

**DATE: MARCH 5, 2025**

**FROM: CARGO MARKETING**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.**

**SUMMARY:**

Staff requests approval of a personal services agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and IMS Worldwide Inc. (IMSW) to assist the Harbor Department, as a Foreign-Trade Zone (FTZ) Grantee, with specialized technical expertise pertaining to FTZ No. 202 on an as-needed basis. IMSW, based in Henrietta, Texas, is a recognized firm in FTZ consulting and zone operations for grantees, communities, zone-site owners, and companies. As the Grantee, the Harbor Department oversees all aspects of the FTZ program and its governing regulations. The FTZ program is designed to stimulate international trade for imported foreign goods by deferring payments of import duties and fees only until goods are entered into the U.S. for domestic consumption. Imported products into FTZ No. 202 may be re-exported without paying an import duty.

The proposed Agreement is for a term of one year with two, one-year renewal options at a not-to-exceed amount of \$40,000 per year. Renewal options shall be authorized for extension by the Executive Director. If all renewal options are exercised, the total authority for all three years will be for a not-to-exceed amount of \$120,000. Payments of expenses incurred under the proposed Agreement will be the financial responsibility of the Harbor Department.

**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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find that in accordance with the City Charter Section 1022, work under the proposed Agreement can be performed more feasibly by an independent consultant rather than by City employees;
3. Approve the proposed Agreement between the City of Los Angeles Harbor Department and IMS Worldwide Inc. for a term of one year with two, one-year renewal options with an annual compensation of \$40,000 and a total not-to-exceed amount of \$120,000;
4. Delegate authority to the Executive Director to approve the two, one-year renewal options on behalf of the Board, subject to budget approval for future year funding;
5. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement, for and on behalf of the Board; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context – The Foreign-Trade Zone Act of 1934, as amended, (19 U.S.C. 81a-81u), was established to support United States (U.S.) commerce and create jobs by reducing import duties or excise taxes by deferring payment of duties thereby making it attractive for companies to perform a portion of the work on their products in the U.S. rather than offshore. The definition of an FTZ is a restricted access site located in the U.S. Customs and Border Protection (CBP) territories. The importer may defer payment of duties and other fees until the merchandise is brought into U.S. commerce for consumption.

The Harbor Department obtained a Grant Authority from the FTZ Board in 1994. Since 1994, FTZ No. 202 has grown to over 30 active general purpose warehouse operators, two active subzones warehouse operators, and one oil refinery located throughout the South Bay and the region, covering Los Angeles, Orange, San Bernardino, and Riverside Counties.

The proposed Agreement with IMSW will provide the expertise and technical assistance needed by the Harbor Department to manage the FTZ program. The Harbor Department, as the FTZ Grantee, is obligated to provide information related to the FTZ program and its governing regulations. The Harbor Department requires a level of technical CBP expertise in order to address all aspects of the FTZ program. These program elements include: reviewing all FTZ applications, appearing before the FTZ Board and CBP on all FTZ matters, interpreting applicable federal regulations pertaining to FTZ issues, conducting annual FTZ educational seminars, preparing re-organization applications requiring a review of an annual report of each developer and all expansion applications to determine net changes, and preparing the required FTZ Annual Report. A detailed

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scope of work, as described in Exhibit A of the proposed Agreement (Transmittal 1) lists key duties and deliverables.

The proposed Agreement will allow IMSW to continue streamlining FTZ No. 202 by identifying and eliminating inactive operators. IMSW will also survey each FTZ operator's active acreage, that may have changed since the initial application.

Selection Process – In June 2024, a Request for Proposal (RFP) was posted on the Los Angeles Business Assistance Virtual Network (LABAVN) and on the City of Los Angeles and Port of Los Angeles websites seeking qualified firms or individuals interested in providing expert and technical assistance with the functions required by the Harbor Department as the Grantee of FTZ No. 202. The Regional Alliance Marketplace for Procurement (RAMP) reported 24 firms viewed the RFP and 19 firms downloaded the opportunity.

A three-member selection committee comprised of staff from the Harbor Department's Accounting division and Los Angeles World Airports reviewed all submitted proposals. The selection committee evaluated and ranked the proposals based on five criteria with the corresponding weight factors as listed below:

- |  |     |
|--|-----|
| 1. Firm Qualifications, Experience, and References | 25% |
| 2. Project Approach and Work Plan                  | 25% |
| 3. Costs and Budget Control                        | 20% |
| 4. Clarity and Comprehensiveness of the Proposal   | 15% |
| 5. Project Organization, Personnel, and Staffing   | 15% |

The Harbor Department received one qualifying proposal from the following firm with corresponding Small Business Enterprise (SBE) status:

| <b><i>Firm Name</i></b> | <b><i>Location</i></b> | <b><i>*SBE Status</i></b> |
|-------------------------|------------------------|---------------------------|
| IMS Worldwide Inc.      | Henrietta, Texas       | MBE                       |

\*SBE status includes Very Small Business Enterprise (VSBE); Minority Business Enterprise (MBE); Woman Business Enterprise (WBE); Disabled Veteran Business Enterprise (DVBE); and Other Business Enterprise (OBE).

Based on the criteria established in the RFP and a final review of proposal scores, IMSW was selected to assist with the functions required as Grantee of FTZ No. 202 with a score

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of 292 out of a possible 300 maximum points. An interview was not conducted as only one proposal was received.

The proposed Agreement, if approved, will continue the representation IMSW has provided for the Harbor Department since 1993.

Small Business Enterprise and Very Small Business Enterprise Programs – An SBE goal of 0% participation was recommended for the proposed Agreement. There were no subcontracting opportunities as FTZ consulting services is a small, specialized area of expertise. IMSW is a small business with company status as an MBE which meets the small business requirements for the SBE program.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the Agreement with IMSW for as-needed assistance with specialized technical expertise pertaining to FTZ No. 202, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed Agreement will allow the Harbor Department to continue receiving as-needed FTZ consulting and zone operation services from IMSW for a not to exceed amount of \$120,000 for three years, if all renewal options are exercised. Fiscal year 2024-25 funding in the amount of \$40,000 is available within Account 544160 (Miscellaneous Professional Services), Division 41010 (Cargo Marketing), Program 000. It is anticipated that funds will be expended as follows, upon Board approval in each fiscal year:

| <b>FISCAL YEAR</b> | <b>AUTHORITY AMOUNT</b> |
|--------------------|-------------------------|
| 2024-2025          | \$40,000                |
| 2025-2026          | \$40,000                |
| 2026-2027          | \$40,000                |
| <b>GRAND TOTAL</b> | <b>\$120,000</b>        |

During Fiscal Year 2023-2024, the FTZ program collected \$239,112 in revenue from Harbor Department FTZ operators.

Future fiscal year funding will be requested to be budgeted, upon Board approval, during the annual budget process should the Harbor Department decide to exercise its renewal options. If, in any subsequent fiscal years, funds are not appropriated by the Board for

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the work required by the Agreement, the Agreement shall be terminated. However, such termination shall not relieve the parties of any obligation previously incurred. A provision for Non-Appropriation of Funds Clause (also known as a funding out clause) is included in the proposed Agreement.

**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

**TRANSMITTAL:**

1. IMS Worldwide Inc. Agreement

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



ERIC CARIS  
Director of Cargo Marketing

*Michael DiBernardo*

MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

ED:MD:EC:ad