

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to amending the Harbor Department (Port) agreement with LAXFUEL Corporation for the continued operation of facilities located within the Los Angeles International Airport (LAX) and at off-site facilities and pipelines for the storage and delivery of jet fuel serving LAX.

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 Port Resolution No. 17-8158 authorizing proposed Agreement No.17-3074-A with LAXFUEL Corporation extending the term of the agreement for five years for the continued operation of its facilities located within LAX and at off-site facilities and pipelines for the storage and delivery of jet fuel serving LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that LAXFUEL has paid the Port a one-time application fee of \$5,000 and an annual fee from the beginning of its Foreign Trade Zone (FTZ) Agreement. LAXFUEL will pay the Port an annual administrative fee of \$7,750 per year or \$38,750 for one five-year contract term, and each subsequent five-year contract term. LAXFUEL will have two additional renewal options, subject to approval by the Board, up to a total 20-year contract term. Total revenue amount may generate up to \$160,000, including the \$5,000 application fee. In 2016, the Port incurred expenses of approximately \$48,606 for outside consultants for all FTZ related consulting services and collected \$336,688 in revenue from the Port FTZ operators. The Port 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 – DECEMBER 12, 2017

(LAST DAY FOR COUNCIL ACTION – DECEMBER 12, 2017)

SUMMARY

In a report to the Mayor dated October 3, 2017, the CAO states that the Port requests approval of a proposed First Amendment to FTZ Operating Agreement No. 12-307 4 with LAXFUEL to extend the agreement for an additional five years, from October 2017 through September 2022, FTZ Site No. 25. The original agreement began in October 2017 and was for an initial term of five years, with three subsequent five-year renewal options, for a total contract term up to 20 years. The proposed amendment will allow LAXFUEL to continue operating FTZ No. 25 within LAX as an off-site facility for the storage and delivery of jet fuel for LAX.

According to the CAO, FTZ Site No. 25 consists of seven storage terminals with liquid bulk terminal refineries, storage tanks, pipelines and office space on approximately 669 acres located within LAX and off-site storage facilities. Liquid bulk terminals are normally used for petroleum,

oil, and chemical tanks and terminals. LAXFUEL will continue to operate its designated land, facilities, and storage centers under FTZ rules and regulations and provide the means for airline carriers to use jet fuel free of customs duties and fees. LAXFUEL employs approximately 38 full-time employees for its airport operations. LAXFUEL operates a multi-usage site, which provides FTZ services to the general public. On September 7, 2017, the Board of Harbor Commissioners approved the proposed amendment. The CAO concurs with this action.

At its meeting held October 17, 2017, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed amendment of the Port agreement with LAXFUEL, 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:	ABSENT
KREKORIAN:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-