

TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to a Port of Los Angeles (POLA) Permit with PBF Energy Western Region, LLC (PBF), for the construction, operation, and maintenance of a marine oil terminal, subsurface pipelines, and storage tanks at the port.

Recommendations for Council action:

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 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 POLA Resolution No. 19-8450 for POLA Permit No. 936 with PBF for the use of 40.04 acres at Berth Nos. 238-239 for the construction, operation, and maintenance of a marine oil terminal, subsurface pipelines, and storage tanks for a term of 30 years and for an annual rent of \$6,236,794 for the land, and an annual rent of \$1,712,000 for the use of the site tanks.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed POLA request for Permit No. 936 would ensure that PBF would continue its marine oil terminal at port and continue to pay the POLA a fixed rental compensation for land rent of approximately \$6.2 million. In addition to the land rent, PBF will also be responsible for the payment of minimum rent for the wharf and storage tank of \$1.7 million each year. The POLA estimates that construction of the new wharf projects to comply with the State of California's Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) will cost up to \$19.8 million. The POLA will invest up to \$7.5 million and PBF will invest the balance and anything exceeding the total amount. The proposed compensation will meet the POLA's rate of return for land and improvements. The proposed Permit is for 30 years, and will supersede existing Permit No. 914, upon execution. PBF will be responsible for all costs associated with property maintenance and operation, including payment for project features in the Permit.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – MAY 30, 2019**

**(LAST DAY FOR COUNCIL ACTION – MAY 29, 2019)**

SUMMARY

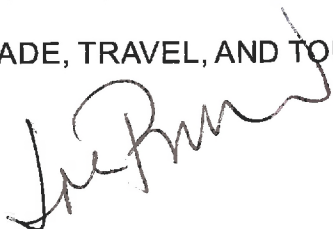
In a report to the Mayor dated April 22, 2019, the CAO states POLA requests approval of Permit No. 936 with for lease agreement for the use 40.04 acres of land and water at Berths 238 and 239 at the port. The proposed permit authorizes PBF to use the berths to construct, operate and maintain a marine oil terminal, subsurface pipelines, and storage tanks. The permit is necessary to finance changes that are being made to the wharf structures at the berths to comply with MOTEMS. MOTEMS requires all marine oil terminals to undergo an audit to determine the fitness of their marine structures, needed repairs and upgrades for wharfs, embankments, piping, fire suppression, and electrical and mechanical systems. Existing wharfs at POLA berths have

deteriorated and are in need of repairs and upgrades. On March 7, 2019, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held May 21, 2019, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed POLA permit with PBF, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| BUSCAINO:     | YES         |
| BONIN:        | YES         |
| KREKORIAN:    | ABSENT      |

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**