

DATE: JUNE 29, 2021

FROM: CARGO MARKETING

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE FOREIGN-TRADE ZONE OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND GEODIS USA, LLC, FTZ 202, SITE 11C

SUMMARY:

Staff requests approval of the Foreign-Trade Zone (FTZ) Operating Agreement between the City of Los Angeles Harbor Department (Harbor Department) and Geodis USA, LLC (Geodis), to continue operating at FTZ No. 202, Site 11C, located at 2155 E. 220th Street, Carson, CA 90810. Geodis currently operates at Site 11C under FTZ Operating Agreement No. 13-3114, which was executed on January 11, 2017 with Geodis USA Inc.

Following the execution of FTZ Operating Agreement No. 13-3114, Geodis USA Inc. changed its name to Geodis USA LLC, and this corporate name change requires a new operating agreement between the Harbor Department and the operator. The proposed Operating Agreement will incorporate the name change and if approved by the Board, will remain in effect for five years with three renewal periods for five years each. The Agreement will not require funding by the Harbor Department and if approved, the Harbor Department will receive \$7,750 annually from Geodis.

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 Foreign Trade-Zone Operating Agreement between the City of Los Angeles Harbor Department and Geodis USA, LLC;
3. Direct the Board Secretary to transmit the proposed Foreign-Trade Zone Operating Agreement 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;

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4. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Foreign-Trade Zone Operating Agreement; and
5. Adopt Resolution No. _____.

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. The Harbor Department, as the grantee, is required by the FTZ Board to have an Operating Agreement with FTZ site owners.

FTZ 202, Site 11C consist of 4.5-acres, including a 103,185 square foot building located approximately 7 miles from the Port of Los Angeles. Geodis operates its facility under FTZ procedures as a multi-usage site.

Need for Approval – The Site Operator, formerly known as Geodis USA, Inc., has officially changed its name to Geodis USA, LLC. (Transmittal 1) for FTZ 202, Site 11C (Transmittals 2 and 3) and is requesting the approval of the new Operating Agreement. This is solely a name change and no alteration of ownership of the company has occurred.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an FTZ Operating Agreement between the Harbor Department and Geodis, 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:

Approval of the proposed Operating Agreement would effectuate the FTZ Operator's name change from Geodis USA, Inc., to Geodis USA, LLC and 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 the Harbor Department FTZ operators relative to FY 2020 expenses of \$30,181 incurred by the Harbor Department for consulting services.

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CITY ATTORNEY:

The City Attorney's Office has prepared and approved the proposed Operating Agreement as to form and legality.

TRANSMITTALS:

1. Proposed FTZ Operating Agreement with Geodis USA, LLC
2. FTZ 202, Site 11C Map
3. FTZ 202 Service Area Map

FIS Approval: MB
CA Approval: SO



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