



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: FEBRUARY 16, 2023**

**FROM: INFORMATION TECHNOLOGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - GRANT ACCEPTANCE AND APPROVAL OF A COOPERATIVE AGREEMENT WITH THE UNITED STATES DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION FOR THE ADVANCED TRANSPORTATION AND CONGESTION MANAGEMENT TECHNOLOGIES DEPLOYMENT (ATCMTD) PROGRAM**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) accept and approve a Cooperative Agreement with the United States Department of Transportation (USDOT) Federal Highway Administration (FHWA) to fund the Port of Los Angeles Gateway Project (Project). The Project is an extension of the City of Los Angeles Harbor Department's Port Optimizer's Control Tower, which will allow more effective and efficient management of returning empty containers, the planning of cargo pick-up, and the reporting of detention and demurrage. Furthermore, staff also requests that the Board authorize the Executive Director to execute future Cooperative Agreement Amendments to account for revised project schedules (not including term extension), and/or reduced project costs, for and on behalf of the Board, subject to the approval of the City Attorney as to form and legality.

In August 2021, the City of Los Angeles Harbor Department (Harbor Department) submitted an application requesting \$3,000,000 to fund the Project under the USDOT's Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) Program. The USDOT awarded the Harbor Department the full amount of the grant request. The ATCMTD program requires that the Harbor Department provide matching funds in the amount of \$3,000,000. Therefore, \$2,500,000 will be provided by the Harbor Department and \$500,000 in in-kind services will be provided by Wabtec Transportation Systems, LLC if the proposed action is approved.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Accept and approve the Cooperative Agreement between the City of Los Angeles Harbor Department and the United States Department of Transportation's Federal Highways Administration for grant funding of \$3,000,000;
3. Authorize the Executive Director to execute future Cooperative Agreement Amendments to account for revised project schedules within the existing 3-year term, and/or reduced project costs, for and on behalf of the Board, subject to the approval of the City Attorney as to form and legality;
4. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

**Background**

In 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act which established the ATCMTD Program to make competitive grants for the development of model deployment sites for large scale installation and operation of advanced transportation technologies to improve safety, efficiency, system performance, and infrastructure return on investment. The law set aside \$60 million dollars each fiscal year (FY), from FY 2016 through FY 2020 for the grant awards. The Continuing Appropriations Act of 2021 authorized the program to be extended into FY 2021.

On July 22, 2021, USDOT's FHWA published a notice of funding opportunity for \$60 million in ATCMTD grants. In August 2021 the Harbor Department submitted an application for a grant to fund the development and implementation of the Gateway Project module for the Port Optimizer.

On August 10, 2022, the FHWA announced the \$3,000,000 ATCMTD grant award to the Harbor Department. The Harbor Department must enter into a cooperative agreement (Transmittal 1) with the FHWA. The cooperative agreement sets forth the Project requirements and obligations the Harbor Department is required to comply with as the grant recipient including:

- Vision, Goals and Focus Areas
- Statement of Work
- Deliverables
- Matching Funds
- Performance Period

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Proposed Port of Los Angeles Gateway Project

In 2017, the Port of Los Angeles and Wabtec Transportation Services, LLC ("Wabtec") launched the Port Optimizer, an information portal designed to digitize maritime shipping data for cargo owners and supply chain stakeholders. The Harbor Department and Wabtec have since launched the Control Tower, a digital tool under the Port Optimizer umbrella. The Gateway Project is a Port Optimizer module and an extension of the Control Tower. It combines information from the Port Optimizer with additional operational, economic, and environmental data and gives users the ability to view areas of delay, interruption, or congestion that can be addressed proactively in the short term and through the appropriate application of investment in the long term.

The Port has been on the front line of impacts associated with liner industry consolidation, chassis divestment, tariffs, and the COVID-19 pandemic, among other recent supply chain challenges. Altogether, these challenges have generated the need for increased reporting, planning, and execution that would have been more readily handled with a Port Optimizer Gateway module. The COVID-19 pandemic, specifically, with its cancelled sailings and ship calls added an intense level of manual effort to calculate, communicate and navigate the ever-changing realities and impacts to the port community and supply chain participants. The scope of Gateway Project module addresses these disruptions by incorporating new data sources and data volumes, including the expanded areas of a virtual data modeling, cyber security, and artificial intelligence analytics.

The Gateway Project offers immense value to regular port operations by providing ocean carriers, marine terminal operators (MTOs), beneficial cargo owners (BCOs), and truckers an enhanced predictive view into how external variables will impact their performance, allowing each sector to adjust and react accordingly. The Gateway Project module will address the unpredictability behind surges in cargo which is driving increased congestion within the port and its vicinity.

The Gateway Project module will provide the following information to drastically reduce supply chain congestion:

1. Advanced Empty Return Manager:

Currently, limited information regarding empty container returns hinders the ability for the BCOs and truckers to efficiently schedule their return trips. The Advanced Empty Return Manager will provide the following to address this problematic situation:

*Advanced Empty Return Dashboard:*

The Gateway Project module is building on POLA's Return Signal and will ingest and display timely empty return quotas from shipping lines and terminal operators. The ability to capture the quantity of empty return information from shipping lines, broken down by container quantity, container size and container type being accepted by the terminal operators is presented through an Advanced Empty Return Dashboard and will offer timely feedback to the port community system. Today, POLA's Return Signal only displays whether an MTO is accepting returns

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but does not provide detailed information on the estimated quantity by container size and type.

*Advanced Empty Return Notification System:*

Leveraging the information provided in the Advance Empty Return Dashboard System, the Gateway Project module will enable empty shipping container return notifications to truckers so they proactively know where and when they can return empty containers. When a terminal operator stops accepting a select type of container, a change of status notification will alert the trucker to either postpone or change the trip. This information will be based on container details already captured through the shipping line manifest so it can be applied automatically after a trucker claims a container through the Port Optimizer.

2. Cargo Unloading and Pick-Up Advisor:

Current communications between BCOs, truckers, and MTOs around cargo pick-up is disjointed. Transactions often occur on an ad hoc basis and truckers often wait in line to pick up containers. The goal of the Cargo Unloading and Pick-Up Advisor will be to enhance the messaging between ocean carriers, BCOs, truckers, and MTOs so early container information (prior to ship arrival) is exchanged with both BCOs and truckers. BCOs and truckers will also provide MTOs and shipping lines with their planned visits to the port so that the cargo is unloaded and staged in a sequence that will enable efficient pick-up by the BCOs and truckers. The Cargo Unloading and Pick-Up Advisor system provides the following:

*Advanced Beneficial Cargo Owner/Truckers to Terminal Operator Alert System:*

The system provides the ability for BCOs and truckers to alert terminal operators as to when they plan to pick up cargo. This planning system will allow MTOs to plan for and store containers more efficiently, especially ones that are flagged with urgency status. These well-organized containers will be strategically released in the yard for faster processing and removal. Furthermore, as BCOs and truckers optimize their trucking fleet utilization, MTOs can plan their discharge and yard operations more efficiently by being able to align with the operations of the truckers.

*Advanced Container Offload Alert System:*

Using the Advanced Beneficial Cargo Owner Dashboard, MTOs will be able to inform major BCOs when their containers are available for pick-up. This new level of visibility will allow BCOs and truckers to utilize their resources more efficiently resulting in less congestion and better turnarounds.

3. Detention and Demurrage Manager:

Leveraging available data on the Port Optimizer, the Harbor Department will develop an industry-led solution that empowers cargo owners with tools to avoid and manage the risk of detention and demurrage. Utilizing information provided by the Gateway Project module, the Detention and Demurrage Manager will enable enhanced reporting of how detention and demurrage is occurring at the port.

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The information provided by MTOs will uncover systemic issues that are leading to demurrage and detention. The Detention and Demurrage Manager will facilitate and enable the following steps:

- Terminal operators will provide relevant detention and demurrage data
- Detention and Demurrage Manager will present the data to BCOs
- Detention and Demurrage Manager will generate and send notifications to truckers, and
- MTOs will be able to provide timely chassis and railcar counts.

By ingesting all scheduled truck appointments, dispatchers and gate operators can see volume spikes more accurately across the schedule. With the inclusion of traffic congestion data, traffic patterns will emerge that may not otherwise be visible and actions can be taken within a specific corridor or terminal. The result will be an ability to address congestion on a large scale, more effective asset utilization, and the reduction of truck queues. As the Gateway Project module builds historical data, patterns will emerge to address recurring operational bottlenecks. Visibility and predictability will create an immediate incentive for both trucking companies and MTOs to avoid traffic spikes and deliver a more consistent and fluid operation.

This set of Gateway Project module screens and analytics has the power to communicate and limit congestion before it even occurs, offering better deployment of truck drivers and assets to respond to the industry's needs.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is the acceptance and approval of a Cooperative Agreement with USDOT FHWA to implement a scalable, cloud-based application, using artificial intelligence and cutting-edge modeling, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

#### **FINANCIAL IMPACT:**

The Gateway Project module total cost is \$6,000,000. The ATCMTD grant award requires non-federal source matching funds in the amount of fifty percent of the Project's total cost. Therefore, approval of the proposed action will authorize a \$2,500,000 contribution from the Harbor Department. Additionally, \$500,000 will be provided in the form of in-kind services by Wabtec. The grant award and matching funds will be spent over a three-year period.

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The table below summarizes the project funding and timeline:

Source	FY 2024	FY 2025	FY 2026	Total
ATCMTD grant	\$1,500,000	\$1,000,000	\$500,000	\$3,000,000
Harbor Dept.	\$500,000	\$1,000,000	\$1,000,000	\$2,500,000
Wabtec	\$500,000	\$-	\$-	\$500,000
<b>Total</b>	<b>\$2,500,000</b>	<b>\$2,000,000</b>	<b>\$1,500,000</b>	<b>\$6,000,000</b>

FY 2024 funding in the amount of \$2,000,000 will be requested as part of the FY 2024 Budget adoption process, subject to Board approval.

**CITY ATTORNEY:**

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

**TRANSMITTALS:**

1. Cooperative Agreement Award No. 693JJ3235006 with the United States Department of Transportation Federal Highway Administration

FIS Approval: *M.B.*  
CA Approval: *[Signature]*

*[Signature]*  
Sheeba Varughese  
dc=pala, dc=lahnd, ou=HQ,  
ou=ITD, ou=USERS,  
ou=GIS, cn=Sheeba  
Varughese,  
email=SheebaVarughese@portia.o  
rg  
2023.02.16 11:02:04 -0800

SHEEBA VARUGHESE  
Chief Information Officer

*[Signature]*  
Digitally signed by  
Thomas E. Gazsi  
Date: 2023.02.16  
14:57:46 -0800

THOMAS E. GAZSI  
Chief of Public Safety and  
Emergency Management

APPROVED:

*Mark Bleavin* FOR

EUGENE D. SEROKA  
Executive Director

ES:DL:HN:smr