



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 23, 2008

FROM: DEBT MANAGEMENT DIVISION

**SUBJECT: RESOLUTION NO. _____ TO PROPOSE FIRST AMENDMENT TO
EXECUTIVE DIRECTOR AGREEMENT NO. E6428 BETWEEN THE
CITY OF LOS ANGELES AND NORNE, INC.**

SUMMARY:

The existing Executive Director Agreement No. E6428 (Agreement) with Norne, Inc. (Norne) is a one year agreement for a not-to-exceed amount of \$150,000 to provide financial, strategic, and management advice as requested by the Department's Deputy Executive Director or Debt Management Division. The proposed First Amendment (Amendment) to the Agreement increases the scope of the work to specifically include the Clean Truck Program, as discussed in Discussion Item 3 herein. The Amendment also provides for an additional compensation amount of \$300,000 and for a term not-to-exceed two (2) years from the effective date of the Agreement. The consulting services provided by Norne will be delivered on an urgent basis, in order to assist the Department in assessing the financial, strategic, and management impacts resulting from the development and implementation of the Clean Truck Program.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Resolution _____ to award proposed First Amendment to the existing Executive Director Agreement No. E6428 for an additional amount of \$300,000, which will result in a total not-to-exceed compensation of \$450,000 and for a total term not-to-exceed two (2) years from the effective date of the Agreement.
2. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed First Amendment with Norne for consulting services to support development and implementation of the Port's Clean Truck Program.

DISCUSSION:

1. Background. On March 1, 2007, the Board approved Agreement No. 2532 between the City of Los Angeles and Frasca & Associates, LLC (Frasca) to provide financial advisory services. Frasca was selected through a competitive selection process. Kevin Scott, a principal at Frasca, was our primary contact for the advisory services. Mr. Scott has since formed his own firm, Norne, Inc.

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2. On December 13, 2007, the Department entered into Executive Director Agreement No. E6428 with Norne, Inc. for financial, strategic, and management advisory services. The Department required the professional, expert, and technical services of Norne on a temporary and occasional basis to advise staff in evaluating proposals from the financial community, as well as to review and make recommendations regarding the Department's lease revenues and structures, capital plans, and revenue enhancement mechanisms. The Deputy Executive Director for Finance and Administration and Debt Management Division require these services in connection with the Department's existing and proposed financing arrangements and questions related thereto.
3. Among other tasks, Norne has been working on the Clean Truck Program (CTP). The firm has done a very good job and has become a key member of the CTP team. The term of the Agreement was one (1) year after execution and for a not-to-exceed amount of \$150,000. To date, we have spent about \$97,000 against the original amount and anticipate an additional \$350,000 in order to complete the implementation of CTP.
4. This First Amendment increases the scope of work on Agreement No. E6428 by requesting Norne to continue to provide financial, strategic, and management advice regarding the development and implementation on the Clean Truck Program, per attached the Amendment herein. In order to fulfill this request, Norne will hire a subcontractor to provide assistance, per attached Exhibit B herein.
5. The supplemental amount of the Amendment takes into consideration the unanticipated increase in complexity, hours, resources, and therefore timeline associated with the implementation of CTP. As such, it may be necessary to return to the Board for approval of additional Amendments, should CTP implementation issues increase beyond its current levels.
6. Norne possesses extensive experience in dealing with financial, strategic, and managerial research and analysis of operational efficiencies. Norne, by virtue of its training and experience, is well qualified to provide such services to the City.

ENVIRONMENTAL ASSESSMENT:

The proposed action is for the approval of a First Amendment to provide consulting services to the development and implementation of the Clean Truck Program. As an administrative project, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA guidelines.

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ECONOMIC BENEFITS:

This Amendment will not have any direct employment effects.

FINANCIAL IMPACT:

The total additional not-to-exceed amount under the existing Agreement is \$150,000 and when combined with the proposed Amendment's not-to-exceed amount of \$300,000, brings the total not-to-exceed amount to \$450,000.

Funds in the amount of \$300,000 are available in Debt Management Division, Division No. 0620, Account No. 54290-000.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form Executive Director Agreement No. E6428 and the First Amendment to Agreement No. E6428.

TRANSMITTAL:

1. First Amendment to Executive Director Agreement No. E6428 with Norne, Inc.
2. Exhibit B of Executive Director Agreement No. E6428.
3. Board Resolution.



SOHEILA SAJADIAN
Director, Debt Management



KARL PAN
Chief Financial Officer

APPROVED:



MOLLY CAMPBELL
Deputy Executive Director



GERALDINE KNATZ, Ph.D.
Executive Director