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RECOMMENDATION APPROVED;
RESOLUTION 21-9854 ADOPTED; AND
AGREEMENT 21-3416-A APPROVED;
BY THE BOARD OF HARBOR COMMISSIONERS

July 15, 2021


AMBER M. KLESGES
Board Secretary



DATE: JUNE 29, 2021

FROM: CARGO MARKETING

SUBJECT: RESOLUTION NO. 21-9854 - APPROVAL OF FIRST AMENDMENT TO FOREIGN-TRADE ZONE OPERATING AGREEMENT NO. 16-3416 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ACCESS WORLD (USA) LLC FTZ 202, SITE 10F

SUMMARY:

Staff requests approval of a First Amendment to Foreign-Trade Zone (FTZ) Operating Agreement No. 16-3416 between the City of Los Angeles Harbor Department (Harbor Department) and Access World (USA) LLC (Access) to continue operating its facility within FTZ 202, Site 10F, located at 989 East 233rd Street, Carson, CA 90745. The Harbor Department, as the FTZ Grantee, establishes Operating Agreements with FTZ site operators to oversee their FTZ operations.

Access's current FTZ Operating Agreement No. 16-3416 will expire on November 30, 2021. The First Amendment will extend the Operating Agreement by five years. Access requests to continue operating its warehouse as an FTZ warehouse. The Harbor Department must execute the First Amendment to extend the Agreement, as required by the FTZ Board.

Site 10F consists of a 4.5 acre site with approximately 20,000 square feet of warehousing and office space located 7 miles from the Port of Los Angeles. Access will operate its facility under FTZ procedures as a multi-usage site. The proposed First Amendment will not require funding by the Harbor Department. If the proposed amendment is approved, the Harbor Department will receive \$7,750 annually from Access (per FTZ Tariff No. 2).

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the proposed First Amendment to Foreign-Trade Zone Operating Agreement No. 16-3416 between the City of Los Angeles Harbor Department and Access World (USA) LLC;

**SUBJECT: FIRST AMENDMENT TO FTZ OPERATING AGREEMENT WITH
ACCESS WORLD (USA) LLC, FTZ 202, SITE 10F**

3. Direct the Board Secretary to transmit the proposed First Amendment to Foreign-Trade Zone Operating Agreement No. 16-3416 to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed First Amendment to Foreign-Trade Zone Operating Agreement No. 16-3416; and
5. Adopt Resolution No. 21.97854.

DISCUSSION:

Background and Context – The FTZ Act of 1934, as amended (19 U.S.C. 81a-81u), was established to support U.S. commerce and create jobs by reducing import duties or excise taxes by deferring payment of duties, thereby making it attractive for companies to perform some work on their products in the U.S. rather than offshore. The definition of an FTZ is a restricted access site located in the U.S. Customs and Border Protection territories. The importer may defer payment of duties and other fees until the merchandise is brought into the U.S. for consumption.

Need for Agreement – The proposed First Amendment (Transmittal 1) will extend the term of the Operating Agreement to November 30, 2026. Access, a Louisiana limited liability company, with its head office located in Stamford, Connecticut and registered with the California Secretary of State, will employ ten full time employees at this FTZ site. This 4.5 acre property is approximately 20,000 square feet and includes a warehouse and office (Transmittal 2) and is within the FTZ 202 service area (Transmittal 3).

Access shall continue to follow the rules and procedures as outlined in the Department of Homeland Security's FTZ manual, such as providing a secured area within the FTZ.

Need for Approval – Access is requesting approval from the Harbor Department to execute the proposed First Amendment to continue to operate Site 10F as a multi-usage FTZ facility. Access handles the logistics, handling, storage, inventory and quality control of mainly garment and accessories and materials. Occasionally, products may be re-exported.

If Access does not obtain approval as an operator with FTZ status from the Harbor Department, they potentially have the choice of going to another FTZ in California such as Long Beach. Since FTZ facilities exist in every state, a company can potentially shift its employees to work elsewhere as a result of seeking FTZ status in another location.

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ACCESS WORLD (USA) LLC, FTZ 202, SITE 10F

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a First Amendment to FTZ Operating Agreement No. 16-3416 between the City of Los Angeles Harbor Department and Access, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

If the proposed First Amendment is approved, the Harbor Department will receive \$7,750 annually from Access (per FTZ Tariff No. 2).

Approval of the First Amendment is not anticipated to result in additional, incremental FTZ-related consulting service expenses being incurred by the Harbor Department. During Fiscal Year (FY) 2020, revenues of \$361,536 were collected from Harbor Department FTZ operators relative to FY 2020 expenses of \$30,181 incurred by the Harbor Department for consulting services.

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed First Amendment as to form and legality.

TRANSMITTALS:

1. Proposed First Amendment to FTZ Operating Agreement with Access World (USA) LLC, FTZ 202, Site 10F
2. FTZ 202, Site 10F Map
3. FTZ 202, Service Area Map



ERIC CARIS
Director of Cargo Marketing

FIS Approval: MB
CA Approval: SO

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For
EUGENE D. SEROKA
Executive Director