

ADMINISTRATIVE EXEMPTION; TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT; and, ORDINANCE FIRST CONSIDERATION relative to providing a financial incentive to Ocean Common Carriers (OCC) to follow various Tariff Sections amendments and provisions.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution 18-8336 authorizing proposed Permanent Order No. 18-7245 to amend Port of Los Angeles (POLA) Tariff No. 4, Section Two, Item No. 255 Furnishing Required Documents; Section Twenty-Three, Incentives - General Rules and Regulations, Item No. 2320 Definitions Ocean Common Carrier Incentives, and Item No. 2325 Ocean Common Carrier Incentive Program.
3. PRESENT and ADOPT the accompanying ORDINANCE dated September 26, 2018, approving Order No. 18-7245 to amend Port of Los Angeles Tariff No. 4, pursuant to action taken by the Board of Harbor Commissioners August 23, 2018.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action is expected to benefit operating revenues for the POLA if the payout to eligible OCC participants comply with and achieve estimated program financial goals. The proposed financial incentive funds will be paid to the OCCs at approximately \$10 per incremental Twenty-foot Equivalent (cargo container) Units (TEU) up to a maximum payout of no more than \$2 million per OCC for each prescribed incentive program period. The POLA states that incentive amounts will be contingent upon compliance with the OCC Program policies and guidelines. The POLA will be responsible for all of the financial payouts earned under the OCC Incentive Program. Funding for the proposed Tariff Amendment will be included in the proposed FY 2020 budget as part of the annual budgetary adoption process.

Community Impact Statement: None submitted.

TIME LIMIT FILE – NOVEMBER 13, 2018

(LAST DAY FOR COUNCIL ACTION - NOVEMBER 13, 2018)

SUMMARY

In a report to the Mayor dated September 24, 2018, the CAO states that POLA requests to authorize Resolution No. 18-8336 for Permanent Order No. 18-7245 and the accompanying Ordinance to amend Tariff No. 4 (Port Fees, Rules and Regulations Manual) to provide a financial incentive to OCCs. POLA states that the proposed Tariff Amendments to the OCC Incentive Program are expected to increase operating revenues and cargo container volume. The CAO summarizes the two amendments:

- Section Two - Item No. 255, Furnishing Required Documents: The Tariff section will add a requirement for Terminal Operators to electronically transmit or provide specific information on all containers handled (i.e., loaded or empty) at the Port of Los Angeles.
- Section 23 - Item No. 2320, includes Definitions (for) the Ocean Common Carrier Incentives Program and Item No. 2325, includes Ocean Common Carrier Incentive Program eligibility requirements. The Tariff section will add a financial incentive program for OCCs on the transport of incremental (loaded and empty) TEU cargo containers, if they meet certain eligibility requirements.

According to the CAO, the proposed Tariff Amendments will provide POLA with a promotional plan to capture a larger proportion of the Asia Trade market share and maintain its position as the number one container port in the nation by volume. The electronic transmittal system will provide a consolidation of websites and separate sources through a single informational computer source. This system is a first-of-its-kind common user portal to support improved maritime supply chain performance. On August 23, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its special meeting held October 30, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed Tariff Amendments, 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:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-