

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 21, 2022

CAO File No. 0150-11520-0002

Council File No. 19-1485

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated October 20, 2022

Subject: **PROPOSED THIRD AMENDMENT TO AGREEMENT NO. 16-3431 WITH TETRA TECH, INC. FOR ADMINISTRATION OF THE CLEAN TRUCK PROGRAM**

RECOMMENDATIONS

Approve the Harbor Department (Port) Resolution No. 22-10078 authorizing a proposed Third Amendment to Agreement No. 16-3431 (Agreement) with Tetra Tech, Inc. for Clean Truck Program administration to increase the contract limit and expenditures by \$830,000 and update the Scope of Work; 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. 22-10078 authorizing a proposed Third Amendment to Agreement No. 16-3431 (Agreement) with Tetra Tech, Inc. (Tetra Tech) to continue providing concession, grant administration, and support services for the Clean Truck Program at the Port of Los Angeles (POLA). The proposed Third Amendment increases the maximum total compensation of the Agreement by \$830,000, for a total seven-year limit of \$6,310,000, to address increased costs associated with the new Clean Truck Fund Rate and upcoming changing truck regulations.

BACKGROUND

The Clean Truck Program (CTP) was established in 2008 and is a key component of the San Pedro Bay Clean Air Action Plan (CAAP). The CAAP is a collaboration of the POLA and Port of Long Beach (POLB) to establish a comprehensive strategy for reducing port-related air pollution and related health risks, while allowing port development, job creation, and economic activity associated with that development to continue. The purpose of the CTP is to incentivize the early transition of an aging fleet of drayage trucks into environmentally beneficial, safe, and secure vehicles as required by California state law.

Tetra Tech currently provides concession, information technology (IT) support, and support services for the CTP, including administering over 1,200 licensed motor carrier concession agreements required for drayage vehicles to service POLA. Other responsibilities include program management, registration, and grant administration; fee collection, inspection and enforcement; maintaining the Ports Drayage Truck Registry (PDTR); and providing customer service through management of the CTP Terminal Access Center and Helpline.

The proposed Third Amendment increases the maximum total compensation to Tetra Tech by \$830,000 for a total seven-year limit of \$6.31 million, to address increased costs associated with implementation of a new CTP Clean Truck Fund (CTF), including data processing and associated incentive programs. The Ports updated the CAAP in 2017, including updated CTP implementation strategies to provide new incentives to further modernize the existing fleet of trucks servicing both ports to meet pending state regulations requiring a transition to 100 percent zero-emission (ZE) drayage trucks by 2035. As part of this updated CTP, effective April 1, 2022, the Port and POLB (Ports) implemented a Clean Truck Fund (CTF) Rate of \$10 per loaded cargo container up to 20 feet (one TEU) and \$20 for loaded containers over 20 feet at the first point of entry or departure from each port by drayage truck. Certain trucks, including ZE trucks, are exempt from the fee, with collected funds to be used only for programs to replace the Ports' drayage truck fleets with ZE trucks and related charging and fueling infrastructure. Anticipated revenue from the new Rate is \$45 million annually per port. Tetra Tech's responsibilities for implementing the new CTF include making enhancements to the PDTR; tracking truck data in the PDTR for exemptions; and administrative support for rate collection and incentive and grant program development and implementation. The Port executed a separate agreement with PortCheck, LLC for direct CTF Rate collection (Board Resolution No. 21-9826). The proposed Third Amendment also updates the Scope of Work to include conversion of hardcopy Concession Agreements into an electronic filing system and makes other administrative clarifications.

Tetra Tech is a global consulting and engineering company with headquarters in Pasadena, California. Tetra Tech has administered the CTP for the Port and POLB (Ports) since the CTP's inception in 2008, when the Board selected Tetra Tech through a joint Request for Proposals (RFP) process with POLB that resulted in separate consulting services contracts between Tetra Tech and each respective port. In June 2016, the Ports released a new joint RFP for "Clean Truck Program Administration Services," resulting in the selection of Tetra Tech and the current Agreement. The current Agreement with Tetra Tech was originally for a term of three years from December 2, 2016 through December 1, 2019, with a total contract limit of \$2.2 million. The First Amendment to the Agreement extended the term by two years, through December 1, 2021, at an estimated annual cost of \$0.89 million with a five-year total contract limit of \$3.98 million (C.F. 19-1485). The Second Amendment to the Agreement extended the term by two years, through December 31, 2023, and increased the total contract limit to \$5.48 million, for an average annual cost of \$0.78 million. Under the proposed Third Amendment, the average annual cost under the Agreement is \$0.9 million. The Port reports that utilizing the same consultant to administer both programs has increased efficiency and provided significant cost savings from, for example, using the same shared staff at both ports to administer IT support services.

The Port reports that CTP Concession Application Fees, annual Truck Fees, and Day Pass Fees, which have averaged approximately \$2 million annually over the past seven years, offset CTP administration expenditures. The Port estimates spending \$1,215,000 under the Agreement with approval of the Third Amendment in 2022-23 and has budgeted a total of \$14.1 million in 2022-23 for the CTP program in the Harbor Revenue Fund.

CITY COMPLIANCE

The Port plans to issue an RFP for a new CTP administration agreement to begin January 1, 2024. The City Attorney has reviewed and approved the proposed Third Amendment as to form and legality. The proposed Third Amendment and Agreement include provisions to ensure compliance with applicable City Ordinances and contracting and insurance requirements, the State Tideland 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 2022-23 exemption limit of \$182,536. The Port has determined that the proposed Third 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) in accordance with Article II, Section 2(f) and Article III, Class 6(2) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Third Amendment to Agreement No. 16-3431 between the Harbor Department (Port) and Tetra Tech, Inc. for Clean Truck Program (CTP) administration increases maximum compensation under the contract budget by \$0.83 million from \$5.48 million to \$6.31 million. CTP administration expenditures are offset by revenue from CTP Concession Application Fees, annual Truck Fees, and Day Pass Fees, which have averaged approximately \$2 million annually over the past seven years. Expenses incurred under the Agreement are the responsibility of the Port, and applicable funding is available from the Harbor Revenue Fund. Future funding needs will be requested through the annual budget process and are subject to approval by the Board of Harbor Commissioners. The proposed Third Amendment complies with Port Financial Policies and has no impact on the City General Fund.

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