



Item Number: 16

**City Council / Board of Directors**

**Written Communication**

**Meeting of: May 4, 2021**

**Submitted By:**

C. Eric Ray, Airport Director

**Subject:**

Memorandum of Agreement to Reimburse by and Between the Southern California Logistics Airport Authority and U.S. Customs and Border Protection.

**Recommendation:**

That Your Honorable Board of Directors

- (1) approve entering into a Memorandum of Agreement to Reimburse, by and between the Southern Logistics Airport Authority and U.S. Customs and Border Protection for computer system and network upgrades at the Southern California Logistics Airport, Building 728, and
- (2) Authorize the Airport Director to execute said Memorandum of Agreement to Reimburse in the amount not to exceed \$71,559.20.

**Fiscal Impact:**

Monetary transactions associated with this item are to be paid in FY 2021-2022. Appropriations for the subject agreement will be addressed at the time the annual budget is approved.

**Background:**

The Southern California Logistics Airport Authority ("SCLAA") is the Grantee of a Foreign Trade Zone ("FTZ") Number 243 located at the SCLA. Foreign Trade Zones are granted port of entry status as a means of eliminating or mitigating certain U.S. Customs and Border Protection ("Customs") fees and tariffs for domestic businesses conducting both foreign and domestic transactions. The FTZ offers importers and exporters the ability to defer, reduce or eliminate the payment of Customs duties which adds to the appeal of the SCLA as a Southern California gateway to the expanding global market.

As a Foreign Trade Zone Grantee, the SCLA is required to maintain an operating agreement with Customs via a Memorandum of Agreement ("MOA"). The Customs officer assigned to the SCLA provides inspection services at the FTZ and files related

paperwork. The Customs officer is also tasked with performing aircraft inspection services and clearing international aircraft for tenants and other Airport users.

In addition to requiring the SCLA to maintain Customs staff, the MOA also requires the SCLA to provide reimbursement to Customs for computer system and network equipment upgrades. Upgrades are projected to be needed every three to five years to ensure the security and operational efficiency of Customs at the SCLA.

**Discussion:**

On April 9, 2021, the SCLA received a Memorandum of Agreement to Reimburse ("RMOA") from Customs stating that, due to changes in the technology used by Customs, the current technology in place at the SCLA does not allow for efficient operation. To be compliant with current Customs technology standards, a refresh requiring computer system and network upgrades is necessary. Per the RMOA, all procurement actions for the Customs computer system upgrade will be conducted by Customs and the installation will be completed under Customs project management in accordance with Customs security protocol. After the RMOA has been executed, Customs anticipates that it will take approximately four months to order, ship and install the needed equipment. Upon receipt and installation of all equipment, Customs will issue SCLA a bill for the actual equipment costs to be reimbursed, in the amount not to exceed \$71,559.20.

Staff recommends Your Honorable Board of Directors approve the RMOA with Customs for computer system and network upgrades, and authorize the Airport Director to execute said RMOA in the amount not to exceed \$71,559.20.

Staff remains available for any questions or comments you may have.

**Attachments:**

- A. Site Map
- B. Customs Memorandum of Agreement to Reimburse