

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to a proposed second amendment to the Foreign-Trade Zone (FTZ) General Purpose Operating Agreement with Customs Air Warehouse, Inc. for FTZ 202, Site 2A.

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 the FTZ General Purpose Operating Agreement with Customs Air Warehouse, Inc. for FTZ 202, Site 2A.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed second amendment to the FTZ Operator Agreement with Customs Air Warehouse Inc. will have no impact on the City General Fund. Customs Air has already paid a one-time application or activation fee of \$5,000 and an administrative fee of \$25,000, respectively, for the original and first additional five-year terms, for a total of \$50,000. The Harbor Department subsequently increased the annual administrative fee, and Customs Air 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 up to a total 20-year contract term and fee of \$132,500, if the contract is renewed. All funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - AUGUST 4, 2014

(LAST DAY FOR COUNCIL ACTION - AUGUST 1, 2014)

SUMMARY

At a special meeting held on June 11, 2014, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to a proposed second amendment to FTZ Operating Agreement No. 14-2340-B with Customs Air Warehouse, Inc. in FTZ No, 202, Site No. 2A, located in Los Angeles. The CAO reports that in June 23, 2004, the original FTZ Agreement with Customs Air was approved for a five-year term, with three subsequent five-year renewal options, for a total contract term up to 20 years. The Board approved a first contract renewal in June 2009 that is scheduled to expire in June 2014. 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 June, 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:	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-