



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 10, 2014

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AGREEMENT NO. 12-3049 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE CITY OF LONG BEACH HARBOR DEPARTMENT FOR HOSTING THE PORTS DRAYAGE TRUCK REGISTRY

SUMMARY:

The Clean Truck Program (CTP) is a key component of the San Pedro Bay Ports Clean Air Action Plan (CAAP) that requires the entire fleet of drayage trucks serving the Ports of Los Angeles and Long Beach (Ports) to meet U.S. Environmental Protection Agency (EPA) 2007 heavy-duty on-road emissions standards. The City of Los Angeles Harbor Department (Harbor Department) and the City of Long Beach Harbor Department (Long Beach Harbor Department) jointly developed a drayage truck registry, an essential element of the CTP, to establish a database containing critical information on all trucking companies and drayage trucks servicing the Ports' terminals. In general, the Ports' Drayage Truck Registry (PDTR) enables the Ports and marine terminal operators to determine the eligibility of terminal access for each drayage truck and is necessary in the collection of annual truck registration fees.

The Harbor Department entered into Agreement No. 12-3049 in January 2012 with the Long Beach Harbor Department to maintain and host the PDTR. The Long Beach Harbor Department has been successfully providing ongoing PDTR maintenance and hosting services for both Ports since September 2009. The Harbor Department and Long Beach Harbor Department share the cost for these services equally.

Agreement No. 12-3049 is scheduled to expire on December 31, 2014. Staff recommends that the Agreement be amended to extend the term three years to December 31, 2017. The Agreement will continue to be an equal cost share and this proposed extension will cost the Harbor Department up-to-a-maximum not-to-exceed amount of \$102,000 over three years.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the proposed First Amendment to Agreement No. 12-3049 between the City of Los Angeles Harbor Department and the City of Long Beach Harbor Department for an amount not-to-exceed \$102,000 for Port Drayage Truck Registry maintenance and hosting services performed from January 1, 2015 through December 31, 2017;
2. Authorize the Executive Director to execute and Board Secretary to attest to said Amendment for and behalf of the Board; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - On November 20, 2006, the City of Los Angeles and City of Long Beach Boards of Harbor Commissioners approved the CAAP. A key component of the CAAP is the implementation of a CTP which required all drayage trucks serving the Ports to meet U.S. EPA 2007 emissions standards (clean trucks) by January 1, 2012. Currently, there are approximately 700 trucking companies dispatching 13,000 clean trucks to serve the Ports.

PDTR History - In order to ensure success of the CTP, the Harbor Department and the Long Beach Harbor Department recognized the need to develop their own database system which would determine licensed motor carriers' and trucks' compliance with clean truck access requirements as well as assist in the collection of registration and truck fees. The main goal was to create a permanent system similar to the California Air Resources Board (CARB) state-wide drayage truck registry in order to facilitate future data transfer as needed. This required design and development activities by a software development consultant. Once the permanent PDTR was developed, the Harbor Department and Long Beach Harbor Department decided that the Long Beach Harbor Department would host the PDTR on a Long Beach Harbor Department server rather than contracting the service to an outside vendor. This decision was based mainly on expensive cost estimates received from outside vendors and Long Beach Harbor Department's already established server capability. The Long Beach Harbor Department was able to provide the services at a fraction of the cost. The Long Beach Harbor Department took responsibility for various services including the PDTR hosting, routine operation, scheduled maintenance, and disaster recovery efforts. The Long Beach Harbor Department has been hosting the PDTR for the last 64 months and has not encountered any major issues. The Long Beach Harbor Department does perform

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occasional testing and has made several upgrades to the security infrastructure, but the PDTR systems have not required significant personnel time. Overall, this has been an extremely economically favorable arrangement for both parties compared to proposed costs for similar outside services. The Harbor Department is interested in continuing this cost sharing arrangement going forward.

Historical PDTR Cost - The cost to host and maintain the PDTR for this Agreement up until this point can be broken down into start-up costs, monthly costs, a one-time reimbursement for services rendered prior to the start date of this Agreement, and contingency costs.

Total historical costs are as follows:

	Cost Share Breakdown 3 Years		
	Total Cost	Long Beach Harbor Department	Harbor Department
Start-up Cost	\$42,380	\$21,190	\$21,190
Total Monthly Costs	\$54,000	\$27,000	\$27,000
One-Time Reimbursement	\$42,000	\$21,000	\$21,000
Contingency Costs	\$9,000	\$4,500	\$4,500
TOTAL	\$147,380	\$73,690	\$73,690

Future PDTR Cost - The on-going costs to host and maintain the PDTR going forward can be broken down into monthly costs and contingency costs.

- Monthly Costs - Projected monthly costs have been calculated as follows:
 - \$1,500/month for rack space, storage area network space, power, cooling, Internet, disaster recovery and server personnel which includes monitoring using Network Operations Center tools, External Border Gateway Protocol Internet failover and 24x7 server personnel support

Total cost for monthly services over the three-year contract (\$1,500/month x 36 months) is \$54,000.

Since the costs are shared, the Harbor Department's total cost over the three-year contract for monthly services over the three-year contract would be half of the \$54,000 or \$27,000.

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Agreement No. 12-3049 has an annual review clause to verify that the \$1,500 monthly expense is covering the Long Beach Harbor Department's monthly costs. If an adjustment is required, both parties would have to agree on a new monthly cost which would begin on the anniversary date of the amended agreement. Funds required to handle this potential additional expense would be covered by the contingency funds described in the Contingency Costs section below.

- Contingency Costs - There are potential costs that could arise each year due to a necessity to upgrade the system or any other unforeseen issues that may occur to the database. The contingency costs may or may not be utilized depending on whether issues do arise. For example, the Harbor Department set aside \$25,000 each year over the past three years to cover contingency costs, however, only \$9,000 was actually spent. Per the Long Beach Harbor Department's request for this Amendment, Agreement No. 12-3049 continues to propose a contingency of up-to-a-maximum of \$50,000 per year that would pay for these extraneous circumstances.

Contingency Costs (\$50,000 x 3 years) are \$150,000.

Since these potential contingency costs are shared, the Harbor Department's total contingency cost would be half of the \$150,000 or \$75,000.

Total projected future costs are as follows:

	Total Cost	Cost Share Breakdown 3 Years	
		Long Beach Harbor Department	Harbor Department
Total Monthly Costs	\$54,000	\$27,000	\$27,000
Potential Contingency Costs	\$150,000	\$75,000	\$75,000
TOTAL	\$204,000	\$102,000	\$102,000

Sole Source Justification - The Harbor Department recommends sole sourcing to the Long Beach Harbor Department for the following reasons:

- Only one PDTR is necessary for the Ports' Clean Truck Program. The Ports utilize the same trucking companies and trucks to provide drayage at their terminals. It would be duplicative, confusing and more expensive to create separate PDTRs for each Port.

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2. Preliminary estimates to contract the services out to private vendors for hosting and maintaining were three and four times higher than our current cost share with the Long Beach Harbor Department.
3. The Long Beach Harbor Department already has the existing infrastructure and staff to host and maintain the PDTR. The Long Beach Harbor Department has been providing exemplary service in hosting and maintaining the PDTR for both Ports since 2009.
4. The Harbor Department has already invested in the current system. Under the existing Agreement No. 12-3049, the Harbor Department split the cost with the Long Beach Harbor Department to start-up the hosting of the PDTR. Initial costs included the following:
 - \$32,868 for computer hardware/software (4 servers, MS Windows Server, MS SQL Server, MS SCOM Monitoring)
 - \$9,512 for setup (personnel costs and five-year SSL certificate).
5. The Harbor Department's Information Technology Division acknowledges that the Long Beach Harbor Department should continue hosting and maintaining the PDTR since the initial cost to take over the service would be expensive and additional staff would be necessary to provide on-going support.

First Amendment - Staff recommends the approval of the proposed First Amendment (Transmittal 1) to extend the term of Agreement No. 12-3049 for three years for maintenance costs to host the PDTR in support of the CTP. The extension will cost the Harbor Department up-to-a-maximum not-to-exceed amount of \$102,000.

The Harbor Department has the option to terminate the Agreement at any time with a 30-day written notice.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a first amendment to a cost share agreement with the Long Beach Harbor Department for reimbursement of 50% of the costs associated with the PDTR maintenance and hosting services. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

The proposed First Amendment between the Harbor Department and the Long Beach Harbor Department approves the PDTR project cost at \$204,000, shared equally by each party. It is anticipated that the Harbor Department's 50% cost share will be expended as follows:

Fiscal Year	Amount
2014/2015	\$17,000
2015/2016	\$34,000
2016/2017	\$34,000
2017/2018	\$17,000
TOTAL	\$102,000

Funds in fiscal year 2014/2015 in the amount of \$17,000 are available in Account 59967, Center 330, Program 000. Upon Board approval, funding needed in future fiscal years will be requested through the annual budget adoption process.

The Harbor Department's financial obligations after the current fiscal year are contingent upon Board appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the cost share agreement, the agreement would be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

ECONOMIC BENEFIT:

This Board action will have no employment impact.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the First Amendment as to form and legality.

TRANSMITTAL:

1. Proposed First Amendment to Agreement No. 12-3049 between the City of Los Angeles and the City of Long Beach



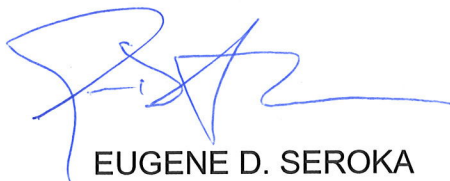
CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval: WB (initials)
CA Approval: MC (initials)



MICHAEL CHRISTENSEN, P.E.
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

AUTHOR: TIM DEMOSS
BOARD MEETING: 12/11/2014

FILE: G:\ADMIN\BOARD REPORTS\AIR QUALITY\CTP\PDTR Cost Share Agreement Amendment (Extension)\ENV_PDTR - FINAL.docx
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