

0150-11007-0008

T R A N S M I T T A L

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 12/06/2024	COUNCIL FILE 19-0468 17-1060
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED SEVENTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT
 NO. 17-3425-A BETWEEN THE HARBOR DEPARTMENT AND WABTEC
 TRANSPORTATION SYSTEMS, LLC TO ADD TO THE SCOPE OF WORK AND
 ADJUST COMPENSATION FOR THE PORT OF LOS ANGELES PORT OPTIMIZER
 PORTAL PROJECT**

Transmitted for further processing and Council consideration.
 See the City Administrative Officer report attached.



MAYOR

Attachment
 MWS:PJH/JVW:JAS:JFH:10250111t

(Carolyn Webb de Macias for)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 22, 2024

CAO File No. 0150-11007-0008
Council File No.
Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from the Harbor Department dated October 3, 2024; Resolution No. 24-10444 from the Board of Harbor Commissioners adopted at its October 3, 2024 meeting; referred by the Mayor for a report on October 10, 2024

Subject: **RESOLUTION NO. 24-10444 AND PROPOSED SEVENTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE HARBOR DEPARTMENT AND WABTEC TRANSPORTATION SYSTEMS, LLC TO ADD TO THE SCOPE OF WORK AND ADJUST COMPENSATION FOR THE PORT OF LOS ANGELES PORT OPTIMIZER PORTAL PROJECT**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 24-10444 authorizing a proposed Seventh Amendment to Amended and Restated Agreement No. 17-3425-A between the Harbor Department and Wabtec Transportation Systems, LLC to increase the not-to-exceed compensation by \$6,950,000 from \$34,600,420 to \$41,550,420 adding three new modules to the scope of work and reducing compensation under the Sixth Amendment by \$1,000,000 for the continued development of the Port Optimizer Portal project;
2. Adopt the October 3, 2024 Board of Harbor Commissioners findings that the proposed action is administratively exempt from the requirements of California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Harbor Department Executive Director, or designee, to execute the proposed Amendment, already approved as to form by the City Attorney, and return the Resolution to the Harbor Department for further processing, including Council consideration.

SUMMARY

On October 3, 2024, the Board of Harbor Commissioners (Board) adopted Resolution No. 22-10444 authorizing approval of the Seventh Amendment to Amended and Restated Agreement No.17-3425-A (Seventh Amendment) with Wabtec Transportation Systems, LLC (Wabtec) to increase the not-to-exceed compensation by \$6,950,000, from \$34,600,420 to \$41,550,420, for the implementation of additional Port Optimizer features comprising the Harbor Department's (Port, Department) obligations to the California Containerized Ports Interoperability Grant Program (Grant). The California Governor's Office of Business and Economic Development (GO-

Biz) awarded the Department this \$7,950,000 Grant in July 2024. The award was the largest of five GO-Biz grants totaling \$27 million to improve data and supply chain functionality across California's port network.

The proposed Seventh Amendment adds three new modules to the Port Optimizer at an additional cost of \$7,950,000 and reduces the cost of work performed under the Sixth Amendment by \$1,000,000 requiring a net increase in the not-to-exceed Agreement maximum of \$6,950,000. The three new modules include; (1) the California Ports Mobile Application, (2) the Universal Trucking Appointment System with Artificial Intelligence (AI) Enhancement, and (3) the Carbon Intensity Gateway. The 10-year Agreement term, through November 3, 2026, remains unchanged.

The Office of the City Attorney has reviewed and approved the proposed Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required due to the cumulative contract term exceeding three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

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 Department.

In collaboration with the pilot project participants, the Portal was developed to digitally receive and provide supply chain information from various sources 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), 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; a full launch for all pilot project participants occurred on May 17, 2017. The initial Agreement No. 16-3425 was for a term of one year and a not-to-exceed amount of \$1,319,050. The Board approved the Amended and Restated Agreement No. 17-3425-A on August 17, 2017 to expand the program beyond the pilot, which now includes all major global shipping lines and all marine terminals within the Port. Additional amendments to the initial contract have increased the not-to-exceed Agreement amount to \$34,600,420 and a term of 10 years.

Attachment 2 to this report provides a history and timeline of the initial Agreement and the six previous amendments utilized to develop, expand, and support the Portal which is now known as the Port Optimizer.

Proposed Seventh Amendment – The proposed Seventh Amendment increases the funding of Agreement No. 17-3425-A by \$7,950,000 for the implementation of Port Optimizer features comprising the Department's obligations to the California Containerized Ports Interoperability Grant Program. Under the program, the Department was awarded a \$7,950,000 grant from California GO-Biz. The Award was the largest of five GO-Biz grants awarded totaling \$27 million

to improve data and supply chain functionality across California's port network.

The proposed Seventh Amendment will enable the Port to implement three new Port Optimizer modules as follows:

Project 1 – CalPorts Mobile Application (Grant Agreement No. CPDIP2024-L08) – The proposed Seventh Amendment implements additional Port Optimizer features comprising the Department's obligations to the Grant Program. The Grant will provide funding for the development of a new California Ports Mobile Application (CalPorts) enabling mobile access to the Port Optimizer and other port dashboards. CalPorts will make it easier for California ports to send and receive data on items like cargo status, which helps reduce supply chain disruptions and allows stakeholders to better anticipate operational issues. CalPorts will also provide the capability for sharing of environmental performance and port security data as well. The total grant funding awarded for the CalPorts module is \$1,320,000.

Project 2 – Universal Truck Appointment System with AI Enhancement (Grant Agreement No. CPDIP2024-L09) – The proposed Seventh Amendment will expand enhancement to the Port's Universal Truck Appointment System, currently under development. The proposed enhancement will enable interoperability with the Port of Long Beach allowing bay-wide coverage for a universal truck appointment system that will improve identification and management of containers across the entire San Pedro bay port complex. The total grant funding awarded for the Universal Truck Appointment Module is \$2,930,000.

Project 3 – Carbon Intensity Gateway (Grant Agreement No. CPDIP2024-L10) – The proposed Seventh Amendment will provide a single, online gateway for collecting carbon impacts on port operations. The gateway, once developed, will provide users an updated Green Asset Score based on rail, trucking, vessel, and on-port equipment particulate and greenhouse gas emissions. Using this score, the gateway will help Port Optimizer stakeholders select more optimal routes that balance cargo speed and emissions impact. The total grant funding awarded for the Carbon Intensity Gateway module is \$3,700,000.

These new modules will be developed through a phased approach that allows for the development of core functionality and the ability to address shifting port stakeholder community needs and outcome goals as defined by the Port.

Although the Port is considering making this software available to other ports, the Department is not committed to an open licensing approach as there are numerous uncertainties associated with doing so with software developed by a private commercial company.

Financing the Seventh Amendment – The Approval of the Seventh Amendment will increase the not-to-exceed compensation under Agreement No. 17-3425-A with Wabtec by \$6,950,000 from \$34,600,420 to \$41,550,420. The proposed compensation increase includes additional spending of \$7,950,000 associated with the three new Port Optimizer modules identified herein as well as a \$1,000,000 reduction in payment for previously approved projects under the Sixth Amendment. The added compensation for work to be performed under the Seventh Amendment less the reduction for work removed from the Sixth Amendment results in the need to raise the Agreement's not-to-exceed amount by only \$6,950,000.

Recommendation No. 3 of the Board Report inadvertently identified the need to increase the Agreement's not-to-exceed limit by \$7,950,000 when the correct amount of the increase is \$6,950,000 as identified herein. Board staff have updated the Resolution to reflect the correct amount of the not-to-exceed increase.

Initial Financing of the GO-Biz Grant – While the proposed Seventh Amendment will be fully financed by \$7,950,000 provided by California Containerized Ports Interoperability Grant Program, the initial 2024-25 FY costs will be financed, subject to approval of the Board and Mayor, by a \$4,650,000 transfer from the Department Unappropriated Balance to Department Account 54310, Information Systems Consulting Services, Center 0640, Program 000. This transfer is subject to approval of the Mayor, notification of the Council, Controller and this Office pursuant to Charter Section 343(b) and (d) respectively. Future fiscal year funding will be requested as part of the annual budget process. A termination for Non-Appropriation of Funds clause is included in the Agreement.

CITY COMPLIANCE

Charter Section 1022 – On October 3, 2024 the Board adopted a finding that the development of three new modules for the Port Optimizer for the GO-Biz Grant Program can be more feasibly performed by outside contractors than City Employees.

California Environmental Quality Act (CEQA) – On October 3, 2024, the Board determined that the proposed action of approving the Amendment is an administrative activity, therefore, the Director of Environmental Management has determined that the proposed action is administratively 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.

The Office of the City Attorney has reviewed and approved the proposed Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund. The approval of the proposed Seventh Amendment to the Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC will increase the not-to-exceed compensation under the Agreement by \$6,950,000 from \$34,600,420 to \$41,550,420, including a \$1,000,000 reduction in expenditures on work performed under the Sixth Amendment. Subject to approval of the Board and Mayor, \$4,650,000 in 2024-2025 FY funding will be transferred from the Department Unappropriated Balance to Account 54310, Information Systems Consulting Services, Center 0640, Program 000, subject to GO-Biz Grant reimbursement. Funding in future years will be requested and budgeted as part of the annual budget process. The recommendations in this report and proposed actions comply with the Department's Financial Policies.

Attachment 1 – September 24, 2024 Harbor Department Board Report; Resolution No. 24-10444; and Seventh Amendment to Amended and Reinstated Agreement No. 17-3425-A
Attachment 2 – Chronology of Port Optimizer Contract