



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

Board of Harbor Commissioners

**DATE: FEBRUARY 26, 2014**

**FROM: BUSINESS AND TRADE DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVAL OF FIRST AMENDMENTS TO PERSONAL SERVICES AGREEMENTS BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND TOSHIN INTERNATIONAL CORPORATION, DOLPHIN LOGISTICS INC., ISS MARINE SERVICES INC., AQUILINE PROJECT SERVICES LTD., PIERS PORT MARKETING & CONSULTANCY, UNITED EXPRESS INTERNATIONAL CORP., AND INF MARKETING AND LOGISTICS, INC.**

**SUMMARY:**

The Business and Trade Development (B&TD) Division has set a goal of producing an annual TEU growth of 3 percent. To meet and prepare for this goal, staff is conducting a needs assessment on current market coverage in various contract regions to ensure alignment with the City of Los Angeles Harbor Department (Harbor Department) Strategic Plan. While this assessment is undergoing, staff recommends approval of the First Amendment to extend the term of personal services agreements (Agreements) between the Harbor Department and seven Business Development (BD) representatives to continue developing business and trade activities for the Port of Los Angeles (Port) for one year. Market coverage will continue in six contract regions in Asia and one in New York. The original term for each agreement was for one year with two, one-year renewal options. The original terms commenced on March 24, 2011 and they are set to expire on March 23, 2014. All renewals have been exercised.

A change made to an existing agreement requires an amendment. These proposed First Amendments (Amendments) will extend each agreement for a term of one year with a total combined compensation not-to-exceed \$489,000. Upon approval, the proposed Amendments will extend the terms of the Agreements through March 23, 2015. All remaining terms and conditions for each agreement shall remain in full force and effect.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the proposed First Amendments to Agreement No. 11-2941 with Toshin International Corporation, Agreement No. 11-2942 with Dolphin Logistics Inc.,

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Agreement No. 11-2943 with ISS Marine Services, Inc., Agreement No. 11-2945 with Aquiline Project Services Ltd., Agreement No. 11-2946 with Piers Port Marketing & Consultancy, Agreement No. 11-2947 with United Express International Corporation, and Agreement No. 11-2948 with INF Marketing and Logistics, Inc. to extend terms for one year with a total combined compensation not-to-exceed \$489,000;

2. Authorize the Interim Executive Director to execute and the Board Secretary to attest to proposed First Amendments for Agreement No. 11-2941 with Toshin International Corporation, Agreement No. 11-2942 with Dolphin Logistics Inc., Agreement No. 11-2943 with ISS Marine Services, Inc., Agreement No. 11-2945 with Aquiline Project Services Ltd., Agreement No. 11-2946 with Piers Port Marketing & Consultancy, Agreement No. 11-2947 with United Express International Corporation, and Agreement No. 11-2948 with INF Marketing and Logistics, Inc.; and
3. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context – On March 3, 2011, the Board approved the following original agreements for Agreement No. 11-2941 with Toshin International Corporation (Toshin), Agreement No. 11-2942 with Dolphin Logistics Inc.(Dolphin), Agreement No. 11-2943 with ISS Marine Services, Inc. (ISS), Agreement No. 11-2945 with Aquiline Project Services Ltd. (Aquiline), Agreement No. 11-2946 with Piers Port Marketing & Consultancy (Piers), Agreement No. 11-2947 with United Express International Corporation (UEIC), and Agreement No. 11-2948 with INF Marketing and Logistics, Inc. (INF Marketing).

The Port has had 38 consecutive years of representation in the United States and abroad. BD representatives are assigned in specific contract regions. Port representation in the regions is managed by the B&TD. BD representatives act as an extension of the Port by calling on shipping line customers, beneficial cargo owners (BCO), government entities and assisting the City of Los Angeles and Harbor Department staff during international trade missions.

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Over the years, Port representation has fostered strong relationships with Chairmen, Chief Executive Officers, and Presidents at our key shipping line customer headquarter offices, BCOs and government officials. These relationships have assisted the Harbor Department in securing expert market intelligence and new business opportunities. Some highlights of successful service lead by BD representatives include assisting in securing major terminal lease agreements with Evergreen, Yang Ming, APMT (Maersk), Hanjin, and Hyundai Merchant Marine and assisting the Mayor and Harbor Department staff during trade missions in their respective areas. Specifically, over the past few years the BD representatives have assisted the Port in communicating with the headquarter offices on how they could prepare their vessels for the 2014 California Air Resources Board Alternative Maritime Power initiative; explain, in detail, the Vessel Speed Reduction initiative and encourage their participation in both the 20 nautical mile and 40 nautical mile program; explain the US Environmental Protection Agency (EPA) initiative on the Emission Control Area; and promote the Port's Voluntary Environmental Ship Index (ESI) program.

Another essential objective BD representatives are charged with is the promotion of increased maritime trade between the Port and other international gateways within their respective contract regions. Knowledge of trade and transportation issues in their region is of great importance to the Port.

The BD representatives and their corresponding years of service are as follows:

- Toshin for Japan (12 years)
- Dolphin for South Korea (29 years)
- ISS for North China-Shanghai (6 years)
- Aquiline for South China-Hong Kong (23 years)
- Piers for Southeast Asia-Singapore (22 years)
- UEIC for Taiwan (38 years)
- INF Marketing for U.S. East Coast-New York (11 years)

Need for Agreement – B&TD commenced with a reassessment of Agreements before they expire in March 2014. Based on the Harbor Department's strategic objectives, a realignment of international representation is needed that includes evaluating regions where representation is required, scope of work, and compensation. The final needs assessment will be a contributing factor in preparing for a future Request for Proposal for BD representatives.

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The proposed Amendments extending the terms for an additional year will allow uninterrupted worldwide representation in Asia and New York on behalf of the Port. The Director of Business Development will assign tasks to BD representatives on an as-needed basis. All remaining terms and conditions for each agreement shall remain in full force and effect including a termination provision under Section X. This section emphasizes the ability of the Executive Director to terminate and cancel all or any part of these Agreements for any reason upon giving the consultant ten days' advance, written notice of the City's election to cancel and terminate these Agreements. Port representation will remain in Japan, South Korea, North China-Shanghai, South China-Hong Kong, Southeast Asia-Singapore, Taiwan, and U.S. East Coast-New York.

Need for Amendment – Staff is requesting Board approval to execute the proposed Amendments (Transmittal 1a-1g) extending Agreements for a term of one year with a combined annual compensation not-to-exceed \$489,000. The term extension will ensure continued coverage in contract regions and will support staff's efforts in finalizing the reevaluation of Port representation.

If the Board does not approve these Amendments, the Agreements will expire and representation will end. No Port representation in the contract regions will negatively impact our strong relationships with our overseas customers and could potentially affect our competitive advantage against other ports that have foreign and domestic representation.

Harbor Department Fiscal Requirements – The proposed Amendments will require a combined annual compensation not-to-exceed \$489,000.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval to extend the term of personal service agreements with seven BD representatives. As an administrative activity, 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:**

Approval of the proposed Amendments will have no employment impact for the five-county region.

**FINANCIAL IMPACT:**

The existing three-year agreement authorities for these seven agreements total \$1,457,000 of which \$1,342,431 has been expended to date. Current average yearly expenditure is \$447,477 for these seven agreements. Approval of the proposed Amendments would extend the existing agreements by an additional year each in the amounts not-to-exceed costs below:

<b>Contract Region</b>	<b>Firm Name</b>	<b>Not-to-exceed One-Year Cost</b>
Japan	Toshin International Corporation	\$125,000
South Korea	Dolphin Logistics Inc.	\$58,000
North China-Shanghai	ISS Marine Services, Inc.	\$60,000
South China-Hong Kong	Aquiline Project Services Ltd.	\$46,000
Southeast Asia-Singapore	Piers Port Marketing & Consultancy	\$50,000
Taiwan	United Express International Corporation	\$65,000
U.S. East Coast-New York	INF Marketing and Logistics, Inc.	<u>\$85,000</u>
	<b>TOTAL</b>	<b>\$489,000</b>

Funds in the amount of \$489,000 will be requested to be budgeted in Center 0422, Accounts 52210 and 52110 as part of the Fiscal Year 14/15 annual budget adoption process.

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**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the proposed Amendments as to form and legality.

**TRANSMITTALS:**


1. Proposed First Amendment to Agreements
  - a. Amendment to Agreement No. 11-2941, Toshin International Corporation
  - b. Amendment to Agreement No. 11-2942, Dolphin Logistics Inc.
  - c. Amendment to Agreement No. 11-2943, ISS Marine Services Inc.
  - d. Amendment to Agreement No. 11-2945, Aquiline Project Services Ltd.
  - e. Amendment to Agreement No. 11-2946, Piers Port Marketing & Consultancy
  - f. Amendment to Agreement No. 11-2947, United Express International Corporation
  - g. Amendment to Agreement No. 11-2948, INF Marketing and Logistics, Inc.

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

  
MICHAEL DiBERNARDO  
Director of Business Development

  
DAVID L. MATHEWSON  
Interim Deputy Executive Director

APPROVED:

  
GARY LEE MOORE, P.E.  
Interim Executive Director

A. Flores