



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: OCTOBER 13, 2011

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PERSONAL SERVICES AGREEMENT WITH STARCREST CONSULTING GROUP, LLC. FOR PORT-WIDE EMISSIONS INVENTORY SERVICES

SUMMARY:

The Environmental Management Division (EMD) recommends approval of an agreement with Starcrest Consulting Group, LLC. (Starcrest) located in Albuquerque, New Mexico, to provide emission inventory services for the preparation of annual port-wide emissions inventories (Agreement). This Agreement supports the City of Los Angeles Harbor Department (Harbor Department) in preparing the annual port-wide emissions inventory which is used as a metric to track achievement of the San Pedro Bay Standards, to evaluate the effectiveness of emission reduction measures identified in the San Pedro Bay Ports Clean Air Action Plan (CAAP) and to identify opportunities for new and enhanced measures. This Agreement is for a term of three years and for a total contract amount of \$1,095,000.

RECOMMENDATION:

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

1. Find that in accordance with the City Charter Section 1022, work under the subject Agreement can be performed more feasibly by independent consultants rather than by City employees;
2. Approve the Agreement with Starcrest Consulting Group, LLC for a term of three years, with a contract total of \$1,095,000;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement, for and on behalf of the Board; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background – The proposed Agreement (Transmittal 1) supports the Harbor Department in preparing an annual port-wide emissions inventory (EI) that measures pollutant levels from five source categories: ocean-going vessels, harbor craft, cargo handling equipment, railroad locomotives, and heavy-duty vehicles. The first EI was prepared for the 2001 calendar year. The next one was prepared for the 2005 calendar year. Since then, the EIs have been prepared annually. The 2005 EI was used to establish the baseline year for the CAAP and each year the results of the inventories are used as a metric to track achievement of the San Pedro Bay Standards, to measure the effectiveness of emission reductions measures identified in the CAAP and to identify opportunities for new and enhanced measures.

All previous EIs had been prepared under as-needed Air Quality Services Contracts. Starcrest has prepared every EI since 2005. This is the first year that a stand-alone Request for Proposal (RFP) was released specifically for EI services. This was deemed appropriate as annual EIs are now a recurring production requirement and no longer “as-needed”. Previous consultant charges for the production of the EI have cost an average of \$271,000 annually. For this three year contract, it is anticipated that we will spend an amount not-to-exceed \$265,000 annually to produce the EIs with an additional \$300,000 allocated for special studies over the three years. We do not anticipate any special studies in the current fiscal year.

Services to be Performed – The following includes the tasks covered under this contract:

- Collect data
- Conduct tenant surveys and emissions calculations
- Continue vessel boarding program
- Prepare special studies to validate assumptions and supplement data collection
- Integrate raw data into the Environmental Management Division’s database
- Calculate emissions
- Develop and adhere to quality assurance/quality control protocols for data collection, compilation, and emissions calculations
- Normalize emissions between inventory years using current or prior year methodology
- Prepare reports, graphs and presentations
- Coordinate with local, State and Federal regulatory agencies
- Interface with community groups

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It is anticipated that this work will continue to be outsourced in the future because progress in our air quality programs and achievement of the San Pedro Bay Standards is absolutely essential and heavily scrutinized and it is important to use a third party to provide an independent annual status report. In addition, it is more efficient and cost-effective to have consultants conduct the majority of the EI because the work is very specialized and occurs episodically in six month stretches, thereby making it difficult to hire fulltime staff with the skills to do this. For example, based on time keeping records for the 2010 EI production, Harbor Department staff spent 304 hours over a six-month period (.15 full-time equivalents) working on the EI in a project management capacity, which totals approximately \$20,802. However, in order to collect, analyze and quantify data to prepare the EI, consultants had a team of six people who worked over 1,600 hours in the same approximately six-month time frame.

Work Assignments – All work on the preparation of the EI and special studies will be authorized through a Project Directive (PD) process and approved by the Executive Director. Each PD will include a detailed scope of work, schedule, Small Business Enterprise/Very Small Business Enterprise (SBE/VSBE) participation level, and cost estimate.

Pre-Request for Proposals Outreach – Prior to the issuance of the RFP, in conformance with City Charter Section 1022 procedure, the Human Resources Division found that “City employees do not have the expertise to perform the work.” Based on these findings, a Charter Section 1022 Determination was prepared on August 26, 2010. Also as part of the a pre-Request for Proposals outreach, a “Meet and Confer” was held on December 7, 2010 with the Service Employees International Union (SEIU), the local union that represents Environmental Specialists and Marine Environmental Supervisors currently employed by the City, to discuss the RFP for port-wide EI services. On March 11, 2011, staff received correspondence from SEIU that stated that it was acceptable to the union that this work be performed by a consultant and to proceed with the RFP and that “the Union has no objections on the work moving forward” (Transmittal 3).

Selection Process – The selection process for Harbor Department outside services is detailed in a memo issued by the Harbor Department’s Contracts and Purchasing Division. The memo, entitled “Contracting Procedures: New Program and Policy Directives” is dated December 21, 2010, and sets forth procedures for solicitation, interviewing, and contracting of outside services. EMD’s selection process for port-wide EI services began several months before this memo was issued. However, since the memo was issued, an effort has been made to comply with its requirements, and in cases where its procedures were not followed to the letter, changes to this process have been made to comply with the spirit of the memo. In the future, we will comply with the program and policy directives as detailed in the memo.

On October 29, 2010, the Harbor Department issued a RFP for annual port-wide EI services. The RFP detailed the criteria, scoring system, and weighting factor that would

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be used for consultant evaluation: Each criteria was scored 0 to 5 and then it was multiplied by the weighting factor for a highest possible score of 100. The criteria and weighting factors are as follows:

- Firm qualifications, experience and references (6);
- Project organization, personnel and staffing (6);
- Project approach, work plan, management and timeline (4);
- Rates, fees and budget control (2); and
- Quality and responsiveness of the proposal (2).

The RFP was posted on the Port of Los Angeles (Port) website, and over 7,500 email notifications were sent out to recipients on the Diversity Xchange database and the Los Angeles Business Virtual Network (LABVN). A RFP notification letter was also mailed to firms that have specifically expressed interest in this RFP to the EMD, but were not yet registered on the Diversity Xchange database or the LABVN.

The Harbor Department received proposals from four firms: Starcrest Consulting Group, Sierra Research, Environmental Compliance Solutions, and Davenport Engineering, Inc. Two Environmental Specialists from EMD, one Senior Environmental Planner from the Port of Long Beach, and one Harbor Planning and Economic Analyst from the Planning and Research Division evaluated the proposals using the criteria in the RFP and shown on the Proposal Selection Evaluation Form (Transmittal 4). All the proposals were deemed responsive to the RFP, and all four firms were interviewed.

The interviews were conducted on January 13, 2011. The interview panel consisted of two Environmental Specialists from EMD, one Senior Environmental Planner from the Port of Long Beach, and one Harbor Planning and Economic Analyst from the Planning and Research Division. Due to scheduling conflicts, the Harbor Planning and Economic Analyst was not the same person who evaluated the written proposals; however, these staff conferred in order to ensure continuity.

Interview questions were based on the criteria presented in the RFP, with some modifications to downplay the need for Port of Los Angeles experience. During the interviews, a special effort was made to consider firms that had not recently provided services to EMD in order to consider the potential for new ideas and approaches that would add value to these services going forward, such that a change was warranted or prudent. For instance, every firm was asked the same questions regarding project approach and their internal review process for the quality assurance of written products.

The final firm selection was based on the interview scores using the criteria in the Interview Selection Evaluation Form (Transmittal 5). Starcrest, the incumbent firm, clearly ranked the highest with an average score of 93% compared to the next highest

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score of 76%. Starcrest was selected because their depth of technical experience and capability in air emissions inventories was far superior to the other proposers. Further, Starcrest's knowledge of emissions calculation methodology development and their relationship with regulatory agencies adds significant value that translates into more timely and cost-effective documents. Key highlights of their capabilities are as follows:

- Broad experience developing activity-based emission inventories for large multi facility complexes.
- Extensive knowledge and understanding of the logistics chain.
- Availability of specialized staff to focus on individual source categories, conduct data gathering, tenant interviews, and vessel boarding.
- Articulated and demonstrated Quality Assurance/Quality Control system relevant to the preparation of a port-wide EI.
- Experience and excellent working relationships with local, state, and federal regulatory agencies with whom the Harbor Department coordinates during methodology development and inventory preparation.

Based on these considerations, Starcrest is recommended for port-wide annual emissions inventory services to the Harbor Department for the next three years, beginning with the 2011 inventory. A summary of the evaluation and the selection process is included in Transmittal 6. The contract amount is \$1,095,000. The costs of the services will be approximately \$265,000 annually for the inventory plus \$300,000 for vessel boarding and special studies as needed to support the EI over the three years. The \$265,000 allows for moderate changes in methodologies and calculations from year to year. If no changes occur the annual EI cost would be less.

Small Business Development Program –The RFP was released prior to the Board adopting the VSBE. However, it should be noted that Starcrest is a certified SBE and VSBE; therefore this contract will be 100% SBE and VSBE participation. The Harbor Department requirements are 25% SBE and 5% VSBE. Starcrest's team composition is attached as Transmittal 7. Starcrest will be required to submit a monthly subcontractor report indicating their level of compliance which will be monitored by staff.

In addition, as part of its performance under this contract and because they were selected to continue providing services as an incumbent, staff has asked Starcrest to mentor one or more SBE or VSBE firms with emissions inventory capability in order to develop their ability to provide future work or bid on future inventory solicitations. While it is important to use a third party to provide an independent annual status report, opportunities for performance of some of the work in-house will be explored for future EIs.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an agreement with Starcrest Consulting Group, LLC for port-wide annual emissions inventory services. As a data collection and resource evaluation activity that does not result in serious major disturbance to an environmental resource, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Class 6 (2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed three-year Agreement authorizes a total amount not-to-exceed \$1,095,000 of which \$265,000 will be committed under this Agreement during fiscal year (FY) 2011/2012. It is anticipated that funds for this Agreement will be expended as follows:

Fiscal Year 2011/2012	\$ 265,000
Fiscal Year 2012/2013	\$ 415,000
Fiscal Year 2013/2014	<u>\$ 415,000</u>
TOTAL	\$1,095,000

Funds for FY 2011/2012 are available in Account 54260, Center 330 (Environmental Management Division), Program 000. Funding needed in future fiscal years will be requested to be budgeted through the annual budget adoption process upon Board approval.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the Agreement, the Agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. A funding out clause is included in the Agreement.

ECONOMIC BENEFITS:

Spending under this contract will support the one-year equivalent of 8 direct and 10 secondary (indirect and induced) jobs in the five-county region.

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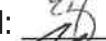

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CITY ATTORNEY:

The proposed Agreement is approved as to form and legality.

TRANSMITTALS:

1. Proposed Agreement with Starcrest
2. Scope of Work
3. SEIU "Meet and Confer" Correspondence
4. RFP Selection Evaluation Form
5. Interview Evaluation Form
6. Evaluation Criteria/Selection Process Summary
7. Consultant Team Composition

FIS Approval:  (initials)
CA Approval:  (initials)



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APPROVED:



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BOARD MEETING: October 20, 2011

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