



425 S. Palos Verdes Street

Post Office Box 151

San Pedro, CA 90733-0151

TEL/TDD 310 SEA-PORT

www.portoflosangeles.org

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Executive Director

February 20, 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. 18-8408 – PROPOSED PERMIT NO. 916 WITH SHELL OIL COMPANY

Pursuant to Section 606 of the City Charter, enclosed for your approval is Resolution No. 18-8408 authorizing proposed Permit No. 916 (Permit) with Shell Oil Company (Shell); which was approved at the December 18, 2018 meeting of the Board of Harbor Commissioners. The proposed Permit will grant Shell the right to use City of Los Angeles Harbor Department property consisting of 11.57 acres at Berths 167-169 in Wilmington, California for the construction, operation, and maintenance of a marine oil terminal and storage tanks. Permit 916 is necessary to comply with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) project. Shell's annual fixed rental compensation for land rent was increased to \$1,589,160.00 on February 12, 2018 and will be increased by Consumer Price Index (CPI) on February 12, 2019. The annual compensation for land rent will continue as of the effective date of the new permit, plus all tolls and charges pursuant to Tariff No. 4, based on the land market value of \$40 per square foot and Board policy of 10 percent rate of return on land (plus February 2019 CPI adjustment) with a 50 percent discount for subsurface rights. Land rent will be adjusted annually by the Consumer Price Index (CPI-U), Los Angeles-Long Beach-Anaheim. Minimum wharf rent is set at \$900,000 per year, per berth. Wharf rent will expire when the Harbor Department achieves its target rate of return of 12 percent on the Harbor Department's investment of \$7,500,000. Shell will be responsible for all costs associated with maintenance and operation of the premises except maintenance dredging and rock slope maintenance. There is no impact to the General Fund.

RECOMMENDATION FOR CITY COUNCIL:

1. ADOPT the determination by the Board of Harbor Commissioners (Board) that the proposed action is administratively exempt from the requirements of 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. 18-8408 authorizing proposed Permit No. 916 with Shell Oil Company; 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
Mandy Morales, Mayor's Office

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