RESOLUTION 2020-042

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO GRANT INDEMNITY ANNUALLY TO SELECTED BOND COMPANIES IN CONNECTION WITH A REQUIRED BOND FOR ESTABLISHMENT OF A FOREIGN TRADE ZONE AT THE SAN DIEGO UNIFIED PORT DISTRICT TENTH AVENUE MARINE TERMINAL

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Act); and

WHEREAS, staff recommends that the San Diego Unified Port District (District) Board of Port Commissioners (Board) authorize the Executive Director to grant indemnity annually to selected bond companies in connection with a required bond for establishment of a Foreign Trade Zone (FTZ) at the District’s Tenth Avenue Marine Terminal; and

WHEREAS, the purpose of an FTZ is to provide shippers with reduced or eliminated duties on imported/exported cargo in the form of Duty Deferral; and

WHEREAS, the Duty Deferral allows for cash flow savings until cargo is imported and exported to and from the U.S.; and

WHEREAS, U.S. Customs and Border Protection (CBP) protects the revenue on behalf of the U.S. Department of Treasury and serves as the primary approval entity granting FTZ Activation; and

WHEREAS, currently, in San Diego, the FTZ Program Grantee is the City of San Diego which creates a two (2) - track FTZ process; and

WHEREAS, the establishment of the FTZ at the District’s Tenth Avenue Marine Terminal would provide a potential new revenue stream for the District and will also serve as a tool for ocean carrier recruitment; and

WHEREAS, District has commenced the concurrent process of obtaining CBP and City of San Diego approval of an FTZ at the Tenth Avenue Marine Terminal, which will be known as FTZ 153 Site 19; and

WHEREAS, as part of this process, the District must annually obtain a $100,000 bond in favor of the United States from a bond company acceptable to the United States; and

WHEREAS, staff has investigated several potential bond companies, and all require indemnification; and
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WHEREAS, many such bonds are provided by a collective group of bond companies and, therefore, the specific bond company has not been identified; and

WHEREAS, while the cost of the bond is well below the contract authority of the Executive Director, granting indemnity to the bond companies does require Board approval; and

WHEREAS, staff recommends the Board authorize the Executive Director to annually grant indemnity to selected bond companies in connection with a required bond for establishment of a Foreign Trade Zone (FTZ) at the District’s Tenth Avenue Marine Terminal.

NOW THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, hereby authorizes the Executive Director or her designee to annually grant indemnity to selected bond companies in connection with a required bond for establishment of a Foreign Trade Zone (FTZ) at the District’s Tenth Avenue Marine Terminal.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL


By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 14th day of April 2020, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet
NAYS: None.
EXCUSED: None.
ABSENT: None.
ABSTAIN: None.

Ann Y. Moore, Chair
Board of Port Commissioners

ATTEST:

Donna Morales
District Clerk