

0150-11007-0005

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 06/18/21	COUNCIL FILE NO. 19-0468 17-1060
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED FOURTH AMENDMENT TO AGREEMENT NO. 17-3425-A WITH WABTEC
TRANSPORTATION SYSTEMS, LLC FOR THE PORT OPTIMIZER PROJECT**

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



MAYOR

(Ana Guerrero for)

RHL:JCY:10210114t

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 21, 2021

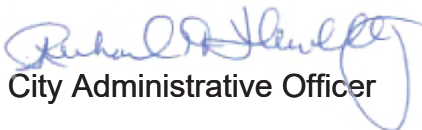
CAO File No. 0150-11007-0005

Council File No. 19-0468, 17-1060

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer



Reference: Correspondence from the Harbor Department dated January 7, 2021; referred by the Mayor for report February 1, 2021

Subject: **PROPOSED FOURTH AMENDMENT TO AGREEMENT NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC FOR THE PORT OPTIMIZER PROJECT**

RECOMMENDATIONS

Approve Harbor Department (Port) Resolution No. 20-9742 authorizing a proposed Fourth Amendment to the Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC, to change its name from General Electric Transportation Parts, LLC and continue development and operation of the Port Optimizer project for four additional years, for a total term of 10 years and compensation amount not to exceed \$22,600,420; and, return the Resolution documents to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 20-9742 authorizing a proposed Fourth Amendment (Amendment) to the Amended and Restated Agreement No. 17-3425-A (Agreement) with Wabtec Transportation Systems, LLC (Wabtec), formerly known as General Electric Transportation Parts, LLC (GETP) for the Port Optimizer project (Port Optimizer). The Amendment authorizes the name change from GETP to Wabtec and authorizes Wabtec to continue developing, operating, and maintaining the Port Optimizer for four additional years, from November 4, 2022 through November 3, 2026, and increased cost not to exceed \$6.5 million, for a total term of 10 years and compensation limit of \$22,600,420. All other terms and conditions of the Agreement will remain in effect.

The Port Optimizer provides an online cargo database that translates multiple informational programs into a common user interface to support and improve maritime supply chain services and performance at the Port of Los Angeles (POLA). It is the first-of-its-kind common user, digitized informational data portal. The Port Optimizer currently operates with data from all POLA container terminals, twelve shipping lines, United States Customs and Border Protection (CPB), and other

supply chain sources. The Agreement with Wabtec is for development, technical hosting, and maintenance and support of the Port Optimizer and additional enhancement services. The Agreement compensates Wabtec based on a list of deliverables, some on a monthly basis, each with an agreed upon price limit, and includes hardware, software, and services. In addition to the total extended term of 10 years, the proposed Amendment details the updated list of deliverables comprising the increased compensation amount of \$6.5 million, which includes implementation, management, and data hosting of the Port's Dual Transaction Incentive Program (C.F. 21-0212); empty container availability reporting by carrier and terminal; long-range import and export cargo volume forecasting for POLA; cyber security; and a contingency of \$1.25 million for continued development or unforeseen work.

Wabtec is a global freight and rail technology corporation with headquarters in Pittsburgh, Pennsylvania. The Port reports that it initiated the Port Optimizer in November 2016, subsequent to a competitive request for proposals, under Agreement 16-3425 as a one-year pilot project with the General Electric Company (GE), through its GE Transportation Division, to develop a common user interface portal to receive and provide supply chain information. The pilot project included the CPB, one terminal operator, two shipping companies, and a variety of supply chain sources. At its meeting on August 17, 2017, the Board approved an amendment to extend the project under the current Agreement for a total term of three years and compensation limit of \$13,100,420, expanding it to include nine more terminals and eighteen more shipping lines. The Board approved the First Amendment to the Agreement on March 21, 2019, extending it an additional three years and increasing the compensation limit by \$3 million (C.F. 19-0468). The Second Amendment to the Agreement, approved by the Board on October 8, 2019, reallocated approximately \$619,000 of existing funding within the project and authorized the Port Executive Director to make future amendments within existing term and compensation limits. The Third Amendment to the Agreement, approved by the Port Executive Director on May 27, 2020, modified deliverables within the existing term and compensation limits. The Agreement was reassigned to GETP from GE in November 2018, and the Port has a revenue-sharing agreement with GE (now Wabtec) through June 30, 2021, with options for a two-year and subsequent 10-year extension, to commercialize the Port Optimizer (C.F. 17-1060).

The Port reports that funding of \$1,150,000 is budgeted and available for the Agreement in 2020-21, and has requested funding of \$1.1 million as part of the 2021-22 budget process. The Port reports that spending on the Agreement through 2019-20 was approximately \$3.7 million, and that estimated spending under the Fourth Amendment will be \$250,000 in 2020-21.

The City Attorney has reviewed and approved the proposed Amendment as to form and legality. The proposed Amendment and Agreement include provisions to ensure compliance with applicable City Ordinances and contracting and insurance requirements, the State Tidelands Grant trust, and Port Financial Policies. In accordance with Charter Section 373 and Administrative Code Section 10.5(b)(2), the Amendment and Agreement require Council approval because the total term of the Agreement exceeds three years and estimated annual compensation exceeds the 2020-21 exemption limit of \$163,016. The Port has determined that the proposed Amendment is an administrative activity and an activity involving basic data collection and research, and is, therefore, administratively and categorically exempt from the requirements of the California Environmental

Quality Act (CEQA) under Article II, Section 2(f) and Article II, Class 6(2) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

Approval of the proposed Fourth Amendment (Amendment) to Harbor Department (Port) Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC will change the name from General Electric Transportation Parts, LLC and continue development and operation of the Port Optimizer project for four additional years, for a total term of 10 years and compensation amount not to exceed \$22,600,420. The Port will continue to be financially responsible for payment of expenditures for the Agreement from the Harbor Revenue Fund. The Port reports that \$1,150,000 of funding in 2020-21 is available in the Harbor Revenue Fund Budget and that future funding needs will be requested through the annual budget process and be subject to approval by the Board of Harbor Commissioners. The proposed Amendment complies with Port Financial Policies and has no impact on the City General Fund.

RHL:JCY:10210114