



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the

Board of Harbor Commissioners

DATE: MARCH 24, 2015

FROM: CONSTRUCTION AND MAINTENANCE

SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39737  
TO QUINN COMPANY FOR THE PURCHASE OF ONE HYDRAULIC  
EXCAVATOR

**SUMMARY:**

The Construction and Maintenance Division (C&M) requests approval of Contract No. 39737 with Quinn Company of City of Industry, CA for the purchase of one hydraulic excavator with attachments in the amount of \$525,707, including sales tax and delivery charges. This equipment will replace an 18-year old truck-mounted crane. The replacement of the City of Los Angeles Harbor Department's (Harbor Department) current equipment was planned and funded in the Fiscal Year 2014-15 capital equipment budget. This contract is the financial responsibility of the Harbor Department.

**RECOMMENDATION:**

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

1. Approve Contract No. 39737 with Quinn Company of City of Industry, CA in the amount of \$525,707 and authorize said expenditures;
2. Authorize the Executive Director to execute Contract No. 39737; and
3. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Harbor Department regularly replaces vehicles and equipment when they reach the end of their life cycle or if maintenance costs exceed the value of a vehicle or piece of equipment. No vehicle or equipment will be replaced at the Harbor Department if they are still functioning properly and do not incur excessive costs to maintain.

C&M takes into consideration the capital costs associated with purchasing vehicles and equipment and balances this with the repair costs for each vehicle or piece of equipment. C&M always first seeks to extend the life of any vehicle or piece of equipment if it is in good condition, even if guidelines recommend replacement (such as ten years or 100,000 miles for pool cars or 15 years for heavy duty equipment). The Harbor Department vehicle and equipment replacement and selection policy (Transmittal 1) was used to determine

DATE: MARCH 24, 2015

PAGE 2 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39737 TO QUINN COMPANY

the actions requested in this report. The equipment requested has been assessed by C&M fleet staff and supervisors and meets the threshold for replacement.

The 1997 link belt crane that is being replaced (Asset No. 260-54) fails to meet current air quality regulations due to its two Tier Zero diesel engines. It has not been in service since June 2014 because of these restrictions. The Harbor Department faced penalties or fines for using the crane. In addition, exposure to the elements, particularly the ocean's salty influence, has increased the level of rust, further degrading the frame of the vehicle (Transmittal 2).

Replacement Options - One option considered was an engine repower that would have been allowed by the California Air Resources Board (CARB) and South Coast Air Quality Management District (SCAQMD). This would have included replacing the engines with newer engines that meet emissions standards. However, the types of engines needed for the link belt crane are no longer manufactured and there is no further support available from the manufacturer. In addition, even if straight engine replacement were possible, fabrication and other refurbishing of the equipment would be required to ensure safe and proper operation.

Another option considered was to purchase a direct replacement of the link belt crane. However, this kind of crane is no longer available. The size and configuration of the Harbor Department's link belt is obsolete. The most closely related machines on the market are available in the range of \$550,000 to \$750,000 without any options. Those options would add approximately \$100,000 to the cost. And even with the options, that machine would not be able to perform the functions of a hydraulic excavator.

A third option considered was to rent a hydraulic excavator. This was done for a recent project at a cost of \$3,300 per week for two weeks. While the rental costs were high (reducing the benefits of the rental option), C&M staff learned how beneficial the hydraulic excavator could be for its operations. It outclassed the link belt crane in functionality, and is a less expensive alternative than trying to replicate the link belt crane.

The hydraulic excavator will be able to perform the working duties of the link belt crane and, with attachments, be more versatile in the work that it can perform. Such work will include but not be limited to, digging of trenches, holes, foundations, material handling, demolition, general grading and landscaping, dredging, and driving piles (in conjunction with a pile driver). In unique situations like the fire at Berth 177 in September 2014, the excavator could have more efficiently and quickly created the fire break that ultimately stopped the fire from spreading. The new equipment will meet or exceed all CARB and SCAQMD emissions standards with the highest level available. The machine has been rated Tier 4 Final.

DATE: MARCH 24, 2015

PAGE 3 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39737 TO QUINN COMPANY

C&M's workload connected to the projects mentioned above is at a level whereby the cost of renting a hydraulic excavator (\$125,000 - \$150,000 per year) would exceed the purchase price of a new excavator in just three to four years. The new excavator would be used almost every day according to C&M Equipment Operations staff.

The new hydraulic excavator comes with a one-year standard warranty and an estimated life span of at least 15 years.

Selection Process – The National Joint Powers Alliance (NJPA) is a municipal contracting agency under the authority of the State of Minnesota that provides cooperative contract purchasing solutions for government, education, and non-profits nationwide. There is no cost, obligation or liability to participate in NJPA contracts. All of their contracts are competitively bid and the aggregation of products and services to a high volume of users results in competitive pricing.

The City of Los Angeles Charter Article III, Section 371(e)(8) and Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.15 (a)(8) allow for "contracts for cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts and professional, scientific, expert or technical services contracts for those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process."

The NJPA contract is a mechanism for the Harbor Department to purchase a Caterpillar excavator at prices that match or exceed high volume government discounts. The cooperative arrangement allows for the best prices for an extended period of time. Therefore, in accordance with the City of Los Angeles Charter and Administrative Code, the proposed action by the Board is consistent with City contracting policies.

NJPA contract 060311-CAT with Caterpillar (with equipment sold through Quinn Company, its local distributor) provides all excavator equipment and attachments required by the Harbor Department and expires on October 18, 2015 (Transmittal 3). NJPA and other discounts from the Caterpillar prices list result in an overall 22 percent discount. C&M requests the Board to approve a contract with Quinn Company for the purchase of a Caterpillar 336F hydraulic excavator (Transmittal 4).

**DATE: MARCH 24, 2015**

**PAGE 4 OF 5**

**SUBJECT: AWARD OF CONTRACT NO. 39737 TO QUINN COMPANY**

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is award of Contract No. 39737 to Quinn Company for the purchase of one hydraulic excavator. 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 1 direct one-year equivalent job for the five-county region.

**FINANCIAL IMPACT:**

The purchase of a hydraulic excavator, including tax and delivery, will cost the Harbor Department a total of \$525,707. The existing link belt crane has fully depreciated in value. For accounting purposes, the useful life of the equipment is seven years. It will be salvaged through the City of Los Angeles Department of General Services and has an estimated value of less than \$10,000 (likely for parts only).

Funding in the amount of \$450,000 for the proposed hydraulic excavator is available in the Fiscal Year 2014-15 C&M Capital Equipment Budget Account No. 13150, Center No. 0510, and Program No. 000. Contingency funds totaling \$75,707 are available in the same account.

DATE: MARCH 24, 2015

PAGE 5 OF 5

SUBJECT: AWARD OF CONTRACT NO. 39737 TO QUINN COMPANY

CITY ATTORNEY:

The City Attorney's office has reviewed and approved the subject contract as to form and legality.

TRANSMITTALS:

1. Harbor Department Vehicle/Equipment Replacement/Selection Policy
2. Pictures of new excavator and current link belt crane
3. NJPA Contract 060311-CAT
4. Contract No. 39737

FIS Approval: MB (initials)

CA Approval: [Signature] (initials)

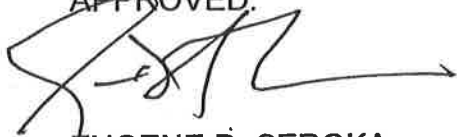


TIM CLARK  
Acting Director of Port Construction  
and Maintenance



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

APPROVED:



EUGENE D. SEROKA  
Executive Director

S:/Share/Clerical Documents/Board Items/C&M\_Excavator 031815

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

Author: D. Young