

0150-11716-0001

**T R A N S M I T T A L**

TO  
The Council

DATE  
09/08/2022

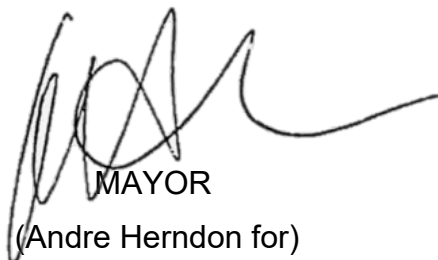
COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT  
Citywide

**Proposed First Amendment to Contract 139579 with Blue Systems, Inc.**

Approved and transmitted for your consideration. See the  
City Administrative Officer report attached.



MAYOR  
(Andre Herndon for)

MWS:DHH:06230014t

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 09-07-22	C.D. No. Citywide	CAO File No.: 0150-11716-0001
Contracting Department/Bureau: Department of Transportation		Contact: Ricardo Estrada	
Reference: Letter to the Mayor from the Department of Transportation dated July 27, 2022; referred for report July 27, 2022			
Purpose of Contract: Analysis of mobility data provided by dockless transportation services.			
Type of Contract: ( ) New contract (X) Amendment, Contract No. C-139579		Contract Term Dates: August 18, 2020 through December 31, 2023	
Contract/Amendment Amount: \$ 476,553			
Proposed amount \$ 476,553 + Prior award(s) \$ 473,500 = Total \$ 885,000			
Source of funds: Parking Permit Program Revenue Fund (Dockless mobility fees)			
Name of Contractor: Blue Systems USA, Inc.			
Address: 4136 Del Rey Avenue, Office 617, Marina del Rey, CA 90292			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 20 %			
Contractor has complied with:		Yes	No
8. Business Inclusion Program		X	
9. Equal Benefits & First Source Hiring Ordinances		X	
10. Contractor Responsibility Ordinance		X	
11. Disclosure Ordinances		X	
12. Bidder Certification CEC Form 50		X	
13. Prohibited Contributors (Bidders) CEC Form 55		X	
14. California Iran Contracting Act of 2010		X	

**RECOMMENDATION**

That the Mayor and Council approve the proposed first amendment to Contract C-139579 with Blue Systems for continued provision of a data analytics platform for monitoring dockless providers through December 31, 2023 and authorize the General Manager of the Department of Transportation to execute the amendment.

**SUMMARY**

The Department of Transportation (DOT) requests approval of an 18 month extension of the term of the contract (for a total of three years, four months) and an estimated increase in compensation of \$476,500 to a total estimated compensation of \$885,000 for Contract C-139579 with Blue Systems USA, Inc. (Blue Systems).

Blue Systems provides the City with a data analytics platform for use in monitoring dockless service providers. With the data analytics platform, the City will obtain real-time mobility data that will be analyzed to verify regulatory compliance; manage and audit per-trip fees, penalties, fines; and other issues related to deployment and fleet management issues.

David Hirano			<i>Ylenda Chavez</i>
DHH	Analyst	0150-11716-0001	for City Administrative Officer

DOT intends to issue a new Request for Proposals to replace the existing contract and the requested extension of the term will allow DOT sufficient time to do so.

The cost of the contract is determined by the number of trips taken by dockless customers. The City pays a flat monthly fee of \$11,917 and an additional \$0.02 per trip when the number of trips exceeds 400,00 in a month. Therefore, the cost of this contract varies over time and future costs are estimated. In the first two years of the contract, the City paid \$408,500. In the forthcoming 18 months, DOT estimates that \$476,500 will be required.

The City Attorney has reviewed the proposed amendment. Blue Systems is in compliance with City contracting requirements. Consistent with Los Angeles Administrative Code Section 10.5, Council approval of this proposed amendment is required as the proposed term of the total agreement (including this amendment) exceeds three years.

### **FISCAL IMPACT STATEMENT**

No General Fund impact. The City Parking Permit Program Revenue Fund will support this contract amendment.


### **FINANCIAL POLICIES STATEMENT**

The recommendation complies with City Financial Policies as sufficient funds exist to support the proposed expenditures.

**CITY OF LOS ANGELES**  
**INTER-DEPARTMENTAL MEMORANDUM**

Date: July 20, 2022

To: The Honorable Eric Garcetti, Mayor  
Attention: Heleen Ramirez, Legislative Coordinator

From: Connie Llanos, General Manager   
Department of Transportation

Subject: **FIRST AMENDMENT TO AGREEMENT C-139579 BETWEEN THE LOS ANGELES DEPARTMENT OF TRANSPORTATION AND BLUE SYSTEMS, USA INC. FOR EXTENSION OF CONTRACT TERM.**

**SUMMARY**

The Los Angeles Department of Transportation (LADOT) requests authorization to execute an amendment to Agreement C-139579 with Blue Systems, USA, Inc. (Contractor) to extend the contract term for 18 months. The current contract expires on June 30, 2022. The contract amendment is needed to continue monitoring, auditing, and regulating vehicles and devices of the Permitted Operators that are integrated with the Mobility Data Specification (MDS).

**RECOMMENDATION**

That the Council, subject to concurrence by the Mayor:

- Approve and authorize LADOT to execute a First Amendment to Agreement C-139579 with Blue Systems, USA, Inc. to allow the contractor to provide a Visualization platform with the same terms and conditions as the original contract.
- Approve an extension of Agreement C-139579 for an additional 18 months through December 2023.
- APPROVE the increase of the contract ceiling by an additional \$476,553.

**BACKGROUND**

On July 9, 2019, the City of San Jose issued public bid RFQ1907-001 ("RFQ.") seeking qualified Contractors to provide the City of San Jose with a micro-mobility data analytics platform to monitor, regulate micro-mobility operators, and effectuate more informed transportation planning. In February 2020, the San Jose contract was awarded to Blue Systems, USA, Inc.; beginning in August 2020, the City of Los Angeles was similarly seeking a data analytics platform for use in monitoring service providers in support of DOT's Regulatory Framework. LADOT completed City Charter imposed competitive bid requirements by "piggy-backing" on the City of San Jose contract. With the data analytics platform, the City intends to continue obtaining mobility data that is processed, and provide visual analytics to verify regulatory compliance, manage and audit per-trip fees, penalties, fines, and other issues related to deployment, start and end trips, and fleet management issues.

**DISCUSSION**

LADOT requests authorization to extend the term of the Agreement with Blue Systems, USA, Inc. for an additional 18 month term. The recommended contract extension should allow sufficient time to issue a new Requests for Proposal (RFP) to solicit contractors who will continue the scope of work currently done by Blue Systems, USA, Inc and award a new contract.

LADOT is doing all it can to release the new RFPs in time to award and execute new contracts by Fall/Winter 2023. This contract amendment is a stop-gap measure to ensure no interruptions of various LADOT programs that are integrated with MDS. Halting the access to the Data Visualization Platforms would hinder the enforcement and management of these programs as well as directly impact many residents who regularly rely on these essential services to get to where they need to go.

**Contract expenses per dockless trip data**

The existing agreement with Blue Systems, USA, Inc. and LADOT includes a fee structure based on the number of on-demand mobility trips in Los Angeles. The following table outlines contract expenses based on existing and projected trip data:

<b>Fiscal Year</b>	<b>Dockless Mobility Trips</b>	<b>Contract Expenses</b>
<b>FY 20-21</b>	4,306,538	\$206,371
<b>FY 21-22</b>	* 8,137,051	* \$202,153
<b>FY 22-23</b>	** 10,840,925	** \$318,645
<b>FY 23-24</b>	*** 6,327,531	*** \$157,908

\* Data from 05/1/22 through 06/30/22 are based on trip projections.

\*\* Data from 07/01/22 to 06/30/23 are based on trip projections.

\*\*\* Data shown for fiscal year 23-24 is limited to trip projections from 07/01/23 to 12/31/23.

**FISCAL IMPACT**

The Los Angeles Department of Transportation utilizes a special fund, Dockless Fund 49C, to cover the costs of this contract and other functions related to MDS. The Dockless Program is a revenue generating cost recovery program in that all revenues generated are used to cover the costs of operation. The extension of this contract will have no impact on the general fund.

SJR:JK:jm

**Attachments:**

First Amendment to Agreement for Implementation of Mobility Data Specification Visualization Tool

**FIRST AMENDMENT**

**TO**

**AGREEMENT C-139579**

**BETWEEN**

**THE CITY OF LOS ANGELES**

**AND**

**BLUE SYSTEMS, USA, INC.**

**FOR THE**

**IMPLEMENTATION OF MOBILITY DATA SPECIFICATION VISUALIZATION TOOLS**

**MOBILITY MANAGER**

**FIRST AMENDMENT TO AGREEMENT C-139579  
BETWEEN  
THE CITY OF LOS ANGELES  
AND  
BLUE SYSTEMS, USA, INC.  
FOR THE  
IMPLEMENTATION OF MOBILITY DATA SPECIFICATION VISUALIZATION TOOLS  
MOBILITY MANAGER**

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**THIS FIRST AMENDMENT** to Agreement C-139579 ("Agreement") between the City of Los Angeles, a municipal corporation (hereinafter referred to as "CITY"), acting by and through the Department of Transportation (hereinafter referred to as "LADOT"), and Blue Systems USA, Inc., a New York corporation with the principal place of business at 4136 Del Rey Avenue, Office 617, Marina del Rey, CA 90292 (hereinafter "Blue Systems" or "CONTRACTOR"), referred to collectively as "PARTIES" and individually as "PARTY", is entered into with reference to the following:

**WITNESSETH**

**WHEREAS**, the CITY desires to continue the obtained services for data analytics platform for use in monitoring service providers in support of LADOT'S Regulatory Framework. With the data analytics platform, the CITY intends to obtain mobility data, and this real-time data will be analyzed to verify regulatory compliance, manage and audit per-trip fees, penalties, fines; and other issues related to deployment, start and end trips and other fleet management issues; and

**WHEREAS**, CONTRACTOR has agreed to sign, execute, and abide by all of the terms and conditions of a separate Master Data License and Protection Agreement (MDLPA), the term of which will be coextensive with the Term of this Agreement;

**WHEREAS**, the CONTRACTOR possesses the requisite skills, technologies, and proficiencies in these areas, and has agreed to provide such services to LADOT; and

**WHEREAS**, LADOT desires in this First Amendment to Agreement C-139579 to a) extend the term of the Agreement by twelve (12) months, followed by an additional six (6) months on a month-to-month basis, for a total period not to exceed eighteen (18) months, b) increase the Agreement ceiling, c) add contracting language as required by ordinance of all City contracts, d) correct the designation of the Standard Provision for City Contracts, and e) incorporate Attachments and Exhibits; and

**NOW, THEREFORE**, in consideration of the above premises, and the mutual covenants and agreements herein contained, the Parties agree as follows:

1. **Section I. INTRODUCTION AND CONDITIONS PRECEDENT**, Subsection B.1.a Representatives of the Parties and Service of Notices, is hereby amended in its entirety to read as follows:

Seleta J. Reynolds  
General Manager  
Los Angeles Department of Transportation

100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California, 90012

With copies to:

Irene Sae Koo  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California, 90012

2. **Section II, TERMS OF CONTRACT**, Subsection A.1, Contract Period, is hereby amended in its entirety, and Subsections A.3, "Termination during the Month-to-Month Extension," and A.4 "Ratification" are hereby added immediately following A.2 to read as follows:
  - 2.1. The Initial Term of this Agreement shall commence on August 18, 2020 ("Effective Date") and will end on June 30, 2022, unless otherwise terminated in accordance with the termination provisions herein. The CITY shall have the right to extend this Agreement for twelve (12) months, from June 30, 2022, to June 30, 2023 ("Extension Period"), which the PARTIES hereby exercise. Thereafter, the CITY may extend this Agreement on a month-to-month basis for up to six (6) months, after July 1, 2023, provided the CITY provides the CONTRACTOR with thirty (30) days written notice of its intent to exercise the CITY's right to the month-to-month extension.
  - 2.2. **Termination during the Month-to-Month Extension.** If the CITY exercises its right to extend this Agreement on a month-to-month basis up to six (6) months, beyond July 1, 2023, pursuant to Section II A.1, the CITY may terminate the extension prior to December 31, 2023, provided the CITY provides the CONTRACTOR with a written notice of its intent to terminate the Agreement no less than sixty (60) days prior to the actual termination date.
  - 2.3. **Ratification.** The CONTRACTOR may have provided prior services to the City of Los Angeles under the terms of an executed Agreement which included a requirement to adhere to the City's Standard Provisions for City Contracts. To the extent that the CONTRACTOR provided services to the CITY prior to the execution of this extension, and the CONTRACTOR's services were performed in accordance with the terms and conditions of this extension and the original Agreement, including the City's Standard Provisions for City Contracts, those services are hereby ratified.
3. **COMPENSATION AND METHOD OF PAYMENT**, Subsection A, is hereby amended in its entirety to read as follows:
  - 3.1. **Compensation.** For and in consideration of the services to be provided by the CONTRACTOR under this Agreement, the LADOT agrees to pay the CONTRACTOR a service fee as stated in detail in this Section 5.1. The CONTRACTOR's services are being performed as an independent CONTRACTOR and not as an agent or employee of the CITY; therefore, the CONTRACTOR is not entitled to any vacation, sick leave, workers' compensation, pension or any other CITY benefits.



Expenses	Monthly Vehicle Trips					
	400,000	500,000	600,000	700,000	800,000	900,000
Base fee up to 400K trips per month	\$11,917	\$11,917	\$11,917	\$11,917	\$11,917	\$11,917
\$0.02 per trip over 400,000 trips	\$0.00	\$2,000	\$4,000	\$6,000	\$8,000	\$10,000
Total Monthly Expenses	\$11,917	\$13,917	\$15,917	\$17,917	\$19,917	\$21,917

Expenses	Annual Vehicle Trips					
	4,800,000	6,000,000	7,200,000	8,400,000	9,600,000	10,800,000
Base fee up to 400K trips per month * (12 months)	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000
\$0.02 per trip over 400,000 trips * (12 Months)	\$0.00	\$24,000	\$48,000	\$72,000	\$96,000	\$120,000
Total Annual Expenses	\$143,000	\$167,000	\$191,000	\$215,000	\$239,000	\$263,000

Total annual expenses have been rounded down to the nearest whole number.

- 3.2. **Service fee for July 1, 2022, to June 30, 2023, one (1) additional twelve (12) month Extension Term.** The total fee for this period is three hundred eighteen thousand six hundred forty-five dollars (**\$318,645**) service fee shall be calculated as follows:

Additional fee per trip (above 400,000 monthly trips)	\$0.02
Basic monthly license fee up to 400,000 monthly trips	\$11,917

- 3.2.1. A monthly license fee of eleven thousand nine hundred seventeen dollars (\$11,917) with a monthly cap of four hundred thousand (400,000) trips, payable each month from July 1, 2022 to June 30, 2023 ("Basic Monthly Fee").
- 3.2.2. If at any given month during Year 2 of the Initial Term the number of trips exceeds four hundred thousand (400,000) per calendar month, then an additional fee of two cents (\$0.02) per each trip in excess of four hundred thousand (400,000) becomes due ("Additional fee"). The Additional fee, if any, shall be invoiced monthly along with the Basic Monthly Fee.
- 3.2.3. Both the Basic Monthly Fee and the Additional fee, if any, shall be due

within thirty (30) days after receiving the invoice.

- 3.3. **Service fee for July 1, 2023, to December 31, 2023, of (1) additional six (6) Month Extension Term. The total fee for this period is one hundred fifty-seven thousand nine hundred eight dollars (\$157,908)** service fee shall be calculated as follows:

Additional fee per trip (above 400,000 monthly trips)	\$0.02
Basic monthly license fee up to 400,000 monthly trips	\$11,917

- 3.3.1. A monthly license fee of eleven thousand nine hundred seventeen dollars (\$11,917) with a monthly cap of four hundred thousand (400,000) trips, payable each month from July 1, 2023 to December 31, 2023 ("Basic Monthly Fee").
- 3.3.2. If at any given month during Year 2 of the Initial Term the number of trips exceeds four hundred thousand (400,000) per calendar month, then an additional fee of two cents (\$0.02) per each trip in excess of four hundred thousand (400,000) becomes due ("Additional fee"). The Additional fee, if any, shall be invoiced monthly along with the Basic Monthly Fee.
- 3.3.3. Both the Basic Monthly Fee and the Additional fee, if any, shall be due within thirty (30) days after receiving the invoice.
- 3.4. **Yearly service fee for the renewal periods.** Should the CITY extend this Agreement for the additional twelve (12) month period pursuant to Section 4.2, the Parties agree to begin their pricing negotiations at least three (3) months in advance of the renewal period and expect them to complete pricing negotiations thirty (30) days prior to the expiration of the current term.
- 3.5. **Hourly fee for specific development.** In addition to the fees described in sections 5.1.1 and 5.1.2, the CITY may allocate a certain budget for specific development suggested at eighty (80) person days. Should the CITY require any specific development as per Schedule B, CONTRACTOR will quote an approximate total fee prior to starting the work, at the rate of ninety-four dollars per hour (\$94/hr.), to be billed against that budget.
- 3.6. **Fee for processing fines.** In addition to the fees described in Sections 5.1.1 and 5.1.2, should the CITY activate a fine processing feature of Mobility Manager, the PARTIES agree that the CONTRACTOR will charge six percent (6 %) of each fine assessed by Mobility Manager and received by the CITY.

3.7. **Method of Payment.** For services provided under this Agreement, the CONTRACTOR will be paid by the CITY in accordance with Section 5.1, Compensation, and the other conditions and provisions of this Section within thirty (30) calendar days after receipt and approval of the CONTRACTOR's invoices by the CITY. The flat yearly fee shall be invoiced once a year and the fine processing fee, if this feature is activated, shall be invoiced quarterly. The CONTRACTOR must include the following information on each invoice:

- Name and address of company or firm
- Date of Invoice
- Invoice Number
- Agreement Number
- Date and description of services provided
- Amount of Invoice
- Total amount payable

The CONTRACTOR must submit invoices to:

Irene Sae Koo,  
Senior Management Analyst I  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup>Floor  
Los Angeles, California, 90012  
irene.saekoo@lacity.org

3.8. **Late Payments.** Past due amounts are subject to a finance charge of one percent (1 %) per month from the payment due date until paid in full. The CITY will be responsible for all reasonable expenses incurred by the CONTRACTOR in collecting past due amounts. If any fees are past due, CONTRACTOR may suspend the Services and provide notice of termination for material breach.

3.9. **Taxes.** CITY shall pay the CONTRACTOR for the approved product and in the amount specified herein. This amount will include payment for all services performed, including related taxes. Payments will be due and payable upon the completion of the CITY's review and approval of the work product

4. Effective the date of attestation by the City Clerk of this First Amendment, all references to Angela De La Rosa throughout the Agreement are hereby deleted and replaced with the following: "Ricardo Estrada".

5. **Section 16. NOTICES**, Subsection (A) ADDRESSES, is hereby amended in its entirety to read as follows:

The following addresses will serve as the places to which all notices and other correspondence between the Parties will be sent:

**CITY:**

**Seleta J. Reynolds  
General Manager  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California, 90012**

**With copies to:**

**Zack Bouz  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California, 90012**

**CONTRACTOR: Blue Systems USA, Inc.**

**Christophe Arnaud, CEO  
Blue Systems USA, Inc.  
4136 Del Rey Avenue  
Marina Del Rey, CA 90292  
Christophe.Arnaud@bluesystems.ai**

6. Effective the date of attestation by the City Clerk of this Agreement, all or any partial references to the Standard Provisions for City Contracts (Rev. 10/21 [v.4]) and Standard Provisions for City Contracts (10/21[v.3]) , in the Agreement, RFP, or any exhibits/attachments are hereby deleted and replaced with Standard Provisions for City Contracts (Rev. 10/21) [v.4].

7. **Section 15, STANDARD PROVISIONS FOR CITY CONTRACTS**, is hereby amended to read as follows:

By entering into this Agreement with the CITY, the CONTRACTOR agrees to abide by the Standard Provisions for City Contracts (Rev. 10/21) [v.4], attached hereto and incorporated herein as **Attachment C**.

8. **Attachment C**, Standard Provisions for City Contracts (Rev.10/21 [v.4]), is hereby replaced in its entirety by **Attachment C** - Standard Provisions for City Contracts (Rev. 10/21) [v.4] attached hereto and incorporated herein.

9. **Section 21.11, Order of Priority**, is hereby amended in its entirety to read as follows:

This Agreement, and any exhibits, attachments, or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the CITY and the CONTRACTOR. In the event of any inconsistencies between the bodies of this Agreement and attachments, the order of precedence will be as follows:

1. This Agreement between the City of Los Angeles and Blue System, USA, Inc., and its Amendments
2. Attachment A - Master Data License and Protection Agreement
3. Standard Provision for City Contracts (Rev. 10/21) [v.4] – Attachment C

10. Except as herein amended, all other terms and conditions of this Agreement shall remain unchanged.
11. Except as herein amended, all other terms and conditions of this Agreement shall remain in full force and effect.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGE FOLLOWS**

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**THE CITY OF LOS ANGELES**

**BLUE SYSTEMS USA INC.**

By: \_\_\_\_\_  
Seleta J. Reynolds  
General Manager  
Department of Transportation

By\*: \_\_\_\_\_  
  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**  
MICHAEL N. FEUER, City Attorney

By\*\*: \_\_\_\_\_

By: \_\_\_\_\_  
Michael Nagle  
Deputy City Attorney

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST:**  
HOLLY L. WOLCOTT, City Clerk

NOTE: If CONTRACTOR is a corporation, two signatures are required.

\*The signature of President, Chairman of the Board, or Vice President is required here; and  
  
\*\*an additional signature of Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer is also required for the Corporation.

By: \_\_\_\_\_

Date: \_\_\_\_\_

City Agreement Number: C-139-579

Council File Numbers: \_\_\_\_\_