

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Port of Los Angeles (POLA) Free Trade Zone (FTZ) agreement with Forever 21 Logistics, LLC, for the continued use and operation of warehouses and office space.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution No. 18-8280 authorizing proposed Agreement No. 18-3578 with Forever 21 Logistics, LLC, for the continued use and operation of warehouses and office space located within FTZ 202, Site G, comprised of Building 1 located at 3882 North Mission Road, and Building 2 located at 2011 North Soto Street.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Forever 21 will pay the POLA an annual administrative fee of \$10,000 per year or \$50,000 for one five-year contract term, and each subsequent five-year contract term. Forever 21 will have three additional renewal options, subject to approval by the Board of Harbor Commissioners, up to a total 20-year contract term. Total revenue amount may generate up to \$200,000. In 2017, the POLA incurred expenses of approximately \$35,750 for outside consultants for all FTZ related consulting services and collected \$337,172 in revenue from FTZ operators. The POLA provides FTZ sites as a service to its customers to promote international trade and commerce in the region.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – SEPTEMBER 21, 2018**

**(LAST DAY FOR COUNCIL ACTION - SEPTEMBER 21, 2018)**

SUMMARY

In a report to the Mayor dated June 8, 2018, the CAO states that POLA requests approval of a proposed FTZ subzone operating agreement with Forever 21 Logistics, LLC, for the use and operation of 1,126,000 square feet of office and warehouse space at two sites located within the City of Los Angeles for a term of five years, with options for three five-year renewals. According to the CAO, Forever 21 will use the sites to store, receive, manage inventory, and distribute products and services for U.S. consumption.

On May 17, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held August 7, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed FTZ agreement with Forever 21, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



MEMBER      VOTE

BUSCAINO: YES

BONIN: YES

KREKORIAN: YES

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**