



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

**DATE: JUNE 3, 2021**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39947  
TO THE JANKOVICH COMPANY, LLC FOR MARINE DELIVERED FUEL**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve a one-year contract with two one-year renewal options to The Jankovich Company, LLC (Jankovich) 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 agreement shall not exceed \$306,000 annually, or a total not to exceed amount of \$918,000 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:

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. Award Contract No. 39947 with Jankovich in the amount of \$306,000 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;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Contract No. 39947 for and on behalf of the Board; 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 previous yearly authority, which expired May 16, 2021, the Harbor Department paid 70 cents per gallon over the Oil Price Information Service (OPIS) index for ultra low sulfur diesel fuel, diesel fuel #2, and super unleaded 91 octane fuel.

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 - The Request for Bid (RFB) was posted on the City of Los Angeles Business Assistance Virtual Network ([www.labavn.org](http://www.labavn.org)) and the Harbor Department's website ([www.portoflosangeles.org](http://www.portoflosangeles.org)) in March 2021. The award of contract is based on the lowest price provided in the submitted bids.

Three firms inquired about the bid. One firm did not satisfy the requirements because they delivered bulk fuel and did not have a fueling dock. Another firm did not have a fueling dock that was long and deep enough to accommodate the Harbor Department's largest vessel, a Port Police Dive Boat. Despite the inquiries from three firms, only one bid was received in response to the RFB.

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The following table summarizes the results using the dollar amount above OPIS (per gallon) for the bidder:

Fuel Category	Jankovich
Diesel Fuel #2 (0-249 gallons)	\$0.75
Diesel Fuel #2 (250-1,999 gallons)	\$0.75
Ultra Low Sulfur Diesel (0-249 gallons)	\$0.75
Ultra Low Sulfur Diesel (250-1,999 gallons)	\$0.75
Unleaded Gasoline, Super (0-249 gallons)	\$0.85
Unleaded Gasoline, Super (250-1,999 gallons)	\$0.85

Based on its bid, it is recommended that Jankovich be awarded the contract for marine delivered fuel (Transmittal 1). Although Jankovich is a current Harbor Department tenant, this did not affect the bid selection process.

**ENVIRONMENTAL IMPACT:**

The proposed action is for the approval of a one-year contract with two one-year renewal options with Jankovich for the delivery of fuel to Harbor Department vessels, 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:**

Approval of the proposed marine delivered fuel contract would award Jankovich a one-year contract, with two one-year renewal options at an annual cost of \$306,000, or \$918,000 if both options are exercised over a three-year term. Fiscal Year (FY) 2021/2022 funding in the amount of \$306,000 has been included in the adopted budget within the accounts provided in the table below.

Future spending under the proposed contract is expected to occur as follows:

Fiscal Year	A55040 Center 0510 Program 000	A55040 Center 0320 Program 000	Total
2022	\$303,000	\$3,000	\$306,000
2023	\$303,000	\$3,000	\$306,000
2024	\$303,000	\$3,000	\$306,000
<b>Total</b>	<b>\$909,000</b>	<b>\$9,000</b>	<b>\$918,000</b>

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Between 2018 and 2020, C&M and Construction Division have spent between \$195,000 and \$254,000 total annually on marine delivered fuel.

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.

**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Contract No. 39947

FIS Approval: MB

CA Approval: SO



TIM CLARK  
Director of Port Construction and Maintenance



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

APPROVED:

*Marla Bleavins* For

EUGENE D. SEROKA  
Executive Director

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