

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed Foreign-Trade Zone (FTZ) agreement with National Distribution Centers, LLC. (NDC) for FTZ 202, Site 37.

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 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the FTZ operating agreement between the Harbor Department and NDC.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed FTZ Operator Agreement with NDC will have no impact on the City General Fund. NDC has already paid a one-time Minor Boundary Modification Application fee of \$2,500 and application or activation fee of \$5,000, for a total of \$7,500. In addition to the \$7,500 fee, NDC will pay an annual administrative fee of \$7,750 per year or \$38,750 for one five-year contract term, with three additional contract renewal option periods, subject to ratification by the Board of Harbor Commissioners, for up to a total 20-year contract term and total revenue of \$162,500, if the contract is renewed. There will be no impact on the City General Fund. All Funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – JUNE 28, 2015**

**(LAST DAY FOR COUNCIL ACTION – JUNE 26, 2015)**

#### SUMMARY

At the meeting held on May 12, 2015, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to FTZ Operating Agreement No. 15-3314 with NDC, in FTZ No. 202, Site No. 37, located in the City of Chino, approximately 50 miles from the Port of Los Angeles. The CAO reports that the proposed operating agreement with NDC is for an initial term of five years, with three subsequent five-year renewal options, for a contract term up to a total of 20 years. The new FTZ operator plans to activate, operate and manage FTZ operations, including distribution and general warehouse facilities. The Port of Los Angeles is required to execute a new FTZ operating agreement under the Federal FTZ and Harbor Department procedures. NDC will be financially responsible for paying the Port of the Los Angeles the annual FTZ fees.

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-**