

0150-11007-0006

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 08/03/2023	COUNCIL FILE 19-0468 17-1060
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED FIFTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO.
17-3425-A BETWEEN THE HARBOR DEPARTMENT AND WABTEC TRANSPORTATION
SYSTEMS, LLC. TO CONTINUE THE DEVELOPMENT, OPERATION, AND SUPPORT OF
THE PORT OPTIMIZER PROJECT**

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



MAYOR

(Chris Thompson for)

MWS:PJH/JVW:JFH:10230107t

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 31, 2023

CAO File No. 0150-11007-0006

Council File No. 19-0468, 17-1060

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated February 23, 2023; referred by the Mayor for report on February 23, 2023

Subject: **RESOLUTION NO. 23-10135 AND PROPOSED FIFTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC TO CONTINUE DEVELOPMENT, OPERATION, AND SUPORT OF THE PORT OPTIMIZER PROJECT**

RECOMMENDATIONS

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 23-10135 authorizing approval of the Fifth Amendment to Amended and Restated Agreement No.17-3425-A to add additional funding of \$5,500,000 for a new total not-to-exceed contract amount of \$28,100,420, with Wabtec Transportation Systems, LLC for the Port Optimizer Project; and
2. Return the Resolution documents to the Port for further processing, including Council consideration.

SUMMARY

On February 23, 2023, the Board of Harbor Commissioners (Board) adopted Resolution No. 23-10135 authorizing approval of the Fifth Amendment to the Amended and Restated Agreement with Wabtec Transportation Systems, LLC to increase the not-to-exceed compensation by \$5,500,000 for a total agreement amount of \$28,100,420 to continue the development, operation, and support of the Port Optimizer Project (Attachment 1). The proposed Amendment has been approved as to form by the City Attorney. 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.

BACKGROUND

At its meeting of 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), 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. The initial Agreement, No. 16-3425, was for a term of one year and a not-to-exceed amount of \$1,319,050. Previous amendments to the initial contract have increased the not-to-exceed amount to \$22,600,420 and a total term of 10 years.

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

Current Proposed Fifth Amendment – In proposing a Fifth Amendment, the Harbor Department indicates a need for 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 agreement amount of \$28,100,420 from \$22,600,420.

The Harbor Department indicates that the Gateway Project module offers tremendous 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:

1. *Advanced Empty Return Manager* – Displays, 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.
2. *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.
3. *Detention and Demurrage Manager* – Utilizes the timely information provided by previously mentioned Gateway Project module elements listed above to assist the Detention and Demurrage Manager to 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.

Project Funding - 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 provided by the Harbor Department and Wabtec. Wabtec will contribute \$500,000 of in-kind services while the Harbor Department will provide the remaining \$2,500,000.

CITY COMPLIANCE

Charter Section 1022 – On February 23, 2023, the Board of Harbor Commissioners adopted a finding that the continued development, operation, and support of the Port Optimizer Project can be more feasibly performed by outside contractors than City Employees.

The proposed Amendment has been approved as to form by the City Attorney. 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.

California Environmental Quality Act (CEQA) – The proposed Fifth Amendment to the Amended and Restated Agreement with Wabtec to continue the development and operation of the Port Optimizer Project and increase the agreement amount is an administrative activity and an activity involving basic data collection and research. The Harbor Department's Director of Environmental Management has therefore determined that the proposed action is administratively and categorically exempt from the requirements of the CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

Approval of the proposed Fifth Amendment to the Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC will increase the not-to-exceed compensation amount by \$5,500,000 for a total not-to-exceed amount of \$28,100,420. A pending \$3,000,000 Federal Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant will finance over half the cost of the Fifth Amendment. The Harbor Department will finance the remaining \$2,500,000 cost of the Amendment. Fiscal year 2022/23 funding of \$1,425,000 is available within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000. A termination for non-appropriation of funds clause is included in the Agreement. The recommendations in this report comply with the Port's Financial Policies. There is no impact on the City's General Fund.

Attachment 1 – February 23, 2023 Harbor Board report, Resolution 23-10135; Fifth Amendment to 17-3425-A
Attachment 2 – CAO Chronology of Port Optimizer Contract