



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

**DATE: MAY 29, 2012**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF TWO, ONE-YEAR RENEWAL OPTIONS FOR AGREEMENT NO. E6597 WITH POSTHOLE DIGGER, INC. FOR RAIL YARD MAINTENANCE AT PIER 300**

**SUMMARY:**

The Construction and Maintenance Division (C&M) is responsible for the maintenance, inspection and repair of the rail yard at Pier 300. Agreement No. E6597 between the City of Los Angeles Harbor Department (Harbor Department) and Posthole Digger, Inc. of Medina, WA was established in July 2011 for a one-year period in the amount of \$80,000 to perform these specialized rail yard services. C&M requests the approval of two, one-year renewals for an amount not to exceed \$81,580 for the first renewal period and \$83,743 for the second renewal period. The total expenditure amount for all three years of this agreement will not exceed \$245,323.

**RECOMMENDATION:**

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

1. Find that in accordance with Los Angeles City Charter Section 1022, work under the subject agreement can be performed more feasibly by an independent contractor than by City employees;
2. Approve two, one-year renewal options for Agreement No. E6597 with Posthole Digger, Inc. in the amount of \$81,580 for the first renewal period and \$83,743 for the second renewal period for a not-to-exceed three-year maximum of \$245,323;
3. Authorize the Executive Director to execute the renewal options for Agreement No. E6597 with Posthole Digger, Inc.; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – Since May 2008, C&M has been responsible for the maintenance, inspection and repair of power switches, train control equipment, point detector signals and other affiliated equipment at the rail storage yard at Pier 300. In late 2010, Real Estate Division requested that C&M continue providing these services since the tenant lease with Eagle Marine Services did not include taking on this maintenance function.

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Due to the specialized nature of the work, a Request For Proposals was developed to bring in a qualified contractor. That process resulted in Agreement No. E6597 with Posthole Digger, Inc. (Transmittal 1).

Posthole Digger, Inc. (Posthole Digger) is required to follow all Federal Railroad Administration (FRA) rules for qualified signal maintainers to perform the required services. These services include inspection and maintenance of signal appliances consisting of, but not limited to, switch machines, signal lamps, control houses, and logic controllers. Power switch gear is manipulated and adjusted to make sure it is in operating order. Signal bulb illumination is checked for operation and replaced if bulbs are out. Logic controllers are checked to make sure that relays are operational so that they provide a fail-safe function for the operation of trains and rail equipment; the controllers are replaced if found deficient. All inspection and maintenance services provided by Posthole Digger as they relate to the signal system must meet current and applicable federal and state standards, and must be performed at least once a month with a checklist of conditions found, actions taken to correct deficiencies, and documentation of materials used to maintain signal appliances.

Posthole Digger conducts a survey of devices in the rail storage yard on an annual basis identifying the number of devices, switches, and other units and assigns a value to each unit in conformance with American Association of Railroad standards. They are also available for emergency repair of the signal system, subject to the requirements of the Federal Hours of Service Act, 24 hours per day every day of the year during the term of this agreement. They have to respond within four hours of receipt of an emergency call, particularly in situations of signal related impassable track.

Posthole Digger also supplies consumable materials as needed under the agreement. This includes primary batteries, bonds, track connectors, lenses, reflectors, light bulbs, lightning arrestors, grease, graphite, paint and other consumable type items. Materials supplied meet or exceed the specifications of the materials replaced. The supplies become the property of the Harbor Department after being installed in the rail storage yard by Posthole Digger.

At the discretion of the Harbor Department, Posthole Digger identifies and installs non-consumable or capital signal/track material. Such materials are those that have a usable life in excess of one year and are considered depreciable. These materials shall include, but are not limited to, track wires, cabling, pole line, instrument housings, storage batteries, electronic components, switch circuit controllers, power switches, power derails, signal masts, signal light displays, failing insulation joint, gauge plate, and other signal hardware or other track components. Posthole Digger notifies C&M of the deficiency or failure of components and tracks these items by location and zone within the rail storage yard. They also provide assistance to C&M or another contractor

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in performing track maintenance regarding cables, bonding, and other signal related services.

Posthole Digger notifies C&M of any FRA rule violations as soon as they become known in writing with details by zone and location within the rail storage yard. If a violation is noticed, they provide a work plan for the correction of the violation with a timeline and cost to make the necessary correction. C&M approves any corrective work.

The original agreement with Posthole Digger was for one year with two, one-year renewal options subject to the approval of the Board. This request for approval authorizes those options.

**ECONOMIC BENEFITS:**

Spending under this Board action will have minimal employment effects (supporting less than one full-time-equivalent direct job) in the five-county region.

**ENVIRONMENTAL IMPACT:**

The proposed action is approval of two, one-year renewal options for an agreement with Posthole Digger for the maintenance, inspection and repair of the rail yard at Pier 300. As an administrative activity, the Director of Environmental Management has determined the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Since taking responsibility for the rail yard at Pier 300 in May 2008, C&M has spent an average of \$5,000 per month, or approximately \$60,000 per year, on maintenance services through personal services agreements. Other one-time equipment or materials purchases under the agreement bring the total annual costs to approximately \$80,000 per year.

The current Agreement No. E6597 with Posthole Digger allows for a not-to-exceed amount of \$80,000 for the first year that concludes in July 2012, \$81,580 for the second year, and \$83,743 for the third year, for a three-year maximum of \$245,323. This represents a two percent increase per year for the two renewal periods.

Funding in the amount of \$80,000 has been budgeted in Account 54050 (Maintenance Services – Streets and Bridges/Railroads), Center No. 0510 (Construction and Maintenance Division), Program No. 000 to cover this agreement's costs for Fiscal Year

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2012-13. Funding for future fiscal years will be requested as part of the annual budget process upon Board approval.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board's appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the agreement, the agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. A funding out clause is included in the agreement.

**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Agreement No. E6597 with Posthole Digger, Inc.

FIS Approval: WR (Initials)

CA Approval: TA (Initials)



JIM MORGAN  
Director of Port Construction and Maintenance



JOHN M. HOLMES  
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director

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File No. MGT-3-3  
HAR-9-1