

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM** Committee

reports as follows:

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed First Amendment for Foreign-Trade Zone (FTZ) Operating Agreement No. 08-2729 with Howard Hartry, Inc., Site 1C.

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 First Amendment for FTZ Operating Agreement No. 08-2729 with Howard Hartry, Inc., Site 1C.

Fiscal Impact Statement: The City Administrative Officer reports that there will be no additional cost, fees or reduction of compensation to the Harbor Department (Port) authorizing the proposed First Amendment to FTZ Operating Agreement with Howard Hartry Inc., to change its FTZ Site Number from FTZ No.1C to Site No. 27. Compensation from the FTZ fees will remain in the amount of \$5,000 each year during each of the five-year contract terms and in each of the three subsequent five-year terms, for a total compensation of \$100,000, over the contract period of 20 years. There will have no impact on the City General Fund. Funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - SEPTEMBER 29, 2012

(LAST DAY FOR COUNCIL ACTION - SEPTEMBER 28, 2012)

SUMMARY

At a regular meeting held on August 13, 2012, your Trade, Commerce and Tourism Committee considered the proposed First Amendment to FTZ Operating Agreement with Howard Hartry Inc., at FTZ Site No.1 C in the City of Wilmington. In May 2009, the original FTZ Agreement with Howard Hartry was for a five-year term, with three, five-year renewal options, for a total of 20 years. The initial five-year term will expire in April 2014. The Board subsequently authorized the Port to reorganize and renumber the existing FTZ Operating sites for consistency because of increasing expansion of FTZ sites. As a result, the Port changed the FTZ Site Number for Howard Hartry from FTZ Site No, 1C to FTZ Site No. 27. Board approval is required to exercise any renewal options and changes to the Agreement.

The United States Government's Federal FTZ Board designated the Port as the Grantee/Administrator of FTZ 202 for the City of Los Angeles and the surrounding region. A definition of an FTZ is a secure area located in or near the port of entry for US Customs and Border Protection Agency (Customs), but legally considered to be outside the Customs territory for the purpose of tariff laws and Customs entry procedures. All activities are performed in accordance with Federal FTZ procedures. The goal of the FTZ program and Port is to stimulate economic growth and development in the United States, facilitate efficient cargo transit and support the local, State and national economy. The FTZ does not generate a direct profit for the Port, but is provided by the Port as a service to its customers to promote international trade and commerce in the region and USA.

An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendation contained in the report.

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
ROSENDAHL:	ABSENT
BUSCAINO:	YES

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