

DATE: September 10, 2007

**FROM: HOMELAND SECURITY DIVISION
CONTRACTS & PURCHASING DIVISION**

**SUBJECT: APPROVAL OF CONTRACT NO. 39380 WITH DULY RESEARCH
INC., FOR THE PURCHASE OF A MOBILE SCANNING
UNIT, BID NO. F-537**

SUMMARY:

The Homeland Security Division is requesting the award of a contract to DULY Research Inc. of Rancho Palos Verdes, CA, a representative/reseller of Nuctech Inc. of Beijing, China for the purchase of a mobile scanning unit in the amount of \$1,880,000.00. This system is an X-ray type unit capable of scanning large commercial vehicles to identify potentially harmful materials and devices. The unit will be operated by the Port Police principally to examine vehicles intended to enter the Los Angeles Cruise Center. A mobile unit is being purchased so that it can also be used to support other security operations throughout the port, or loaned to other City departments to support city-wide security needs. The system will be installed on a large U.S. built truck chassis on a truck powered by a diesel engine meeting the 2007 EPA emissions standards. The equipment will be purchased by grant funding awarded in Round 3 of the Federal Port Security Grant Program and is budgeted in the Engineering Division budget for the current fiscal year. DULY Research Inc., in association with its partner Nuctech was the lowest compliant bid of three companies that responded to the procurement request. A copy of the bid summary is attached.

RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners:

1. Award the proposed contract with DULY Research Inc., Rancho Palos Verdes, CA 90275, for a mobile scanning unit for a total amount not-to-exceed \$1,880,000.00, which includes sales tax and freight;
2. Authorize the Executive Director, or designee, to execute the contract on behalf of the Board.

DISCUSSION:

1. In Round 3 of the Federal Port Security Grant Program, POLA was awarded a grant of \$1.7 million with a cost share of \$375,268 for the procurement and installation of vehicle scanning equipment to enhance the security of the Cruise Center. This is a reimbursement grant. In this

DATE: September 10, 2007 Page 2
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procurement \$1,700,000 will be reimbursed by the federal government and \$180,000 will be provided by the port.

2. Requests for bids were mailed to five perspective bidders on May 21, 2007, and advertised as required by the City Charter. These bidders were five companies worldwide that manufacture mobile high energy scanning systems. The project was also advertised through the Mayor's Minority Business Opportunity Committee (MBOC/LABAVN).
3. Three responses were opened on July 10, 2007, resulting in three responsive bidders. These bidders included Smiths Detection, Rapiscan Systems, and DULY Research Inc. as a representative/reseller of Nuctech. DULY Research is a certified SLB by the City of Los Angeles.
4. Award is recommended to DULY Research Inc. which was the lowest total complete bidder complying with specifications. Although this is an award to a SLB, the equipment cost will represent the majority of the bid. A breakdown of the exact SLB portion of the bid is unavailable.
5. To ensure technical compliance, the bid information provided was reviewed by the port, and independently evaluated by Dr. Charles Massey of Alion Science and Engineering. Dr. Massey is a noted authority in this field. He is formerly of Sandia National Laboratories and is currently on contract to the Department of Energy to oversee the installation and evaluation of scanning systems as part of the U.S. Government Secure Freight Initiative (SFI).
6. This will be DULY Research's first U.S. sale. As a result, extensive due diligence was conducted with respect to the capabilities, operation, and maintenance of the Nuctech equipment. Nuctech equipment is currently installed in over 60 countries, including Ireland, England, Israel, and Australia. As part of this process users were contacted and the operation of the equipment was observed in a real world environment. The Nuctech factory was also visited.
7. An approved Affirmative Action Plan is on file in the Contracts & Purchasing Office and a copy of the approved contract will be forwarded to Contract Compliance for monitoring.
8. The proposed contract is for one year, at a not-to-exceed amount of \$1,880,000.00, including one (1) year of training. This contract also provides a three (3) year service, parts, and labor warranty.

DATE: September 10, 2007 Page 3
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ENVIRONMENTAL ASSESSMENT:

The Director of Environmental Management Division has determined that the proposed activity is an administrative action and as such is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (f) of the Los Angeles CEQA Guidelines.

FINANCIAL IMPACT:

Funds for this purchase in the amount of \$1,880,000.00 are allocated in Engineering Division's FY 2007-08 budget, Account 59994, Division 1179, Program 640, Job/Facility 635-000, and Work Order No. 24692.

CITY ATTORNEY:

The subject contract is currently being reviewed by the City Attorney's Office.

TRANSMITTALS:

1. Bid Summary F-537
2. Contract No. 39380

GEORGE CUMMINGS
Director of Homeland Security

CAPTAIN J. M. HOLMES
Deputy Executive Director

MARGARET I. HERNANDEZ
Director of Contracts & Purchasing

MOLLY CAMPBELL
Deputy Executive Director

APPROVED:

GERALDINE KNATZ, Ph.D.
Executive Director

GPC:CD:jp
Attachments