

DATE: SEPTEMBER 24, 2024

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - SEVENTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC TRANSPORTATION SYSTEMS, LLC

SUMMARY:

Staff requests approval of the Seventh Amendment to Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC (Wabtec Corporation). The proposed Amendment adds a new scope of work and compensation to enable the City of Los Angeles Harbor Department (Harbor Department) to deliver its obligations to the California Containerized Ports Interoperability Grant Program, which awarded the Harbor Department a \$7,950,000 grant from the California Governor's Office of Business and Economic Development (GO-Biz).

The Port of Los Angeles' Port Optimizer™ technology data portal will offer additional modules and enhancements to elevate the technology services provided to the port and its community as a result.

The proposed Seventh Amendment will add three new modules delivered for the Grant Program at an additional cost of \$7,950,000 and revise the scope of work of the Sixth Amendment resulting in a cost reduction of \$1,000,000. Ultimately, approval of the proposed Amendment would increase not-to-exceed compensation by \$6,950,000 from \$34,600,420 currently to \$41,550,420 as proposed with no change to term of the Agreement which will conclude on November 3, 2026.

Expenditures incurred under Agreement No. 17-3425-A will continue to be the financial responsibility of the Harbor Department. Expenditures related to the proposed action will be reimbursed by the Grant Program.

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 and categorically exempt from the requirements of

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the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) 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 proposed Seventh Amendment to Amended and Restated Agreement No. 17-3425-A to increase the not-to-exceed compensation by \$7,950,000 for a total agreement amount of \$41,550,420 in order to continue to develop, operate and support the Port Optimizer;
4. Approve a transfer in the amount of \$4,650,000 from the Unappropriated Balance to Account 54310 (Information Systems Consulting Services), Center 0640, Program 000;
5. Pursuant to Section 343(b) of the City Charter, direct the Board Secretary to transmit the Resolution to the Mayor for approval of the Unappropriated Balance transfer;
6. Pursuant to Section 343(d) of the City Charter, direct the Board Secretary to notify the City Clerk of such Unappropriated Balance transfer at the time such transfer is made;
7. 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;
8. Authorize the Executive Director to execute and the Board Secretary to attest to the said Agreement for and on behalf of the Board upon approval by City Council; and
9. 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. The recommendation to award Agreement No. 16-3425 to GE was based on a competitive selection process performed by the Harbor Department.

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 included the Port of Los Angeles' largest terminal operator (APM Terminal), the world's largest and second largest shipping lines (Maersk and Mediterranean Shipping Company, respectively), along with a variety of beneficial cargo owners (BCOs), trucking companies, and chassis providers.

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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.

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. The Agreement's term and not-to-exceed amount remained unchanged.

At its meeting on March 21, 2019, the Board approved the First Amendment to Amended and Restated Agreement No. 17-3425-A. The First Amendment extended the Agreement by three additional years, to a total term of six years, and increased the not-to-exceed compensation amount by \$3,000,000, to a total not-to-exceed compensation amount of \$16,100,420.

At its meeting on October 8, 2019, the Board approved the Second Amendment to Amended and Restated Agreement No. 17-3425-A. The Second Amendment reallocated funding from previously approved items to new items that were needed for the Port Optimizer. The Second Amendment also delegated authority to the Executive Director to approve future change requests which do not increase the total not-to-exceed compensation amount or the term of the Agreement. The Second Amendment did not change the not-to-exceed compensation or term of the Agreement.

Pursuant to the authority approved under the Second Amendment, a Third Amendment to Amended and Restated Agreement No. 17-3425-A was approved by the Executive Director. The Third Amendment created a new deliverable for a Purchase Order Tracking pilot and reduced the quantities of the existing deliverables for Shipping Line Acquisition and Implementation. The Third Amendment did not change the not-to-exceed compensation or term of the Agreement.

At its meeting on December 17, 2020, the Board approved the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fourth Amendment increased the Agreement's not-to-exceed compensation amount by \$6,500,000, for a new total not-to-exceed compensation amount of \$22,600,420, and extended the term by four additional years, for a new term of ten years. This amendment also changed the

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consultant's name to Wabtec Transportation Systems, LLC (Wabtec) due to the consultant's legal name change after GE Transportation Parts, LLC was acquired by Wabtec.

At its meeting on February 23, 2023, the Board approved the Fifth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fifth Amendment increased the Agreement's not-to-exceed compensation amount by \$5,500,000 for a total not-to-exceed compensation agreement amount of \$28,100,420 for the continued development and operation of the Port Optimizer, including the build out of the Gateway Project module. The cost of the Gateway Project module was partially offset by an Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant which was funded through the U.S. Department of Transportation Federal Highway Administration (FHWA). Acceptance of this grant award, in the amount of \$3,000,000, as well as approval of a cooperative agreement between the Harbor Department and FHWA was approved by the Board under a separate board action in the same meeting.

At its meeting on June 1, 2023, the Board approved the Sixth Amendment to Amended and Restated Agreement No. 17-3425-A. The Sixth Amendment increased the Agreement's not-to-exceed compensation amount by \$6,500,000 for a total not-to-exceed compensation agreement amount of \$34,600,420, for the continued development and operation of the Port Optimizer to enhance the Track and Trace and Control Tower modules as well as implement three new modules within the application - Universal Appointment System (Phase 1), Export Visibility (Phase 1) and Warehouse Capacity Visibility (Phase 1).

Proposed Seventh Amendment – The proposed Seventh Amendment (Transmittal 1) increases Wabtec's funding by \$7,950,000 for the implementation of additional Port Optimizer™ features comprising the Harbor Department's obligations to the California Containerized Ports Interoperability Grant Program, which awarded the Harbor Department a \$7,950,000 grant from California GO-Biz. The award was the largest of five GO-Biz grants totaling \$27 million to improve data and supply chain functionality across California's port network.

The grant will provide funding for the development of a new California Ports Mobile Application (CalPorts) enabling mobile access to the Port Optimizer and other port dashboards. CalPorts will make it easier for California ports to send and receive data on items like cargo status, which will help reduce supply chain disruptions and allow stakeholders to better anticipate operational issues. CalPorts will also provide the capability for sharing environmental performance and port security data, among other information.

The grant will also expand enhancements to the Port's Universal Truck Appointment System, currently under development. Specifically, the grant will enable interoperability with the Port of Long Beach allowing bay-wide coverage for a new universal truck

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appointment system that will improve the ease of identifying, moving and managing containers across the entire San Pedro Bay port complex.

Another enhancement to the Port Optimizer™ will be the addition of a single, online gateway for collecting carbon impacts of port operations. The gateway, once developed, will provide users an updated Green Asset Score based on rail, trucking, vessel, and on-port equipment particulate and greenhouse gas (GHG) emissions. Using this score, the gateway will help Port Optimizer stakeholders select more optimal routes that balance cargo speed and emissions impacts.

The new features in the Seventh Amendment will enable the Harbor Department to deliver three modules – (1) California Ports Mobile Application, (2) Universal Trucking Appointment System with Artificial Intelligence (AI) Enhancement, and (3) Carbon Intensity Gateway, providing data feeds enabling analysis of the carbon footprint of users. These new modules will be developed through a phased approach that allows for development of initial core functionality and the ability to address shifting port stakeholder community needs and outcome goals as defined by the Port. The additional work proposed under the Seventh Amendment includes the following:

Project 1: CalPorts – Mobile Application

The CalPorts mobile application will promote Port Interoperability, enable information sharing and will be made available to select California ports for elective participation. Enhanced visibility of container movement information will help cargo owners optimize the flow of goods and reduce the time and cost associated with moving cargo. CalPorts will offer the following features to achieve operational goals and enhance port security:

1. The Ports Control Tower will provide operational status and actionable insights into terminal operations, container dwell, and vessel status as a single source for port-wide analytics.
2. The Ports Instrument Cluster will offer a mobile view of port congestion, performance, health conditions, and depending on data availability, environmental indexes based on congestion and cargo flow.
3. The Bird's Eye View will offer a statewide view of equipment and the movement of select assets, vehicles, and fleets to help visualize fleet assignment and distribution.
4. Freight Logistics Optimization Works (FLOW), an access-controlled section of CalPorts, will allow participants in the U.S. Department of Transportation (USDOT) FLOW program to access all enabled Federal data, leveraging data sharing with the Federal Maritime Commission and USDOT to provide an enhanced view of US cargo movement.

POLA intends to make this application easy for other ports to send data into through an application programming interface (API) and plans to cover the costs of hosting the application. The allocated funding for this project is intended to support the core data

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foundation work of creating an API-only layer to provide base-level FLOW data inputs. When the CalPorts application is completed, POLA will solicit its usage to other CA ports and hence drive Interoperability that is encouraged by the grant program. The total grant funding awarded for the CalPorts module is \$1,320,000.

Project 2: Universal Truck Appointment System with AI Enhancement

The Universal Truck Appointment System with AI Enhancement project will enable interoperability with the Port of Long Beach allowing bay-wide coverage for a new universal truck appointment system that will improve the ease of identifying, moving and managing containers across the entire San Pedro Bay Port Complex. The project will also serve as a second phase of its Universal Appointment System, an appointment system currently in development that integrates transparent cross-terminal scheduling with near real-time container tracking data provided by the Port Optimizer™ Track and Trace system. By combining these two applications into a single platform, POLA will improve the ease and efficiency of identifying and moving available containers via a scheduling module that shows all available appointments across the entire port complex, complete with the ability to manage all appointments. The system will build on the data foundation established as part of the Track and Trace module, which ingests and aggregates direct data feeds from shipping lines, marine terminals, dray providers, chassis providers, and Customs and Border Protection. The total grant funding awarded for the Universal Trucking Appointment System module is \$2,930,000.

Project 3: Carbon Intensity Gateway

POLA's Carbon Intensity Gateway project proposes to develop and deploy a module to track emissions from cargo operations by building on the solid foundation established through POLA's Clean Air Action Plan (CAAP), Air Emissions Inventory, the Environmental Management System, the Clean Truck Program, and the Alternative Maritime Power Program. These programs provide a variety of significant data that can be ingested and accessed via a single Carbon Intensity Gateway. POLA will unify existing efforts and data sources and augment the intelligence gathered, holistically addressing existing limitations and achieving the following key objectives:

1. Eliminate data fragmentation - Currently, data resides in separate documents and locations using multiple formats; the information is not readily retrievable. The Carbon Intensity Gateway will streamline data access by simplifying the process of retrieving data to a single source view.
2. Effectively reach relevant stakeholders - POLA envisions a system that will address the needs of supply chain stakeholders. Consumer awareness is critical to effective decision-making, and the Carbon Intensity Gateway system will display easily understandable information on Scope 1, 2, and 3 emissions to help users understand their carbon footprint within the supply chain.
3. Update and optimize available data sources - Data currently residing in available reports represents fixed-era historical views. The portal will utilize both historical data and real-time information to generate simulation models in order to determine

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the sensitivity to inputs such as routes, low carbon infrastructure rollout, and emissions reductions.

4. Leverage Machine Learning - With statistical simulations and predictive models, the Carbon Intensity Gateway will feed users scenarios to improve and optimize intermodal freight voyages. Predictive modeling will be valuable in identifying areas of concern, evaluating the effectiveness of emissions reduction strategies, and promoting sustainable development within ports.

Though it is considering making this software available to other ports, POLA is currently not committed to an open licensing approach. There are numerous uncertainties associated with a private commercial company developing the software, and POLA will explore options for broader availability throughout development. The total grant funding awarded for the Carbon Intensity Gateway module is \$3,700,000.

Sixth Amendment Adjustment – In addition to funding the aforementioned projects, the Seventh Amendment also revises the scope and reduces the cost of the previously approved Sixth Amendment (Transmittal 2) by \$1,000,000. For the Export Module (Phase 1), the Harbor Department's cost has been reduced to \$500,000 from the previously approved \$1,000,000. Scope will not be affected as the remaining \$500,000 will be provided through in-kind work from the Wabtec Corporation. The Warehouse Capacity Visibility (Phase 1) module, which costs \$500,000, is removed from the scope and will be revisited at a later time.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Seventh Amendment with Wabtec to continue development and operation of the Port Optimizer Project and increase the agreement compensation, which is an administrative activity and an activity involving basic data collection and research. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Seventh Amendment will increase the not-to-exceed compensation amount by \$6,950,000 from \$34,600,420 currently to a proposed not-to-exceed amount of \$41,550,420. The proposed compensation increase includes additional spending of \$7,950,000 associated with three new projects as well as a \$1,000,000 reduction to previously approved projects for a net increase of \$6,950,000.

Spending is anticipated to occur as follows:

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Fiscal Year (FY)	Original 16-3425	Amended 17-3425-A	Amendments 1, 4 and 5	6th Amendment	7th 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			\$1,150,000			\$1,150,000
2021/22			\$1,100,000			\$1,100,000
2022/23			\$1,425,000			\$1,425,000
2023/24			\$3,450,000	\$500,000		\$3,950,000
2024/25			\$3,450,000	\$5,000,000	\$4,650,000	\$13,100,000
2025/26			\$2,950,000		\$3,300,000	\$6,250,000
2026/27			\$650,000			\$650,000
Total	\$1,319,050	\$11,781,370	\$15,000,000	\$5,500,000	\$7,950,000	\$41,550,420

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 \$41,550,420.

Subject to Board approval, funding in the amount of \$4,650,000 will be transferred from the Unappropriated Balance to Account 54310 (Information Systems Consulting Services), Center 0640, Program 000. Future fiscal year funding will be requested to be budgeted, upon Board approval, as part of the annual budget adoption process.

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 proposed Seventh Amendment as to form and legality.

TRANSMITTAL:

1. Seventh Amendment to Amended and Restated Agreement No. 17-3425-A
2. Sixth Amendment to Amended and Restated Agreement No. 17-3425-A

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ES:TG:SV