



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 3, 2020

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 (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and IMS Worldwide Inc. (IMSW) to assist the Harbor Department, as a 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 \$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;
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 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 proposed 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 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 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 35 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 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: 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 scope of work, as described in Exhibit A of the proposed Agreement (Transmittal 1), lists key duties and deliverables.

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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. The Harbor Department is 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 2020, 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 was 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. Costs and Budget Control | 20% |
| 5. Clarity and Comprehensiveness of the Proposal | 15% |

IMSW was the only qualified firm submitting a proposal to the Harbor Department.

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. An interview was not conducted as only one proposal was received.

Small Business Enterprise (SBE) and Very Small Business Enterprise Programs (VSBE) – 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 and does meet the small business requirements for the SBE program. IMSW company status is Minority Business Enterprise.

The proposed Agreement, if approved, will continue the representation IMSW has provided for the Harbor Department since 1993. Agreement No. 18-3551 will expire on January 22, 2021 with an original term of one year with two, one-year renewal options.

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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:

Funding in the amount of \$40,000 has been proposed to be budgeted for the proposed Agreement in the Cargo Marketing FY2020/2021 Operating Budget under Account 54290 (Misc. Professional Services), Center 0422, Program 000. Total funding authority for a full term of one year with two, one-year renewal options will be \$120,000. It is anticipated the funds will be expended as follows, upon Board approval in each fiscal year:

FISCAL YEAR	AUTHORITY AMOUNT
2020-2021	\$40,000
2021-2022	\$40,000
2022-2023	\$40,000
GRAND TOTAL	\$120,000

To date, \$102,850 out of the total authorized funding of \$120,000 have been expended under the prior agreement, Agreement No. 18-3551 with IMSW. The FTZ program collected \$295,182.20 in revenue during year-to-date calendar year 2020 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.

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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: MB (initials)
CA Approval: MB (initials)



ERIC CARIS
Director of Cargo Marketing



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ED:MD:EC:ng