

DATE: MARCH 25, 2015

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FOURTH AMENDMENT TO AGREEMENT NO. 08-2702 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND TETRA TECH, INC. FOR ADMINISTRATION OF THE CLEAN TRUCK PROGRAM

SUMMARY:

On September 18, 2008, the City of Los Angeles Harbor Department (Harbor Department) entered into Agreement No. 08-2702, with Tetra Tech, Inc. (Tetra Tech), to provide concession, grant administration, and support services for the Clean Truck Program (CTP) at the Port of Los Angeles (POLA). At approximately the same time, the Port of Long Beach (POLB) similarly engaged Tetra Tech to administer its version of the CTP. On June 30, 2015 Agreement No. 08-2702 with the Harbor Department is scheduled to expire. The POLB agreement, however, continues for an additional 18 months until December 31, 2016. While POLA/POLB (Ports) intend to eventually discontinue outsourcing some of this work, in the near term, staff recommends that the term of the Harbor Department Tetra Tech contract be extended to end at the same time as the POLB Tetra Tech contract (December 2016) in order to preserve synergies and significant cost savings that occur from having this single contractor service both Ports. During this requested extension, in 2016, the Harbor Department plans to participate in a joint Request for Proposal (RFP) process with the POLB in order to choose one contractor for services to begin on January 1, 2017. CTP expenditures are fully reimbursed each year by \$1.3 million in annual CTP fees. The additional budget authority requested for this proposed Amendment would be reimbursed through these fees. For these reasons, staff recommends amending Agreement No. 08-2702 with Tetra Tech for 18 months and for an additional cost of \$990,000.

RECOMMENDATION:

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

1. Approve the proposed Amendment to Agreement No. 08-2702 with Tetra Tech, Inc. to extend the agreement for 18 months and for an additional cost of \$990,000;

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2. Authorize the Board Secretary to transmit the proposed Amendment to Agreement No. 08-2702 to the Los Angeles City Council for approval in accordance with Charter Section 373 and Los Angeles Administrative Code Section 10.5(a);
3. Authorize the Executive Director to execute and Board Secretary to attest to the proposed Amendment to Agreement No. 08-2702 for and on behalf of the Board of Harbor Commissioners upon approval by the City Council; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – The CTP is a key component of the San Pedro Bay Clean Air Action Plan. The purpose of the CTP was to transform an aging fleet of drayage trucks into environmentally beneficial, safe, and secure vehicles. Thankfully, the CTP was successful in accomplishing its mission. As of January 1, 2012, 100% of the cargo gate moves at the Ports' terminals are made by drayage trucks meeting the U.S. Environmental Protection Agency's (EPA) 2007 heavy duty truck emissions standards (clean trucks). The current fleet is comprised of over 13,000 clean trucks including approximately 1,000 trucks powered by alternative fuels. The CTP has been successful in reducing truck emissions by over 90% compared to 2005 levels.

In the summer of 2008, in anticipation of commencement of the CTP on October 1, 2008, the Ports conducted a joint competitive bid for outside consulting services to provide concession and grant administration in connection with the CTP. After completion of interviews for this work, Tetra Tech was selected by a joint interview team from the Ports to provide these services. Tetra Tech agreed to provide separate teams to each port due to slight differences in the programs, and agreed to sign separate agreements making Tetra Tech the administrator for the CTP for both Ports. The Ports' strategy to utilize the same consultant to administer both programs has proven successful as the Ports have realized synergy created through increased efficiency as well as significant cost savings. For instance, Tetra Tech provides the same Information Technology staff for both Ports in managing and updating the port's Drayage Truck Registry. Additionally, Tetra Tech provides the same Administrative multi-lingual staff to both Ports for staffing and managing the CTP Access Center and Helpline. The costs to provide these services are shared equally by the Ports.

Additional duties performed by Tetra Tech solely for the Harbor Department on a regular basis include:

- Administering over 800 concession agreements;

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- Maintaining the Ports' Drayage Truck Registry which contains 13,500 trucks;
- Providing special analysis of truck moves to support Harbor Department requests;
- Enforcing various concession agreement requirements including insurance coverage and identifying false Vehicle Identification Numbers;
- Collecting various fees for annual truck registration, concession agreement applications, and day passes for visiting trucks; and,
- Inspecting and affixing stickers to non-container terminal trucks and "exempt" trucks;

The current Tetra Tech staff necessary to provide the tasks above includes five full-time employees and five to eight part-time employees, depending on the timing and tasks needed to support the CTP on any given day.

The Board has approved three previous requests to extend the term of Agreement No. 08-2702 for various reasons described below. The current request is to amend Agreement No. 08-2702 with Tetra Tech for 18 months at an additional cost of \$990,000 (Transmittal 1).

Agreement No. 08-2702 - On September 18, 2008, the Board approved Agreement No. 08-2702 with Tetra Tech (Transmittal 2), to provide professional, expert and technical services to assist the Harbor Department in the administration of Concessions and Grants under the CTP. Tetra Tech's responsibilities under Agreement No. 08-2702 included development of a concession application; design and development of a grant application for truck replacement; design and development of a system to register drayage trucks; and overall coordination with members of the trucking community to assure a smooth transition to the concession-based drayage program.

First Amendment to Agreement No. 08-2702 - On June 28, 2011, the Board approved the First Amendment to Agreement No. 08-2702 (Transmittal 3), which extended the contract with Tetra Tech for approximately nine months to June 30, 2012, from its original expiration date, September 18, 2011.

Second Amendment to Agreement No. 08-2702 - On April 19, 2012, the Board approved the Second Amendment to Agreement No. 08-2702 (Transmittal 4), which extended the term another 18 months to December 31, 2013. The main reason for the second extension request was to assist the Harbor Department in issuing the updated concession agreement renewals early in 2013.

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Third Amendment to Agreement No. 08-2702 – On August 8, 2013, the Board approved the Third Amendment to Agreement No. 08-2702 (Transmittal 5), which extended the term another 18 months to June 30, 2015. The main reason for the third extension request was to utilize the additional time to revise the Concession Agreement in accordance with the Supreme Court's June 13, 2013 decision, and then go out with renewals of approximately 800 updated Concession Agreements later in 2014. The effort and process to administer the first concession agreements was challenging; therefore, Tetra Tech's expertise in this area helped to ensure a successful re-issuance of the updated Concession Agreement.

Proposed Fourth Amendment to Agreement No. 08-2702 - The proposed Fourth Amendment to Agreement No. 08-2702 requests a further extension of Tetra Tech services for 18 months to December 31, 2016. This proposed extension would make the Tetra Tech contracts with both Ports end concurrently. In the past, each Port's agreement with Tetra Tech was purposely aligned to expire at the same time as the other so that the Ports could continue to work with one service provider by conducting a joint competitive bid for outside consulting services once the agreements expired. It makes sense to use one consultant to manage each Port's CTP because the larger more expensive tasks, including managing the Clean Truck Customer Service Center and the Ports Drayage Truck Registry, can be cost shared by the Ports lowering the overall cost. Furthermore, due to the dynamics and complexity of each Port's CTP, utilizing different contractors could cause confusion and duplication of efforts. However, the strategy to conduct a joint RFP was disrupted and the agreements fell out of alignment when the Harbor Department extended Agreement No. 08-2702 in August of 2013, due to the timing of the Supreme Court ruling. During this period, POLB contracted with Tetra Tech to continue as the CTP administrator through December 31, 2016.

Staff recommends approving the proposed Amendment to Agreement No. 08-2702 to realign the Port's agreements, allowing the Ports to release a joint RFP in mid-2016 for services to begin on January 1, 2017. By following this strategy, the Ports expect to receive more favorable quotations from prospective bidders.

Union Informational Meeting - As part of a periodic information exchange, a meeting was held on March 17, 2015, with the Service Employees International Union (SEIU), the local union that represents Environmental Specialists and Marine Environmental Supervisors, to notify them of the proposed Amendment. Staff discussed the opportunity to progressively migrate the CTP administrative tasks in-house. SEIU indicated that they have no objection to the contract extension. The SEIU will be notified of the issuance of a CTP RFP when it occurs.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Fourth Amendment to Agreement No 08-2702 with Tetra Tech that would extend the contract for concession and grant administration services for the CTP through December 31, 2016 with additional funding authority of \$990,000. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

This Board action approves an 18-month time extension from June 30, 2015 to December 31, 2016, and increases the contract budget by \$990,000 from \$8,400,000 to \$9,390,000. To date, the total amount invoiced against Agreement No. 08-2702 is \$7,972,659, leaving a balance of \$427,341 through June 30, 2015. The CTP collects approximately \$1,300,000 each year in truck registration fees and \$2,000,000 in concession application fees over the entire five year life of the concession agreement. The CTP annual cost to the Harbor Department, including the proposed extension of this agreement, is fully reimbursed by the monies collected from these fees. The requested reimbursable cost, therefore, with the proposed extension is \$55,000 per month. It is anticipated that the additional requested \$990,000 will be expended out of Account 59967, Center 0330, Program 000 as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015/2016	\$660,000
2016/2017	\$330,000
TOTAL	\$990,000

Funding in future fiscal years will be requested through the annual budget adoption process upon Board approval.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form and legality the Fourth Amendment to Agreement No. 08-2702 with Tetra Tech, Inc.

TRANSMITTALS:

1. Proposed Fourth Amendment to Agreement No. 08-2702 with Tetra Tech, Inc.
2. Agreement No. 08-2702 with Tetra Tech, Inc.
3. First Amendment to Agreement No. 08-2702 with Tetra Tech, Inc.
4. Second Amendment to Agreement No. 08-2702 with Tetra Tech, Inc.
5. Third Amendment to Agreement No. 08-2702 with Tetra Tech, Inc.

FIS Approval: MB (initials)
CA Approval: Jue (initials)



CHRISTOPHER CANNON
Director of Environmental Management



FOR MICHAEL DiBERNARDO
Marketing & Customer Relations

APPROVED:



EUGENE D. SEROKA
Executive Director

AUTHOR: TIM DeMOSS
BOARD MEETING: 4/9/2015

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