



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MARCH 14, 2019

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND GENERAL ELECTRIC TRANSPORTATION PARTS, LLC FOR THE PORT OPTIMIZER PROJECT

SUMMARY:

Staff requests approval of the First Amendment to Amended and Restated Agreement No. 17-3425-A (First Amendment) with General Electric Transportation Parts, LLC (GETP) for the Port Optimizer project. The proposed First Amendment is to continue expansion and operation of the Port Optimizer, a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed First Amendment includes hardware, software and services required for additional enhancements, technical hosting and support, and other core components.

The proposed First Amendment will extend the term of Agreement No. 17-3425-A by three additional years, for a total of six years, and increase the not-to-exceed compensation amount by an additional \$3,000,000, for a total not-to-exceed compensation amount of \$16,100,420.

The recommendation to select GETP for Agreement No. 17-3425-A was based on a competitive Request for Proposal (RFP) process performed by the City of Los Angeles Harbor Department (Harbor Department).

Expenditures under the proposed First Amendment are the financial responsibility of the Harbor Department.

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 administratively exempt from the requirements of the California

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Environmental Quality Act (CEQA) under Article II Section 2(f) 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 First Amendment to Amended and Restated Agreement No. 17-3425-A to extend the existing Agreement to six years and increase the not-to-exceed compensation amount to \$16,100,420;
4. Direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – At its meeting on November 3, 2016, the Board approved Agreement No. 16-3425 with General Electric Company (GE), through its GE Transportation Division, to develop a pilot for a first-of-its-kind, common user Portal. 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. The pilot project participants include the United States Customs and Border Protection, the Port of Los Angeles' 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. Agreement No. 16-3425 was for a term of one year and a not-to-exceed amount of \$1,319,050.

At its meeting on August 17, 2017, the Board approved the Amended and Restated Agreement No. 16-3425 to expand the Portal, now called the Port Optimizer. The Agreement number was changed from 16-3425 to 17-3425-A. The expansion included the addition of nine more terminals, eighteen more shipping lines, additional enhancements and continued hosting and support. Agreement No. 17-3425-A added two more years for a term of three years, and increased the not-to-exceed amount by \$11,781,370 for a total not-to-exceed amount of \$13,100,420.

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At its meeting on November 15, 2018, the Board approved an Assignment and Assumption Agreement of Agreement No. 17-3425-A from GE to GE Transportation Parts, LLC. This was due to an internal reorganization within GE as part of its combining of its GE Transportation business operations with Westinghouse Air Brake Technologies Corporation (Wabtec). The Agreement's term and not-to-exceed amount remained unchanged.

The Port Optimizer is now in operation and available for cargo stakeholders to register and use. Participants are able to view integrated supply chain data up to two weeks in advance of a ship's arrival at port, whereas previously data was available typically only three or four days in advance. Feedback has been very positive, and participants have expressed the desire to expand the Port Optimizer to include additional enhancements.

Proposed Second Amendment – The proposed First Amendment (Transmittal 1) will continue the development and operation of the Port Optimizer with the following:

- **Reallocate Unused Funds from Agreement No. 17-3425-A:** Agreement No. 17-3425-A included data acquisition, implementation and related data services for seven container terminals. However, because California United Terminals closed their terminal at the Port of Los Angeles, the previously approved funds for one unit each of items A1, A2, A3 and A4, in the amount of \$368,105.50, will not be used and are requested to be reallocated to a new deliverable to build a pilot drayage application to see, modify, and cancel appointments across multiple terminals. This will not result in an increase from previously approved funds.
- **As-Needed Enhancements:** This is to continue the development of the Port Optimizer. The enhancements include integrating data sources to enable automatic ingestion of delivery orders from trucking companies, developing a dangerous goods display platform, and developing a port volume reports page. The not-to-exceed amount is \$300,000.
- **Technical Hosting, Support, and Other Core Components:** The Port Optimizer operates on a cloud platform and requires continuous hosting, support and other technical services to ensure that it remains operational. Cyber security and analytics platforms are included. The not-to-exceed amount is \$2,700,000 over three years.

In addition, the proposed First Amendment includes changes to Sections 2.5 (Changes) and 10.5 (Assignment) to add language at the end of each section.

The proposed First Amendment will extend the term by three additional years for a total of six years, and increase the not-to-exceed compensation amount by an additional \$3,000,000 for a total not-to-exceed compensation amount of \$16,100,420.

The Harbor Department is not obligated to spend this total not-to-exceed amount because the proposed First Amendment includes as-needed options.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a first amendment to Agreement No. 17-3425-A, 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:

Approval of the proposed First Amendment with GETP will extend the term of Agreement No. 17-3425-A by three additional years, for a total of six years, and increase the not-to-exceed compensation amount by an additional \$3,000,000, for a total not-to-exceed compensation amount of \$16,100,420 in order to expand the Port Optimizer.

Fiscal Year 2018/19 funding in the amount of \$6,600,000 is available within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000. Upon Board approval, funding for future fiscal years will be requested to be budgeted as shown in the table below:

Fiscal Year	Original Agreement No. 16-3425	Restated Agreement No. 17-3425-A	Proposed First Amendment	TOTAL
2016/17	\$ 1,031,050			\$ 1,031,050
2017/18	\$ 288,000	\$ 2,313,265		\$ 2,601,265
2018/19		\$ 6,600,000		\$ 6,600,000
2019/20		\$ 2,868,105	\$ 825,000	\$ 3,693,105
2020/21			\$ 900,000	\$ 900,000
2021/22			\$ 900,000	\$ 900,000
2022/23			\$ 375,000	\$ 375,000
Total Not-To-Exceed	\$ 1,319,050	\$ 11,781,370	\$ 3,000,000	\$ 16,100,420

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$16,100,420.

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. Staff will not be displaced.

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

CITY ATTORNEY:

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

TRANSMITTAL:

1. First Amendment to Amended and Restated Agreement No. 17-3425-A

FIS Approval: MB
CA Approval: GM



LANCE KANESHIRO
Chief Information Officer



THOMAS E. GAZSI
Chief of Public Safety and Emergency
Management

APPROVED:



EUGENE D. SEROKA
Executive Director

LK:lk