

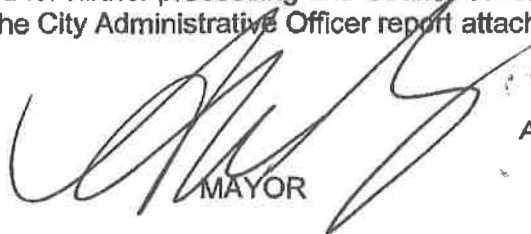
0150-11094-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE MAR 27 2018	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

PROPOSED FIRST AMENDMENT TO CONTRACT KNC NO. 80300038 BETWEEN THE HARBOR DEPARTMENT AND KONGSBERG NORCONTROL IT AS, MARINE EXCHANGE OF SOUTHERN CALIFORNIA AND JACOBSEN PILOT SERVICE, INC. FOR MAINTENANCE AND SUPPORT SERVICES FOR THE VESSEL TRACKING SYSTEM

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

RHL:ABN:10180079t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 23, 2018

CAO File No. 0150-11094-0000
Council File No.
Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Correspondence from the Harbor Department dated February 20, 2018; referred by the Mayor for report dated February 22, 2018

Subject: **PROPOSED FIRST AMENDMENT TO CONTRACT KNC NO. 80300038 BETWEEN THE HARBOR DEPARTMENT AND KONGSBERG NORCONTROL IT AS, MARINE EXCHANGE OF SOUTHERN CALIFORNIA AND JACOBSEN PILOT SERVICE, INC. FOR MAINTENANCE AND SUPPORT SERVICES FOR THE VESSEL TRACKING SYSTEM**

RECOMMENDATIONS

That the Mayor:

1. Approve the Harbor Department (Port) Resolution No. 18-8244 authorizing the First Amendment to Contract KNC No. 80300038 between the Port and Kongsberg Norcontrol IT AS, Marine Exchange of Southern California, and Jacobsen Pilot Services Inc. to provide maintenance and support services for the Kongsberg Vessel Tracking System; and,
2. Return the document to the Port for further processing, including Council consideration

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 18-8244 authorizing a proposed First Amendment (Amendment) to Contract KNC No. 80300038 (Contract) between the Port and Kongsberg Norcontrol (KNC) IT AS (Kongsberg), Marine Exchange of Southern California (Marine Exchange), and Jacobsen Pilot Services Inc. (JPS) for maintenance and support services for the Kongsberg Vessel Tracking System (VTS). The Port states that the VTS is a single system from Kongsberg that is currently used by the Port, Marine Exchange and JPS. Kongsberg provides maritime surveillance solutions to help improve the safety, efficiency and security of Port's operations and maritime transportation and infrastructure through computer-monitoring situational awareness of vessel movements in the Port of Los Angeles (POLA) and other tenants. Kongsberg has headquarters in Norway and offices around the world. The VTS is a proprietary computer system that is owned, operated and maintained by Kongsberg. Kongsberg performs tracking vessels systems for companies in the San Pedro Bay Port Complex (San Pedro Bay), which is comprised of tenants in the POLA and Port of Long Beach (POLB) operations.

The Port states that the current Contract with Kongsberg started in June 2015 for a term of five years with Marine Exchange as the only full-time customer. However, VTS was initially installed and used in San Pedro Bay in 1993 to provide for maintenance and support services, including repair and upgrades with the Port and companies in the POLA. Although the Port and JPS have used the services of Kongsberg, they had not officially entered a full-time contract with them. In the past, the Port has paid for the services with Kongsberg on an as-needed basis through separate purchase orders and affidavits for expenditures. All costs for use of the VTS services, including support and maintenance have been shared among the Port, JPS and Marine Exchange based on the equipment, hardware and software that each party has installed for their operations. The proposed administrative action will amend the current Contract with Kongsberg and Marine Exchange to add both the Port and JPS as customers and a signatory to existing Contract, thereby including all parties that use and maintain the VTS.

The proposed Contract with the Port will include a contract term of five years, from June 2015 to May 2020, with five one-year renewal options, for a total term of up to ten years. Since 2015, the Port states that it has paid approximately \$342,356 for VTS services to the Kongsberg. The Port states that the POLA's share of the proposed Contract will not exceed a total compensation amount of \$1,184,856. The total compensation amount will include the \$342,356, which has already been paid to Kongsberg. Estimated future compensation payments will be for the balance of \$692,500, in addition to a contingency amount of up to an additional \$150,000 for unanticipated changes or expenses during the ten-year contract term. Future pricing may include increases or decreases on equipment changes, upgrades, repairs and replacements items. The Port is only responsible for its share of VTS expenditures under the proposed Contract. The Port states that any future renewal options will be exercised based on the best interest of the Port and it would not exceed the ten-year term without further approval by the Board, Council and Mayor.

The Port is requesting a sole source contract with Kongsberg because the VTS service is a proprietary system that is only available with them. The Port has used these VTS services since 1993, because the VTS has been developed and updated to meet the needs of the Port and the other San Pedro Bay tenants. Since the VTS is a proprietary system that only Kongsberg can maintain and support, all support services must be performed by Kongsberg's staff.

The City Attorney has approved the proposed Amendment as to form and legality. The proposed Contract will include and comply with all the existing terms and conditions of the City of Los Angeles (City) contracting requirements. Pursuant to Charter Section 1022, Port staff contacted other City Departments to ask if they had employees who could perform this work. The Departments that responded stated that they did not have available staff. Mayor and Council approval is required pursuant to Charter Section 373 and Los Angeles Administrative Code (LAAC) Section 10.5, because the Contract exceeds three years. The Port Director of Environmental Management has determined that the proposed Amendment is an administrative action and is exempt from the requirements of California Environmental Quality Act (CEQA) and the City of Los Angeles (City) CEQA Guidelines.

FISCAL IMPACT STATEMENT

The Harbor Department (Port) will join existing Contract with Kongsberg Norcontrol IT AS (Kongsberg) and other tenants through a proposed First Amendment (Amendment) to provide maintenance and support services for the Kongsberg's Vessel Tracking System (VTS). Since June 2015, the Port has used the VTS services of Kongsberg and paid them \$342,356 through separate purchase orders and affidavits for expenditures. The proposed Contract with the Port will be for a term of five years, with five one-year renewal options, for a total term of up to ten years. The Port's share of the Contract will not exceed a total compensation amount of \$1,184,856. Estimated future compensation payments will be \$692,500, in addition to a contingency amount of up to an additional \$150,000 for any unanticipated changes or expenses over the ten-year contract term. The Port is only responsible for its share of VTS expenditure under the proposed Contract. There will be no impact on the City General Fund.

RHL:ABN:10180079