

ADMINISTRATIVE EXEMPTION and INNOVATION, GRANTS, TECHNOLOGY, COMMERCE, AND TRADE COMMITTEE REPORT relative to the tenth amendment to the permit with Eagle Marine Services, Ltd. (EMS) on approximately 261 acres of Port of Los Angeles property on and contiguous to Pier 300.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department (LAHD) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE LAHD Resolution No. 17-8059 authorizing the tenth amendment to Permit No. 733 with EMS.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the LAHD states that 30.28 acres of land leased by the EMS-lease includes a flat rental charge of \$3 million per year, with a Rate of Return of 10.21 percent, and annual Consumer Price Index increases. The rental amount of annual throughput will increase to a total of approximately 60 million twenty-foot equivalent units over the life of the agreement for an estimated total of \$2.1 billion. As of January 2017, the proposed Minimum Annual Guarantee (MAG) will increase to \$52,206,000 per year or an increase of \$12,149,902 and \$56,384,480 per year. Subsequent MAG payments and revenue will be subject to the provisions of the Permit.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - APRIL 29, 2017**

**(LAST DAY FOR COUNCIL ACTION - APRIL 28, 2017)**

SUMMARY

At the meeting held on April 4, 2017, your Innovation, Grants, Technology, Commerce and Trade Committee considered a Board of Harbor Commissioners (Board) transmittal relative to the request for approval for LAHD Resolution No. 17-8059 authorizing the tenth amendment to Permit No. 733 with EMS. The CAO reports that the proposed amendment will be approved for five years retroactively beginning in January 2017 through December 2021. In 1993, EMS entered into the permit as a terminal operator with the Port of Los Angeles (POLA) for 30 years. EMS was a terminal operating subsidiary of the shipping line American President Lines (APL). In June 2016, CMA CGM, a France-based shipping company, acquired and took control of APL and EMS. CMA CGM now controls strategic decision-making and capital investment, while EMS continues to be the permit holder and operator of the facility. The permit with EMS is on approximately 261 acres of POLA property on and contiguous to Pier 300. In addition, EMS occupies approximately 30.28 acres granted under a Space Assignment and 0.69 acres granted under Revocable Permits. An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendations contained in the Board's transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

INNOVATION, GRANTS, TECHNOLOGY, COMMERCE AND TRADE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
BONIN:	YES
KREKORIAN:	YES
BUSCAINO:	YES

ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**