THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: **DECEMBER 1, 2020**

FROM: **INFORMATION TECHNOLOGY**

SUBJECT: **RESOLUTION NO. _____ - FOURTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC TRANSPORTATION SYSTEMS, LLC (FORMERLY KNOWN AS GENERAL ELECTRIC TRANSPORTATION PARTS, LLC) FOR THE PORT OPTIMIZER PROJECT**

SUMMARY:

Staff requests approval of the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A (Fourth Amendment) with Wabtec Transportation Systems, LLC, formerly known as General Electric Transportation Parts, LLC (GETP) for the Port Optimizer project.

The proposed Fourth Amendment is required in order to continue development and operation of the Port Optimizer, a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed Fourth Amendment includes hardware, software and services required for additional enhancements, technical hosting and support, and other required components. The proposed Fourth Amendment will extend the term of Agreement No. 17-3425-A by four additional years, for a total of ten years, and increase the not-to-exceed compensation by $6,500,000, for a total not-to-exceed compensation amount of $22,600,420.

The proposed Fourth Amendment also changes the Consultant's name to Wabtec Transportation Systems, LLC (WTS). This name change is an administrative action due to the Consultant's legal name change after GETP was acquired by Wabtec Corporation (Wabtec). The Board of Harbor Commissioners (Board) previously approved the assignment and assumption of Agreement No. 17-3425-A by GETP at its Board Meeting held on November 15, 2018.

Expenditures incurred under Agreement No. 17-3425-A are the financial responsibility of the City of Los Angeles Harbor Department (Harbor Department).

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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;

3. Approve the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A to add an additional four years to the term and increase the not-to-exceed compensation by an additional $6,500,000 in order to continue to develop, operate and support the Port Optimizer and to reflect the name change from General Electric Transportation Parts, LLC to Wabtec Transportation Systems, LLC;

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 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. 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, 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.

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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 combining of its GE Transportation business operations with Westinghouse Air Brake Technologies Corporation (Wabtec). 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 that 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 (Transmittal 1) 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.

The Port Optimizer operation continues with data from all Port of Los Angeles container terminals, twelve shipping lines, US Customs and Border Protection, and other supply chain sources. In September 2020, the Port of Los Angeles became the only port in the nation to provide cargo forecasting data when it launched the Signal, a three-week look at cargo coming into Los Angeles. The Signal, powered with information from the Port Optimizer, is updated daily and was launched to enable stakeholders to better track and plan for incoming goods. In November 2020, the Return Signal was launched, which is designed to assist the trucking community and ease the flow of empty containers. With

these and other applications powered with data from the Port Optimizer, the Port of Los Angeles continues to efficiently move cargo at record levels. Feedback continues to be very positive, and participants have expressed the desire to expand the Port Optimizer to include additional enhancements.

The recommendation to select GETP for Agreement No. 17-3425-A was based on a competitive Request for Proposals (RFP) process performed by the Harbor Department.

Proposed Fourth Amendment – The proposed Fourth Amendment (Transmittal 2) requests additional funding and time for the continued development and operation of the Port Optimizer. The proposed Fourth Amendment will increase 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 extend the term by four additional years, for a new term of ten years.

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

- Dual Transaction Incentive Program Implementation and Management, including data acquisition and ingestion of additional Marine Terminal gate data in order to quantify and report Dual Transaction performance by trucking companies, including performance metrics, via direct reports and user interface. The amount for this item is $250,000.
- Empty availability reporting by carrier/by terminal, including specific values from shipping lines, through color coded dashboard widgets within Port Optimizer Track and Trace/Control Tower. This would include data acquisition and implementation of new empty management data. The amount for this item is $50,000.
- Long-range volume forecasting for both import and export cargo for the Port of Los Angeles, including acquisition of import booking data from shipping lines, data analysis of booking data, including advanced analytic metrics and reporting (via special reports and Control Tower user interface elements). The amount for this item is $50,000.
- Extended railroad data reporting, including well-car performance metrics and additional Rail Gateway Performance Scorecard metrics. This will include data acquisition and implementation of additional rail data from both Class 1 railroads that service the port complex as well as short line rail data. Work would include both special reports and Port Optimizer Track and Trace/Control Tower User Interface development. The amount for this item is $50,000.
- On-boarding advanced Application Programming Interface (API) connectivity for Truckers and Beneficial Cargo Owners (BCOs), specifically focusing on connectivity within the Licensed Motor Carrier (LMC) community to increase/attract more users via easy data access. Design and implementation of both read and write APIs to allow direct connection with LMC systems, including

acquisition and ingestion of LMC data into Port Optimizer Data Foundation. Speed-Cost associated with the ability to be agile and flexible for 'go to market' programs and projects as determined by the Port by shifting development team's work to speed-up/focus on delivery of the project. The amount for this item is $50,000.

- Hosting, which includes essential managed services to support the Port Optimizer application and data, and 24x7 customer support. The amount for this item is $50,000 per month from 11/4/2022 to 11/3/2026 for a total of $2,400,000.
- Analytics, which includes the platform and tools to analyze the Port Optimizer data for insights and opportunities. The amount for this item is $25,000 per month from 11/4/2022 to 11/3/2026 for a total of $1,200,000.
- Cyber Security, which includes the platform and tools to protection the Port Optimizer application and data from cyber threats. The amount for this item is $25,000 per month from 11/4/2022 to 11/3/2026 for a total of $1,200,000.
- Contingency for continued development beyond the defined scope and unforeseen work required to accomplish objectives for the Port Optimizer. The amount for this item $1,250,000, which is based on anticipated continued development at a rate of $250,000 per year from 2022 through 2026. However, contingency funds may be used at any time during the term of the Agreement. In order to use contingency funds, the Executive Director must issue a written directive.

The proposed Fourth Amendment also requests approval to reflect the Consultant's name change. On April 20, 2020, the name of the legal entity "GE Transportation Parts, LLC" was changed to "Wabtec Transportation Systems, LLC". This change is due to the acquisition agreement between Wabtec and GE when it acquired GETP, which required Wabtec to phase out its use of "GE" trademarks, and also to reflect a transition of Wabtec's branding away from GE and more to a Wabtec focus. This is solely an administrative change.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Fourth Amendment with GETP to continue development and operation of the Port Optimizer Project and reflect the vendor's name change, 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 requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed Fourth Amendment will increase the not-to-exceed compensation amount by an additional $6,500,000, for a total not-to-exceed compensation amount of $22,600,420.

Fiscal Year 2020/21 funding in the amount of $1,150,000 is available within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000. Upon Board approval, funding for future fiscal years will be budgeted as shown in the following table:

Fiscal Year	Original Agreement No. 16-3425	Restated Agreement No. 17-3425-A	First Amendment No. 17-3425-A	Fourth Amendment No. 17-3425-A	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	$ 1,450,000
2024/25				$1,450,000	$ 1,450,000
2025/26				$1,450,000	$ 1,450,000
2026/27				$650,000	$ 650,000
Total Not-To-Exceed	$1,319,050	$11,781,370	$3,000,000	$6,500,000	$ 22,600,420

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 $22,600,420.

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

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Third Amendment to Amended and Restated Agreement No. 17-3425-A
2. Fourth Amendment to Amended and Restated Agreement No. 17-3425-A

FIS Approval: _____
CA Approval: _____

LANCE KANESHIRO
Chief Information Officer

THOMAS E. GAZSI
Chief of Public Safety and Emergency Management

APPROVED:

FOR

EUGENE D. SEROKA
Executive Director

LK:lk