



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: AUGUST 11, 2017**

**FROM: INFORMATION TECHNOLOGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AMENDED AND RESTATED AGREEMENT 16-3425 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND GENERAL ELECTRIC COMPANY FOR THE PORT INFORMATION PORTAL PILOT PROJECT**

**SUMMARY:**

Staff is requesting the approval of the Amended and Restated Agreement No. 16-3425 (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and General Electric Company (GE), through its GE Transportation Division (GET), for the Port Information Portal (Portal) pilot project. The proposed Agreement is to expand the pilot project, a first-of-its-kind common user Portal, to provide a single information window to support enhanced maritime supply chain performance. The proposed Agreement includes hardware, software and services required to add six more terminals and 15 more shipping lines to the Portal. In addition, the Agreement includes optional as-needed enhancements, technical hosting and support, and a contingency amount.

The proposed Agreement will extend the term by two additional years, for a total of three years, and increase the not-to-exceed compensation amount by an additional \$11,781,370, for a total not-to-exceed compensation amount of \$13,100,420. Subject to Board approval the effective dates of the Agreement will be from November 4, 2016 to November 3, 2019.

The recommendation to select GET for Agreement No. 16-3425 was based on a competitive Request for Proposal (RFP) process performed by the Harbor Department. GET is headquartered in Chicago, Illinois.

Expenditures under the proposed Agreement are the financial responsibility of the Harbor Department.

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**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6 of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;
3. Approve the Amended and Restated Agreement No. 16-3425 to extend the existing Agreement from one year to three years and increase the not-to-exceed compensation amount from \$1,319,050 to \$13,100,420, a \$11,781,370 increase;
4. Approve the transfer of \$11,192,370 from the Unappropriated Balance to Cost Center 640, Account 54310;
5. Direct the Board Secretary to transmit the Resolution to the Mayor for approval pursuant to Section 343(b) of the City Charter;
6. Direct the Board Secretary to notify the City Clerk of such transfer pursuant to Section 343(d) of the City Charter at the time of such transfer is made;
7. Authorize the Executive Director to execute and the Board Secretary to attest to said Amended and Restated Agreement No. 16-3425; and
8. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context – The highly competitive maritime shipping industry continues to face challenging worldwide trading conditions. To weather these challenges the shipping industry has experienced mergers and acquisitions, the formation of larger vessel alliances, and the deployment of ultra large container vessels all aimed at reducing cost. While these industry changes have yielded economies of scale, it has led to new operational challenges for the supply chain, due to the increasing container volume surges at marine terminals requiring close coordination between supply chain stakeholders. Supply chain information currently provided through multiple and separate

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sources. It is not uncommon for supply chain stakeholders needing to access more than a dozen different websites for the information to manage their day-to-day operations.

On November 3, 2016, the Board approved Agreement No. 16-3425 with GET in the not-to-exceed amount of \$1,319,050 to develop a first-of-its-kind, common user Portal. The actual expenditure to date is approximately \$898,000.

In collaboration with the pilot project participants, the Portal was developed to receive and provide supply chain information through a common user interface with secure channeled access by user type. Project participants include the United States Customs and Border Protection, the Port's largest terminal operator (APM Terminal), the world's largest and second largest shipping lines (Maersk and MSC, respectively), along with a variety of beneficial cargo owners, trucking companies, and chassis providers. The Portal went live with a limited launch on April 17, 2017, and a full launch for all pilot project participants occurred on May 17, 2017.

Since the Portal went live in May of 2017 as a pilot project, participating supply chain stakeholders have been able to view integrated supply chain data approximately up to two weeks prior to the vessel's arrival at the Port of Los Angeles (Port). Previously data was typically only available three or four days prior to vessel arrival at the Port. The feedback provided by participating supply chain stakeholders has been very positive, and participants have expressed the desire to expand the Portal to include additional container terminals and shipping lines.

Proposed Amended and Restated Agreement – The proposed Amended and Restated Agreement (Transmittal 1) will be to further test the concept and benefits, and add scalability, for single window access to timely maritime supply chain information. The proposed Agreement will build upon the initial Portal to add up to six more terminals and up to 15 more shipping lines. In addition, the proposed Agreement includes optional as-needed enhancements, technical hosting and support, and a contingency amount.

The proposed Agreement will extend the term by two additional years, for a total of three years, and increase the not-to-exceed compensation amount by an additional \$11,781,370, for a total not-to-exceed compensation amount of \$13,100,420.

The Harbor Department is not obligated to spend this total not-to-exceed amount because the proposed Agreement includes as-needed options as noted in the breakdown below.

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The breakdown is as follows:

- Expansion Terminals: Includes up to six additional terminals. The not-to-exceed compensation amount for the expansion of up to six additional terminals is \$2,274,638.
- Expansion of Shipping Lines: Includes up to 15 shipping lines. The not-to-exceed compensation amount for the expansion of up to 15 shipping lines is \$4,153,884
- Core Components: Includes enhancement to the Portal, to support additional US Customs data and their security requirements; Hosting Management Services, for technical support to the Portal users. The not-to-exceed compensation amount for all of the Core Component is \$2,151,050.
- As Needed: Includes enhancement to the Portal, based on feedback received during the initial pilot phase; Railroad data and a contingency amount. Examples for inclusion may include, but are not limited to, additional work items beyond the defined scope of work due to data quality and completeness or complexity of external systems that interface with the Portal. The proposed not-to-exceed As Needed amount is \$3,201,798.

Selection Process – Agreement No. 16-3425 was awarded to GET based on a competitive request for proposal process performed by the Harbor Department. The Selection Committee was comprised of two individuals from the Harbor Department and an external rater from the Los Angeles World Airports. GET is headquartered in Chicago, Illinois.

This Amended and Restated Agreement 16-3425 will be presented together with the Revenue Allocation Agreement between the Harbor Department and GET, for which staff is requesting Board approval in a separate but concurrent Board action.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Amended and Restated Agreement with GET to expand the Portal pilot program. As administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6 of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed Amended and Restated Agreement with GET authorizes the IT Division to proceed with the expansion of the Portal pilot project for an additional not-to-exceed amount of \$11,781,370. This additional amount includes base items totaling \$8,579,572 and as-needed items, which includes the contingency, totaling \$3,201,798.

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Of that additional amount, \$11,192,370 is expected to be spent within FY 2017/18, and the remaining \$589,000 within the following fiscal year. Funds in the amount of \$288,000 have already been budgeted within FY 2017/18 under the original Agreement within Cost Center 0640, Account 54310, Program 000. The total not-to-exceed compensation amount of Agreement No. 16-3425 is \$13,100,420.

The transfer of funds from the Unappropriated Balance to Account 54310, Center 0640 within the IT Division will increase monies in that account from \$1,818,000 to \$13,010,370, and accordingly, reduce the Unappropriated Balance by \$11,192,370. Once this transfer is made, adequate funds will remain to enable the Department to maintain its liquidity goals. Upon Board approval, funding for future fiscal years will be requested to be budgeted as shown in the table below:

Fiscal Year	Authorized Amount	Proposed Agreement	TOTAL
2016/17	\$ 1,031,050		\$ 1,031,050
2017/18	\$ 288,000	\$ 11,192,370	\$ 11,480,370
2018/19		\$ 589,000	\$ 589,000
<b>Total Not-To-Exceed</b>	<b>\$ 1,319,050</b>	<b>\$ 11,781,370</b>	<b>\$ 13,100,420</b>

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the tables above depending on Harbor Department requirements, including need for optional enhancements. However, the total aggregate amount will not exceed the \$13,100,420 requested to be authorized.

Office space for one to three consultants will be used intermittently within the Harbor Department office space reserved for the IT Division. This office space will be used only when on-site work is required. Harbor Department staff will not be displaced.

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.

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**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Amended and Restated Agreement No. 16-3425

FIS Approval: MB (initials)

CA Approval: [Signature] (initials)



LANCE KANESHIRO  
Chief Information Officer



THOMAS E. GAZSI  
Chief of Public Safety and Emergency

APPROVED:



EUGENE D. SEROKA  
Executive Director