

**DATE: JUNE 12, 2025**

**FROM: INTERNAL AUDIT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ – APPROVAL TO COMPENSATE KPMG LLP FOR CONDUCTING THE INDUSTRIAL ECONOMIC AND ADMINISTRATIVE SURVEY UNDER CITY CONTRACT NO. C-200448**

**SUMMARY:**

Staff requests approval to expend up to \$598,580 to conduct the Industrial, Economic, and Administrative Survey (IEAS or IEA Survey) of the City of Los Angeles Harbor Department (Harbor Department) under City of Los Angeles (City) Contract No. C-200448 (Contract). The Contract is between KPMG LLP (KPMG) and the City of Los Angeles, Office of the Controller, with a not-to-exceed amount of \$598,580 and terminates on December 31, 2026. Los Angeles City Charter Section 266 requires that an IEAS of the Harbor Department be conducted every five years and mandates that the Harbor Department cover the costs associated with the survey. As such, payment of costs incurred under the Contract are 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. Authorize the Harbor Department to compensate KPMG directly in accordance with the Deliverable Payment Schedule for the IEAS of the Harbor Department under City Contract No. C-200448, which terminates on December 31, 2026, and has a not-to-exceed amount of \$598,580;
3. Authorize direct payment to KPMG, upon receipt of an approved invoice from the Controller's Office as per the terms of Contract No. C-200448; and
4. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background/Context – City Charter Section 266 provides that the City Council, the Mayor and the City Controller shall jointly cause, at least once every five years an IEAS of the business and property of each of the Harbor, Water and Power, and Airports Departments. Charter Section 266 further provides that the Controller, the City Council (represented by the Chief Legislative Analyst) and the Mayor are together the Joint Administrators of the IEAS, and must select an independent, qualified contractor to perform the IEAS, and perform all contracting and oversight authority for the IEAS. Charter Section 266 also mandates that cost of each Survey shall be paid from the funds of the surveyed Department.

City Contract No. C-200448 – In February 2025, the Joint Administrators selected KPMG in a competitive process to perform the IEAS. On April 25, 2025, the Mayor, City Controller and Chief Legislative Analyst entered into City Contract No. C-200448 with KPMG to perform the IEAS.

The Scope of Work includes four main areas: 1) the progress on implementing recommendations from the 2019 IEA Survey, 2) an in-depth evaluation of the Harbor Department’s Environmental and Sustainability Initiatives, 3) an evaluation of the Harbor Department’s fiscal health and the current fiscal outlook, and 4) Technological Changes and the Workforce.

The deliverable payment schedule as outlined in City Contract No. C-200448 is as follows:

1. Project Work Plan	\$ 75,000
2. Preliminary Findings Report	\$225,580
3. Draft Report	\$119,000
4. Final Report	\$ 94,000
5. Stakeholder Presentations	\$ 70,000
6. Expenses	\$ 15,000
<b>Total Payments</b>	<b>\$598,580</b>

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of payment to KMPG LLP to conduct the IEAS, 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:**

Approval of the proposed action will authorize the Harbor Department to pay KPMG up to \$598,580 to conduct the IEAS. Fiscal Year 2025/26 funding in the amount of \$598,580 has been requested to be budgeted within Account 544000 (Financial Audit Services), Division 66010 (Internal Audit). Depending on the timing of the final report and the Joint Administrators' review process, some payments for the IEAS may not occur until FY 2026/27. If all payments cannot be made in FY 2025/26, staff will request funding in the FY 2026/27 budget as part of the annual budget process.

**CITY ATTORNEY:**

The Office of the City Attorney has previously reviewed and approved City Contract C-200448 as to form and legality.

**TRANSMITTALS:**

1. Letter dated May 28, 2025 from the Controller's Office
2. City Contract C-200448

FIS Approval: *JS* (initials)  
CA Approval: *JGC* (initials)



BARBARA J. STEELMAN  
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