



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: OCTOBER 23, 2012**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39648 TO SOUTH BAY FORD LINCOLN FOR THE PURCHASE OF 22 VEHICLES; AWARD OF CONTRACT NO. 39648A TO FRONTIER FORD FOR THE PURCHASE OF SIX VEHICLES**

**SUMMARY:**

The Construction and Maintenance Division (C&M) requests approval of Contract No. 39648 to South Bay Ford Lincoln of Hawthorne, CA for the purchase of 22 vehicles in the amount of \$796,479, including sales tax, and Contract No. 39648A with Frontier Ford of Santa Clara, CA for the purchase of six vehicles in the amount of \$221,835, including sales tax. The total amount for all 28 vehicles is \$1,018,314. All of these vehicles will provide carbon efficient replacements for the oldest and least efficient of the current pool and staff vehicles. All 28 vehicles are funded in the Fiscal Year 2012-13 capital equipment budget.

**RECOMMENDATION:**

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

1. Approve Contract No. 39648 with South Bay Ford Lincoln in the amount of \$796,479 and authorize said expenditures;
2. Approve Contract No. 39648A with Frontier Ford in the amount of \$221,835 and authorize said expenditures;
3. Authorize the Executive Director to execute these contracts for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_ .

**DISCUSSION:**

Background – The City of Los Angeles Harbor Department (Harbor Department) regularly replaces vehicles when they reach the end of their life cycle or if maintenance costs exceed the value of a vehicle. Many of the Harbor Department's pool and staff cars – based on a regular maintenance schedule - are now facing extensive and expensive overhauls of their major systems. As in all vehicle replacements at the Harbor Department, no vehicle will be replaced if it is still functioning properly and does not incur excessive costs to maintain.

**DATE: OCTOBER 23, 2012**

**PAGE 2 OF 4**

**SUBJECT: CONTRACTS TO SOUTH BAY FORD LINCOLN, FRONTIER FORD**

C&M takes into consideration the capital costs associated with purchasing vehicles and balances that with the repair costs for each vehicle. C&M always first seeks to extend the life of any vehicle if it is in good condition, even if guidelines recommend replacement (such as ten years for pool cars or five years for marked police vehicles). The Harbor Department vehicle and equipment replacement and selection policy (Transmittal 1) was used to determine the actions requested in this report. The vehicles requested have been assessed by C&M Fleet staff and supervisors and meet the threshold for replacement.

C&M is specifically requesting Ford model vehicles – Explorers, E-350 vans, F-150/F-350/F-450 trucks, and Fusion Hybrids in this request – to provide consistency for the fleet repair function at the Harbor Department. After analyzing all fleet maintenance factors (including repair, training, and parts inventory) C&M has determined that maintaining a single make of vehicle ensures that garage mechanic training, parts, and other repair costs achieves the most efficiencies. The majority of existing C&M light-, medium-, and heavy-duty trucks and Port Police vehicles are Ford makes. For this reason, C&M aims to keep as many vehicles in the Ford line as possible. This will not impact other specialized vehicles and equipment in the Harbor Department where Ford replacements are not available.

All vehicles requested in this report are replacing existing vehicles (Transmittal 2). The Ford Fusion Hybrids will replace the oldest and least efficient of the Honda Civics and other pool vehicles currently assigned throughout the department. The Ford Explorers replace existing vehicles at the Test Lab. The Ford E-350 vans replace existing vehicles in C&M and Port Police. The various models of Ford trucks replace similar equipment in C&M, Port Police, the Test Lab, and the Los Angeles Department of Recreation and Parks (RAP). C&M purchases and maintains RAP vehicles and equipment used at Cabrillo Beach and other Port areas operated by RAP.

Selection Process – C&M submitted purchase requisitions with specifications for a total of 30 vehicles to the Contracts and Purchasing Division (CPD) in July 2012. CPD released Request for Bid (RFB) F-805 on August 1, 2012 to solicit bids for Ford vehicles. The RFB was advertised on the City of Los Angeles Business Assistance Virtual Network (LABAVN) and the Port of Los Angeles website. In addition, bids were mailed to Bob Wondries Ford, Power Ford, South Bay Ford Lincoln, as well as every Ford dealer in the City of Los Angeles.

Due to the large number of vehicles and specifications in the RFB, a deadline of September 6, 2012 was issued to allow bidders sufficient time to submit bids. Two bids were received by the deadline. South Bay Ford Lincoln submitted a bid on eight of the 12 RFB line items and Frontier Ford submitted a bid on ten of the 12 RFB line items (Transmittal 3).

RFB F-805 was also eligible for the new Local Business Preference Program (LBPP) which provides for an eight percent (8%) bid preference for qualifying businesses in the five counties closest to the Port of Los Angeles on any contract opportunity valued in

**DATE: OCTOBER 23, 2012**

**PAGE 3 OF 4**

**SUBJECT: CONTRACTS TO SOUTH BAY FORD LINCOLN, FRONTIER FORD**

excess of \$150,000. South Bay Ford Lincoln in Los Angeles County is eligible for the preference and that calculation is shown on Transmittal 3.

Of the eight RFB line items where both bidders submitted bids, Frontier Ford was the lowest bidder on all of them. After calculating in the LBPP bid preference, South Bay Ford Lincoln became the low bidder on six of the eight line items. With the LBPP, the Harbor Department will pay a net \$15,423 more, including tax, than the absolute lowest bids in the RFB.

Taking the LBPP into consideration, and with different vendors submitting the lowest, responsive bids on different RFB line items, staff is recommending approval by the Board of a contract with South Bay Ford Lincoln (Transmittal 4) for RFB line items 1 and 3-7, and a contract with Frontier Ford (Transmittal 5) for RFB line items 2, 9, 10 and 12. There were no bids on line items 8 and 11.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a contract with South Bay Ford Lincoln for the purchase of 22 vehicles and the award of a contract to Frontier Ford for the purchase of six vehicles. 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 approximately 4 direct and 4 secondary one-year equivalent jobs in the five-county region.

**FINANCIAL IMPACT:**

The purchase of 28 vehicles will cost the Harbor Department a total of \$1,018,314. Total ongoing maintenance costs associated with the new pool and staff vehicles is expected to be approximately \$900 per vehicle per year, excluding fuel costs and including warranty provisions, or \$25,200 for all 28 vehicles. This is a 60 percent decrease in operations and maintenance costs from the existing vehicles of approximately \$1,500 per vehicle per year, or \$16,800 per year in savings for the 28 vehicles to be replaced. In addition, the current pool and staff vehicles will be salvaged through the City of Los Angeles General Services Department (GSD). There is no estimate available on the value of the current gasoline and compressed natural gas vehicles. After a ten percent salvage fee kept by GSD, all funds generated by the salvage process are returned to the Harbor Revenue Fund.

One alternative to replacing the current pool and staff vehicles would be to continue repairing the existing vehicles. That would cost more than \$1,500 per vehicle per year and

DATE: OCTOBER 23, 2012

PAGE 4 OF 4

**SUBJECT: CONTRACTS TO SOUTH BAY FORD LINCOLN, FRONTIER FORD**

may go much higher if transmissions or other systems fail. Another alternative is to lease vehicles. The Harbor Department explored this option and determined that purchasing vehicles is more cost effective given the available staffing for the maintenance function.

For FY 2012-13, \$883,000 was budgeted for 23 vehicles, and \$135,314 will be spent from available contingency funding for five vehicles. This additional purchase of five vehicles will allow the Harbor Department to maintain its current vehicle replacement program inasmuch as five vehicles in the prior fiscal year were not procured due to vehicle availability. Funding for 28 vehicles in the amount of \$1,018,314 is available in the FY 2012-13 C&M Capital Equipment Budget Account No. 13240, Center No. 0510, and Program No. 000.

**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Harbor Department Vehicle Replacement/Selection Policy
2. C&M Capital Equipment Purchases - Summary
3. Recap of Bid No. F-805
4. Contract No. 39648 – South Bay Ford Lincoln
5. Contract No. 39648A – Frontier Ford

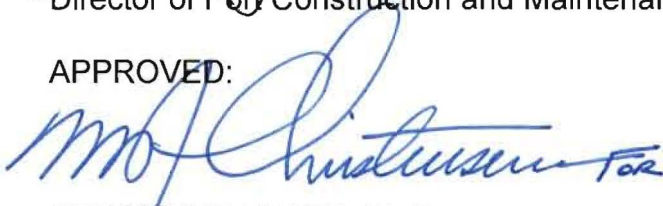
FIS Approval: KRP (initials)

CA Approval: JMH (initials)

  
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APPROVED:

  
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