

City of Los Angeles

CALIFORNIA



ERIC GARCETTI
MAYOR

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CITY CLERK

GREGORY R. ALLISON
EXECUTIVE OFFICER

When making inquiries relative to
this matter, please refer to the
Council File No.

OFFICE OF THE
CITY CLERK

COUNCIL AND PUBLIC SERVICES
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SHANNON HOPPES
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February 11, 2015

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 14-0094,
at its meeting held February 10, 2015.

City Clerk
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ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed eleventh amendment to the permit with Yusen Terminals, Inc. (Yusen) incorporating the Mitigation Monitoring and Reporting Program for the Container Terminal Improvements Project at Berths 212-224.

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 II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE the eleventh amendment to Permit No. 692 with Yusen incorporating the Mitigation Monitoring and Reporting Program for the Container Terminal Improvements Project at Berths 212-224.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed eleventh amendment with Yusen will result in a revenue increase of approximately \$385 million over the 10-year renewal option period. The proposed amendment will include a liquidated damage clause if the Harbor Department does not complete project improvements for Yusen within the agreed upon 30-month period from the effective date of the extension period. The liquidated damages will provide Yusen with rental credit of approximately \$20,000 per day for each day of the delay, up to a maximum amount of \$1.8 million; reduction in its minimum annual guarantee (MAG) of up to 50 percent if the project is delayed up to 45 days; and reduction in MAG of 100 percent if the delay is beyond 45 days. If the delays exceed 90 days, both parties can submit to arbitration on the construction goals as specified in the amendment and determine if the Harbor Department has made a good faith effort to achieve project completion. The improvement project for Yusen included an expected capital cost of approximately \$58,370,000 and a completion date by May 2017. The construction schedule estimates project completion within 28 months after the effective date of the renewal option. The Harbor Department states that the Yusen Project is expected to support approximately 750 direct and secondary one-year equivalent construction-related jobs and a net total of 2,241 direct and secondary long-term jobs. There is no impact on the City General Fund and funding for proposed amendment has been included in the Harbor Revenue Fund. Any future funding for the agreement will be requested as part of the Harbor Department's annual budget process.

Community Impact Statement: None submitted.

TIME LIMIT FILE - MARCH 7, 2015

(LAST DAY FOR COUNCIL ACTION - MARCH 4, 2015)

SUMMARY

At a special meeting held on February 10, 2015, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to eleventh Amendment to Permit No. 692 with Yusen.

The CAO reports that Yusen is a major container shipping tenant at the Port of Los Angeles under a current 25-year contract through September 2016, with one 10-year renewal option that requires approximately a 12-month advanced notice prior to expiration of its permit (C.F. 14-0094). The Harbor Department states that the option to extend the permit will result in a revenue increase of approximately \$385 million over the 10-year period. The effective date of the 10-year renewal option will depend on the date that Yusen extends the permit term.

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:	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED

FEB 10 2015

LOS ANGELES CITY COUNCIL
FORTHWITH