

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to amending the compensation terms of the Port of Los Angeles (POLA) agreement with APM Terminals Pacific, LLC.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution No. 18-8246 relative to amending POLA Permit No. 827 with APM Terminals Pacific, LLC, to modify the compensation as necessary for the period August 1, 2017 through July 31, 2022, by exempting the applicability of any Tariff No. 4 increase until after August 1, 2019, and deleting permit provisions related to tenant controlled cargo movement through San Pedro Bay.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that amending POLA Permit No. 827 with APM Terminals Pacific, LLC, will increase revenue from minimum annual rent by 17 percent from a current amount of approximately \$71.6 million to \$83.8 million, with a corresponding increase to the minimum rate of return by 1.2 percent or from 4.93 percent to 5.58 percent by the end of the contract reset period. Instead of only a strict financial return on investment, the Port states that it measured the economic return for APM Terminals Pacific, LLC, and the San Pedro Bay Complex by the projected number of jobs, taxes and economic impact on the region. Future rental revenues and rate of returns percentages will be based on the number of cargo containers processed through the Port at the end of each five-year reset period for the permit.

Community Impact Statement: None submitted.

TIME LIMIT FILE – APRIL 30, 2018

(LAST DAY FOR COUNCIL ACTION – APRIL 27, 2018)

SUMMARY

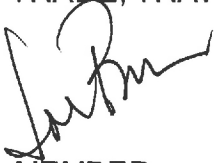
In a report to the Mayor dated March 15, 2018, the CAO states that POLA requests authority to amend the agreement with APM Terminals Pacific, LLC, to reflect negotiated changes to the compensation amount. The proposed amendment exempts applicable compensation increases in Tariff No. 4 (Port rules and regulations) from the effective date of the proposed amendment until after July, 2019, and deletes provisions related to tenant controlled cargo movement throughout the San Pedro Bay Complex. The retroactive date of August, 2017, is necessary due to prolonged negotiations between the two parties. According to the CAO, the proposed amendment reflects current market rent for this facility and property.

On February 15, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held April 17, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed contract amendment, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	YES
KREKORIAN:	ABSENT

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-