THE PORT OF LOS ANGELES

Executive Director's Report to the Board of Harbor Commissioners

DATE: **APRIL 29, 2025**

FROM: **CARGO MARKETING**

SUBJECT: **RESOLUTION NO._____ - APPROVAL OF FOREIGN-TRADE ZONE (FTZ) OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND BEE IMAGINE, LLC, FTZ 202, SITE 54**

SUMMARY:

Staff requests approval of a Foreign-Trade Zone (FTZ) Operating Agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and Bee Imagine, LLC (Bee Imagine), to operate its facility within FTZ No. 202, Site 54, located at 4910 Azusa Canyon Road, Irwindale, CA 91706. Site 54 consists of 78,530 square feet of warehouse and 4,950 square feet of office space on 1.92 acres located in Irwindale, California. Bee Imagine will operate its facility under the FTZ procedures as a multi-usage site.

The proposed Agreement is for a term of five years with three, five-year renewal options. If the proposed Agreement is approved, the Harbor Department will receive $7,750 annually from Bee Imagine (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 Foreign-Trade Zone Operating Agreement between the Harbor Department and Bee Imagine;

3. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Foreign-Trade Zone Operating Agreement; and

4. 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.

Need for Agreement – The Harbor Department, as the FTZ grantee, is required by the FTZ Board to have an Operating Agreement with FTZ site operators. The term of this proposed FTZ Operating Agreement is five years with three, five-year extension options (Transmittal 1). Bee Imagine is a U.S. company with its head office located in Irwindale, California, employing approximately 78 full-time and part-time employees. This facility consists of approximately 83,480 square feet of warehouse and office space on 1.92 acres (Transmittal 2) and is within the FTZ 202 service area (Transmittal 3).

Bee Imagine shall 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. Bee Imagine shall notify truck drivers, truck brokers, and trucking companies that the trucks serving the Port of Los Angeles confine their routes to the designated Wilmington Truck Route.

Need for Approval – Bee Imagine is requesting approval from the Harbor Department to execute the proposed Agreement to operate Site 54 as a multi-usage FTZ facility. Bee Imagine receives, stores, manages inventory, and distributes various general merchandise, which will be distributed for U.S. consumption. Occasionally, products may be re-exported from this facility.

If Bee Imagine 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.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the FTZ Agreement with Bee Imagine, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

SUBJECT: FTZ OPERATING AGREEMENT WITH BEE IMAGINE, LLC

FINANCIAL IMPACT:

If the proposed Agreement is approved, the Harbor Department will receive $7,750 annually from Bee Imagine (per FTZ Tariff No. 2). Approval of the FTZ Operating Agreement is not anticipated to result in additional, incremental FTZ-related consulting service expenses being incurred by the Harbor Department.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Proposed FTZ Operating Agreement for Bee Imagine, LLC, FTZ 202, Site 54
2. FTZ 202, Site B Map
3. FTZ 202, Service Area Map

FIS Approval: JS
CA Approval: _____

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APPROVED:

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