



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 23, 2011

FROM: BUSINESS & TRADE DEVELOPMENT DIVISION

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF PERSONAL SERVICES AGREEMENTS WITH TOSHIN INTERNATIONAL, DOLPHIN LOGISTICS, INCHCAPE SHIPPING SERVICES, ANTHONY WYLIE, AQUILINE PROJECT SERVICES, PIERS PORT MARKETING & CONSULTANCY, UNITED EXPRESS INTERNATIONAL CORPORATION, AND INF MARKETING AND LOGISTICS

SUMMARY:

Staff recommends the approval of Agreements between the City of Los Angeles Harbor Department (Harbor Department) and eight International Business Development (IBD) Representatives for the purpose of developing business and trade for the Port of Los Angeles (Port). The total annual compensation for all eight Agreements is \$544,000. The eight Agreements are each for a term of one year with two, one-year renewal options. The approved renewal options will total a maximum term of three years for each Agreement with a total combined compensation of \$1,632,000. Renewal options shall be authorized for extension by the Executive Director. Six of the representatives are based in Asia, one in South America, and one in New York. The selected representatives listed with their corresponding years of Port service are Toshin International (9 years), Dolphin Logistics (26 years), Inchcape Shipping Services (3 years), Anthony Wylie (9 years), Aquiline Project Services (20 years), Piers Port Marketing & Consultancy (19 years), United Express International Corporation (35 years), and INF Marketing and Logistics (8 years).

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 Agreements can be performed more feasibly by an independent contractor than by City employees;
2. Approve the subject Agreements each for a term of one year with two, one-year renewal options with a total annual compensation of \$544,000;

SUBJECT: APPROVAL OF PERSONAL SERVICES AGREEMENTS

3. Authorize the Executive Director to approve two (2) 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 Agreements, for and on behalf of the Board; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – For over 35 years the Port has had international representation in foreign countries. This representation has proved to be beneficial in the Business & Trade Development Division (B&TD) of the Port. These representatives are an extension of our B&TD and have built strong personal relationships with shipping line executives. These relationships have assisted the Port in securing major shipping lines and provided the necessary intelligence on new opportunities.

Throughout the years B&TD has conducted reviews to assess the need for representation in each contract area. The previous contract period from 2008 to 2011 had twelve representatives with a total annual compensation of \$1,280,000. This current contract period from 2011 to 2014 has eight representatives with a total annual compensation of \$544,000.

In November 2010, a Request for Proposal (RFP) was posted on the Port website seeking qualified firms or individuals interested in providing marketing and trade promotion services in the following contract areas of Japan, Korea, North China – Shanghai, South China – Hong Kong, Southeast Asia – Singapore, Taiwan, South America, and the U.S. East Coast. During the RFP process, the current IBD Representative agreements expired on February 19, 2011.

The proposed Agreements support the B&TD's concentrated efforts to promote the Port worldwide. The promotion of increased maritime trade between Los Angeles and international ports is the basic objective of representation in the respective contract areas. Knowledge of trade and transportation issues concerning the United States and foreign countries is of great importance.

Services to be Performed – All representatives will work within an approved and defined budget. Business and trade development activities will be focused on Port customers as well as creating new business opportunities at the Port. IBD Representatives will focus on building stronger relationships with current customers, develop new contacts with potential customers, and identify potential business through communication with the B&TD Team.

SUBJECT: APPROVAL OF PERSONAL SERVICES AGREEMENTS

To measure representation performance of each consultant the following key duties and deliverables were assigned, as follows: (1) identify and maintain relationships with top level executives at shipping lines in their respective contract area and provide contact information to the Port; (2) identify new business opportunities/markets that may increase volumes through the Port and work closely with the B&TD Team in developing these opportunities; (3) solicitation of current and prospective shipping line customers to route services through the Port of Los Angeles; (4) identify any changes in services that would impact the Port's market share; (5) communicate new port initiatives as they arise within the designated contract area; (6) communicate new Port development plans with shipping line executives; (7) communicate implementation schedule of Clean Air Action Plan (CAAP) initiatives to shipping line customers and provide the Port with the schedule of when the shipping lines will implement particular CAAP initiatives; (8) maintain the pulse of their respective regions activities and provide updates to the Port that may impact cargo flow between the region and the Port; (9) schedule meetings, provide translation and transportation during Mayoral and Port executive visits; (10) advise the Port of proposed visits by dignitaries from the contract area; (11) provide concise reports of meeting achievements and recommended next steps; (12) advise of recommended publications to advertise the Port's benefits and programs; and (13) provide an annual business plan with an action plan and deliverables for the contract area (*As detailed in Exhibit "A" of each agreement*).

Selection Process – On November 5, 2010, an 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. Further worldwide outreach included an online publication in the *Journal of Commerce (JOC)* and an in-house press release by Public Relations.

All responses were received on December 12, 2010, from qualified candidates totaling twelve consultants/firms. Below are the RFP responses for each contract area, as follows:

- Japan – 2 responses
- Korea – 3 responses
- North China – Shanghai – 3 responses
- South China – Hong Kong – 4 responses
- Southeast Asia - Singapore – 3 responses
- Taiwan – 3 responses
- South America – 4 responses
- U.S. East Coast – 2 responses

A five member selection committee comprised of three B&TD directors, one B&TD manager, and one director from Public Relations, evaluated proposals and conducted interviews for candidates with a qualifying proposal score of 250 points and above (See *Transmittal 2*). The selection of the committee was made prior to contract policy

SUBJECT: APPROVAL OF PERSONAL SERVICES AGREEMENTS

changes that required a member from outside the Port. The selection and evaluation criteria for the interviews were based on the following:

<u>Criteria</u>	<u>Interviews</u>
Firm Qualifications, Experience and References	67%
Organization, Personnel and Staffing	11%
Rates, Fees and Budget Control	11%
Quality and Responsiveness of Proposal	11%

Based on the combined scores of the proposals and interviews, eight candidates were selected to represent the Port as IBD Representatives, as follows:

<u>Contract Area</u>	<u>Selected Candidate</u>	<u>Contract Amount</u>
Japan	Toshin International	\$125,000
Korea	Dolphin Logistics	\$58,000
North China-Shanghai	Inchcape Shipping Services	\$60,000
South China-Hong Kong	Aquiline Project Services Ltd.	\$55,000
Southeast Asia-Singapore	Piers Port Marketing & Consultancy	\$46,000
Taiwan	United Express International Corp	\$50,000
South America-Chile	Anthony Wylie	\$65,000
U.S. East Coast	INF Marketing and Logistics, Inc.	<u>\$85,000</u>
		<u>\$544,000</u>

There have been no representative changes from the prior contract period that had expired on February 19, 2011. The selected representatives are the same. None of the selected representatives have a client base that includes a North American West Coast port.

Small Business Development Program – A Small Business Enterprise (SBE) goal of 0% participation was recommended for the IBD Representatives. The work performed by the representatives will be conducted outside of California. Each representative will conduct business based within their contract areas.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of agreements between the City of Los Angeles and eight (8) IBD Representatives to provide business development and trade promotion services. As such, 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.

SUBJECT: APPROVAL OF PERSONAL SERVICES AGREEMENTS

ECONOMIC BENEFITS:

Approval of the proposed Agreements will have no direct job impact for the five-county region since the selected candidates are located outside the region. However, this Board action will support the Port expanding into the global market and eventually bring positive economic impacts in the region.

FINANCIAL IMPACT:

The financial impact of approving these Agreements for a term of one year with two, one-year renewal options for international business development services will commit \$544,000 in FY 11/12, upon Board approval. Total funding would bring the cost of eight agreements with three (3) year terms to \$1,632,000.

It is anticipated the funds will be expended as follows:

FISCAL YEAR	FUND AMOUNT
FY 2010/2011	\$ 136,000
FY 2011/2012	\$ 544,000
FY 2012/2013	\$ 544,000
FY 2013/2014	\$ 408,000
GRAND TOTAL	\$1,632,000

Funds have been budgeted in Center 0422 – B&TD, Account 52210 and 52110 to cover the anticipated expenditure for FY 2010-11. Future fiscal year funding will be requested during the annual budget process should the Port 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 Agreements, the Agreements 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 Agreements.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the eight Agreements as to form and legality.

SUBJECT: APPROVAL OF PERSONAL SERVICES AGREEMENTS

TRANSMITTALS:

1. IBD Representative Agreements
 - a. Agreement with Toshin International
 - b. Agreement with Dolphin Logistics
 - c. Agreement with Inchcape Shipping Services
 - d. Agreement with Anthony Wylie
 - e. Agreement with Aquiline Project Services
 - f. Agreement with Pier Port Marketing & Consultancy
 - g. Agreement with United Express International Corporation
 - h. Agreement with INF Marketing and Logistics
2. RFP Score Matrix

FIS Approval: HR (Initials)



KRAIG JONDLE
Director of Business & Trade Development


FOR KATHRYN McDERMOTT
Deputy Executive Director

APPROVED:


FOR GERALDINE KNATZ, Ph.D.
Executive Director

Author: A. Mostajo