

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the proposed Port of Los Angeles (POLA) Foreign Trade Zone (FTZ) with Chevron U.S.A., Inc. (Chevron), for the continued operation of refinery and storages facilities.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the POLA Resolution No. 18-8385 authorizing proposed POLA FTZ Agreement No. 183614 with Chevron for the continued operation of refinery and storages facilities located within FTZ No. 202, Site B on 951 acres in El Segundo for a term of five years with three, five-year renewal options, and for an annual rent of \$10,000.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Chevron will pay the POLA an administrative fee of \$10,000 per year or \$50,000 for one five-year contract term, and each subsequent five-year contract term. Chevron will have three additional renewal options, subject to approval by the Board, up to a total 20-year contract term. The initial five-year term will be from January 2019 through December 2023. Total revenue anticipated from administrative fees for this contract may generate up to \$200,000. The POLA estimated that the department will incur expenses of approximately \$36,575 for outside consultants for all FTZ related consulting services and collect \$344,746 in revenue from FTZ operators in 2018. The POLA provides FTZ sites as a service to its customers to promote international trade and commerce in the region.

Community Impact Statement: None submitted.

TIME LIMIT FILE – FEBRUARY 19, 2019

(LAST DAY FOR COUNCIL ACTION - FEBRUARY 19, 2019)

SUMMARY

In a report to the Mayor dated November 28, 2018, the CAO states that POLA requests approval of an FTZ Subzone Operating Agreement with Chevron for the continued operation of its offices, refinery, and storage facilities in. The current agreement with Chevron expired on December 31, 2018. Chevron employs approximately 1,251 full-time and part-time workers on the FTZ site. Chevron receives, stores, manages inventory, and distributes various refined products for U.S. consumption and, sometimes, international uses. According to the CAO, POLA believes that if the proposed agreement is not approved, Chevron can move its facilities to another FTZ in California, such as Long Beach or San Diego, or to another state.

On November 15, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with the action taken by the Board.

At its meeting held January 15, 2019, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed FTZ agreement with Chevron, as recommended by the

Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE

A handwritten signature in black ink, appearing to be 'J. P. ...', written over the printed text.

<u>MEMBER</u>	<u>VOTE</u>
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BUSCAINO:	YES
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BONIN:	YES
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KREKORIAN:	YES
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-NOT OFFICIAL UNTIL COUNCIL ACTS-