



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 31, 2023

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC TRANSPORTATION SYSTEMS, LLC

SUMMARY:

Staff requests approval of the Sixth Amendment to Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC (Wabtec) for the Port Optimizer project.

The Port Optimizer is a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed Sixth Amendment is to continue development and operation of the Port Optimizer, which will enable the City of Los Angeles Harbor Department (Harbor Department) and Wabtec to enhance the existing Track and Trace and Control Tower modules and implement three new modules. The proposed Sixth Amendment will revise some terms of the agreement for the purpose of clarity, increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420, and does not change the term which will conclude on November 3, 2026.

Expenditures incurred under Agreement No. 17-3425-A are the financial responsibility of the Harbor Department.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;
2. Find that, in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;

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3. Approve the proposed Sixth Amendment to Amended and Restated Agreement No. 17-3425-A to increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420 in order to continue to develop, operate and support the Port Optimizer;
4. Direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the said Agreement for and on behalf of the Board upon approval by City Council; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – At its meeting on November 3, 2016, the Board approved Agreement No. 16-3425 with General Electric Company (GE), through its GE Transportation Division, to develop a pilot for a first-of-its-kind, common user Portal. The recommendation to award Agreement No. 16-3425 to GE was based on a competitive selection process performed by the Harbor Department.

In collaboration with the pilot project participants, the Portal was developed to receive and provide supply chain information through a common user interface with secure, channeled access by user type. The pilot project participants included the United States Customs and Border Protection, the Port of Los Angeles' largest terminal operator (APM Terminal), the world's largest and second largest shipping lines (Maersk and Mediterranean Shipping Company, respectively), along with a variety of beneficial cargo owners (BCOs), trucking companies, and chassis providers. The Portal went live with a limited launch on April 17, 2017, and a full launch for all pilot project participants occurred on May 17, 2017. Agreement No. 16-3425 was for a term of one year and a not-to-exceed amount of \$1,319,050.

At its meeting on August 17, 2017, the Board approved the Amended and Restated Agreement No. 16-3425 to expand the Portal, now called the Port Optimizer. The Agreement number was changed from 16-3425 to 17-3425-A. The expansion included the addition of nine more terminals, eighteen more shipping lines, additional enhancements and continued hosting and support. Agreement No. 17-3425-A added two more years for a term of three years and increased the not-to-exceed amount by \$11,781,370 for a total not-to-exceed amount of \$13,100,420.

At its meeting on November 15, 2018, the Board approved an Assignment and Assumption Agreement of Agreement No. 17-3425-A from GE to GE Transportation Parts, LLC. This was due to an internal reorganization within GE as part of its

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combining of its GE Transportation business operations with Westinghouse Air Brake Technologies Corporation. The Agreement's term and not-to-exceed amount remained unchanged.

At its meeting on March 21, 2019, the Board approved the First Amendment to Amended and Restated Agreement No. 17-3425-A. The First Amendment extended the Agreement by three additional years, to a total term of six years, and increased the not-to-exceed compensation amount by \$3,000,000, to a total not-to-exceed compensation amount of \$16,100,420.

At its meeting on October 8, 2019, the Board approved the Second Amendment to Amended and Restated Agreement No. 17-3425-A. The Second Amendment reallocated funding from previously approved items to new items that were needed for the Port Optimizer. The Second Amendment also delegated authority to the Executive Director to approve future change requests which do not increase the total not-to-exceed compensation amount or the term of the Agreement. The Second Amendment did not change the not-to-exceed compensation or term of the Agreement.

Pursuant to the authority approved under the Second Amendment, a Third Amendment to Amended and Restated Agreement No. 17-3425-A was approved by the Executive Director. The Third Amendment created a new deliverable for a Purchase Order Tracking pilot and reduced the quantities of the existing deliverables for Shipping Line Acquisition and Implementation. The Third Amendment did not change the not-to-exceed compensation or term of the Agreement.

At its meeting on December 17, 2020, the Board approved the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fourth Amendment increased the Agreement's not-to-exceed compensation amount by \$6,500,000, for a new total not-to-exceed compensation amount of \$22,600,420, and extended the term by four additional years, for a new term of ten years. This amendment also changed the consultant's name to Wabtec Transportation Systems, LLC (Wabtec) due to the consultant's legal name change after GE Transportation Parts, LLC was acquired by Wabtec.

At its meeting on February 23, 2023, the Board approved the Fifth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fifth Amendment increased the Agreement's not-to-exceed compensation amount by \$5,500,000 for a total not-to-exceed compensation agreement amount of \$28,100,420 for the continued development and operation of the Port Optimizer, including the build out of the Gateway Project module. The cost of the Gateway Project module was partially offset by an Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant which was funded through the U.S. Department of Transportation Federal Highway Administration (FHWA). Acceptance of this grant award, in the amount of \$3,000,000, as well as approval of a cooperative agreement between the

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Harbor Department and FHWA was approved by the Board under a separate board action in the same meeting.

Proposed Sixth Amendment – The proposed Sixth Amendment (Transmittal 1) requests additional funding for the continued development and operation of the Port Optimizer to enhance the Track and Trace and Control Tower modules and to implement three new modules within the application - Universal Appointment System (Phase 1), Export Visibility (Phase 1) and Warehouse Capacity Visibility (Phase 1). These new modules will be designed to improve the visibility and cargo flow through the Port of Los Angeles (Port) by increasing usage of available appointment slots, providing better visibility of export cargo from inland origin points and better visibility into warehouse capacity within the region. These new modules will be developed through a phased approach that allows for development of initial core functionality and the ability to address shifting community needs and outcome goals as defined by the Port. The proposed Sixth Amendment will increase the Agreement's not-to-exceed compensation amount by \$6,500,000 for a total not-to-exceed compensation agreement amount of \$34,600,420.

The additional work proposed under the Sixth Amendment, as shown in the revised Exhibit A-1, includes the following:

Control Tower Enhancements. The Control Tower module will be enhanced with updates through dashboards displaying cargo trends at the Port, including dwell, turn-times, velocity, and capacity. The enhancements will include the Incentive Program maintenance dashboard with detailed information of dual and single transactions, average turn times, monthly percentage of duals, and Incentive program Twenty-Foot Equivalent Unit (TEU) counts for all POLA terminals, updated monthly. Other sections include trends and charts including, but not limited to, Single/Dual Transactions, Truck/Rail Gate movement charts, rolling average trends for "on-terminal" containers, including loaded, empty, and exports.

Universal Appointment System (Phase 1). Implements an appointment system connecting six to nine terminals at the San Pedro Bay that would allow trucking companies to add, delete, or change appointments through a single user interface within the Track and Trace application and will allow the ability to view open slots across all terminals and make selections through a graphical user interface. This appointment system will provide fully integrated connectivity with existing terminal appointment systems and the ability to view full appointment schedules at a glance with direct integration into Port Optimizer Track and Trace. Real-time appointment Key Performance Indicators (KPIs) per customer and per terminal will be available based on usage. This will enable increased utilization of available appointment slots across the Port, improved scheduling for the trucking community to enable better planning of import/export movements between different terminals, increased facilitation of dual transactions within the port,

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fewer missed/cancelled appointments and better appointment metrics for the Port allowing for more targeted solutions in the future. Phase 1 of this project will account for 40% of the complete project and will include the core appointment scheduling functionality and user interface design and implementation.

Export Module (Phase 1). Improves monitoring of export cargo including updated Earliest Return Dates into the Port of Los Angeles utilizing carrier/CBP manifest data, rail data, and truck data. This visibility will be provided in both Track and Trace and Control Tower through new Export data modules giving exporters and stakeholders data and visibility in one easy to use interface that they don't have today. This additional module adds to the Port's current import data metrics and analytics giving it a more complete picture and holistic view of the Port and its supply chain. Phase 1 of this project will account for 30% of the complete project and will focus on acquisition and integration of data into the Port Optimizer Data Foundation, and initial testing and quality assurance.

Warehouse Capacity Visibility (Phase 1). Provides additional insights to the platform giving stakeholders further visibility across the Port's eco-system. Adding visibility of warehouse capacities in Southern California to the Control Tower's existing platform allows stakeholders to see the bigger picture of the supply chain, and the ability to plan and respond to dynamic conditions. These new dashboards within the Port Optimizer Control Tower will use real-time data integration with existing warehouse management systems and can include the ability to search by region through geo-mapping. Phase 1 of this project will account for 25% of the complete project and will include project discovery with required stakeholders, and initial data acquisition and integration within the Port Optimizer Data Foundation.

These new modules not only increase the already unprecedented levels of cargo visibility within the Port community, but the addition of a Universal Appointment System expands the product to allow for operational improvements which will help to continue optimizing cargo movements, resulting in better utilization of available appointment capacity, reduction in truck congestion, and lowering of truck emissions.

The proposed Sixth Amendment also updates certain terms to clarify invoicing requirements and the scope of the Data Protection Plan.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Sixth Amendment with Wabtec to continue development and operation of the Port Optimizer Project and increase the agreement amount, which is an administrative activity and an activity involving basic data collection and research. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the

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requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Sixth Amendment will increase the not-to-exceed compensation amount by an additional \$6,500,000 for a total not-to-exceed amount of \$34,600,420 with spending anticipated to occur as follows:

Fiscal Year (FY)	Original 16-3425	Amended 17-3425-A	1st Amendment	4th Amendment	5th Amendment	6th Amendment	Total
2016/17	\$1,031,050						\$1,031,050
2017/18	\$288,000	\$2,313,265					\$2,601,265
2018/19		\$6,600,000					\$6,600,000
2019/20		\$2,868,105	\$825,000				\$3,693,105
2020/21			\$900,000	\$250,000			\$1,150,000
2021/22			\$900,000	\$200,000			\$1,100,000
2022/23			\$375,000	\$1,050,000			\$1,425,000
2023/24				\$1,450,000	\$2,000,000	\$6,500,000	\$9,950,000
2024/25				\$1,450,000	\$2,000,000		\$3,450,000
2025/26				\$1,450,000	\$1,500,000		\$2,950,000
2026/27				\$650,000			\$650,000
Total	\$1,319,050	\$11,781,370	\$3,000,000	\$6,500,000	\$5,500,000	\$6,500,000	\$34,600,420

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$34,600,420.

Fiscal Year 2023/24 funding in the amount of \$6,500,000 has been included in the proposed budget within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000, pending Board approval.

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.

CITY ATTORNEY:

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

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TRANSMITTAL:

1. Sixth Amendment to Amended and Restated Agreement No. 17-3425-A

FIS Approval: *MB*
CA Approval: *[Signature]*

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THOMAS E. GAZSI
Chief of Public Safety and
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APPROVED:

Mark Bleavin
FOR

EUGENE D. SEROKA
Executive Director

ES:TG:SV