



U.S. Customs and
Border Protection

**Pipeline 05-08
April 13, 2005**

TO: Customs Brokers, Importers and Others Concerned

SUBJECT: Solicitation of Applications to Operate a Centralized Examination Station in the Ports of Peoria, Illinois and Milan, Illinois of Chicago.

1. Purpose

This is to advise the importing community that the solicitation process for a Centralized Examination Station(s) (CES) in the Ports of Peoria, Illinois and Milan, Illinois are open, and to provide guidelines for the application process.

2. Scope

This solicitation is for applicants within the jurisdiction of the Port of Peoria and the Port of Milan. Specifically, the applicants should be geographically located within the port limits. The length of the CES agreement will be six years from the date of the written agreement.

The Port Director will determine the number of CES facilities within the port limits to best meet CBP cargo examination requirements, facilitate the movement of cargo within the port, and provide adequate service to the trade community.

3. Background

A CES is a privately operated facility where imported cargo or export cargo requiring examination are presented for physical inspection. The importer, carrier, exporter or its agent is responsible for choosing which CES is to be utilized for examination, arranging the bonded transfer of the merchandise to the CES, and paying the costs of the transfer, as well as any fees charged by the CES facility for services rendered. However, it must be clearly understood that CBP has the right to decide the location of an import or export cargo exam.

In the interest of national security, CBP has increased cargo exams utilizing information technology and high tech non-intrusive examination procedures to more selectively examine shipments entering the United States. Although the number of physical examinations required has increased, CES applicants should realize that a minimum number of examinations are not guaranteed.

The Department of Labor has concluded that all CES written agreements are subject to the Service Contract Act (SCA) and the Federal Acquisition Regulations. The purpose of the Service Contract Act is to:

- Ensure workers are fairly compensated
- Ensure workers receive adequate fringe benefits
- Ensure workers have safe and sanitary working conditions

Responsibilities of a CES operator:

The applicant tentatively selected to operate a CES must sign a written agreement with CBP before commencing operations (19 CFR 118.3). As outlined in 19 CFR 118.4, by signing the agreement the CES operator agrees to:

- (a) Maintain the facility designated in the CES in conformity with the security standards as outlined in the approved application;
- (b) Provide adequate personnel and equipment to ensure reliable service and provide that service on a "first come-first served" basis;
- (c) Assess fees as outlined in the fee schedule included in the approved application;
- (d) Assume responsibility for any charges or expenses incurred in connection with the operation of the CES;
- (e) Maintain, at his own expense, adequate liability insurance with respect to the property within his control and persons having access to the CES;
- (f) Keep current a list of all employees involved in the CES operation;
- (g) Maintain a Customs custodial bond in an amount set by the Port Director;
- (h) Maintain and make available for CBP examination all records connected with the operation of the CES and retain those records for five years from the date of transaction or examination;
- (i) Submit, if requested by CBP, the fingerprints of all employees involved in the CES operation;
- (j) Provide office space, parking spaces, designated sanitary facilities, and potable water to CBP personnel at no charge or a charge of \$1 per year;
- (k) Perform in accordance with any other reasonable requirements imposed by the Port Director; and,
- (l) Provide transportation and assume liability for the merchandise to the CES from within the Port boundaries if accepting cartage responsibility for shipment.

4. Action

Application Process

All interested parties must submit completed copies of the CES application form, Fee Schedule, and the following contents outlined in section (a) through (h). Applications must be completed fully and received within 60 calendar days from the date of this issuance. During the first 30 days of that period, the public may submit written comments relevant to the CES program to the Port Director.

At the end of the 60-day application period, CBP will publish a list of applications, including names, facility addresses, fee schedules, equipment and numbers of employees. At that time, the public will again have 30 days in which to submit written comments to the Port Director. At the conclusion of this period all applications and comments will be reviewed and evaluated and tentative selections will be made. Materials received from the public during the comment period may be used in evaluating and selecting CES locations. Applications and comments for each Port jurisdiction should be addressed to the Port Director responsible for that jurisdiction.

For the Port of Peoria, Illinois:

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For the Port of Milan, Illinois:

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Application Contents:

Each application to operate a CES shall consist of the following information as required by 19 CFR 118.11. Any application not providing all of the specified information will not be considered. The responses to paragraphs (b), (c), (d), (g) and (h) of this section shall constitute the criteria used to judge the application:

- (a) The name and address of the facility to be operated as the CES, the names of all principals or corporate officers, and the name and telephone number of an individual to be contacted for further information;
- (b) A description of the CES's accessibility within the Port or other location, and a floor plan of the facility actually dedicated to the CES operation showing bay doors, office spaces, exterior features, security features, and staging and workspace;
- (c) A schedule of fees clearly showing what the applicant will charge for each type of service. This schedule should include, but not be limited to fees for the cost of:
 - Container charges for a full devan and reload, partial devan and reload, and closing a container only
 - LCL freight charges, i.e., cartons, crates, pallets, bales and drums
 - Special commodities such as garments on hangers
 - ~~Drayage charges for moving containers and trailers~~
 - Facility charges for enforcement examinations performed with CBP labor only
 - Container and trailer storage charges
 - Any additional charges such as overtime or weekend rates

Subject to any special costs incurred by the applicant, such as facility modifications to meet specific cargo handling or storage requirements or to meet CBP security standards, the fees set forth in the schedule shall be comparable to fees charged for similar services in the area to be served by the CES;

- (d) A detailed list of equipment showing that the applicant can make a diverse variety of cargo available for examination in an efficient and timely manner;
- (e) A copy of an approved custodian bond on Customs Form 301. If the applicant does not possess a custodial bond, a completed Customs Form 301 must be included with the application for approval as a prerequisite to selection. The minimum bond amount required by the Port Director is \$200,000.00;
- (f) A list of all employees involved in the CES operation setting forth their names, home address, date of birth, place of birth, and social security number;
- (g) Any information showing the applicant's experience in international cargo operations and knowledge of CBP procedures and regulations; and
- (h) Any other information to address any local criteria that the Port Director considers essential to the selection process based on Port conditions.

Minimum Requirements and Evaluation:

All CES applicants must meet certain minimum standards in order to have their application considered. Failure of a CES applicant to meet the minimum standards will preclude further consideration of the application. Specific criteria has been developed to analyze application submissions. Evaluation of an applicant's ability to meet these criteria will be based on the applicant's submission as referenced in 19 CFR 118.11. Additional consideration will be given to those applicants who exceed the minimum required standards as well as the evaluation criteria.

Minimum Standards:

All applicants must meet the following minimum criteria for CES consideration:

1. An applicant must have an existing operation and a facility with the capability of handling a large volume of cargo and holding cargo intact, including rail and truck trailer cargo. The facility must be located within Port limits. An applicant must, upon reasonable notice, provide CBP 24-hour access to cargo as necessary. If significant capital expenditure would be required in order for an existing facility to meet security or other physical or equipment requirements necessary for the CES operation, an applicant may request in the application time to conform the facility to such requirements. The Port Director will grant up to 30 days from the date of the signing of the CES *tentative* agreement to bring the facility into conformity with CBP requirements. Once completed, the actual agreement can be signed.
2. An applicant must have sufficient personnel in the warehouse to expeditiously off-load, present, reseal and reload freight to be examined. All equipment such as examination tables, machinery to unload trailers from rail cars, hand trucks, pallet jacks, tools and tape are the responsibility of the operator.
3. CBP personnel are performing an increasing number of import and export examinations per day that require the devanning of ocean containers and LCL shipments. In the past, this workload has increased during peak arrival periods or special operations. A facility must have sufficient floor space and cargo bay doors to handle this workload in a required turn-around time. Each cargo door

should have enough floor queuing space adjacent to it to allow complete devanning of a container, and provide sufficient room to examine the cargo. Electrical outlets should be easily accessible for use of power tools and other equipment. In addition, a dedicated line (electrical outlet) will be needed to effectively use the non-intrusive equipment (x-ray van) required for some examinations.

4. The facility must also have separate office space for CBP personnel and equipment. The CBP office area should be close to the devanning area. Parking for CBP employee vehicles must be provided by the operator. The facility must meet all fire, safety and building codes and should be covered by adequate casualty and liability insurance. The applicant should be aware that CBP facility needs may change and the applicant should be prepared to meet those needs as determined by the Port Director.
5. The facility must include a fenced-in yard for securing containers and trailers pending CBP examination or delivery subsequent to authorized release.
6. The facility must be capable of accommodating the examination of perishable cargo and other cargo that requires special handling. A facility with a cooler unit capable of handling refrigerated cargo during devans would be beneficial to importers and CBP. In addition, a facility must be able to accommodate export examinations and coordinate the destruction and appropriate disposal of redelivered merchandise refused entry into the U.S. by CBP or other federal agencies.
7. It is recommended that the applicant become a member of C-TPAT when the program is expanded to include warehouse proprietors.

CES Evaluation Measures:

The following factors will be used to evaluate CES applicants who have successfully satisfied the minimum standards for selection as a CES. An interview team will visit sites and interview applicants utilizing a standardized rating system. Satisfaction of the criteria contained in 19 CFR 118.11 will be determined with reference to the following factors:

1. Distance and accessibility of the CES site from major highways and points of cargo discharge.
2. Accessibility for movement and positioning of containers at bay doors or apron positions.
3. Cargo space which exceeds minimum standards, including:
 - (a) Number of container positions
 - (b) Total space available for cargo stripping
 - (c) Average space behind cargo bay doors
 - (d) Examination space beyond minimum
 - (e) High security storage space for seizures/detentions
 - (f) Fenced container storage capacity
4. Security features that exceed the minimum standards outlined in T.D. 72-56, Standards for Cargo Security.
5. Lighting and electrical outlets immediately adjacent to container positions

6. Specialized equipment available to allow the CES operator to present a diverse variety of cargo for examination.
7. Physical barrier separation between CES and other cargo.
8. Availability of CES labor outside normal operating hours (0830-1700).
9. Experience in international surface and air cargo operations
10. Accommodations for CBP enforcement tools, including,
 - (a) Fixed-site pallet x-ray system (space, electrical, heating)
 - (b) Secure parking for mobile x-ray van (heated or unheated)
11. Training and personnel to handle HAZMAT
12. First aid equipment available for CBP use
13. Ownership/lease arrangements for CES facility
14. Charges or fees connected with the examination of cargo will be reviewed, during the evaluation process. If any of these fees are deemed excessive, that fact may be considered in selection.

Applicants should be aware that any designation of CES status covers only the facility described in its application. If any successful applicant changes the location of its facility during the six (6) year term of the agreement, it's status as a CES is terminated. All applicants must submit a corporate resolution authorizing the signatory to act on behalf of the corporation. Any false statement on the application may result in disqualification and possible prosecution under the provisions of 18 USC 1001.

All applicants are strongly urged to read 19 CFR 118 to obtain a clear understanding of CBP expectations of a Centralized Examination Station applicant and operator. Following the 60-day announcement period, applications will be reviewed for completeness and adherence to the specified information required. Applications not received postmarked the end of that 60-day period will not be considered. Applications found to be incomplete may not be considered.

Copies of the application and fee schedule portions of the CES application may be obtained from the appropriate Port Director. Contact the appropriate Port Director to obtain an electronic copy of the application and fee schedule documents, or to request surface mail of the documents, or to arrange for pick-up of the documents at the appropriate CBP office.

Any questions concerning the application process should be directed to the appropriate Port Director or CBP Officer.

Port of Peoria

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Port of Milan

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Carl Ambrosio
Area Port Director