



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 29, 2013

FROM: ENGINEERING

SUBJECT: RESOLUTION NO. _____ PERSONAL SERVICE AGREEMENT FOR OPERATION AND MAINTENANCE OF THE WATERFRONT RED CAR LINE WITH THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND HERZOG TRANSIT SERVICES, INC.

SUMMARY:

The subject Agreement with the City of Los Angeles Harbor Department (Harbor Department) and Herzog Transit Services, Inc., St. Joseph, MO (Consultant), will provide for the operation and maintenance of the Waterfront Red Car Line. This action will authorize a Personal Service Agreement (Transmittal 1) for a three-year term in the amount of \$4,264,748.

RECOMMENDATION:

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

1. Find that in accordance with the City of Los Angeles (City) Charter Section 1022, work under the subject Agreement can be performed more feasibly by independent consultants rather than by City employees;
2. Approve the subject three-year Agreement with Herzog Transit Services, Inc., in the amount of \$4,264,748;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The Waterfront Red Car Line is a 1.5-mile vintage trolley line connecting the World Cruise Center with attractions along the San Pedro waterfront. In 2012, 84,260 visitors enjoyed the restored and replicated Pacific Electric Red Cars designed to serve the area for both transportation and enjoyment purposes. When the Waterfront Red Car Line was inaugurated on July 19, 2003, it marked the first time in more than 40 years that Red Cars had run anywhere in Los Angeles using a historic Red Car route. The four Red Car boarding points are at the World Cruise Center,

DATE: MAY 29, 2013

PAGE 2 OF 5

SUBJECT: OPERATION AND MAINTENANCE OF THE WATERFRONT RED CAR LINE

Downtown, Ports O' Call, and the Marina at 22nd Street. The Downtown Station, at 6th Street and Harbor Boulevard, is located at the original Pacific Electric San Pedro Depot. In response to the Harbor Department's reduction in operating expenses, in March 2009, the Waterfront Red Car Line reduced service from two cars, four days a week, to one car, three days a week.

Herzog Transit Services, Inc., the incumbent Consultant, provides certified locomotive engineers to operate the Waterfront Red Car in accordance with the requirements of the Federal Railroad Administration and California Public Utilities Commission. In addition, Herzog Transit Services, Inc. provides track inspection services along with car maintenance for the Waterfront Red Car. Currently, there are no City classifications for certified locomotive engineers, and the remaining work requires specialized knowledge and expertise of the requirements of the Federal Railroad Administration and California Public Utilities Commission not found in any City classifications. The current contract is in the amount of \$3,782,128 for the term of July 26, 2010 to July 25, 2013. This new Agreement amount of \$4,264,748 is approximately \$500,000 more than the expiring Agreement. This additional cost is due to additional maintenance requirements on an aging infrastructure.

All work will be initiated by project directives which will define the scope of work, maximum cost, terms of payment, personnel or sub-consultants to be utilized, and other pertinent details. All project directives require the approval of the Executive Director. The Consultant will only be compensated for work completed. Any unused funds at the end of the contract term will remain with the Harbor Department.

This Agreement does not include any additional change order authority; any changes in the Consultant compensation will require Board approval.

Consultant Selection - On April 17, 2013, the Request for Proposals (RFP) was posted on the Los Angeles Business Assistance Virtual Network (LABAVN) and the Port of Los Angeles website. Through the LABAVN, 19 businesses were directly notified of the opportunity. Herzog Transit Services, Inc. was the only firm which submitted a proposal on May 8, 2013.

Staff reviewed Herzog Transit Services, Inc.'s proposal and verified that the Consultant has complied with all requirements of the RFP. Herzog Transit Services, Inc. is the contractor presently operating the Waterfront Red Car Line and has demonstrated full compliance with the Harbor Department's contract under their current operations.

Agreement Requirements - Throughout the term of this Agreement, the Consultant will maintain compliance with the City's contract requirements.

This Agreement is in conformance with both the City of Los Angeles Service Contract Worker Retention and Living Wage Ordinances.

DATE: MAY 29, 2013

PAGE 3 OF 5

SUBJECT: OPERATION AND MAINTENANCE OF THE WATERFRONT RED CAR LINE

This Agreement implements an updated Personal Service Agreement form developed by the City Attorney's office that, among other things, makes clear that the Consultant lacks authority to perform services outside the Agreement's scope of work and confirms that any such services rendered are performed as volunteer and are not compensable.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Personal Service Agreement with Herzog Transit Services, Inc. for continued operation and maintenance of the Waterfront Red Car Line. As an activity involving the issuance of a permit to use existing facilities involving negligible or no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III Class 1 (14) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Operation and maintenance of the Waterfront Red Car Line will support four full-time and three part-time one-year equivalent jobs.

FINANCIAL IMPACT:

The financial impact of the proposed three-year Agreement with Herzog Transit Services, Inc. is a not-to-exceed authority of \$4,264,748 during the 36-month term of this Agreement for operation and maintenance (O & M) expenses associated with the Waterfront Red Car Line. It is expected that funds under the proposed Agreement would be expended as follows on an as-needed basis:

Fiscal Year	Amount
2013/2014	\$ 1,105,000 (10 months of O & M)
2014/2015	\$ 1,420,000
2015/2016	\$ 1,420,000
<u>2016/2017</u>	<u>\$ 319,748 (2 months of O & M)</u>
Total	\$ 4,264,748

The Harbor Department purchases railroad liability insurance with total limits of \$50 million (a primary layer with limits of \$25 million and an excess layer with limits of \$25 million) to which the Harbor Department's Red Car Line, Pacific Harbor Line, and Herzog Transit Services, Inc. are named insureds. The insurance policy is an annual policy and is renewed the first of October each year. The policy premiums for the current policy year are as follows:

DATE: MAY 29, 2013

PAGE 4 OF 5

SUBJECT: OPERATION AND MAINTENANCE OF THE WATERFRONT RED CAR LINE

Railroad Liability Insurance

Primary layer	\$ 66,213.10
Excess layer	<u>\$ 57,923.25</u>
	\$124,136.35

These funds represent a monthly management fee of \$81,793 and the option to run up to 200 special train days during the 36 month contract duration. Costs to run special trains are \$2,101 per day, totaling \$420,200 for 200 days of operation. Maintenance costs include \$900,000 distributed evenly during the contract period. Maintenance costs will only be expended as needed.

For FY 2013/2014, funds in the amount of \$1,105,000 are available in Center 0310, Account 54290, Program 000. Upon Board approval, funding for future fiscal years will be requested as part of the annual budget adoption process. The first fiscal year will include only 10 months of operations, with 12 months of operations in years two and three, and two months of operations in year four. A funding out clause is included in the proposed contract.

Harbor Department Red Car fare revenues were \$10,673 during FY 2011/2012, and estimated at \$11,566 for FY 2012/2013.

CITY ATTORNEY:

The City Attorney's Office has prepared the necessary agreement and approved it as to form and legality.

DATE: MAY 29, 2013


PAGE 5 OF 5

SUBJECT: OPERATION AND MAINTENANCE OF THE WATERFRONT RED CAR
LINE

TRANSMITTAL:

1. Agreement between the City of Los Angeles and Herzog Transit Services, Inc.

FIS Approval:  (initials)

CA Approval:  (initials)



ANTONIO V. GIOIELLO
Chief Harbor Engineer



MICHAEL R. CHRISTENSEN, P.E.
Deputy Executive Director, Development

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

KA:sc
39224B1
39224 (Red Car)

Author: K. Arend

