

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed second amendment to the Foreign-Trade Zone (FTZ) agreement with Citizen Watch Company of America, Inc. (Citizen) for FTZ 202, Site 7D.

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 agreement with Citizen, as described in the Harbor Department's revised report dated February 12, 2015.
3. RECIEVE and FILE the Harbor Department's report dated February 10, 2015 inasmuch as no further Council action is necessary.

Fiscal Impact Statement: The City Administrative Officer reports that the proposed second amendment to the FTZ Operator Agreement with Citizen will have no impact on the City's General Fund. Citizen has already paid an application fee of \$5,000 and has paid the Harbor Department \$5,000 administrative fee per year for a total of \$50,000 for the renewal options for two of the five-year contract terms. The Harbor Department subsequently increased the annual administrative fee to \$10,000 per year or \$50,000 for every additional five-year contract term. The total FTZ administrative fee to the Harbor Department for the 20 year contract term will be approximately \$155,000, if the agreement is renewed for each of the two optional terms. All funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - APRIL 13, 2015

(LAST DAY FOR COUNCIL ACTION - APRIL 1, 2015)

SUMMARY

At a regular meeting held on February 24, 2015, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to the second amendment to FTZ Operating Agreement No. 09-2346 with Citizen to continue operating in FTZ No. 202, Site No. 7D. The CAO reports that Citizen is a United States company located in the City of Torrance. The original agreement with Citizen was approved for an initial contract term of five years, from 2005 to 2010, with renewal options for three subsequent five-year terms, for a total contract term of up to 20 years. According to the Harbor Department, the first amendment was approved to extend the FTZ term from 2010 to 2015. The proposed second amendment requests approval to extend the term of the agreement for an additional five years, from January 2015 to January 2020. All remaining terms and conditions of the agreement will remain in effect, with the exception of the incorporation of updated City's contractual provisions. 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

A handwritten signature in blue ink, appearing to read 'R. Labonge', with a long horizontal flourish extending to the right.

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

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-