

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed fourth amendment to the permit with Yang Ming Marine Transport Corporation (Yang Ming) granting use of approximately 186 acres at Berths 121-131 for container operations.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department (Harbor Department) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III, Section 2(f) of the Los Angeles City CEQA Guidelines.
2. APPROVE the fourth amendment to Permit No. 787 between the Harbor Department and Yang Ming.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the Harbor Department states that if Yang Ming does not generate sufficient cargo container charges to pay the agreed upon Minimum Annual Guarantee (MAG) amount by the end of each compensation period, the tenant will have to pay additional sums to make up for the MAG deficiency under its Permit with the Harbor Department. Currently, Yang Ming's terminal is unable to efficiently handle larger vessels and container numbers and has had to load and discharge containers from larger vessels to the adjacent China Shipping Holding Company terminal which can accommodate larger vessels and addition cargo containers. As a result, Yang Ming has had a shortfall in its MAG levels with the Harbor Department. Enforcement of the current permit would require the Harbor Department to charge and invoice Yang Ming for the estimated \$4,553,381 shortfall in 2014. The proposed fourth amendment allows revenue associated with containers loaded and unloaded from vessels controlled by Yang Ming at the adjacent terminal to apply toward the MAG with Yang Ming during 2014 and future years, upon approval by the Executive Director of the Harbor Department. There is no impact to the City General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MAY 29, 2015

(LAST DAY FOR COUNCIL ACTION – MAY 29, 2015)

SUMMARY

At the meeting held on May 12, 2015, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to fourth amendment to Permit No. 787 with Yang Ming. The CAO reports that the proposed amendment will authorize the receipt of revenue under the permit from loading and discharging of cargo containers from all of Yang Ming controlled containers to apply toward its agreed upon MAG levels with Port of Los Angeles for 2014 and future years, subject to approval by the Executive Director of the Harbor Department. The Harbor Department states that selective larger vessels and higher number of cargo containers controlled by Yang Ming are subsequently loaded and discharged from its vessels docking at the adjacent China Shipping Holding Company, because it has a larger terminal area. The proposed amendment will count containers controlled by Yang Ming calling at China Shipping terminal toward the MAG levels in the permit between Yang Ming and the Port of Los Angeles. If cargo containers from Yang Ming, which are handled at the China Shipping terminal,

do not meet the MAG requirements in the future, Yang Ming will be responsible for any shortfall. 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:	ABSENT

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-