor Commissioners

DATE: MARCH 8, 2023

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO.39989 TO 72 HOUR LLC FOR PURCHASE OF MEDIUM AND HEAVY DUTY TRUCKS – CLASS 4, 5, 6, 7, 8 CHASSIS

SUMMARY:

Staff requests the approval of a one-year contract with two one-year renewal options, Contract No. 39989 with 72 Hour LLC dba National Auto Fleet Group (72 Hour), of Watsonville, California for the purchase and delivery of medium and heavy duty trucks 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 contract shall not exceed \$5,000,000 for the initial year. If the two renewal options are exercised, \$5,000,000 will be authorized for the second year and \$5,000,000 for the third year. The total contract amount would not exceed \$15,000,000 over the three years if the renewal options are exercised. Payment of expenditures incurred under the proposed Contract are 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) 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 utilizing a current agreement for such services with Sourcwell through their Contract No. 060920-NAF, a cooperative purchase agreement;
3. Approve Contract No. 39989 with 72 Hour in the amount of \$5,000,000 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;

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4. Authorize the Executive Director to execute and Board Secretary to attest to Contract No. 39989 for and on behalf of the Board; and
5. Adopt Resolution No. _____ .

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. When making determinations about vehicle or equipment replacement, several factors are taken into consideration. These factors include, but are not limited to, age, mileage or hours, maintenance history, anticipated usage needs, and overall condition/reliability. C&M also follows the guidelines that the Environmental Management Division developed to include best practices and ensure the cleanest equipment is purchased.

Each year as a part of the annual budget process, C&M will compile 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, light and medium duty pickup trucks, and trailers, replacement is considered after ten years of service and/or having reached 100,000 miles of use. For heavy vehicles, which includes heavy trucks, tractors, and construction equipment, replacement is considered after 15 years of service. The replacement list is reviewed and prioritized for submittal 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.

Entering into proposed Contract No. 39989 (Transmittal No. 1) represents an opportunity to shorten the procurement process by taking advantage of pre-negotiated prices 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.

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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 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. The Sourcewell contract is a mechanism for the Harbor Department to utilize 72 Hour 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.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the contract with 72 Hour for the purchase and delivery of medium and heavy duty trucks, which is an administrative action. 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 following depicts the amount spent per vehicle type in previous fiscal years and the amount to encumber this fiscal year:

Vehicle Class	FY 2020	FY 2021	FY 2022	FY 2023	Totals
Class 4	\$ -	\$ -	\$ -	\$ 2,221,414	\$ 2,221,414
Class 5	\$ 351,944	\$ -	\$ 145,510	\$ -	\$ 497,454
Class 6	\$ -	\$ -	\$ -	\$ -	\$ -
Class 7	\$ -	\$ -	\$ -	\$ 2,325,000	\$ 2,325,000
Class 8	\$ 658,228	\$ -	\$ -	\$ -	\$ 658,228
Totals	\$ 1,010,172	\$ -	\$ 145,510	\$ 4,546,414	\$ 5,702,096

Approval of the proposed Contract would authorize up to \$5,000,000 in annual expenditures per year for the purchase of heavy-duty trucks. The proposed contract has

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a one-year term with two one-year extension options, such that if all options are exercised by the Harbor Department, then the Contract's not-to-exceed amount will be \$15,000,000 over the maximum three-year term. Spending under the proposed Contract is anticipated to occur as follows:

Budget Source	FY 2024	FY 2025	FY 2026	Total
Account No. 13150 Org. No. 0510 Prog. No. 000	\$5,000,000	\$5,000,000	\$5,000,000	\$15,000,000

Funding in the amount of \$5,000,000 has been requested to be included within the Fiscal Year (FY) 2024 budget within Center 0510, Program 000, Account 13150 (Capital Equipment over \$5k), subject to Board approval. Funding for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, subject to Board approval. Actual Contract expenditures may be less than the Contract amount.

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 will be financially responsible for payment of expenses incurred under the proposed Contract as well as all operational and maintenance costs associated with newly acquired equipment.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved Contract No. 39989 as to form and legality.

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TRANSMITTAL:

1. Contract No. 39989

FIS Approval: MB

CA Approval: JC



TIM CLARK
Director of Port Construction & Maintenance



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

APPROVED:

Marla Bleavins For
EUGENE D. SEROKA
Executive Director

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