



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 11, 2019

FROM: EXECUTIVE OFFICE

SUBJECT: RESOLUTION NO. _____ – APPROVE FIRST AMENDMENT TO AGREEMENT NO. 18-3561 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND RONALD D. WIDDOWS FOR PROFESSIONAL SERVICES TO DEVELOP AND IMPLEMENT SUPPLY CHAIN OPTIMIZATION STRATEGIES

SUMMARY:

Staff requests approval of a First Amendment to Agreement No. 18-3561 (Agreement 18-3561) between the City of Los Angeles Harbor Department (Harbor Department) and Ronald D. Widdows for professional services to develop and implement supply chain optimization strategies that would enhance the speed and efficiency of cargo movement through the San Pedro Bay and specifically at the Port of Los Angeles. The proposed First Amendment extends the term of the agreement by three years, for a total of five years, and increases the total compensation amount by \$450,000, for a total not-to-exceed amount of \$750,000. The Harbor Department is financially responsible for the payment of expenses under the proposed Agreement.

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 Class 2(f) of the Los Angeles City CEQA Guidelines;
2. Find in accordance with Los Angeles City Charter Section 1022 that the scope of work of the proposed First Amendment to Agreement No. 18-3561 can be more economically and feasibly provided by an independent contractor than by City Employees;
3. Approve the proposed First Amendment to Agreement No. 18-3561 between the City of Los Angeles Harbor Department and Ronald D. Widdows;
4. Authorize the Executive Director or Designee to execute and the Board Secretary to attest to the proposed First Amendment to Agreement No. 18-3561; and

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5. Adopt Resolution No. _____

DISCUSSION:

Background/Context – The Harbor Department requires the professional, expert and technical services of a consultant to assist in developing and implementing supply chain optimization strategies through outreach and cooperation with a variety of supply chain stakeholders.

On November 18, 2016, the Harbor Department entered into an Executive Director Agreement (Agreement) for \$150,000 with Ronald D. Widdows, E6876 (Transmittal 1), for assistance with shipping community engagement to improve the flow of cargo through Port of Los Angeles terminals and to create a unique value proposition that leverages capabilities and differentiates the Port of Los Angeles from other port authorities. Additionally, the Agreement was used to advance work on the potential of a cooperative effort to enable the creation of a Port Area Network and to promote an agenda to bring about changes in operating methodologies that can improve cargo flow.

Due to the successes generated under Agreement E6876, the Harbor Department brought to the Board a request to enter into a new sole source contract with Mr. Widdows for two years, \$150,000 per year, for a total not-to-exceed amount of \$300,000 (Agreement 18-3561). The Board approved this request at its January 25, 2018 meeting (Transmittal 2).

During the course of the previous one-year Agreement and under the current two-year Agreement 18-3561 Mr. Widdows was able to make great strides in the areas of:

- Orchestrating shipping alliance restart and deployment architecture with shipping lines and their executives;
- Technology development (Port Optimizer™) and strategic alignment; and
- Off-dock chassis placement and terminal efficiencies for the improvement of cargo flow.

Due to the successes generated under Agreements E6876 and 18-3561, the Harbor Department would like to extend the current contract with Mr. Widdows for three years, \$150,000 per year (Transmittal 3).

Sole Source Justification – A sole source contract to Mr. Ronald D. Widdows for the purpose of consulting with Harbor Department staff on the best financial and operational course of action with the realignment of shipping line alliances and the development of strategies to enhance the speed and efficiency of cargo movement (supply chain optimization/Port Optimizer Project) through the San Pedro Bay is appropriate as he is

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the preeminent expert in his field. Mr. Widdows possesses a depth and breadth of expertise and knowledge of the shipping industry that is unparalleled. Moreover, his wealth of contacts in the area of commerce (e.g. shipping lines, terminals, beneficial cargo owners, supply chain stakeholders throughout the world) and government, both international and domestic, are unsurpassed. As such, Mr. Widdows is uniquely qualified for a sole source consultant contract for supply chain optimization.

Mr. Widdows' more than 40-year career has been primarily in the container shipping sector with responsibilities that included global container shipping, end-to-end supply chain management, marine terminal operations, international and domestic intermodal rail operations, and alliance/consortium agreement management. He has played a key role in implementing some of the most innovative developments in the container shipping sector.

Mr. Widdows is currently under contract with the Department for assistance with the Department's supply chain optimization efforts through February 6, 2020. The Harbor Department would like to amend Agreement 18-3561 for three years and \$450,000 so that the ongoing supply chain optimization efforts can continue.

Specifically, Mr. Widdows' contract should be extended so that he can assist in discussions with shipping lines in advance of alliance shifts expected to take place in April 2020. Prior to the last alliance shift, which took place in April 2019, Mr. Widdows met with Harbor Department staff to review the shipping line alliances, relationships with Marine Terminal Operators, container terminal capacity and capability, and potential vessel sizes that will be deployed in the San Pedro Bay. As he did before, Mr. Widdows will provide Department staff with guidance on how to approach the different Alliance entities with a value proposition that will help to maintain and grow the Port of Los Angeles's market share.

Mr. Widdows' contacts in the industry are wide-reaching and includes owners and CEOs of Shipping Lines, Marine Terminal Operators, and Beneficial Cargo Owners. Over the last decade, Mr. Widdows has been recognized as one of the shipping industry's leading advocates on public policy issues. Since 2008, he has served as the non-voting Chairman of the World Shipping Council (WSC), a consortium of Chief Executive Officers of the world's major shipping companies formed to interface with the United States government on behalf of the international liner shipping industry. The WSC is recognized as a respected advisor to the maritime industry and governments in the areas of safety, security, environment and other maritime regulatory matters. Additionally, he has been a member of the Advisory Board of the International Transport Forum, based in Leipzig, Germany, and the Advisory Board of the United States Merchant Marine Academy at Kings Point, New York.

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In addition to his position of Chairman of the WSC, Mr. Widdows is presently the Principal of Ronald D. Widdows & Associates Pte Ltd., which provides shipping, logistics, terminals and intermodal transportation consultancy services globally. From April 2012 to April 2014 he served as the CEO of Rickmers Holding, based in Hamburg, Germany. Prior to joining Rickmers Holding, Mr. Widdows was Group President and CEO of Neptune Orient Lines (NOL), the parent company of American Presidents Line (APL). His career with NOL/APL spanned more than 30 years.

Mr. Widdows served as Chairman of the Transpacific Stabilization Agreement - a research and discussion group of major container shipping lines offering ocean and inland transportation, logistics and supply chain services from Asia to the U.S. Mr. Widdows also served as the Chairman of the Westbound Transpacific Stabilization Agreement.

Mr. Widdows' contributions to the industry have been recognized by the U.S. National Defense Transportation Association, the University of Maryland's Robert H. Smith School of Business, the United Seaman's Service, the Containerization and Intermodal Institute, and Containerization International.

Charter 1022 Determination – In conformance with the City of Los Angeles Charter Section 1022 procedure, the Harbor Department found that the work proposed to be contracted can be performed more feasibly by a contractor than by a City employee for the following reasons:

- There is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the Harbor Department's needs; and
- The work is of limited scope or intermittent nature and is unlikely that the City would be able to continue the employment of the person hired for this project.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to Agreement No. 18-3561 with Ronald D. Widdows to provide professional services regarding supply chain optimization, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Funding for Fiscal Year 2019/2020 is available in the Executive Office budget, Account 54290 (Misc. Professional Services), Center 0210, Program 000. Future Fiscal Year funds, as shown in the table below, will be requested as part of the annual budgeting process.

Fiscal Year	Budgeted	Expended
Prior Years	\$ 300,000	\$ 95,125
2019/2020	\$ 50,000	--
2020/2021	\$ 150,000	--
2021/2022	\$ 150,000	--
2022/2023	\$ 100,000	--
TOTAL	\$ 750,000	\$ 95,125

The annual amounts may change between fiscal years up to the available budget in that fiscal year. However, the total aggregate amount will not exceed \$750,000 over the life of the contract.

A funding out clause is included in the Agreement.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Executive Director Agreement E6876
2. Personal Services Agreement No. 18-3561 with Ronald D. Widdows
3. First Amendment to Agreement No. 18-3561 with Ronald D. Widdows

Mark Bleavon
FOR

EUGENE D. SEROKA
Executive Director

FIS Approval: *MB*
CA Approval: *jme*