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Executive Director

April 29, 2019

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Mr. John White, City Clerk's Office

SUBJECT: RESOLUTION NO. 19-8450 – PROPOSED PERMIT NO. 936 PBF ENERGY WESTERN REGION LLC

Pursuant to Section 606 of the City Charter, enclosed for your approval is Resolution No. 19-8450 authorizing proposed Permit No. 936 with PBF Energy Western Region LLC (PBF); which was approved at the March 7, 2019 meeting of the Board of Harbor Commissioners. Proposed Permit No. 936 is for a term of 30 years and will grant PBF the right to use City of Los Angeles Harbor Department premises consisting of 40.04 acres at Berths 238-239 for the construction, operation, and maintenance of a marine oil terminal, subsurface pipelines, and storage tanks. The Final Initial Study/Mitigated Negative Declaration describing this project was adopted by the Board of Harbor Commissioners (Board) on June 21, 2018. The proposed Permit is necessary to finance the changes being made to the wharf structure at the premises in compliance with California's Marine Oil Terminal Engineering and Maintenance Standards developed to protect public health and safety. Effective July 1, 2019, PBF's annual fixed rental compensation for land rent will be \$6,236,794, an increase of \$1,378,053.76 from the current rent of \$4,858,740.24 per year. The annual compensation for land rent is based on the land market value of \$40 per square foot and Board policy of 10 percent rate of return on land, with a 50 percent discount for subsurface rights. Land rent will be adjusted annually based on the Consumer Price Index (CPI-U), Los Angeles-Long Beach-Anaheim. Compensation will also include a minimum wharf rent for the new wharf of \$900,000 per year and "tank rent" on the area of the premises primarily containing storage tanks of \$812,000 per year. Should PBF's wharfage and dockage exceed \$1,712,000 per each compensation year, the minimum wharf rent and tank rent will be waived for that compensation year. There is no impact to the General Fund.

RECOMMENDATION FOR CITY COUNCIL:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action has been previously evaluated in the Final Mitigated Negative Declaration for the PBF Energy Marine Oil Terminal Improvements Project (SCH Number 2018031006) pursuant to the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines;
2. APPROVE Harbor Department Resolution No. 19-8450 authorizing proposed Permit No. 936 with PBF Energy Western Region LLC; and
3. Return to the Board of Harbor Commissioners for further processing.

Respectfully Submitted,

AMBER M. KLESGES
Commission Secretary

cc: Trade, Travel & Tourism Committee
Councilman Buscaino
Councilman Bonin
Councilman Krekorian
Heleen Ramirez, Mayor's Office

Erick Martell, Harbor Representative
Alvin Newman, CAO
Dennis Gleason, CD15
Matthew Shade, CLA