



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

DATE: JANUARY 12, 2012

FROM: CLEAN TRUCK PROGRAM

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF COST SHARE AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE CITY OF LONG BEACH FOR 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 Port of Los Angeles and Long Beach (Ports) to meet U.S. Environmental Protection Agency (EPA) 2007 heavy-duty on-road emissions standards by January 1, 2012. As an essential part of the CTP, the Ports developed a drayage truck registry (DTR) to establish a database containing critical information on all drayage trucks servicing Ports' terminals. In general, the Port-owned DTR (PDTR) enables the Ports and Marine Terminal Operators to determine the eligibility of terminal access and is necessary in collection of annual truck registration fees.

After receiving consultant support in developing the PDTR, the Port of Long Beach (POLB) Information Management Division undertook the responsibility for ongoing PDTR maintenance and hosting services in order to reduce the need for and cost of outside consultant services. POLB has been successfully providing these services for the benefit of both Ports since September of 2009 with the costs to be shared equally by the Ports.

The requested action is for the Los Angeles Board of Harbor Commissioners (Board) to approve a Cost Share Agreement between the City of Los Angeles Harbor Department (Harbor Department) and City of Long Beach, to each pay for 50% of the total PDTR maintenance and hosting services for up-to-a-maximum not-to-exceed amount of \$144,190 (the Harbor Department's cost share portion). A portion of this amount, \$42,380 is to reimburse POLB for the costs incurred pre-dating the Cost Share Agreement, for initial start-up and hosting and maintenance performed for the Harbor Department's benefit from September 2009 through December 2011.

DATE: JANUARY 12, 2012

PAGE 2 OF 6

SUBJECT: COST SHARE AGREEMENT BETWEEN THE CITIES OF LOS ANGELES AND LONG BEACH

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed Cost Share Agreement between the Harbor Department and POLB for an amount not-to-exceed \$144,190 for PDTR maintenance and hosting services, including initial start-up costs and services performed from September 2009 through December 31, 2014;
2. Authorize the Executive Director to execute and Board Secretary to attest to said Cost Share Agreement for and behalf of the Board; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background - On November 20, 2006, the City of Los Angeles and City of Long Beach Boards of Harbor Commissioners approved the San Pedro Bay Ports Clean Air Action Plan (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 through replacement or retrofit within a period of approximately five years. On May 14, 2007, the Cities of Los Angeles and Long Beach, acting by their respective Board of Harbor Commissioners entered into Los Angeles Agreement No. 2546/Long Beach Agreement No. HD-7173 (Master Cost Sharing Agreement) expressing their desire to share the costs of certain contracts related to the CAAP. In this case, the Ports similarly desire to equally split the cost to host and maintain their jointly owned PDTR.

PDTR History - In order to ensure success of the CTP, the Ports recognized the need to have a database system to determine licensed motor carriers' and trucks' compliance with CTP access requirements and collect registration and truck fees. The Ports' goal was to create a permanent system similar to the California Air Resources Board (CARB) DTR in order to facilitate future data transfer as needed. This required design and development activities by a software development consultant. As a result, until the permanent PDTR could be designed and tested, the Ports used a temporary system facilitated by eModal, a private corporation which possesses a system designed to improve communication and coordination between the trucking, marine and rail communities.

DATE: JANUARY 12, 2012

PAGE 3 OF 6

SUBJECT: COST SHARE AGREEMENT BETWEEN THE CITIES OF LOS ANGELES AND LONG BEACH

Once the permanent PDTR was developed, POLB undertook to host the PDTR on a POLB server rather than by an outside vendor. POLB Information Management Department (POLBIMD) took responsibility for various services including the PDTR hosting, routine operation, scheduled maintenance, and disaster recovery efforts. The POLBIMD has been hosting the PDTR for the last 28 months and has determined that the PDTR is running smoothly. POLBIMD does perform 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 compared to proposed costs for similar outside services. The two Ports have now finalized a reimbursement agreement for the Harbor Department's share of the past services rendered to start-up, maintain and host the system over the past two years and to provide for the Ports' cost sharing arrangement going forward.

PDTR Cost - The cost to host and maintain the PDTR can be broken down into start-up, monthly costs, a one-time reimbursement, and contingency costs.

Total Start-Up Costs – Start-up costs have been calculated as follows:

- \$32,868 for computer hardware/software (4 servers, MS Windows Server, MS SQL Server, MS SCOM Monitoring)
- \$9,512 for setup (personnel costs and 5-year SSL certificate)

Total Start-Up Costs = \$32,868 + \$9,512 = \$42,380

Monthly Costs – Projected monthly costs have been calculated as follows:

- \$1,500/month for rack space, SAN space, power, cooling, Internet, DR and server personnel which includes monitoring using NOC tools, eBGP Internet failover and 24x7 server personnel support

Total monthly costs over the 3-year contract = 36 month x 1,500/month = \$54,000

The agreement has an annual review clause to verify that the \$1,500 monthly expense is covering the POLB'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 hosting agreement.

Harbor Department One-Time Reimbursement - Up until now, POLB has performed services on the Harbor Department's behalf for the jointly owned PDTR in the amount of the "Total Start-Up Costs" and the "Monthly Costs" from September 2009 through

DATE: JANUARY 12, 2012

PAGE 4 OF 6

SUBJECT: COST SHARE AGREEMENT BETWEEN THE CITIES OF LOS ANGELES AND LONG BEACH

December 2011 (28 months). Staff recommends that the Board authorize and ratify the POLB's past performance of services for the Harbor Department's benefit over the past two years, and authorize the Harbor Department's reimbursement of POLA's 50% share of the cost of these services.

Actual previous monthly cost from 9/2009 through 12/2011 = \$42,000

Additional Hosting 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 Cost Share Agreement proposes a contingency of up-to-a-maximum of \$50,000 per year that would pay for these extraneous circumstances.

Additional Hosting Costs = \$50,000/year x 3 years = \$150,000

Total actuals to date and projected future costs are as follows:

| | Total Cost | Cost Share Breakdown 3 Years | |
|--|------------------|---------------------------------|----------------------|
| | | POLB | Harbor Department |
| Actual Start Up Cost | \$42,380 | \$21,190 | \$21,190 |
| Actual Previous Monthly Cost (9/09 - 12/11) | \$42,000 | \$21,000 | \$21,000 |
| Projected Monthly Cost (1/12- 12/14) | \$54,000 | \$27,000 | \$27,000 |
| Additional Hosting Costs - Maximum amount not to exceed | \$150,000 | \$75,000 | \$75,000 |
| Total: | \$288,380 | \$144,190 | \$144,190 |

Cost Share Agreement - Staff recommends the approval of the proposed Cost Share Agreement (Transmittal 1) to reimburse POLB for one-half of actual and projected amounts paid for the start-up and maintenance costs to host the PDTR in support of the CTP. The maximum not-to-exceed amount of cost to the Harbor Department will be \$144,190. This approval includes authorization of payment of the Harbor Department's 50% share of PDTR hosting and maintenance cost as follows:

1. Ratification of past services rendered by POLB for the Harbor Department's benefit by a one-time reimbursement of \$42,190, which would cover the entire start-up cost plus the monthly cost of the program from September 2009 through December 2011,

DATE: JANUARY 12, 2012

PAGE 5 OF 6

SUBJECT: COST SHARE AGREEMENT BETWEEN THE CITIES OF LOS ANGELES AND LONG BEACH

2. Monthly costs of \$1,500 from January 1, 2012 through December 31, 2014, and
3. Contingency costs that may arise up-to-a-maximum not-to-exceed \$25,000 per year.

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 Cost Share Agreement with POLB for reimbursement of 50% of the costs associated with 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.

FINANCIAL IMPACT:

The proposed cost share agreement between the Ports of Los Angeles and Long Beach approves the PDTR project cost at \$288,380, shared equally by each port. It is anticipated that the Harbor Department's 50% cost share will be expended as follows:

| | |
|--------------|------------------|
| FY 2011/2012 | \$46,690 |
| FY 2012/2013 | \$34,000 |
| FY 2013/2014 | \$34,000 |
| FY 2014/2015 | \$29,500 |
| Total | \$144,190 |

Funds in fiscal year 2011/2012 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.

DATE: JANUARY 12, 2012

PAGE 6 OF 6

SUBJECT: COST SHARE AGREEMENT BETWEEN THE CITIES OF LOS ANGELES AND LONG BEACH

ECONOMIC BENEFIT:

This Board action will have a minimal direct employment effect (less than one job in the five-county region).

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form and legality the proposed Cost Share Agreement.

TRANSMITTAL:

1. Proposed Cost Share Agreement between the Cities of Los Angeles and Long Beach

FIS Approval: ecj (initials)

CA Approval: gac (initials)



CHRISTOPHER CANNON
Director of Environmental Management



JOHN HOLMES
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: TIM DEMOSS
BOARD MEETING: 1/19/2012

FILE: G:\ADMIN\BOARD REPORTS\AIR QUALITY\CTP\PDTR Cost Share Agreement\EMD_PDTR - AGENDA SETTING.docx

UPDATED: 1/4/2012 4:23 PM - YO