



DATE: MARCH 31, 2021

FROM: CARGO MARKETING

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF SECOND AMENDMENT TO FOREIGN-TRADE ZONE OPERATING AGREEMENT NO. 15-3353 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND PROSPECT ENTERPRISE DBA KANSAS MARINE CO., FTZ 202, SITE 45

SUMMARY:

Staff requests approval of a Second Amendment to Foreign-Trade Zone (FTZ) Operating Agreement No. 15-3353 between the City of Los Angeles Harbor Department (Harbor Department) and Prospect Enterprise dba Kansas Marine Co., for a corporate name change within FTZ No. 202, Site 45, located at 625 Kohler Street, Los Angeles, California 90021. The new name will be Kansas Marine Inc. (Kansas).

Any change made to an original operating agreement between the Harbor Department and the operators requires an amendment to the agreement. The proposed Second Amendment will approve the name change. Except as amended, all remaining terms and conditions of Agreement No. 15-3353 shall remain in full force and effect.

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 Second Amendment to Agreement No. 15-3353 between the City of Los Angeles Harbor Department and Kansas Marine Inc.;
3. Direct the Board Secretary to transmit the proposed Second Amendment Foreign-Trade Zone Operating Agreement No. 15-3353 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 Second Amendment to Foreign-Trade Zone Operating Agreement No. 15-3353; 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 a Developer Agreement with FTZ site owners.

On December 17, 2020, the Board approved a First Amendment to extend the Operational Agreement with Kansas for five years. FTZ 202, Site 45 consists of three-acres, including three buildings with a total square footage of 88,500 square feet of warehousing and office space located approximately 25 miles from the Port of Los Angeles. Kansas operates its facility under FTZ procedures as a multi-usage site.

Need for Amendment – The Site Operator, formerly known as Prospect Enterprise dba Kansas Marine Co. has officially changed their name to Kansas Marine Inc. and is requesting the approval of the company name change and an amendment to Agreement No. 15-3353 (Transmittal 1) for FTZ 202, Site 45 (Transmittals 2 and 3). 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 a Second Amendment to FTZ Operating Agreement No. 15-3353 with Kansas, 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 Amendment will change the name of the FTZ operator under FTZ Operating Agreement No. 15-3353 from Prospect Enterprise dba Kansas Marine Co. to Kansas Marine Inc. All other terms and conditions remain the same with no additional,

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incremental FTZ-related consulting service expenses being incurred by the Harbor Department as a result of this action.

During Fiscal Year 2020, revenues of \$361,536 were collected from Harbor Department FTZ operators relative to FY 2020 expenses of \$30,181 incurred by the Harbor Department for consulting services.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Proposed Second Amendment to FTZ Operating Agreement 15-3353, FTZ 202, Site 45
2. FTZ 202, Site 45 Site Map
3. FTZ 202 Service Area Map

FIS Approval: *MB*
CA Approval: *JS*



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