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RECOMMENDATION APPROVED;  
RESOLUTION 19-8439 ADOPTED; AND  
AGREEMENT 19-3636 APPROVED;  
BY THE BOARD OF HARBOR COMMISSIONERS

March 7, 2019

  
AMBER M. KLESGES  
Board Secretary



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: FEBRUARY 12, 2019**

**FROM: CARGO MARKETING**

**SUBJECT: RESOLUTION NO. 19-8439 - APPROVAL OF FOREIGN-TRADE ZONE GENERAL PURPOSE OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND QUIK PICK EXPRESS, LLC, FTZ 202, SITE 10G**

**SUMMARY:**

Staff requests approval of a Foreign-Trade Zone (FTZ) Operating Agreement between the City of Los Angeles Harbor Department (Harbor Department) and Quik Pick Express, LLC (Quik Pick) to operate facilities within FTZ 202, Site 10G, located at 1) 1021 E. 233rd Street, Carson, California 90745, 2) 1058 E. 230th Street, Carson, California 90745, 3) 1128 E. 230th Street, Carson, California 90745, 4) 22418 Bonita Street, Carson, California 90745, and 5) 23610 S. Banning Blvd., Carson, California 90745. The proposed sites are within the 325.5 acre FTZ 202 Magnet Site 10 owned by Watson Land Company. The Harbor Department, as the FTZ grantee, establishes General Purpose Operating Agreements with FTZ site operators to oversee their FTZ operations.

Site 10G consists of five warehouse and office buildings totaling approximately 508,509 square feet located approximately nine miles from the Port of Los Angeles. Quik Pick will be operating its facilities under FTZ procedures as multi-usage sites. The proposed FTZ Operating Agreement (Agreement) is for a term of five years with three, five-year renewal options. This Agreement will not require funding by the Harbor Department. If approved, the Harbor Department will receive \$7,750 annually from Quik Pick.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the proposed Foreign-Trade Zone Operating Agreement between the City of Los Angeles Harbor Department and Quik Pick Express, LLC;

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3. Direct the Board Secretary to transmit the proposed Foreign-Trade Zone Operating Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Foreign-Trade Zone Operating Agreement; and
5. Adopt Resolution No. 19-8439.

**DISCUSSION:**

Background and Context – The FTZ Act of 1934, as amended (19 U.S.C. 81a-81u), was established to support U.S. commerce and create jobs by reducing import duties or excise taxes by deferring payment of duties, thereby making it attractive for companies to perform some work on their products in the U.S. rather than offshore. The definition of an FTZ is a restricted access site located in the U.S. Customs and Border Protection territories. The importer may defer payment of duties and other fees until the merchandise is brought into the U.S. for consumption.

Need for Agreement – The Harbor Department, as the grantee, is required by the FTZ Board to have an Operating Agreement with FTZ site operators. The term of this proposed FTZ Operating Agreement is five years with three, five-year extensions (Transmittal 1). Quik Pick is a U.S. company with its head office located in Carson, California employing approximately 69 full-time and part-time employees working within the sites. Quik Pick will operate its FTZ sites at 1) 1021 E. 233rd Street, Carson, California, 2) 1058 E. 230th Street, Carson, California, 3) 1128 E. 230th Street, Carson, California, 4) 22418 Bonita Street, Carson, California, and 5) 23610 S. Banning Blvd., Carson, California, FTZ 202, Site 10G. The sites are owned by Watson Land Company. The facilities consists of five warehouses and office space within the 325.5 acre Magnet Site 10 (Transmittal 2) and is within the FTZ 202 service area (Transmittal 3).

Quik Pick shall follow the rules and procedures as outlined in the Department of Homeland Security's FTZ manual, such as providing a secured area within the FTZ. Quik Pick shall notify truck drivers, truck brokers, and trucking companies that the trucks serving the container terminals must confine their routes to the designated Wilmington Truck Route.

Need for Approval – Quik Pick is requesting approval from the Harbor Department to execute the proposed FTZ Operating Agreement to operate Site 10G as multi-usage FTZ warehouses. Quik Pick will receive, store, re-label, manage inventory, and distribute imported and domestic commodities which include handling, storage, inventories and quality control. The products will be forwarded to the U.S. for consumption. Occasionally products may be re-exported from their warehouses.

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If Quik Pick does not obtain approval as an operator with FTZ status from the Harbor Department, they potentially have the choice of going to another FTZ in California such as Long Beach, San Diego, Palmdale, etc., or even going out of state. Since FTZ facilities exist in every state, a company can potentially shift its employees to work elsewhere as a result of seeking FTZ status in another location.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a proposed FTZ Operating Agreement with Quik Pick Express, LLC. to operate their sites at 1) 1021 E. 233rd Street, Carson, California, 2) 1058 E. 230th Street, Carson, California, 3) 1128 E. 230th Street, Carson, California, 4) 22418 Bonita Street, Carson, California, and 5) 23610 S. Banning Blvd, Carson, California, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

If the proposed Agreement is approved, the Harbor Department will receive \$7,750 annually from Quik Pick (per FTZ Tariff No. 2).

Approval of the FTZ Operating agreement is not anticipated to result in additional, incremental FTZ-related consulting service expenses being incurred by the Harbor Department. During Fiscal Year (FY) 2018, revenues of \$344,746 were collected from Harbor Department FTZ operators relative to FY 2018 expenses of \$36,575 incurred by the Harbor Department for FTZ-related consulting services.

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**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

**TRANSMITTALS:**


1. Proposed FTZ Operating Agreement for Quik Pick Express, LLC, FTZ 202, Site 10G
2. FTZ 202, Site 10G Map
3. FTZ 202, Service Area Map



ERIC CARIS  
Director of Cargo Marketing

FIS Approval: 

CA Approval: 



MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director