



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 27, 2011

FROM: BUSINESS & TRADE DEVELOPMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PERSONAL SERVICE AGREEMENT WITH THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.

SUMMARY:

Staff recommends approving a personal services agreement between the City of Los Angeles Harbor Department (Harbor Department) and IMS Worldwide Inc. (IMSW) to assist the Harbor Department, as grantee, with specialized technical expertise pertaining to Foreign Trade Zone (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 US for domestic consumption and also for export after combining with domestic goods.

The Agreement is for a term of one year with two one-year renewal options at a not-to-exceed amount of \$70,000 per year. Funds for future years will be requested as part of the annual budget process, upon Board of Harbor Commissioners (Board) approval, should the Harbor Department decide to exercise the renewal options under separate Board actions. Renewal options shall be authorized for extension by the Executive Director. If all renewal options are exercised, total funding for all three years will be for a not-to-exceed amount of \$210,000.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with City Charter Section 1022 that work to be performed under the Agreement can be performed more feasibly by an independent consultant than by City employees;
2. Approve the subject Agreement for a term of one year with two, one-year renewal options with annual compensation of \$70,000 and a total cost not-to-exceed \$210,000;

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3. Authorize the Executive Director to approve the two, one-year renewal options on behalf of the Board, subject to budget approval for future year funding;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement, for and on behalf of the Board; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – The Foreign-Trade Zone Act of 1934, as amended (19 U.S.C. 81a-81u) was established to support 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 some 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 Agency (U.S. Customs) territories. The importer may defer payment of duties and other fees until the merchandise is brought into U.S. commerce for consumption.

Since the Harbor Department was granted authority in 1994, the Foreign Trade Zone (FTZ) program has grown to fourteen (14) active general purpose operators, five (5) active subzones, and twenty (20) general purpose sites located throughout the South Bay and the region, covering Los Angeles, Orange, San Bernardino, Riverside, and Kern Counties.

In June 2011, a Request for Proposal (RFP) was posted on the Harbor Department website seeking qualified firms or individuals interested in providing expert and technical assistance with the functions required of the Harbor Department as the Grantee of FTZ No. 202.

Proposed Agreement – The proposed Agreement with IMSW will provide the expert and technical assistance needed by the Harbor Department for the FTZ program. A detailed scope of work, as described in *Exhibit A* of the Agreement (*Transmittal 1*), lists key duties and deliverables.

The Harbor Department, as the grantee, is obligated to provide information relative to the FTZ program and its governing regulations. The Harbor Department requires a level of technical U.S. Customs expertise in order to address all aspects of the FTZ program. Aspects of the program include review of all FTZ applications, appear before the FTZ Board and U.S. Customs on all FTZ matters, interpretations of applicable federal regulations pertaining to FTZ issues, conduct an annual FTZ educational seminar, prepare re-organization applications requiring a review of an annual report of

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each developer and all expansion applications to determine net changes, and preparation of the required FTZ Annual Report.

A prime example of the beneficial assistance provided by this Agreement is the Board's approval on July 14, 2011 for an application to the FTZ Board to change the FTZ management frame work from a Traditional Site Framework (TSF) to an Alternative Site Framework (ASF). The ASF is for grantees that choose to participate for designation and managing general purpose FTZ sites in an efficient manner. All of our current and future FTZ general purpose operators will benefit under the ASF's new streamlined process with quicker approval periods and simplified application requirements.

Evaluation and Selection – On June 10, 2011, a RFP was posted on the Diversity Xchange Database, Los Angeles Business Assistance Virtual Network (LABAVN), and on the City of Los Angeles and Port websites. All responses were received on July 1, 2011, from the following qualified firms:

- Foreign Trade Zone Corporation (Mobile, Alabama)
- IMS Worldwide Inc. (Henrietta, Texas)

A three member selection committee comprised of one Business & Trade Development (B&TD) director, one Planning & Economic Development analyst, and one manager from Los Angeles World Airports, evaluated proposals for candidates with a proposal maximum score of 300 points (*Transmittal 2*). The selection committee evaluated the proposals based on: 1) firm qualifications, experience, and references; 2) project organization, personnel and staffing; 3) project approach and work plan; 4) rates, fees, and budget control; and 5) quality and responsiveness of proposal.

Based on the proposal scores, IMSW was selected as the FTZ Consultant for the Harbor Department. No interviews were required since there were only two qualifying candidates and IMSW had the high score of 275 out of 300. There has been no change of representation as FTZ consultant with the selection of IMSW. IMSW began assisting the Harbor Department with FTZ No. 202 since 1993. Altogether, the IMSW staff has a combined experience of more than 68 years in consulting, operating, and administering FTZ projects.

Small Business Development Program – A Small Business Enterprise (SBE) goal of 0% participation was recommended for the proposed Agreement. There were no subcontracting opportunities as FTZ is a small specialized area of expertise. IMSW is a small business and does meet the small business requirements for the SBE program.

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ENVIRONMENTAL ASSESSMENT:

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

ECONOMIC BENEFITS:

This Board action will have no direct employment impact for the five-county region since the selected company is located outside region.

FINANCIAL IMPACT:

The financial impact of approving this proposed Agreement for a term of one year with two, one-year renewal options for as-needed FTZ technical and expert services will be the commitment of \$70,000 to fund this Agreement in FY 2011-12, upon Board approval. Total Agreement authority for a full term of one year with two, one-year renewal options will be \$210,000. It is anticipated the funds will be expended as follows, upon Board approval in each fiscal year:

FISCAL YEAR	AUTHORITY AMOUNT
FY 2011/2012	\$ 70,000
FY 2012/2013	\$ 70,000
FY 2013/2014	\$ 70,000
GRAND TOTAL	\$ 210,000

The prior contract with IMSW, Agreement No. 2573, expended \$238,997 in budgeted funds over a three year term with a remaining unspent balance of \$51,003. During calendar year 2010, \$110,000 in revenues was collected from all of the Harbor Department's FTZ operators.

Funds in the amount of \$70,000 have been budgeted in Center 0422 – B&TD, Account 54290, and Program 072 to cover the anticipated expenditure for FY 2011-12. 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 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 Agreement.

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CITY ATTORNEY:

The subject Agreement was prepared and approved as to form by the City Attorney's office.

TRANSMITTALS:

1. IMS Worldwide Inc. Agreement
2. RFP Score Matrix

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

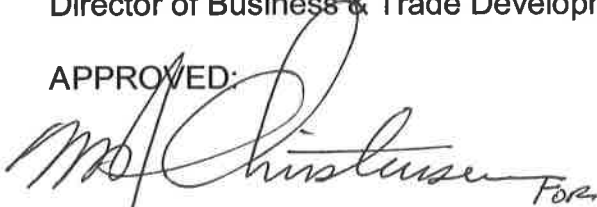


KRAIG JONDLE
Director of Business & Trade Development



KATHRYN McDERMOTT
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APPROVED:



GERALDINE KNATZ, Ph.D.
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