



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: JULY 27, 2011**

**FROM: BUSINESS & TRADE DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVAL OF FIRST AMENDMENT FOR FOREIGN-TRADE ZONE GENERAL PURPOSE OPERATING AGREEMENT NO. 09-2794 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND NYK LOGISTICS (AMERICAS) INC., SITE 9B**

**SUMMARY:**

In September 2009, the City of Los Angeles Harbor Department (Harbor Department) entered into Agreement No. 09-2794 with NYK Logistics (Americas) Inc. (NYK) to oversee Foreign-Trade Zone (FTZ) 202 Site 9B. The original term of the agreement is five years with three, five year renewal options. NYK has officially changed their name to Yusen Logistics (Americas) Inc. (YLA). In addition, YLA has relocated their operations from Site 9B to FTZ Site 11A. Any change made to an original operating agreement between the Harbor Department and operators requires an amendment to the agreement. The proposed First Amendment (Amendment) will approve the name change and the site relocation. Except as amended, all remaining terms and conditions of Agreement No. 09-2794 shall remain in full force and effect.

**RECOMMENDATION:**

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

1. Approve the proposed First Amendment to Agreement No. 09-2794 between the City of Los Angeles and NYK;
2. Direct the Board Secretary to transmit the proposed First Amendment to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles;
3. Upon approval by the City Council, authorize the Executive Director to execute and the Board Secretary to attest to the proposed First Amendment to FTZ Operating Agreement No. 09-2794; and
4. Adopt Resolution No. \_\_\_\_\_.

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**SUBJECT: FTZ GENERAL PURPOSE OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND NYK LOGISTICS (AMERICAS) INC., SITE 9B**

**DISCUSSION:**

Background – The Foreign-Trade Zone 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 Agency (U.S. Customs) territories. The importer may defer payment of duties and other fees until the merchandise is brought into U.S. commerce for consumption.

On July 14, 2011, the Board approved an application to the FTZ Board to change FTZ management frame work from a Traditional Site Framework (TSF) to an Alternative Site Framework (ASF). The ASF is for grantees that choose to participate for designation and managing general-purpose FTZ sites in an efficient manner. All of our current and future FTZ general purpose operators will benefit under the ASF's new streamlined process with quicker approval periods and simplified application requirements.

Need for Agreement– Site Operator formerly known as NYK Logistics (Americas) Inc., has merged with Yusen Air & Sea Service (U.S.A.) Inc., and changed their name to YLA. In addition, YLA has relocated their operations from Site 9B to location of Site 11A. This company name change and site relocation requires an amendment for FTZ Operating Agreement No. 09-2794.

Need for Approval – NYK is requesting approval to amend FTZ Operating Agreement No. 09-2794 for the company name change and site relocation. This is an administrative requirement for the Harbor Department.

As noted above under background, this site will be included in the forthcoming ASF application to ensure continuation of FTZ operations. We are planning to submit the application to the FTZ Board by the end of August 2011.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the First Amendment to FTZ Agreement No. 09-2794 between the City of Los Angeles and NYK which would cover the company name change and site relocation. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) under Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

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**ECONOMIC BENEFITS:**

Approval of the proposed First Amendment will have no direct job impact for the five county regions.

**FINANCIAL IMPACT:**

No Harbor Department funds are required for this proposed Board action. The FTZ operator will continue to pay the Harbor Department the annual fee of \$5,000 through the term of the original agreement.

**CITY ATTORNEY:**

The City Attorney's Office has approved the First Amendment as to form and legality.

**TRANSMITTALS:**

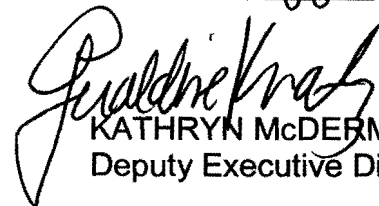
1. Proposed First Amendment of FTZ Operating Agreement 09-2794 NYK, FTZ 202, Site11A
2. NYK , FTZ 202, Site 11A site map

FIS (initials): MP

CA (initials): MB



KRAIG JONDLE  
Director of Business & Trade Development



KATHRYN McDERMOTT  
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director

M. Morimoto