

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to amending the Port of Los Angeles (POLA) Foreign Trade Zone (FTZ) Agreement with Toolots, Inc.

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 POLA Resolution No. 18-8399 and proposed FTZ Agreement No. 18-3622 with Toolots, Inc., for the use of 145,520 square feet of warehouse and office space at FTZ No. 202, Site No. 53 located at 16300 Shoemaker Avenue, Cerritos, for an initial term of five years, with three subsequent five-year renewal options for an annual fee of \$10,000.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Toolots, Inc., has paid the POLA a one-time application fee of \$5,000. In addition, Toolots, Inc., will pay an annual administrative fee of \$10,000 per year or \$50,000 for the five-year contract term, and each subsequent five-year contract term. Toolots, Inc., will have three additional renewal contract options, subject to approval by the Board of Harbor Commissioners, up to a total 20-year contract term. Total revenue amount may generate up to \$205,000, including the \$5,000 application fee, over the 20-year contract period. In Fiscal Year 2017-2018, the Port incurred expenses of approximately \$36,575 for FTZ-related consulting services and collected \$344,746 in revenue from Port FTZ operators. The Port provides FTZ sites as a service to its customers to promote international trade and commerce in the region.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MARCH 26, 2019

(LAST DAY FOR COUNCIL ACTION - MARCH 26, 2019)

SUMMARY

In a report to the Mayor dated January 15, 2018, the CAO states POLA requests authority to execute an FTZ Operating Agreement with Toolots. Toolots plans to activate, operate and manage its FTZ facilities and warehouse as a single-usage FTZ site, for the sole use of Toolots operations. The FTZ site provides factory-direct industrial tools, machinery, and manufacturing equipment. Toolots will provide warehouse and distribution services to its customers who import and export their products.

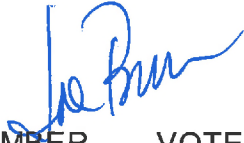
On December 18, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held February 5, 2019, the Trade, Travel, and Tourism Committee recommended that Council approve POLA's proposed FTZ agreement with Toolots, as recommended by the

Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
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BUSCAINO:	YES
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BONIN:	YES
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KREKORIAN:	YES
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-NOT OFFICIAL UNTIL COUNCIL ACTS-