



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

DATE: APRIL 11, 2014

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ - REPORT TO LOS ANGELES CITY
COUNCIL ON THE TRAPAC TERMINAL DEVELOPMENT PROGRAM**

SUMMARY:

On November 19, 2013, the Los Angeles City Council (City Council) considered and adopted the Second Amendment to Permit No. 881 with TraPac, Inc. to deliver container terminal facility improvements at Port of Los Angeles (Port) Berths 136-147. During its consideration the City Council requested that the City of Los Angeles Harbor Department (Harbor Department) report back on, a) specific procedural changes that will be made to rectify the issues raised in the reporting of this program to ensure that such issues do not reoccur, b) the impacts of container terminal automation, and c) a plan for integrating a liaison between Labor and the Harbor Department vendors.

On April 3, 2014, the Board of Harbor Commissioners (Board) heard staff reports and discussed staff recommendations concerning the requested actions from City Council. The Board provided directions to staff for modification to these reports and asked that this item be returned to the April 17, 2014 Board meeting before moving forward to the City Council. This Board Report incorporates these Board directions.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Discuss the revised documents and response to requested actions included in this report and its transmittals, and provide staff with further directions on any additional modifications concerning this information;
2. Forward this report and its transmittals to the Los Angeles City Council for its information and discussion; and
3. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – At the April 3, 2014, Board meeting, the Board discussed the report to the City Council on the TraPac Terminal Program (Transmittal 1). The following recommendations and actions came from that discussion coupled with steps taken by staff to address these recommendations and actions.

1. Provide a copy of the TraPac After Action Review (AAR).

The Board requested that the AAR (Transmittal 2) be provided to establish a more defined link between what happened to initiate the TraPac AAR and the recommendations suggested in the Bronner report (Transmittal 3). The AAR, revised on December 20, 2013, included a more in-depth account of the events that led up to the approval of the revised TraPac budget and the Second Amendment to the TraPac lease.

2. Provide a copy of the September 19, 2013 Board report – Approval of Second Amendment to Permit No. 881 and Approval of Revised Budget for the TraPac Terminal Program.

A copy of the September 19, 2013 Board report was requested to provide detail and a deeper analysis on the causes of the TraPac Program issues. This report and its transmittals are attached as Transmittal 4.

3. Revised Final Draft of TraPac Terminal Program Assessment Report by Bronner Group LLC (revised 4/9/14).

The Board requested that the Bronner report presented at the April 3, 2014, Board meeting be revised to include additional information related to who was interviewed. Bronner conducted over 40 stakeholder interviews with Harbor Department staff, managers, executives, and commissioners along with the AAR facilitator. Bronner's interviews did not include the former Executive Director or Deputy Executive Director of Business Development who had provided comments and input earlier as part of the AAR.

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The Board also asked to see a more defined version of how the recommendations in the Bronner report address the key issues and achieve effectiveness and targeted outcomes, thus providing a better linkage between the causes of the TraPac program issues and the recommended actions. A summary of the issues and recommendations is attached as a table in Transmittal 5. These recommended actions address the root causes of the issues highlighted in the AAR and the Bronner report.

4. Container Terminal Automation Study (revised 4/4/14).

Harbor Department planning and marketing staff conducted a study on the status of container terminal automation both worldwide and in the San Pedro Bay. Staff extensively researched available studies, conducted in-house working sessions on this subject, and met with stakeholders including terminal operators and labor representatives. The full text of this study was presented and discussed at the April 3, 2014 Board meeting. The Board wanted to see a more concise version of the automation report that focuses on what the Los Angeles City Council, Trade, Commerce, and Tourism Committee specifically asked for which included the impact on the workforce, and the impact on our competitiveness. The summarized automation report is attached as Transmittal 6.

5. Additional Discussions on Automation.

The Board requested that staff review the previous draft of the automation report that dealt with throughput and capacity, discuss these issues further with members of the recently-formed Board Ad Hoc Committee on Port of Los Angeles Financial Operations and Programs, and make modifications to the draft automation report as warranted. Staff will work with the Board Ad Hoc Committee and discuss path forward as part of their next agenda.

Also included for consideration is a Draft Letter to Los Angeles City Council summarizing the April 3, 2014 report to City Council on the TraPac Terminal Development Program. This report, included as Transmittal 7, addresses the specific concerns of the City Council including procedural changes, container terminal automation impacts, and labor liaison.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is to provide staff with direction on any modifications concerning TraPac Terminal Development Program recommendations. As an administrative activity, 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.

ECONOMIC BENEFITS:

This Board action will have no employment impact.

FINANCIAL IMPACT:

The financial impact of the TraPac Terminal Development Program was previously presented in the Board action recommending approval of the Second Amendment to Permit 881. The Labor Liaison proposed will be selected by the Executive Director with the agreement term and amount falling within the Executive Director's authority limits (not to exceed one year and/or \$150,000). Funding in the amount of \$30,000 for the current fiscal year will from Account 54290, Center 0260, Program 000. Funding in the amount of \$150,000 for Fiscal Year 2014/2015 has been requested to be budgeted as part of the annual budget adoption process in Account 54290, Center 0260, Program 000.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board report and finds there are no legal issues at this time.

TRANSMITTALS:

1. March 27, 2014 Board of Harbor Commissioners Report on the Report to Los Angeles City Council, Trade, Commerce, and Tourism Committee, on the TraPac Terminal Development Program (including Transmittals)
2. After Action Review (AAR): TraPac Terminal Program (revised 12/20/2013)
3. Revised Final Draft of TraPac Terminal Program Assessment Report by Bronner Group LLC (revised 4/9/14)
4. September 11, 2013 Board of Harbor Commissioners Report on Approval of Second Amendment to Permit No. 881 and Approval of Revised Budget for the TraPac Terminal Program (including Transmittals)
5. Summary of Recommendations and Issues
6. Container Terminal Automation Study (revised 4/4/14)
7. Draft Letter to Los Angeles City Council

FIS Approval: MS (initials)
CA Approval: JAC (initials)

Molly Campbell

for

MICHAEL R. CHRISTENSEN, P.E.
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APPROVED:

Molly Campbell

for

GARY LEE MOORE, P.E.
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BOARD MEETING: 4/17/2014