



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

**DATE: DECEMBER 10, 2014**

**FROM: BUSINESS AND TRADE DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVAL OF PERSONAL SERVICE AGREEMENT BETWEEN 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 U.S. for domestic consumption and also the imported products may re-export 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 funding for all three years will be for a not-to-exceed amount of \$210,000. The proposed Agreement is the financial responsibility of the Harbor Department.

**RECOMMENDATION:**

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

1. 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;
2. 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;

**DATE: DECEMBER 10, 2014**

**PAGE 2 OF 6**

**SUBJECT: PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.**

3. 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;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said proposed Agreement, for and on behalf of the Board; and
5. 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 202 has grown to currently include twenty-five active general purpose operators and three active subzones. Since 2011, FTZ 202 gained ten general purpose sites totaling 35 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 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 proposed 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 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.

The prior agreement, Agreement No. 3033, for FTZ representation was with IMSW. During the 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

**SUBJECT: PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.**

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 2014, 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 of the Harbor Department as the Grantee of FTZ No. 202.

A three member selection committee comprised of staff from Business & Trade Development (B&TD), Planning & Economic Development, and Mr. Guy Fox, President & CEO of Guy Fox & Associates, an international trade consulting firm locally based in Yorba Linda, California. Mr. Guy Fox, as the third member of the selection committee, was selected for his FTZ experience as a retired freight forwarder and licensed Customhouse Broker as well as his expertise as an independent consultant. The selection committee ranked the proposals and evaluated on five criteria with the corresponding weight factors as listed below:

- |  |     |
|--|-----|
| 1. Firm Qualifications, Experience, and References | 30% |
| 2. Project Organization, Personnel and Staffing    | 25% |
| 3. Project Approach and Work Plan                  | 20% |
| 4. Rates, Fees, and Budget Control                 | 15% |
| 5. Clarity and Comprehensiveness of the Proposal   | 10% |

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

<b>Firm Name</b>	<b>Location</b>	<b>*Status</b>
Foreign Trade Zone Corporation	Mobile, Alabama	OBE
Global Research Institute of International Trade	Los Angeles, California	SBE, VSBE, MBE, WBE
IMS Worldwide Inc.	Henrietta, Texas	MBE
ITC-Diligence Inc.	City of Industry, California	VSBE
The Rockefeller Group	Annapolis, Maryland	OBE

**DATE: DECEMBER 10, 2014**

**PAGE 4 OF 6**

**SUBJECT: PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.**

\*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).

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 202 with a score of 273 out of a possible 300 maximum points (Transmittal 2). 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 and with 20 points less from the high score at 273.

The proposed Agreement will continue the representation IMSW has had since 1993 for the Harbor Department. Agreement No. 3033 expired on December 2, 2014 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 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 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 the region.

**DATE: DECEMBER 10, 2014**

**PAGE 5 OF 6**

**SUBJECT: PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.**

**FINANCIAL IMPACT:**

Funding in the amount of \$70,000 has been budgeted for the proposed Agreement in the B&TD FY2014/2015 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:

<b>FISCAL YEAR</b>	<b>AUTHORITY AMOUNT</b>
2014-2015	\$70,000
2015-2016	\$70,000
2016-2017	\$70,000
<b>GRAND TOTAL</b>	<b>\$210,000</b>

Agreement No. 3033, the prior agreement with IMSW, to date has expended \$104,053 out of total funding authorized for \$210,000. The FTZ program collected \$264,000 in revenue during calendar year 2013 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.

DATE: DECEMBER 10, 2014

PAGE 6 OF 6

SUBJECT: PERSONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND IMS WORLDWIDE INC.

**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
2. RFP Score Matrix



Handwritten signature of Michael DiBernardo in blue ink, with the initials "FDZ" written below it.

MICHAEL DiBERNARDO  
Director of Business Development

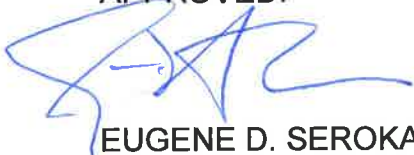
FIS Approval:  (initials)  
CA Approval:  (initials)



Handwritten signature of David L. Mathewson in blue ink.

DAVID L. MATHEWSON  
Interim Deputy Executive Director

**APPROVED:**



Handwritten signature of Eugene D. Seroka in blue ink.

EUGENE D. SEROKA  
Executive Director

A.Flores