



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

Board of Harbor Commissioners

DATE: DECEMBER 26, 2017

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 the approval of 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 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 \$70,000 per year. Renewal options shall be authorized for extension by the Executive Director. If all renewal options are exercised, total authority 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 (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;
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;

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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 annual compensation of \$70,000 and a total not-to-exceed amount of \$210,000;
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 proposed Agreement, for and on behalf of the Board; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – 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 a 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 31 active general purpose operators and four active subzones 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 grantee, is obligated to provide information relative 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. Aspects of the program include review of all FTZ applications, appear before the FTZ Board and CBP 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 each developer and all expansion applications to determine net changes, and preparation of the required FTZ Annual Report. . A detailed scope of work, as described in Exhibit A of the proposed Agreement (Transmittal 1), lists key duties and deliverables.

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The prior FTZ personal service agreement, Agreement No. 14-3285, was with IMSW as well. During this contractual period, IMSW completed the task of reorganizing FTZ 202 from a Traditional Site Framework (TSF) to an Alternative Site Framework (ASF). The task allowed for a new streamlined process with quicker approval periods and simplified application requirements. The proposed Agreement will allow IMSW to continue streamlining FTZ 202 further by identifying and eliminating inactive operators. The Harbor Department has scheduled to file a reorganization application to the FTZ Board and IMSW will assist Harbor Department staff to prepare the application over the next three years.

Selection Process – In August 2017, 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.

A three member selection committee comprised of staff from Cargo Marketing and a representative from the Pacific Maritime Shipping Association. The selection committee evaluated and ranked the proposals based on five criteria with the corresponding weight factors as listed below:

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

The Harbor Department received two qualifying proposals from the following individuals and firms with corresponding Small Business Enterprise (SBE) status:

Firm Name	Location	*Status
Guang Corporation	Diamond Bar, California	MBE
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).

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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 of 273 out of a possible 300 maximum points. Interviews were not conducted since IMSW received the highest overall score; received the highest rating for their firm qualifications and experience; and proposed the best overall rate and fees. IMSW distinguished their experience from the second highest score because of their national involvement within the FTZ industry and their strong presence in Washington D.C. The second highest scoring firm did not have experience in this area as compared to IMSW.

The proposed Agreement, if approved, will continue the representation IMSW has had since 1993 for the Harbor Department. Agreement No. 14-3285 expired on January 22, 2018 with an original term of one year with two, one-year renewal options.

Small Business Enterprise and Very Small Business Enterprise Programs – A 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 and does meet the small business requirements for the SBE program. IMSW company status is MBE.

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 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:

Funding in the amount of \$70,000 has been proposed to be budgeted for the proposed Agreement in the Cargo Marketing FY2018/2019 Operating Budget under Account 54290, Center 0422, Program 072. Total funding 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
2018-2019	\$70,000
2019-2020	\$70,000
2020-2021	\$70,000
GRAND TOTAL	\$210,000

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To date, \$107,289 out of the total authorized funding of \$210,000 have been expended under the prior agreement, Agreement No. 14-3285 with IMSW. The FTZ program collected \$386,688 in revenue during calendar year 2016 from the Harbor Department's 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 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.

TRANSMITTALS:

1. IMS Worldwide Inc. Agreement

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



ERIC CARIS
Director of Cargo Marketing



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director