



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

**DATE: DECEMBER 23, 2014**

**FROM: PLANNING AND ECONOMIC DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - COST SHARE AGREEMENT  
WITH THE PORT OF LONG BEACH TO CONDUCT A SAN PEDRO  
BAY LONG TERM CARGO FORECAST**

**SUMMARY:**

The City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) are proposing to undertake a comprehensive long term cargo forecast of the San Pedro Bay ports (forecast). Mercator International LLC was selected to conduct the forecast. The forecast will be used to assess the long term economic condition of the San Pedro Bay ports. The last time that the Harbor Department and the POLB conducted a comprehensive long term cargo forecast was in 2007. A subsequent update was completed in 2009. Staff requests that the Board of Harbor Commissioners (Board) authorize the execution of a Cost Share Agreement with the POLB. The agreement identifies the POLB as the primary contracting port and establishes that the costs associated with the forecast (\$320,000) will be shared equally by the Harbor Department and the POLB in the amount of \$160,000 each.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve the Cost Share Agreement with the Port of Long Beach for the reimbursement of \$160,000 from the City of Los Angeles Harbor Department to the Port of Long Beach;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the Cost Share Agreement for and on behalf of the Board; and
3. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background/Context – To conduct their long term infrastructure planning, the Harbor Department and the POLB need forecasted long term cargo demand for all cargo types. For efficiency, the two ports periodically share the cost of a single cargo forecast that covers demand through the San Pedro Bay. A new forecast is done every seven to nine years. The last comprehensive long term forecast was conducted in 2007 by The Tioga Group. This forecast was reexamined in 2009 due to the economic impacts of the recession, but only for containerized cargo. The information from the forecast has been used in numerous capacities, including employment and revenue projections, evaluating project purpose and need in EIR documents, and in the long term planning of port development projects. An accurate understanding of the economic and cargo conditions of the San Pedro Bay ports is crucial in guiding future Port of Los Angeles development. With recent changes to the competitive landscape driven by the rise in carrier alliances and the impending completion of the Panama Canal improvements, it is appropriate to update the cargo forecast once again.

Contractor Selection Process – The POLB issued a Request for Proposals (RFP) to conduct a long term cargo forecast of the San Pedro Bay ports on May 6, 2014. Staff from both the Harbor Department and the POLB provided input to develop the scope of services required. Three firms submitted proposals. An evaluation committee comprised of four total staff members from the POLB Master Planning and Business Development Divisions and the Harbor Department Planning & Economic Development and Goods Movement Divisions evaluated the proposals and interviewed all three firms, eventually selecting Mercator International LLC as the firm most qualified to perform the work. The POLB Board of Harbor Commissioners approved the agreement between the POLB and Mercator International LLC on December 22, 2014 (Transmittal 1).

Contract Cost – The total cost of the proposed contract is \$320,000 to be shared equally by both ports (\$160,000 each). The 2007 forecast had a total cost of \$149,812 that was shared equally by the Harbor Department and the POLB (\$74,906 each). The three proposals submitted in 2014 had total costs ranging from \$230,000 to \$309,894. POLB's contract with Mercator International LLC authorizes a maximum of \$286,778 for consultant services under the scope of work and up to \$16,500 for travel expenses, for a total cost of \$303,278. The consultant can be directed to perform additional services beyond the scope of work up to a maximum total cost of \$320,000. The 2014 forecast costs more than the 2007 forecast because the scope of work for the 2014 forecast is more complex. For example, rather than requesting a simple base case with generalized "high" and "low" alternatives, the 2014 forecast will model more specific scenarios based on likely real-world developments.

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Cost Sharing – The Cost Share Agreement identifies the POLB as the primary contracting port, contracting with Mercator International LLC in the amount of \$320,000 (which includes a 5.5% contingency), and establishes that the costs will be shared equally by the Harbor Department and the POLB in the amount of up to \$160,000 each. The duration of the Cost Share Agreement is for one year (Transmittal 2).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a Cost Share Agreement with the POLB for a San Pedro Bay Long Term Cargo Forecast. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

**ECONOMIC BENEFITS:**

This Board action will have no direct employment impact in the five-county region.

**FINANCIAL IMPACT:**

The total cost of the forecast is not to exceed \$320,000. The Harbor Department will reimburse the POLB for up to \$160,000. Funding for this project in the amount of \$100,000 is available in the FY 14/15 budget in Account 54290, Center 0428, Program 000. The remaining \$60,000 is being requested as part of the FY 15/16 budget adoption process in Account 54290, Center 0428, Program 000.

It is anticipated that the Harbor Department's portion of the project funds under this Cost Share Agreement will be expended as follows:

FY 14/15	\$ 100,000
FY 15/16	\$ <u>60,000</u>
<b>Total:</b>	<b>\$ 160,000</b>

Any funding in future years will be requested through the annual budget adoption process, upon Board Approval. A funding out clause has been included in the Agreement.

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**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Agreement between the Port of Long Beach and Mercator International LLC
2. Cost Share Agreement with the Port of Long Beach

FIS Approval: EH (initials)  
CA Approval: CS (initials)

*Michael Keenan for*  
MICHAEL KEENAN  
Interim Director of  
Planning & Economic Development

*David L. Mathewson for*  
DAVID L. MATHEWSON  
Interim Deputy Executive Director

APPROVED:

*Eugene D. Seroka*  
EUGENE D. SEROKA  
Executive Director

Author: M. Zamora