

CATEGORICAL EXEMPTION and COMMUNICATION FROM CHAIR, TRADE, COMMERCE, AND TOURISM COMMITTEE relative to the proposed Foreign-Trade Zone (FTZ) General Purpose Operating Agreement with Dependable Highway Express, Inc. for FTZ 202, Site 10D.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the FTZ General Purpose Operating Agreement with Dependable Highway Express, Inc. for FTZ 202, Site 10D.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed FTZ Operator Agreement with Dependable Highway Express, Inc. will have no impact on the City General Fund. Dependable Highway Express has already paid a one-time Minor Boundary Modification Application fee of \$2,500 and application or activation fee of \$5,000, for a total of \$7,500. In addition to the \$7,500 fee, Dependable Highway Express will pay an annual administrative fee of \$7,750 per year or \$38,750 for one five-year contract term, with three additional contract renewal options, subject to ratification by the Board of Harbor Commissioners, for up to a total 20-year contract term and total revenue of \$162,500, if the contract is renewed. There will be no impact on the City General Fund. All Funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – NOVEMBER 30, 2014

(LAST DAY FOR COUNCIL ACTION – NOVEMBER 26, 2014)

SUMMARY

At a special meeting held on October 28, 2014, your Trade, Commerce and Tourism Committee Chair considered a Harbor Department transmittal relative to proposed FTZ Operating Agreement No. 14-3264 with Dependable Highway Express, Inc., in FTZ No. 202, Site No. 10D, located in the City of Carson, approximately nine miles from the Port of Los Angeles. The CAO reports that the proposed operating agreement with Dependable Highway Express is for an initial term of five years, with three subsequent five-year renewal options, for a contract term up to a total of 20 years. According to the Harbor Department, Dependable Highway Express is leasing the FTZ site from Watson Land Company, which owns the property. Dependable Highway Express is a U.S. company and its head office is located in City of Los Angeles. The new FTZ Operator plans to activate, operate and manage its FTZ operations for general warehouse facilities. An opportunity for public comment was held. After a brief discussion, the Committee Chair moved to approve the recommendations contained in the transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

COUNCILMEMBER TOM LABONGE, CHAIR
TRADE, COMMERCE, AND TOURISM COMMITTEE

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

-NOT OFFICIAL UNTIL COUNCIL ACTS-