

**DRAFT****RESOLUTION 20xx-xxx**

**RESOLUTION SELECTING AND AUTHORIZING AN AGREEMENT BETWEEN SAN DIEGO UNIFIED PORT DISTRICT AND AFTZ LLC (SERVICE PROVIDER) FOR CUSTOMS BORDER PROTECTION REPORTING & FOREIGN TRADE ZONE ACTIVATION AND OPERATOR SERVICES AT TENTH AVENUE MARINE TERMINAL FOR AN AMOUNT NOT-TO-EXCEED \$367,000 AND A DURATION OF FIVE YEARS. FISCAL YEAR (FY) 2023 FUNDS ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.**

**WHEREAS**, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1, (Port Act); and

**WHEREAS**, the Board of Port Commissioners (Board) adopted BPC Policy No. 110 to establish a policy governing the processing and administration of public projects, consulting and service agreements, the purchasing of supplies, materials, and equipment, and grants; and

**WHEREAS**, staff recommends that the Board authorize an Agreement for Customs Border Protection Reporting & Foreign Trade Zone (FTZ) Activation and Operator Services at the Tenth Avenue Marine Terminal (TAMT); and

**WHEREAS**, the FTZ is an important tool for business development and retention, offering value-added services to existing and potential customers at TAMT; and

**WHEREAS**, the purpose of an FTZ is to provide shippers with reduced or eliminated duties on imported/exported cargo in the form of Duty Deferral; and

**WHEREAS**, the Duty Deferral allows for cash flow savings until the cargo is imported and exported to and from the FTZ; and

**WHEREAS**, U.S. Customs and Border Protection (CBP) protects the revenue on behalf of the U.S. Department of Treasury, and serves as the primary approval entity granting FTZ Activation; and

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**WHEREAS**, currently, the FTZ Program Grantee in San Diego is the City of San Diego, creating a two (2) track FTZ process; and

**WHEREAS**, the continued operations of the FTZ at the District's TAMT provides a new revenue stream for the District and serves as a tool for prospective ocean carrier recruitment; and

**WHEREAS**, the FTZ has been under a Pilot Program since August 11, 2021; and

**WHEREAS**, AFTZ LLC (Service Provider) currently serves as the District's FTZ documentation clearinghouse CBP's Automated Entry System (AES), without which District could not perform such services on its own as a requirement for the FTZ Program; and

**WHEREAS**, the Request for Qualifications (RFQ) No. 22-14RH for FTZ Services was issued by District's Procurement Unit on June 13, 2022 with final bid due to District on July 13, 2022 and a projected delivery/service date of January 1, 2023; and

**WHEREAS**, the RFQ notification was sent out via E-Bids to 256 potential firms to assess interest; and

**WHEREAS**, on June 23, 2022, only two (2) firms participated in the Virtual Information Exchange Meeting related to this RFQ and a shortlist meeting for this RFQ was scheduled for July 27, 2022; and

**WHEREAS**, the District received only one (1) responsive bid, from the current Service Provider (AFTZ LLC); and

**WHEREAS**, staff deemed the bid responsive and determined that AFTZ LLC has the qualifications necessary for the services required; and

**WHEREAS**, the proposed Agreement with AFTZ LLC is for a five (5) year term commencing January 1, 2023, through December 31, 2027, with a minimum Services Fee of \$72,000 per year for the duration of the term, actual Service Fee to be based on FTZ transactions; and Base Transaction Fees at \$20 that are negotiable based upon FTZ User volume; and

**WHEREAS**, funds needed for the current Fiscal Year have been budgeted in the FY 23 budget, and funds required for future Fiscal Years will be budgeted in the appropriate year, subject to Board approval upon adoption of each Fiscal Year's budget.

**NOW THEREFORE, BE IT RESOLVED** that the Board of Port Commissioners of the San Diego Unified Port District, hereby authorizes and

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directs the Executive Director or his designated representative to execute an Agreement with AFTZ LLC for Customs Border Protection & Foreign Trade Zone Activation at Tenth Avenue Marine Terminal for an amount not-to-exceed \$367,000 and a duration of five years.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

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By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 11<sup>th</sup> day of October 2022, by the following vote: