



DATE: SEPTEMBER 27, 2011

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39598 TO PROGRESSIVE INDUSTRIAL, INC. FOR THE PURCHASE OF A 25 FOOT TRUCKABLE TUGBOAT

SUMMARY:

The Construction and Maintenance Division (C&M) requests approval of Contract No. 39598 with Progressive Industrial, Inc. of Palmetto, FL for the purchase of a 25 foot long tugboat in the amount of \$272,963, including sales tax. This steel tugboat will replace a 69 year-old tugboat. The replacement of the City of Los Angeles Harbor Department's (Harbor Department) tugboat "Yankee" was planned and is funded in the Fiscal Year 2011-12 capital equipment budget.

RECOMMENDATION:

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

1. Approve Contract No. 39598 with Progressive Industrial, Inc. in the amount of \$272,963 and authorize said expenditures;
2. Authorize the Executive Director to execute and Board Secretary to attest to Contract No. 39598; and
3. Adopt Resolution No. _____ .

DISCUSSION:

Background – When Todd Pacific Shipyards ceased operations in San Pedro in 1989, the Harbor Department took possession of a tugboat named the Yankee. It is a steel tugboat built in 1942 and has been in continuous use for the last 69 years, the last 22 of those years at the Port of Los Angeles. This is far in excess of the typical economic lifespan of a tugboat of approximately 20 years. The Yankee replaced the tugboat Angel's Gate that was subsequently donated to the Los Angeles Maritime Museum.

The Yankee is an integral part of the Harbor Department fleet. It is used to tow and assist with the derrick and Morgan barges as well as large private vessels that become part of the vessel disposal program. The Yankee also tows wooden piles and pile cut-offs to and from job sites.

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C&M has been looking for a suitable, cost-effective replacement tugboat for many years. The Yankee's extended age means that maintenance costs are higher than a new vessel. The Yankee is a single screw 210 horsepower tugboat. Single screw tugboats are less maneuverable than a twin screw tugboat and 210 horsepower limits its effectiveness performing her additional role of towing the recently acquired Alternative Maritime Power (AMP) barge.

In addition, California Air Resources Board (CARB) rules require that the Yankee's engine be retrofitted or replaced by December 31, 2012 in order to be used by C&M. An engine retrofit would cost approximately \$80,000 and would take the tugboat out of service for one month. A replacement tugboat would have to be chartered. The tugboat to be purchased by C&M is a 33,000 pound twin screw tugboat that is 25 feet long, 14 feet wide and six feet deep. The boat contains an eight foot long, eight foot wide, and seven foot tall deck house with front access, with steps leading up to a four foot long, seven foot wide, and seven foot tall pilot house. There is a walkway around the pilot house for full access. There is a 500 gallon independent fuel tank and two new Tier III Cummins engines with 230 horsepower each (Transmittal No. 3). In addition, the new tugboat comes with a two-year warranty.

This replacement tugboat, with Tier III engines, complies with the Clean Air Action Plan (CAAP). The replacement tugboat results in a 31% reduction in oxides of nitrogen (NOx) and a 51% reduction in diesel particulate matter (DPM). Applying shore power to this tugboat is not necessary since it is turned off at dockside.

Selection Process – The Contracts and Purchasing Division released a Request for Bids (RFB) on May 31, 2011 to solicit bids for a tugboat. Three bids were received by the June 15, 2011 deadline (Transmittal No. 1). Addendum No. 1 is not a part of the final contract. Addendum No. 2 was added to clarify various elements of the proposed contract and has been agreed to by Progressive Industrial, Inc. Staff is recommending approval by the Board of a contract with Progressive Industrial, Inc., the lowest, responsive bidder.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a contract with Progressive Industrial, Inc. for the purchase of a tugboat to replace a tugboat that is currently in use. As an activity involving the installation of mechanical equipment which is accessory to the use of the existing facility with no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(32) of the Los Angeles City CEQA Guidelines.

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ECONOMIC BENEFITS:

This Board action will have no employment impact in the five-county region.

FINANCIAL IMPACT:

The purchase of the tugboat, including tax and shipping charges, will cost the Harbor Department a total of \$272,963. Total ongoing maintenance costs associated with the new tugboat is expected to be approximately \$6,400 per year, excluding fuel costs and including warranty provisions. This is a decrease in operations and maintenance costs from the existing tugboat of approximately \$32,600 per year and results in an annual maintenance savings of \$26,200.

One alternative to replacing the current tugboat would be to continue repairing it and replacing its major systems to meet operational and environmental requirements. That would cost more than \$80,000 in one-time upgrades and approximately \$32,600 per year in regular maintenance and repairs.

The Yankee will be salvaged once the new tugboat is fully functional, but no later than December 2012 when CARB rules take effect. The estimated salvage value of the Yankee is \$25,000 - \$45,000.

Funding in the amount of \$272,963 is available in the Fiscal Year 2011-12 C&M Capital Equipment Budget Account No. 13240, Center No. 0510, and Program No. 000 to purchase the tugboat. The total is comprised of \$176,250 budgeted for the new tugboat and \$96,713 in contingency funding.

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CITY ATTORNEY:

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

TRANSMITTALS:


1. Recap of Bid No. F-755
2. Contract No. 39598
3. Picture of 2011 Progressive Super Triumph Tugboat

FIS Approval: uj (Initials)

CA Approval: m (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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