

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed Foreign-Trade Zone (FTZ) agreement with Spectrum Brands, Inc. (Spectrum) for FTZ 202, Site 38.

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 Operating Agreement 15-3315 between the Harbor Department and Spectrum for FTZ 202, Site 38.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed FTZ operator agreement between the Harbor Department and Spectrum will have no impact on the City General Fund. Spectrum 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, Spectrum will pay to the Harbor Department an annual administrative fee of \$10,000 per year or \$50,000 for one five-year contract term and each of the three additional renewal option periods, subject to ratification by the Board of Harbor Commissioners, for a total up to a 20-year contract term and total revenue of up to \$207,500, 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 29, 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. 15-3315 with Spectrum, in FTZ No. 202, Site No. 38, located in the City of Redlands, approximately 82 miles from the Port of Los Angeles. The CAO reports that the proposed operating agreement with Spectrum 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 Harbor Department is required to execute a new FTZ operating agreement under the Federal FTZ and Port of Los Angeles procedures. Spectrum will be financially responsible for paying to the Harbor Department 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-