DATE: JANUARY 27, 2009

FROM: MARKETING DIVISION

SUBJECT: RESOLUTION NO. ______ APPROVAL OF FOREIGN-TRADE ZONE DEVELOPER AGREEMENT BETWEEN THE CITY OF LOS ANGELES, TEJON INDUSTRIAL CORPORATION AND ROCKEFELLER GROUP DEVELOPMENT CORPORATION, FTZ 202 SITE 23

SUMMARY:

The Los Angeles Harbor Department (Harbor Department), as the Foreign-Trade Zone (FTZ) grantee, establishes the Developer Agreement with FTZ Developers in order to oversee their FTZ developments. In February 2008, the FTZ Board approved to modify FTZ 202 Site 23, Tejon Industrial Complex in Lebec, California by 177 acres. Tejon Industrial Corporation and Rockefeller Group Development Corporation (Tejon and Rockefeller Group) have requested a Developer Agreement with the Harbor Department. The Harbor Department is required by the FTZ Board to have a Developer Agreement with land owners. The proposed FTZ Developer Agreement is for a five-year term with three five-year renewal options.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the subject FTZ Developer Agreement between the City of Los Angeles and Tejon Industrial Corporation and Rockefeller Group Development Corporation;

2. Authorize and direct the Board Secretary to transmit the proposed FTZ Developer Agreement to the City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles;

3. Upon approval by City Council, authorize the Executive Director to execute and the Board Secretary to attest to the proposed FTZ Developer Agreement; and

4. Adopt Resolution No. __________.
DISCUSSION:

1. The Foreign Trade Zones Act of 1943, 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 territory. The importer may defer payment of duties and other fees until the merchandise is brought into the U.S. commerce for consumption.

2. Approval will allow Tejon and Rockefeller Group to have FTZ status for five-years with three five-year renewal options, if the Harbor Department chooses to exercise all renewal options.

3. The purpose of this proposed Agreement is to allow Tejon and Rockefeller Group to market this area as an FTZ site. Tejon and Rockefeller Group is currently building warehouses on these parcels.

4. An application fee of $2,500 was paid by Tejon and Rockefeller Group to the Harbor Department. If subsequent option periods are exercised, a fee will be negotiated with the developer.

5. This Board item was previously on the agenda at the Board meeting on December 4, 2008, and was held over due to a question from the public related to truck traffic through the Wilmington neighborhoods. This proposed Agreement does not permit operations, only use of the FTZ designation in marketing the industrial park. Tejon and Rockefeller Group agree to advise all prospective FTZ operators that any use of the FTZ and subsequent operating agreements will be subject to a provision that requires use of designated Wilmington Truck Route.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the issuance of an FTZ Development Agreement between the City of Los Angeles and Tejon and Rockefeller Group to use an existing warehouse and office space as a general purpose FTZ site with no expansion of use. As such, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III, Section 1(14) of the Los Angeles City CEQA Guidelines.
ECONOMIC BENEFITS:

The direct employment effect of FTZ status cannot be determined, although FTZ status does confer an economic benefit of firms in the FTZ.

FINANCIAL IMPACT:

No Harbor Department funds are required for the actions granted by this Board item.

CITY ATTORNEY:

The FTZ Developer Agreement was prepared and approved as to form by the Office of the City Attorney.

TRANSMITTAL:

1. Tejon and Rockefeller Group, FTZ 202 Site 23, FTZ Developer Agreement including site map.

MICHAEL DiBERNARDO  KATHRYN McDERMOTT
Director of Marketing  Deputy Executive Director

APPROVED:

GERALDINE KNATZ, Ph.D.
Executive Director