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Executive Director

December 2, 2021

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Mr. Andrew Suh, City Clerk's Office

Subject: RESOLUTION NO. 21-9813 – PROPOSED PERMANENT ORDER TO AMEND PORT OF LOS ANGELES TARIFF NO. 4, SECTION TWENTY-THREE, "INCENTIVES - GENERAL RULES AND REGULATIONS", ITEM NO 2325, "OCEAN COMMON CARRIER INCENTIVE PROGRAM" UPDATING THE QUALIFYING YEAR PROVISION

Pursuant to Section 653a of the City Charter, enclosed for your approval is Resolution No. 21-9813 authorizing proposed Permanent Order No. 21-7303, along with corresponding Ordinance to amend Port of Los Angeles Tariff No. 4, Section Twenty-Three, "Incentives - General Rules and Regulations", Item No. 2325, "Ocean Common Carrier Incentive Program" updating the qualifying year provision; which was approved at the May 6, 2021 meeting of the Board of Harbor Commissioners. The proposed amendment would remove the "but not zero" container volume referenced in the Qualifying Year period of the Ocean Common Carrier (OCC) Incentive program (Program), retroactive to September 1, 2018, and remove the qualifying year as an eligibility requirement effective April 1, 2021. The COVID-19 global pandemic has caused unexpected and erratic trading patterns impacting container volumes beyond the control of OCCs. Removing the qualifying year requirement would adjust the program in response to the unforeseen COVID-related decrease in container volume during Fiscal Year (FY) 2020 and incentivize OCCs to drive future container volumes through the Port. The program will provide eligible OCCs with a financial incentive that could amount to \$10.00 per incremental Twenty-foot Equivalent Units (TEU) and a maximum payout of \$2,000,000 per OCC per Incentive Period as stated in Tariff No. 4 Item No. 2325. There is no impact to the General Fund.

RECOMMENDATION FOR CITY COUNCIL:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
2. APPROVE POLA Resolution No. 21-9813 authorizing proposed Permanent Order No. 21-7303, along with corresponding Ordinance to amend Port of Los Angeles Tariff No. 4, Section Twenty-Three, "Incentives - General Rules and Regulations", Item No. 2325, "Ocean Common Carrier Incentive Program" updating the qualifying year provision.

Respectfully Submitted,

AMBER M. KLESGES
Commission Secretary

cc: Trade, Travel & Tourism Committee
Councilman Buscaino
Councilman Bonin
Councilman Krekorian
Heleen Ramirez, Mayor's Office

Erick Martell, Harbor Representative
Stephanie Magnien Rockwell, Harbor Representative
Janice Chang Yu, CAO
Dennis Gleason, CD15
Tristan Noack, CLA