

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to amending the Foreign Trade Zone (FTZ) Operating Agreement with Schafer Brothers Distribution Center, Inc. (Schafer), to operate a warehouse in Carson.

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 Harbor Department (Port) Resolution No. 17-8135 authorizing the Second Amendment No. 17-2633-B for an additional five-year term for FTZ Operating Agreement No. 2633 with Schafer for the continued operation of a warehouse within FTZ No. 202, Site No. 12, in Carson, California.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Schafer has paid the Port a one-time application fee of \$5,000 and an annual fee from the beginning of its FTZ agreement. Schafer will pay the Port an annual fee of \$7,750 per year or \$38,750 in each of the remaining five-year contract terms. Schafer will have two additional renewal options, subject to approval by the Board of Harbor Commissioners, up to the total 20-year contract term. Total revenue amount is \$160,000, including the \$5,000 application fee. However, the Port has incurred expenses of approximately \$48,606 for outside FTZ related consulting services and \$336,688 in revenue has been collected from the Port FTZ operators. The Port 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 – NOVEMBER 13, 2017**

**(LAST DAY FOR COUNCIL ACTION – NOVEMBER 8, 2017)**

### SUMMARY

In a report to the Mayor dated September 5, 2017, the CAO discussed a proposed FTZ Operating Agreement with Schafer to operate a warehouse in Carson. The Schafer FTZ site is approximately 191,000 square feet of office and warehousing facilities on approximately 7.76 acres of land. Schafer will operate its warehouse facilities as a multi-usage site providing FTZ services to the general public. Schafer will continue to store, receive, re-label, repackage, manage inventory, and distribute various imported products for sale nationally and, sometimes, internationally. Schafer has general warehousing, distribution and office facilities for domestic and imported consumer and office products, machineries, and other merchandise for sale to various markets. The FTZ agreement requires no direct use of Port funds. On July 20, 2017, the Board of Harbor Commissioners approved the proposed agreement. The CAO concurs with this action.

At its meeting held September 19, 2017, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed FTZ agreement with Schafer, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



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

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**