



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

DATE: OCTOBER 21, 2016

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND GENERAL ELECTRIC TRANSPORTATION FOR THE PORT INFORMATION PORTAL PILOT PROJECT

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) staff is requesting approval to enter into an Agreement with General Electric (GE) Transportation for the Port Information Portal (Portal) Pilot Project. The proposed Agreement is for the creation of a first-of-its-kind, common user Portal to test the concept and benefits of a single information window to enable enhanced maritime supply chain performance. The proposed Agreement includes hardware, software and services required for the Portal's development, implementation, support and analysis.

The term of the proposed Agreement is one year with a not-to-exceed compensation amount of \$1,319,050. The recommendation to select GE Transportation is based on a competitive Request for Proposal (RFP) process performed by the Harbor Department. GE Transportation is headquartered in Chicago, Illinois.

Expenditures under the proposed Agreement 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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6 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 Agreement with GE Transportation for a term of one year with a compensation amount not-to-exceed \$1,319,050;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement; and
5. Adopt Resolution No. _____

DISCUSSION:

Background and Context – The highly competitive maritime shipping industry is facing harsh economic realities. Since the onset of the last recession, steamship lines have experienced unprecedented economic hardship. While the transition to ultra-large container vessels has yielded economies of scale, it has led to new operational challenges for supply chain partners. Steamship lines have also entered into cargo alliances whereby up to six companies can share space on a ship – similar to the way commercial airlines share passenger space under codeshare agreements – causing greater complexity in cargo sorting and handling. Another challenge is that supply chain information currently exists from numerous, separate sources – it is not uncommon for supply chain partners to access more than a dozen different websites for the information they need to manage their operations.

On December 26, 2015, the Port of Los Angeles was honored to become the first North American port to receive an ultra-large container vessel, the 18,000-container CMA-CGM Benjamin Franklin. The Port of Los Angeles was able to work with CMA-CGM and APM Terminals to use advance data to optimize the conveyance of the cargo and turn the ship around 13 hours in advance. This experience has encouraged the Port of Los Angeles to further explore this approach by digitizing information sharing through a common portal.

Proposed Agreement – The proposed Agreement (Transmittal 1) is for the creation of a first-of-its-kind, common user Portal to test the concept and benefits of a single window for access to timely maritime supply chain information. The Portal will be the first to directly integrate with the United States Customs and Border Protection (US CBP) database for supply chain information. The proposed Agreement includes hardware, software and services required for the Portal's development, implementation, support and analysis. The analysis includes determining the effectiveness of the Portal and capturing lessons learned that can be applied to possible future supply chain optimization efforts.

The Portal will seek to enable enhanced supply chain performance by providing supply chain partners with timely access to relevant information from multiple sources through a single window. The Portal will provision the information through a common user

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interface, with channeled access by user type, to enhance visibility, predictability, and reliability of the maritime supply chain. The Portal will provide secure access to the information from the Internet and be available 24x7 to pilot participants.

The term of the proposed Agreement is one year with a not-to-exceed compensation amount of \$1,319,050. The Harbor Department is not obligated to spend this entire amount because the proposed Agreement includes as-needed options. The breakdown is as follows:

- **Base Portal:** This includes the design, development and implementation of the Portal with core capabilities, including integration with the US CBP database. The cost of the base portal is \$255,000.
- **As-Needed Options**
 - **Enhancements:** This includes optional enhancements that may be needed to achieve the Portal's objectives. This includes additional data field visibility, additional user views, integration with additional databases and data curation. The not-to-exceed compensation amount for the optional enhancements is \$412,000.
 - **Hosting and Support:** This includes providing a secure platform to install and operate the Portal and 24x7 telephone support for user assistance. The cost is \$48,000 per month, which will be paid as-needed while the pilot is active for up to 10 months, for a not-to-exceed compensation amount of \$480,000.
- **Contingency:** A contingency budget amount is proposed to cover unforeseen and miscellaneous costs during the pilot project. Examples for inclusion may include, but not be limited to, additional work items beyond the defined scope of work due to data quality, completeness or complexity of external systems that interface with the Portal. The proposed not-to-exceed contingency amount is \$172,050, which is fifteen percent of the base portal and as-needed option amounts.

If the pilot is expanded in the future, a separate Board action will be submitted for consideration at that time.

Selection Process – The selection of GE Transportation is based on a competitive RFP process performed by the Harbor Department. The RFP was published on August 16, 2016 and proposals were due on September 8, 2016. This duration was two days longer than the standard duration of three weeks. Eight firms responded to the RFP and submitted proposals (Transmittal 2). One of the eight proposals was determined to be non-responsive because it was received after the due date. The Selection Committee evaluated the other seven proposals based on each firm's: 1) qualifications, experience and references; 2) project organization, personnel and staffing; 3) project approach, work plan, management and timeline; 4) rates, fees and budget control; and 5) clarity and comprehensiveness of the proposal. The Selection

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Committee was comprised of two individuals from the Harbor Department, and an external rater from the Los Angeles World Airports. Based on the scoring criteria, the Selection Committee recommends GE Transportation for selection to perform the proposed project (Transmittal 3).

As part of the 1022 process, the Contracts and Purchasing Division (CPD) asked the other City of Los Angeles (City) Departments if they had City staff that could do this work. For the Departments that did respond to CPD’s inquiry, they stated that they do not have available staff. A few City Departments did not respond, which is understood to mean that they cannot provide staff.

GE Transportation is headquartered in Chicago, Illinois.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to enter into an Agreement with GE Transportation for the Portal pilot project, which will provide a system to enable enhanced maritime supply chain performance. As an administrative activity involving the approval of an agreement and implementation of a pilot project for data collection and research, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA under Article II Section 2(f) and Article III Class 6 of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed one-year Agreement with GE Transportation authorizes the IT Division to proceed with the Portal Project with a not-to-exceed compensation amount of \$1,319,050.

Funds in the amount of \$1,319,050 are available in the Information Technology (IT) Division, Center 0640, Account 54310, Program 000. Upon Board approval, funding for future fiscal years will be requested to be budgeted as shown in the table below:

Fiscal Year	Estimated Amount
2016/17	\$ 1,031,050
2017/18	\$ 288,000
Total Not-To-Exceed	\$ 1,319,050

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the tables above. However, the total aggregate amount will not exceed \$1,319,050.

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Office space for one to three consultants will be used intermittently within the space reserved for the IT Division. This office space will be used only when on-site work is required. Staff will not be displaced.

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 Agreement as to form and legality.

TRANSMITTALS:

1. Agreement with GE Transportation
2. List of Proposers
3. Evaluation Matrix

FIS Approval:  (initials)
CA Approval:  (initials)



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Chief Information Officer



THOMAS E. GAZSI
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APPROVED:



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LK:lk