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**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: APRIL 25, 2013

FROM: CLEAN TRUCK PROGRAM

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO EXECUTIVE DIRECTOR AGREEMENT NO. E6646 BETWEEN THE CITY OF LOS ANGELES AND PIERPASS, INC., TO PROVIDE TRUCKING GATE MOVE DATA FOR THE CLEAN TRUCK PROGRAM

SUMMARY:

On May 8, 2012, the City of Los Angeles Harbor Department (Harbor Department) entered into a one year Executive Director Agreement (Agreement No. E6646) with PierPass, Inc. (PierPass), located in Long Beach, California, to provide trucking gate move data collected at the Port of Los Angeles' (Port) seven major container terminals to the Harbor Department on a weekly basis in order to support the Clean Truck Program (CTP). The Harbor Department utilizes the data to ensure continuing compliance with the CTP's terminal access restrictions under the Port Tariff and concessionaire requirements. Additionally, this data assists the Harbor Department in generating its Annual Emissions Inventory, supports CTP policy decision-making, provides the public with drayage truck moves analysis, and verifies compliance with the CTP program requirements. It is important for the Harbor Department to continue receiving the data to monitor and track CTP effectiveness.

The proposed action would approve a First Amendment (Amendment) to Agreement No. E6646 (Transmittal 1), a two-year term extension to May 7, 2015, at a total cost of \$84,000.

RECOMMENDATION:

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

1. Find that this Agreement qualifies for award on a sole source basis as a contract for the performance of professional, technical and special services of a temporary or occasional character for which competitive bidding is not practicable or advantageous, pursuant to Los Angeles City Charter, Section 371(e)(2) and Los Angeles Administrative Code Section 10.15(a)(2);
2. Find in accordance to Los Angeles City Charter Section 1022 that the scope of work of the proposed Agreement can be more economically and feasibly provided by an independent contractor than by City employees;

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3. Approve the proposed First Amendment to Executive Director Agreement No. E6646 with PierPass, Inc. to extend the current Agreement to May 7, 2015 for a total cost of \$84,000;
4. Authorize the Executive Director to execute and Board Secretary to attest to the proposed First Amendment to Executive Director Agreement No. E6646 for and behalf of the Board of Harbor Commissioners; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background and Context - On January 1, 2012, the Port of Los Angeles' (Port) CTP successfully completed the turn-over of an aging drayage truck fleet to a fleet of trucks containing U.S. EPA 2007-compliant or newer engines (clean trucks). This was achieved through the progressive ban on terminal access restrictions and the collection of Clean Truck Fees (CTF) by our marine terminal operators (MTO) under the Port Tariff.

Before the January 1, 2012 ban date, trucks that did not to meet the U.S. Environmental Protection Agency 2007 standard but complied with the ban restrictions were required to pay a CTF of \$35 per twenty-foot equivalent unit (TEU) for each containerized gate move. The CTF was used to financially support the CTP as well as to incentivize trucking companies to invest in newer trucks sooner than the final ban date. The Harbor Department contracted with PortCheck, located in Long Beach, California, to collect CTFs and to provide the data collected at each of the container terminals. As the final truck ban fell into place allowing only clean trucks to service the Port, the collection of CTFs was no longer necessary and the Harbor Department's agreement with PortCheck expired soon after on February 11, 2012. Although there is no longer a need for CTF collection, the Harbor Department still uses the data to ensure compliance with the CTP and to monitor CTP effectiveness. The data is also used to assist in generating its Annual Emissions Inventories, to support CTP policy decision-making, and to provide the public with drayage truck moves analysis.

After the PortCheck agreement expired, the Harbor Department planned to require the MTOs, through its Port Tariff, to send the data directly to the Harbor Department. However, this would have been transmitted as "raw" data. A new system would have to be created by the Harbor Department's Information Technology Division (ITD) that would translate and integrate the raw data into Harbor Department's databases. The cost to the Harbor Department to set up such a system would have been approximately \$200,000 and would have taken nearly a year to develop and implement. Additionally, on-going staffing, hardware and software costs would have been close to \$30,000 per

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year. At this time, staff considers these costs excessive though the Harbor Department will continue to evaluate the costs and benefits of outsourcing this data development to determine if or when to bring it in-house.

In the meantime, after meeting with the MTOs, staff has determined that it would be less costly and more efficient for the Harbor Department to receive the data from PierPass, a not-for-profit company created by MTOs at the ports of Los Angeles and Long Beach (Ports) to address multi-terminal issues PierPass already receives the raw data from the MTOs and processes it using their internal systems. As a result, on May 8, 2012, the Harbor Department entered into Agreement No. E6646 with PierPass for a trial period of one year. In exchange for the services provided by PierPass, the Harbor Department agreed to compensate PierPass a one-time amount of \$3,000 for its start-up costs and \$4,000 per month thereafter, for a total cost of \$51,000. The Harbor Department has expended \$47,000 through March 2013, with \$4,000 remaining unbilled for the first twelve months. Under Agreement No. E6646, PierPass transmits the following data to the Harbor Department on a weekly basis: Radio Frequency Identification Number, license plate number, truck gate move date and time, gate in or out, full or empty container, Licensed Motor Carrier and Standard Carrier Alpha Code, terminal identification, container identification and container length.

Amendment - The decision to work with PierPass for a trial period of one year has been successful as well as cost effective. Therefore, the Harbor Department proposes to extend the original agreement for two years. Additionally, in order to make the program more affordable, PierPass has agreed to reduce their monthly cost from \$4,000 to \$3,500 per month. The Harbor Department will pay PierPass \$3,500 monthly, making the total cost of the proposed Amendment \$42,000 per year or \$84,000 throughout the proposed extension and upon approval of this proposed Amendment. This represents less than 3 percent of the overall CTP budget. The development of this cost effective measure allows the Harbor Department to minimize costs and support the initiative of the Strategic Plan to break even on the CTP by fiscal year 2013/2014.

The proposed Amendment extends the term of Agreement No. E6646 two years to end May 7, 2015, without changing any other terms and conditions of the original agreement.

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

1. PierPass was created by the MTOs at both Ports to collect information from the container terminals. As such, PierPass is the only organization set up to receive the required data directly from the container terminals; therefore, a competitive Request for Proposal is not practical.

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2. PierPass currently receives and is able to transmit the exact same data that PortCheck provided to the Harbor Department. When the PortCheck contract with the Harbor Department expired in February 2012, the Harbor Department was able to continue receiving this data from PierPass. It is important for the Harbor Department to continue to maintain data continuity for on-going data analysis to monitor program effectiveness.
3. The ports of Los Angeles and Long Beach Clean Truck Programs have similar data needs and the Port of Long Beach is currently contracting with PierPass to receive data. Both Ports paid the same amount for the first twelve months and will pay the same for the proposed two-year extension. Having a common data provider increases efficiency in joint studies, program analysis, and decision making.
4. PierPass has an existing system to receive and process raw data and transmit usable data to the Harbor Department. It is anticipated that it would cost the Harbor Department approximately \$200,000 and take approximately eight months to develop and implement such a system. Additionally, it would cost approximately \$30,000 per year to maintain.

Charter 1022 Determination - In conformance with City Charter Section 1022 procedure, the Human Resources Division found that "City employees are unable to perform this type of work" because the required computer systems to perform the work have not been procured. Based on these findings, a Charter Section 1022 Determination was prepared on March 12, 2013.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an amendment to Agreement No. E6646 with PierPass to provide trucking data that would extend the agreement through July 19, 2015. As an administrative activity, the Director of Environmental Management has determined 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 total cost of the proposed Amendment extending Agreement No. E6646 two additional years will be \$84,000. It is anticipated that the funds will be expended as follows:

Fiscal Year 2013/14	\$ 42,000
<u>Fiscal Year 2014/15</u>	<u>\$ 42,000</u>
	\$ 84,000

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Funds for FY 2013/2014 will be requested to be budgeted as part of the upcoming budget year. Future year funding will be requested through the Harbor Department's annual budget adoption process upon Board approval.

ECONOMIC BENEFITS:

Approval of the proposed Amendment will have very minor (less than one) employment impact for the five-county region.

CITY ATTORNEY:

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

TRANSMITTALS:

1. First Amendment to Agreement No. E6646
2. Agreement No. E6646



CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval:  (initials)

CA Approval:  (initials)



JOHN HOLMES
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: TIM DeMOSS
BOARD MEETING: 5/2/2013

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