

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed second amendment to Foreign Trade Zone (FTZ) General Purpose Operating Agreement with Howard Hartry Inc., FTZ 202, Site 27.

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, Section 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the second amendment to FTZ General Purpose Operating Agreement with Howard Hartry Inc., FTZ 202, Site 27.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed second amendment to the FTZ Operator Agreement with Howard Hartry Inc. will have no impact on the City General Fund. Howard Hartry has already paid a one-time application or activation fee of \$5,000 and an administrative fee of \$25,000 for the original five-year term to the Harbor Department as FTZ Operator fees. The Harbor Department subsequently increased the annual administrative fee, and Howard Hartry will be required to pay an annual fee of \$7,750 per year or \$38,750 for one five-year contract term, with renewal options, subject to ratification by the Board, for two additional contract terms, for up to a total 20-year contract term fee of \$146,250, if the contract is renewed. All funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JUNE 15, 2014

(LAST DAY FOR COUNCIL ACTION - JUNE 13, 2014)

SUMMARY

At a special meeting held on April 21, 2014, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to the proposed second amendment to FTZ Operating Agreement No. 08-2729 with Howard Hartry Inc., in FTZ No. 202, Site No. 27, located in the City of Wilmington. The CAO reports that in May 2009, the original FTZ Agreement with Howard Hartry was for a five-year term, with three subsequent five-year renewal options, for a contract term up to a total of 20 years. According to the Harbor Department, the original term is scheduled to expire on April 30, 2014. In addition, the Board authorized the Harbor Department to reorganize and renumber the existing FTZ Operating sites for consistency because of increasing expansion of FTZ sites. As a result, the Harbor Department changed the FTZ site number for Howard Hartry from FTZ Site 1C to FTZ Site No. 27. Board approval is required to exercise any renewal options and changes to the agreement. Upon approval, the proposed second amendment will extend the agreement by an additional five years, through April 30, 2019. All remaining terms and condition of the agreement will remain in effect.

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,

TRADE, COMMERCE, AND TOURISM COMMITTEE

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

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-