



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JULY 24, 2018

FROM: EXECUTIVE OFFICE

SUBJECT: RESOLUTION NO. _____ – FIRST AMENDMENT TO AGREEMENT NO. E-6916 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND LOGICAL DIGITAL SOLUTIONS, INC. FOR PROFESSIONAL SERVICES TO DEVELOP AND IMPLEMENT SUPPLY CHAIN OPTIMIZATION INITIATIVES

SUMMARY:

Staff requests approval of a First Amendment to Agreement No. E-6916 with Logical Digital Solutions, Inc. of Venice, California, to provide professional services to develop and assist in the implementation of supply chain optimization initiatives to enhance the speed and efficiency of cargo movement through the San Pedro Bay, and specifically at the Port of Los Angeles. The City of Los Angeles Harbor Department (Department) requires the professional, expert and technical services of Logical Digital Solutions, Inc. (LDS) to aid staff in the development and implementation of the aforementioned strategies through outreach and cooperation with a variety of supply chain stakeholders. The amendment will increase the agreement from one year to three years, for an amount not to exceed \$150,000 per year, or a maximum of \$450,000 over three years. The Department will be financially responsible for the payment of expenses under the proposed contract.

RECOMMENDATIONS:

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 Class 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that the proposed amendment qualifies for award on a sole source basis as an amended agreement for the performance of professional, technical and special services of a temporary or occasional basis for which competitive bidding is not practicable or advantageous, pursuant to Los Angeles City Charter, Section 371(e)(2) and Los Angeles Administrative Code Section 10.15(a)(2);

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3. Find in accordance with Los Angeles City Charter Section 1022 that the scope of work of the proposed First Amendment to Agreement No. E-6916 can be more economically and feasibly provided by an independent contractor than by City Employees;
4. Approve the First Amendment to Agreement No. E-6916 between the Harbor Department and Logical Digital Solutions, Inc.;
5. Authorize the Executive Director to execute and the Board Secretary to attest; and
6. Adopt Resolution No. _____

DISCUSSION:

Background/Context – The Department requires the professional, expert and technical services of a consultant to assist in continuing the development and implementation of supply optimization initiatives through outreach and cooperation with a variety of supply chain stakeholders.

On September 23, 2017, the Department entered into Executive Director Agreement (Agreement) No. E-6916 for \$150,000 with Logical Digital Solutions, Inc., (Transmittal 1), for assistance with shipping community engagement to improve the flow of cargo through Port of Los Angeles terminals and to create a unique value proposition that leverages capabilities and differentiates the Port of Los Angeles from other port authorities. Additionally, the Agreement was used to advance work on the potential of a cooperative effort to enable the creation of a Port Area Network and to promote an agenda to bring about changes in operating methodologies that can improve cargo flow.

During the course of the first year of the Agreement, LDS was able to make great strides in the areas of:

- Shipping alliance restart and deployment architecture;
- Technology development and strategic alignment; and
- Advancement of the GE Port Optimizer.

Due to the successes generated under Agreement E-6916, the Harbor Department requests an amendment to the existing agreement extending the original agreement by two years and increasing the do-not-exceed amount from \$150,000 to \$450,000 over three years (Transmittal 2).

Sole Source Justification – The utilization of LDS for an additional two years provides continuity in the critical project of developing technology solutions for the digitization of the Port's supply chain. Mr. Andrew Scott, the CEO of LDS, has provided in depth

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knowledge and support with outreach to ocean carriers, motor carriers, shippers, railroads, terminal operators, and technology companies. He has performed a key role in discussions, plans, and actions among a broad array of supply chain stakeholders.

Mr. Scott has such a deep understanding of the Port's position, resources, and outlook that a competitive Request for Proposal (RFP) process would force delays in the technology solutions the Port is seeking to implement. The relationships he has developed with industry participants, contractors, and local and international stakeholders make the extension of this agreement a critical component of the work for the GE Optimizer project.

Mr. Scott's experience includes fifteen years as either CEO or COO of international logistics and technology companies, managing over 1,000 staff with over \$400 million in revenues. He possesses a great deal of expertise and knowledge of the supply chain digitization process. As such, Mr. Scott is uniquely qualified and the unquestioned selection for a sole source consultant contract for supply chain optimization.

Charter 1022 Determination – In conformance with the City of Los Angeles Charter Section 1022 procedure, the Department found that the work proposed to be contracted can be performed more feasibly by a contractor than by a City employee for the following reasons:

- There is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the Department's needs; and
- The work is of limited scope or intermittent nature and is unlikely that the City would be able to continue the employment of the person hired for this project.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a First Amendment to Agreement No. E-6916 with Logical Digital Solutions, Inc. to provide professional services regarding supply chain optimization, 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:

Funding in the amount of \$150,000 for Fiscal Year 2018/2019 is available in the Executive Office budget, Account 54290, Center 0210, Program 000. Future Fiscal Year funds will be requested as part of the annual budgeting process.

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Fiscal Year	Amount
2017/2018	\$ 112,500
2018/2019	\$ 150,000
2019/2020	\$ 150,000
2020/2021	\$ 37,500
TOTAL	\$ 450,000

The annual amounts may change between fiscal years up to the available budget in that fiscal year. However, the total aggregate amount will not exceed \$450,000 over the three years of the agreement with a proposed end date of September 22, 2020. A total of \$150,000 has been spent on the agreement to date.

A funding out clause is included in the Agreement. This stipulates that if in any subsequent fiscal year funds are not appropriated by the City for the work required by the agreement, the agreement shall be terminated. However, that termination would not relieve the parties of liability for any obligation previously incurred.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Personal Services Agreement with Logical Digital Solutions, Inc.
2. First Amendment to Executive Director Agreement E-6916

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

Mark Bleavin FOR

EUGENE D. SEROKA
Executive Director

Author: D. Young