

RECOMMENDATION APPROVED;
RESOLUTION 23-10135 ADOPTED AND;
AGREEMENT 23-3425-E APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS



Executive Director's
Report to the

Board of Harbor Commissioners

February 23, 2023
AM KLESGES
AMBER M. KLESGES
Board Secretary

DATE: FEBRUARY 16, 2023

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. 23-10135 - FIFTH AMENDMENT TO
AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN
THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC
TRANSPORTATION SYSTEMS, LLC

SUMMARY:

Staff requests approval of the Fifth Amendment to Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC (Wabtec) for the Port Optimizer project.

The proposed Fifth Amendment is to continue development and operation of the Port Optimizer, a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed Fifth Amendment will allow the Harbor Department and Wabtec to develop the Gateway Project module, increase the not-to-exceed compensation by \$5,500,000, for a total agreement amount of \$28,100,420 and does not change the term which will conclude on November 3, 2026. The cost of the Gateway Project module is partially offset by an Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant funded through the U.S. Department of Transportation Federal Highway Administration (FHWA). Acceptance of this grant award, in the amount of \$3,000,000, as well as approval of a cooperative agreement between the Harbor Department and FHWA will be considered by the Board under a separate report and recommended board action.

Expenditures incurred under Agreement No. 17-3425-A are the financial responsibility of the City of Los Angeles Harbor Department (Harbor Department).

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;

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2. Find that, in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;
3. Approve the Fifth Amendment to Amended and Restated Agreement No. 17-3425-A to increase the not-to-exceed compensation by \$5,500,000 for a total agreement amount of \$28,100,420 in order to continue to develop, operate and support the Port Optimizer;
4. Direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board upon approval by City Council; and
6. Adopt Resolution No. 23-10135.

DISCUSSION:

Background and Context – At its meeting on November 3, 2016, the Board approved Agreement No. 16-3425 with General Electric Company (GE), through its GE Transportation Division, to develop a pilot for a first-of-its-kind, common user Portal. The recommendation to award Agreement No. 16-3425 to GE was based on a competitive selection process performed by the Harbor Department.

In collaboration with the pilot project participants, the Portal was developed to receive and provide supply chain information through a common user interface with secure, channeled access by user type. The pilot project participants included the United States Customs and Border Protection, the Port of Los Angeles' largest terminal operator (APM Terminal), the world's largest and second largest shipping lines (Maersk and Mediterranean Shipping Company, respectively), along with a variety of beneficial cargo owners (BCOs), trucking companies, and chassis providers. The Portal went live with a limited launch on April 17, 2017, and a full launch for all pilot project participants occurred on May 17, 2017. Agreement No. 16-3425 was for a term of one year and a not-to-exceed amount of \$1,319,050.

At its meeting on August 17, 2017, the Board approved the Amended and Restated Agreement No. 16-3425 to expand the Portal, now called the Port Optimizer. The Agreement number was changed from 16-3425 to 17-3425-A. The expansion included the addition of nine more terminals, eighteen more shipping lines, additional enhancements and continued hosting and support. Agreement No. 17-3425-A added two more years for a term of three years, and increased the not-to-exceed amount by \$11,781,370 for a total not-to-exceed amount of \$13,100,420.

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At its meeting on November 15, 2018, the Board approved an Assignment and Assumption Agreement of Agreement No. 17-3425-A from GE to GE Transportation Parts, LLC. This was due to an internal reorganization within GE as part of its combining of its GE Transportation business operations with Westinghouse Air Brake Technologies Corporation. The Agreement's term and not-to-exceed amount remained unchanged.

At its meeting on March 21, 2019, the Board approved the First Amendment to Amended and Restated Agreement No. 17-3425-A. The First Amendment extended the Agreement by three additional years, to a total term of six years, and increased the not-to-exceed compensation amount by \$3,000,000, to a total not-to-exceed compensation amount of \$16,100,420.

At its meeting on October 8, 2019, the Board approved the Second Amendment to Amended and Restated Agreement No. 17-3425-A. The Second Amendment reallocated funding from previously approved items to new items that were needed for the Port Optimizer. The Second Amendment also delegated authority to the Executive Director to approve future change requests which do not increase the total not-to-exceed compensation amount or the term of the Agreement. The Second Amendment did not change the not-to-exceed compensation or term of the Agreement.

Pursuant to the authority approved under the Second Amendment, a Third Amendment to Amended and Restated Agreement No. 17-3425-A was approved by the Executive Director. The Third Amendment created a new deliverable for a Purchase Order Tracking pilot and reduced the quantities of the existing deliverables for Shipping Line Acquisition and Implementation. The Third Amendment did not change the not-to-exceed compensation or term of the Agreement.

At its meeting on August 17, 2021 the Board approved the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fourth Amendment increased the Agreement's not-to-exceed compensation amount by \$6,500,000, for a new total not-to-exceed compensation amount of \$22,600,420, and extended the term by four additional years, for a new term of ten years. This amendment also changed the consultant's name to Wabtec Transportation Systems, LLC (Wabtec) due to the consultant's legal name change after GE Transportation Parts, LLC was acquired by Wabtec.

Proposed Fifth Amendment – The proposed Fifth Amendment (Transmittal 1) requests additional funding for the continued development and operation of the Port Optimizer, including the build out of the Gateway Project module. The proposed Fifth Amendment will increase the Agreement's not-to-exceed compensation amount by \$5,500,000 for a total not-to-exceed compensation agreement amount of \$28,100,420.

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The Gateway Project module offers immense value to regular port operations by providing ocean carriers, Marine Terminal Operators (MTOs), BCOs, and truckers an enhanced predictive view into how external variables will impact their performance, allowing each to adjust and react accordingly. The Gateway Project module will address the unpredictability behind surges in cargo which is a driver of increased congestion within the port and its vicinity. Three main areas that the Gateway Project module will target to drastically reduce congestion are as follows:

Advanced Empty Return Manager. Display in a simple view, timely empty return quotas from shipping lines and terminal operators. This will also provide empty return notifications to truckers so they know where and when they can return empties. This will drive efficiency for truckers, increase dual transactions, and reduce costs for truckers and BCOs.

Cargo Unloading and Pick-Up Advisor. Enhances communication between ocean carriers, BCOs, truckers, and MTOs so early container information, prior to ship arrival, is exchanged with both BCOs and truckers. This provides the ability for BCOs and truckers to alert terminal operators about when they plan to pick up cargo and will allow MTOs to better plan and stage the offload and arrangement of containers. This will reduce congestion and container pick-up time.

Detention and Demurrage Manager. Ingesting the timely information provided by previously mentioned Gateway Project module elements listed above, the Detention and Demurrage Manager will enable enhanced reporting of how detention and demurrage is occurring at the port. The information provided by MTOs will uncover systemic issues that are leading to detention and demurrage, which could be addressed through future actions or policies.

The cost of the Gateway Project module will be partially funded by an Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant from the U.S. Department of Transportation Federal Highway Administration (FHWA). Acceptance of this grant award, in the amount of \$3,000,000, as well as a cooperative agreement between the Port and FHWA will be considered by the Board under a separate report and recommended board action. Net of the aforementioned ATCMTD grant, the remaining Agreement amount of \$3,000,000 will be incurred by the Harbor Department and Wabtec. Wabtec will contribute \$500,000 of in-kind services while the Harbor Department will incur the remaining \$2,500,000. The work proposed under the Fifth Amendment is further described in the Exhibit I, Section A – Agreement Description.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Fifth Amendment with Wabtec to continue development and operation of the Port Optimizer Project and increase the agreement

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amount, which is an administrative activity and an activity involving basic data collection and research. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Fifth Amendment will increase the not-to-exceed compensation amount by an additional \$5,500,000 for a total not-to-exceed amount of \$28,100,420, with spending anticipated to occur as follows:

Fiscal Year (FY)	Original 16-3425	Amended 17-3425-A	1 st Amendment	4 th Amendment	5 th Amendment	Total
2016/17	\$1,031,050					\$1,031,050
2017/18	\$288,000	\$2,313,265				\$2,601,265
2018/19		\$6,600,000				\$6,600,000
2019/20		\$2,868,105	\$825,000			\$3,693,105
2020/21			\$900,000	\$250,000		\$1,150,000
2021/22			\$900,000	\$200,000		\$1,100,000
2022/23			\$375,000	\$1,050,000		\$1,425,000
2023/24				\$1,450,000	\$2,000,000	\$3,450,000
2024/25				\$1,450,000	\$2,000,000	\$3,450,000
2025/26				\$1,450,000	\$1,500,000	\$2,950,000
2026/27				\$650,000		\$650,000
Total	\$1,319,050	\$11,781,370	\$3,000,000	\$6,500,000	\$5,500,000	\$28,100,420

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$28,100,420.

FY 2022/23 funding of \$1,425,000 is available within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000.

As a separate action, the Board will be requested to approve and accept a \$3,000,000 grant under the Advanced Transportation Congestion Management Technologies Development program. Based upon the assumed Board-acceptance of the \$3,000,000 ATCMTD grant, the Harbor Department's contribution of \$2,500,000 and Wabtec's contribution of \$500,000 of in-kind services, Project costs will increase by \$6,000,000. Net of Wabtec's contribution of \$500,000, the Harbor Department will be financially responsible for funding \$5,500,000 of the \$6,000,000 in higher Project costs. Pending Board-acceptance of the ATCMTD grant, the Harbor Department's financial

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responsibility will be partially offset by \$3,000,000 in grant proceeds, as shown in the table below:

Source	FY 2024	FY 2025	FY 2026	Total
ATCMTD grant	\$1,500,000	\$1,000,000	\$500,000	\$3,000,000
Harbor Dept.	\$500,000	\$1,000,000	\$1,000,000	\$2,500,000
Total	\$2,000,000	\$2,000,000	\$1,500,000	\$5,500,000

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.


CITY ATTORNEY:

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

TRANSMITTAL:

1. Fifth Amendment to Amended and Restated Agreement No. 17-3425-A
2. Amendments 1 to 4 to Agreement No. 17-3425-A
3. Agreement No. 17-3425-A

FIS Approval: MB
CA Approval: SO


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SHEEBA VARUGHESE
Chief Information Officer


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THOMAS E. GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:

 For

EUGENE D. SEROKA
Executive Director

ES:TG:HN:smr