



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 11, 2012

FROM: CLEAN TRUCK PROGRAM

SUBJECT: RESOLUTION NO. _____ - SECOND 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), after completion of a competitive bidding process, entered into Agreement No. 08-2702 (Agreement) with Tetra Tech, Inc. (Tetra Tech) located in Pasadena, California for \$8.4 million to provide concession, grant administration, and support services for the Clean Truck Program (CTP). The CTP commenced on October 1, 2008 with a series of progressive truck bans that gradually restricted terminal access for older trucks in favor of CTP compliant trucks meeting the U.S. Environmental Protection Agency (EPA) 2007 emission standards. The final truck ban went into effect on January 1, 2012, and the Agreement is scheduled to expire on June 30, 2012. Harbor Department staff requests that the Agreement be extended by 18 months until December 31, 2013. This extension will give the Harbor Department the necessary time to assess the need for future CTP administration services and decide whether City employees could begin performing some of this work in the future.

The extension will also allow Tetra Tech to oversee the upcoming renewal of concession agreements, work with Harbor Department staff to reduce administrative costs, and develop a plan to migrate the program to an in-house operation. In order to achieve this goal, the Agreement scope of work will be revised to include training of City employees to take on the future administrative CTP responsibilities. Additionally, in order to make the program more affordable, Tetra Tech has agreed to reduce their fees by 5 percent for all services rendered from June 30, 2012 until December 31, 2013. Finally, this proposed extension will not require additional funding authority, as unspent funding in the amount of \$2,658,901 remains available in the original \$8.4 million Agreement though it is anticipated that only approximately \$2.5 million of that amount would be spent during the extended period.

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RECOMMENDATION:

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

1. Approve the proposed Second Amendment to Agreement No. 08-2702 with Tetra Tech Inc. to extend the current contract to December 31, 2013;
2. Authorize the Board Secretary to transmit the proposed Second 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 behalf of the Board of Harbor Commissioners upon approval by the City Council; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background - On November 20, 2006, the Boards of Harbor Commissioners of the ports of Los Angeles and Long Beach voted to approve the landmark San Pedro Bay Ports Clean Air Action Plan (CAAP) which contains a suite of strategies for reducing pollution generated by the Ports five major source categories (ships, trucks, trains, cargo handling equipment, and harbor craft). One of the most significant and successful efforts under the CAAP has been the development and implementation of the CTP which is the Ports' primary means of reducing truck emissions. We estimate that since its commencement on October 1, 2008, the CTP has reduced truck emissions more than 80% compared to 2007 levels.

As of January 1, 2012, 100 percent of the cargo gate moves at the Port of Los Angeles and the Port of Long Beach (Ports) terminals are being made by trucks meeting EPA 2007 heavy duty truck emissions standards (clean trucks). The fleet of approximately 10,000 trucks currently servicing the Ports is comprised of more than 9,000 clean diesel trucks and 1,000 trucks powered by alternative fuels.

Initial Competitive Bid Process - 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 administrative service 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

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the programs, and agreed to sign separate 3-year contracts with the Ports making Tetra Tech the administrator for the CTP for both Ports.

Agreement No. 08-2702 - On September 18, 2008, the Board approved Agreement No. 08-2702 with Tetra Tech, Inc. (Transmittal 2), to provide professional, expert and technical services which assist the Harbor Department in the administration of Concessions and Grants under the CTP. Tetra Tech's responsibilities under this Agreement 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. Subsequently, on August 16, 2011, the First Amendment was approved by the Los Angeles City Council. The main reason for the original extension request was to maintain continuity in program support through the final ban date of January 1, 2012.

Proposed Second Amendment to Agreement No. 08-2702 - The proposed Second Amendment to Agreement No. 08-2702 (Transmittal 1) requests a further extension of Tetra Tech services for 18 months to December 31, 2013. Staff proposes to continue to utilize Tetra Tech for the following key reasons:

- This extension of time will assist the Harbor Department in identifying which administrative and operations tasks can be performed in-house by City employees, working with Tetra Tech to train Harbor Department personnel. This move is intended to reduce costs and enhance institutional program knowledge and expertise.
- The Port of Long Beach has already decided to extend their contract with Tetra Tech to continue administration of their CTP to December 31, 2013. Since most trucking companies and truck drivers provide drayage services for both Ports, it would be beneficial to have one company (Tetra Tech) for the Ports and the trucking industry to facilitate the process of dealing with issues.
- The five-year concession agreements from approximately 1,000 Concessionaires are set to expire in September 2013. The Harbor Department plans to go out with renewals for an updated concession agreement early in 2013. The effort and process to administer the first concession agreements was difficult. It is important for the Harbor Department to utilize Tetra Tech's expertise in this area to ensure a successful future issuance.

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The extension date through December 31, 2013, has been mutually agreed to by staff of both Ports. Both Ports may release a joint RFP in mid-2013. By following this strategy, the Ports expect to receive more favorable quotations from prospective bidders on this contract.

Scope of Work - The original scope of work has been revised to include a task which directs Tetra Tech to train City employees to take over key CTP administrative tasks.

Extension Cost - This proposed extension will not require any additional funding authority, as excess unspent funding authority remains available in the original \$8.4 million Agreement. As of November 2011, \$2,658,901 remains available under the original contract. It is anticipated that monthly costs will range from \$75,000 to \$100,000. If the program costs \$100,000 per month from December 2011 through the end of December 2013, there would still be approximately \$158,901 unspent at the end of the contract. Additionally, in order to make the program more affordable, Tetra Tech has agreed to reduce their fees by 5 percent for all services rendered from June 30, 2012 until December 31, 2013.

Sole Source Justification - In anticipation of CTP operational needs from June 30, 2012 until December 31, 2013, it is necessary that the Harbor Department continue to receive specialized and professional expert support from Tetra Tech. Tetra Tech has been the sole contractor providing administration of the highly complex/dynamic CTP for both Ports since the inception of the program. The duties which they perform include maintaining the Port's Drayage Truck Registry and the Concessionaire Database which involves administering over 1,000 agreements, and providing special analysis of truck moves.

Tetra Tech is the only consultant currently capable of providing these services for the following reasons:

- Tetra Tech, with the experience amassed since the inception of the program, can adequately train Port staff to take over tasks throughout the extension request period.
- As the Harbor Department plans to go out with a new round of approximately 1,000 concession agreements in 2013, Tetra Tech is uniquely prepared to administer this complex process.
- The Port of Long Beach has already extended their administrative contract with Tetra Tech until December 31, 2013. If the Port of Los Angeles continues to utilize Tetra Tech as well, the LMCs will only have to work with one administrator.

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Both Ports may release a joint RFP in mid-2013, and at that time both Ports will be able to consider the possibility of selecting a new contractor.

Union Informational Meeting - As part of a periodic information exchange, a meeting was held on March 6, 2012 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 the RFP when it occurs.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Second Amendment to Agreement 08-2702 with Tetra Tech that would extend the contract for concession and grant administration services for the CTP through December 31, 2013. As an administrative activity, the Director of Environmental Management has determined the proposed action is exempt from 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 of the Agreement 08-2702. The contract authority of \$8,400,000 remains unchanged. As of November 2011, \$5,741,099 has been invoiced, leaving a balance of \$2,658,901 to cover the contract term through December 2013. During fiscal year 2012/13, \$1,200,000 has been requested to be budgeted as part of the annual budget adoption process. It is anticipated that \$1,200,000 will be spent in fiscal year 2012/13 available out of Account 59967 (Clean Truck Program), Center 0330 (Environmental Management Division), Program 000. A funding-out clause is included in the Agreement.

ECONOMIC BENEFITS:

This amendment has no additional employment impact.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Proposed Second 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.

FIS Approval: EF (initials)

CA Approval: ~ (initials)



CHRISTOPHER CANNON
Director of Environmental Management



For MICHAEL R CHRISTENSEN
Deputy Executive Director



JOHN HOLMES
Deputy Executive Director

APPROVED:



for GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: TIM DeMOSS
BOARD MEETING: 4/19/2012

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