

ADMINISTRATIVE EXEMPTION and INNOVATION, GRANTS, TECHNOLOGY, COMMERCE, AND TRADE COMMITTEE REPORT relative to the eighth amendment to the permit with Eagle Marine Services Ltd., (EMS) for credit related to the CMA-CGM Benjamin Franklin.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department (LAHD) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.
2. APPROVE the LAHD Resolution No. 16-7957 authorizing the eighth amendment to Permit No. 733 with EMS.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the LAHD request to amend Permit No. 733 with EMS will provide a one-time credit or incentive to EMS in the amount of \$99,354, to be applied toward a one-month rental payment. The vessel call by the Benjamin Franklin generated an additional revenue amount of \$612,177 for the LAHD. The generated revenue to the EMS of \$612,177, less the \$99,354 credit, would result in a net revenue gain of \$512,823 for the LAHD. The incremental number of containers generated total revenue of \$612,177, less the \$99,354 credit, resulting in a net gain of \$512,823 in generated revenue. The LAHD states that it is not obligated to provide incentives to EMS and CMA-CGM, but believed that the LAHD and EMS would be able to improve the relationship with current and other potential customers.

Community Impact Statement: None submitted.

TIME LIMIT FILE – SEPTEMBER 2, 2016

(LAST DAY FOR COUNCIL ACTION – SEPTEMBER 2, 2016)

SUMMARY

At the meeting held on August 16, 2016, your Innovation, Grants, Technology, Commerce and Trade Committee considered a LAHD transmittal relative to the approval of Resolution No. 16-7957 authorizing a proposed eighth amendment to Permit No. 733 with EMS, a container terminal operator at the Port of Los Angeles (POLA). The CAO reports that the proposed amendment will provide a one-time credit to EMS in the amount of \$99,354, toward the deferral of one month in rental costs due to the POLA. The one-time credit (or incentive) will be for CMA CGM, the owner of the ultra large container vessel (ULCV or mega ship), Benjamin Franklin, currently one of the largest container vessels in the world. In April 2016, the 18,000 Twenty-foot Equivalent Unit (TEU) cargo container vessel, the Benjamin Franklin, made its first call to the EMS container terminal at Pier 300. A TEU is a standard cargo container size of approximately twenty feet. The POLA charges fees to lease its terminals to handle incoming and outgoing cargo, normally based on the length of water frontage used by the vessels secured to its wharf. The LAHD states that the vessel call by Benjamin Franklin generated an additional revenue amount of \$612,177 for the POLA. An opportunity for public comment was held. After a brief

discussion, the Committee moved to approve the recommendations contained in the transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

INNOVATION, GRANTS, TECHNOLOGY, COMMERCE, AND TRADE COMMITTEE



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

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-