

DATE: APRIL 2, 2025

FROM: CARGO MARKETING

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FOREIGN-TRADE ZONE (FTZ) OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND TOSHIBA LOGISTICS AMERICA, INC., FTZ 202, SITE 58

SUMMARY:

Staff requests approval of a Foreign-Trade Zone (FTZ) Operating Agreement between the City of Los Angeles Harbor Department (Harbor Department) and Toshiba Logistics America, Inc., (Toshiba), to operate its facility within FTZ No. 202, Site 58, located at 501 Burning Tree Road, Fullerton, CA 92833. Site 58 is 23 miles from the Port of Los Angeles (Port) and consists of 50,000 square feet of warehouse and 7,000 square feet of office space on 3.14 acres located in Fullerton, California. Toshiba 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 Toshiba (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 Toshiba;
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. _____.

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SUBJECT: FTZ OPERATING AGREEMENT WITH TOSHIBA LOGISTICS AMERICA, INC.

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 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). Toshiba is a U.S. company with its head office located in Irvine, California, employing approximately 52 employees. This facility consists of approximately 50,000 square feet of warehouse and 7,000 square feet of office space on 3.14 acres (Transmittal 2) and is within the FTZ 202 service area (Transmittal 3).

Toshiba 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. Toshiba shall notify truck drivers, truck brokers, and trucking companies that the trucks serving the Port confine their routes to the designated Wilmington Truck Route.

Need for Approval – Toshiba is requesting approval from the Harbor Department to execute the proposed Agreement to operate Site 58 as a multi-usage FTZ facility. Toshiba handles the logistics, handling, storage, inventory and quality control of Toshiba's group products such as communication equipment and systems, electronic components and materials. Occasionally, products may be re-exported.

If Toshiba 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 Toshiba, 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.

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SUBJECT: FTZ OPERATING AGREEMENT WITH TOSHIBA LOGISTICS AMERICA, INC.

FINANCIAL IMPACT:

If the proposed Agreement is approved, the Harbor Department will receive \$7,750 annually from Toshiba (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 Toshiba Logistics America, Inc., FTZ 202, Site 58
2. FTZ 202, Site 58 Map
3. FTZ 202, Service Area Map

FIS Approval: JS
CA Approval: SO



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APPROVED:

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