

DATE: MARCH 24, 2015

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - SECOND AMENDMENT TO AGREEMENT NO. E6646 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND PIERPASS, LLC TO PROVIDE TRUCKING GATE MOVE DATA FOR THE CLEAN TRUCK PROGRAM

SUMMARY:

In order to assist with management and enforcement of its Clean Truck Program (CTP), the City of Los Angeles Harbor Department (Harbor Department) entered into Agreement No. E6646 with PierPass, LLC (PierPass), located in Long Beach, California. This agreement allows the Harbor Department to receive trucking gate move data collected from electronic gate management equipment at the seven major container terminals in order to support the CTP. Both the Harbor Department and the Port of Long Beach (POLB) independently contract with PierPass to receive this data. This data is especially important for the Harbor Department to confirm compliance with the CTP's terminal access restrictions under the Port of Los Angeles (POLA) Tariff and concessionaire requirements. Additionally, this data assists the Harbor Department in generating its Annual Emissions Inventories, contributes to the preparation of the City of Los Angeles Mayor's metrics, provides information for concession administration and enforcement, and supports CTP policy decision-making. CTP expenditures are fully reimbursed each year with \$1.3 million in annual CTP fees. The additional funding authority requested for this proposed Amendment would be reimbursed through these fees. For these reasons, staff recommends extending the term of Agreement No. E6646 for three years for an additional cost of \$144,000.

RECOMMENDATION:

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

1. Find that the proposed Amendment qualifies for award on a sole source basis as a contract for the performance of professional, technical and special services of a temporary or occasional character 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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2. Find in accordance with the Los Angeles City Charter Section 1022 that the scope of work of the proposed Amendment can be more economically and feasibly provided by an independent contractor than by City employees;
3. Approve the proposed Second Amendment to Agreement No. E6646 with PierPass, LLC to extend Agreement No. E6646 for three years and for an additional cost of \$144,000;
4. Authorize the Board Secretary to transmit said amendment to the Los Angeles City Council for approval in accordance with Charter Section 373 and Los Angeles Administrative Code Section 10.5(a);
5. Upon the approval of City Council in accordance with Los Angeles Administrative Code Section 10.5 (a), authorize the Executive Director to execute and Board Secretary to attest to said amendment for and behalf of the Board of Harbor Commissioners; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background and Context - On January 1, 2012, the POLA/POLB (Ports) CTP successfully completed the turn-over of an aging drayage truck fleet to a fleet of trucks containing U.S. Environmental Protection Agency (EPA) 2007-compliant or newer engines (clean trucks). This was achieved in part through the progressive ban on terminal access restrictions and the collection of Clean Truck Fees (CTF) by the Harbor Department's marine terminal operators (MTO) under the POLA Tariff.

Since the inception of the CTP, the Harbor Department has used truck move data from the MTO gates to confirm CTP compliance. This data is also important because it assists in generating the POLA's Annual Emissions Inventories and monthly metrics, supports CTP Policy decision-making and provides the public with drayage truck moves analysis. The Harbor Department explored requiring the MTOs, through its POLA Tariff, to send the truck move data directly to the Harbor Department. However, this would have been transmitted as "raw" data and increased the administrative burden to the Harbor Department. A new system would have to be created by the Harbor Department's Information Technology Division (ITD) that would translate and integrate the raw data into the Harbor Department's databases. At the time, the cost to bring this work in-house was determined to be excessive. Furthermore, on-going staffing, hardware and software costs would have also been considerable. Due to this excessive cost and resource commitment, the Harbor Department decided to outsource the data

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development to an affiliate company of the MTOs that already had computerized systems to manage and transmit the MTO raw data.

Agreement No. E6646 – The MTOs already sent the truck move data to PierPass, a not-for-profit company created by MTOs at the Ports to address multi-terminal issues. PierPass is set up to receive the raw data from the MTOs and process it using their internal systems. After meeting with the MTOs in March of 2012, the Harbor Department determined that it would be less costly and more efficient to receive the processed data from PierPass. As a result, on May 8, 2012, the Harbor Department entered into Executive Director Agreement No. E6646 with PierPass for a trial period of one year (Transmittal 2).

Under Agreement No. E6646, PierPass transmits the following truck move data to the Harbor Department on a weekly basis: Radio Frequency Identification Number, license plate number, truck gate move date and time, gate in or out, full or empty container, Licensed Motor Carrier and Standard Carrier Alpha Code, terminal identification, container identification and container length.

In exchange for the services provided by PierPass, the Harbor Department agreed to compensate PierPass a one-time amount of \$3,000 for its start-up costs and \$4,000 per month thereafter, for a total annual cost of \$51,000 through May 7, 2013.

The POLB also determined that using PierPass to provide the truck data to support their CTP was the best option. POLB independently entered into a one-year agreement with PierPass to receive the same services for the same monthly price.

First Amendment to Agreement No. E6646 - As a result of the successful arrangement with PierPass throughout the first year, the Board approved a two-year extension on April 25, 2013. POLB also added two years to their agreement with PierPass in order to receive the same services for the same monthly cost. As a result of efficiencies gained in the first year of the program, PierPass was able to reduce their monthly cost from \$4,000 to \$3,500 per month, making the cost of the Amendment \$42,000 per year. The current Agreement No. E6646 will expire on May 7, 2015.

Second Amendment to Agreement No. E6646 – Receipt of the MTO data would help the Harbor Department continue to monitor and track CTP effectiveness as well as prepare emissions inventories, report on metrics, and support policy/decision-making. As a result, Harbor Department staff is satisfied with cost effective services provided by PierPass and recommends extending Agreement No. E6646 for an additional three years.

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PierPass' expenses in processing the data have gradually increased, which will cause the cost to increase from \$3,500 back to \$4,000 per month throughout the three-year extension from May 8, 2015 to May 7, 2018. All other terms and conditions of Agreement No. E6646 will remain the same.

The POLB is concurrently extending their agreement with PierPass for an additional three years for the same monthly price.

At this time, the Harbor Department ITD continues to believe that it is not economically feasible nor time efficient to set up a system to receive, process, and maintain the large amounts of truck move data. If the Harbor Department decides to bring this service in-house in the future, there is a clause in Agreement No. E6646 that allows the Harbor Department to terminate said agreement within 20 days of written notice.

Sole Source Justification - The Harbor Department recommends sole sourcing to PierPass for the following reasons:

1. PierPass was created by the MTOs at both Ports to collect information from the container terminals. As such, PierPass is the only organization set up to receive the required data directly from the container terminals; therefore, a competitive Request for Proposal is not practical.
2. The Ports separate CTPs have similar data needs and POLB is currently sole source contracting with PierPass to receive data. Both have paid the same amount for monthly services since May 2012. Having a common data provider increases efficiency in joint CTP studies, program analysis, and decision making.
3. PierPass has an existing system to receive and process raw data and transmit usable data to the Harbor Department. At this time, the Harbor Department ITD continues to believe that it is not economically feasible nor time efficient to set up a system to receive, process, and maintain the large amounts of truck move data.

Charter 1022 Determination - In conformance with City Charter Section 1022 procedure, the Harbor Department Human Resources Division found that "City employees are unable to perform this type of work" because the required computer systems to perform the work have not been procured. Based on these findings, a Charter Section 1022 Determination was prepared on March 17, 2015.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an amendment to Agreement No. E6646 with PierPass to extend the term of the Agreement by three years through May 8, 2018. 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 a three-year time extension from May 8, 2015 to May 7, 2018, and increases the contract authority by \$144,000 from \$135,000 to \$279,000. The CTP collects approximately \$1,300,000 each year in truck registration fees and \$2,000,000 in concession application fees over the entire five year life of the concession agreement. The CTP annual cost to the Harbor Department, including the proposed extension of this agreement, is fully reimbursed by the monies collected by these fees.

The total amount invoiced against Agreement No. E6646 to date is \$124,500 leaving an available authority amount of \$10,500 through May 7, 2015. It is anticipated that funds needed for the current Fiscal Year 2014/2015 will be expensed out of Account 59967, Center 0330, Program 000 as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014/2015	\$ 8,000
2015/2016	\$ 48,000
2016/2017	\$ 48,000
2017/2018	\$ 40,000
TOTAL	\$ 144,000

Funding in future fiscal years will be requested through the annual budget adoption process upon Board approval.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Second Amendment to Agreement No. E6646
2. Agreement No. E6646



CHRISTOPHER CANNON
Director of Environmental Management

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



MICHAEL DiBERNARDO
Marketing and Customer Relations

APPROVED:



GENE SEROKA
Executive Director

AUTHOR: TIM DeMOSS
BOARD MEETING: 4/2/2015

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