



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 31, 2012

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. _____ - AWARD OF PURCHASE ORDER NOS. 201231376, 201231387, 201231391, 201231392, 201231802, AND 201231842 TO DOWNTOWN FORD SALES FOR THE PURCHASE OF 12 VEHICLES; AWARD OF PURCHASE ORDER NOS. 201231720, 201231721, 201231722, AND 201231723 TO SOUTH BAY FORD FOR THE PURCHASE OF FOUR TRUCKS

SUMMARY:

The Construction and Maintenance Division (C&M) requests approval of: six Purchase Orders with Downtown Ford Sales of Sacramento, CA for the purchase of 12 vehicles in the amount of \$418,332, including sales tax, and four Purchase Orders with South Bay Ford of Hawthorne, CA for the purchase of four Compressed Natural Gas (CNG) fueled trucks in the amount of \$230,137, including sales tax. The total amount for all 16 vehicles is \$648,467. Fifteen of these vehicles will provide carbon efficient replacements for the oldest and least efficient of the current pool and staff vehicles. One new CNG fueled truck will support maintenance of the new Wilmington Waterfront Park. All 16 vehicles are funded in the Fiscal Year 2011-12 capital equipment budget.

RECOMMENDATION:

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

1. Approve Purchase Order Nos. 201231376, 201231387, 201231391, 201231392, 201231802, and 201231842 with Downtown Ford Sales in the amount of \$418,332 and authorize said expenditures;
2. Approve Purchase Order Nos. 201231720, 201231721, 201231722, and 201231723 with South Bay Ford in the amount of \$230,137 and authorize said expenditures; and
3. 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

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Harbor Department, no vehicle will be replaced if it is still functioning properly and does not incur excessive costs to maintain.

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 good condition, even if guidelines recommend replacement (such as ten years for pool cars or seven years for marked police vehicles). The vehicles requested in this report have been assessed by C&M Fleet staff and supervisors and meet the threshold for replacement.

C&M is specifically requesting Ford model vehicles – Expeditions, F-250/F-350 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 vehicle and equipment in the Harbor Department where Ford replacements are not available.

The six Ford Expeditions in this request replace four existing vehicles and two rental vehicles. They are all assigned to Port Police and include options specific to police work, including training and detective activities. The six Ford Fusion Hybrids will replace the oldest and least efficient of the Honda Civics and other pool vehicles currently assigned throughout the department. Three Ford F-250/F-350 CNG fueled trucks will replace existing C&M trucks. One new Ford F-350 CNG fueled truck will be used for grounds maintenance by C&M at the new Wilmington Waterfront Park (Transmittal 1).

Selection Process - Historically, the Contracts and Purchasing Division (CPD) purchases vehicles as requisitions are received from various Harbor Department divisions, including C&M. For the vehicles in this report, several purchase orders of less than \$150,000 each were issued and the vehicles were ordered. The Controller's Office has indicated that since the total aggregate amount of these purchase orders exceeds \$150,000 to both Downtown Ford and South Bay Ford, Board approval is required.

Downtown Ford Sales - CPD staff consulted with the City of Los Angeles General Services Department (GSD) on whether a contract was in place that met the specifications for Harbor Department utility and hybrid vehicles. Although GSD did not have a contract in place, the State of California had a contract that met the specifications of the vehicles. The Harbor Department utilized State of California Contract Nos. 1-11-23-20 and 1-11-23-11 to purchase all utility vehicles and hybrid pool vehicles from Downtown Ford Sales. These contracts provide volume discounts on vehicles to the State of California as well as participating local government agencies. Six of the utility vehicles have been delivered.

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South Bay Ford – The Harbor Department verified that neither GSD nor the State of California had contracts in place that met the specifications for Harbor Department CNG fueled trucks. Requests for Bids (RFB) were released to solicit bids for four CNG fueled trucks. South Bay Ford was the only vendor to respond to any of the four bids (Transmittal 2).

Vehicle Replacement Plan – In each annual budget, the Board approves a list of all equipment, including vehicles, to be replaced throughout the fiscal year. Some of these items need to be individually purchased based on their unique specifications. Other items with similar specifications could be combined into a single RFB. In the case of the vehicles mentioned in this report, staff from C&M and CPD did not bundle these items together. In the future, C&M and CPD will coordinate on the purchase of all vehicles and bundle similar requests into one RFB, rather than issuing separate purchase orders for each vehicle. All purchase orders in excess of \$150,000 will be transmitted to the Board for approval.

Per the Los Angeles Administrative Code, all commodity RFBs valued in excess of \$100,000 are required to be formally advertised. It is the Harbor Department's policy to formally advertise these contract opportunities on the Port of Los Angeles website and the Los Angeles Business Assistance Virtual Network (LABAVN). Through the bundling of similar items into a greater valued contract, more businesses will be given an opportunity to bid inasmuch as the contract opportunity will be advertised on the LABAVN.

Lastly, it should be noted that the Board recently approved a Local Business Preference Program (LBPP) which provides for an eight (8%) bid preference for qualifying business in the five counties closest to the Port of Los Angeles on any contract opportunity valued in excess of \$150,000. Bundling of these similar items will provide more opportunities for local businesses to compete and take advantage of the bid preference. CPD staff will be implementing the LBPP on July 1, 2012.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of purchase orders with Downtown Ford Sales and South Bay Ford for the purchase of 16 vehicles. 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.

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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.

FINANCIAL IMPACT:

The purchase of 16 vehicles will cost the Harbor Department a total of \$648,467. 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 \$14,400 for all 16 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 \$22,500 per year for the 15 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 CNG fueled 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 year and 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.

Funding for 16 vehicles in the amount of \$648,467 is available in the C&M Capital Equipment Budget Account No. 13240, Center No. 0510, and Program No. 000.

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CITY ATTORNEY:

The City Attorney's Office has reviewed this Board Report/Resolution and concluded that it raises no legal issues at this time.

TRANSMITTALS:

1. Summary Sheet: FY 2011-12 Vehicle Purchases Requiring Board Action
2. Purchase Order Nos. 201231376, 201231387, 201231391, 201231392, 201231802, 201231842, 201231720, 201231721, 201231722, and 201231723

FIS Approval: MF (initials)
CA Approval: TAR (initials)



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