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REPORT NO. R 22 - 0153
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REPORT RE:

**DRAFT ORDINANCE AMENDING PORT OF LOS ANGELES
TARIFF NO. 4 – GENERAL RATE INCREASE**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. Pursuant to Charter Section 653(a), this draft ordinance would approve Board of Harbor Commissioners Order No. 22-7327 amending the Port of Los Angeles Tariff No. 4, by implementing a General Rate Increase of 1.7% to all rates, tolls and charges, except for wharfage charges on petroleum products and the Clean Truck Program Concession and Temporary Access Permit fees.

Charter Findings

On April 28, 2022, pursuant to Los Angeles City Charter Sections 652(a), 652(c) and 653(a), the Los Angeles Board of Harbor Commissioners (Board) adopted Order No. 22-7327, approved the enclosed draft ordinance, and recommended that the City Council adopt it. Under Charter Section 653(a), Board Order No. 22-7327 must be approved by the City Council, by ordinance, in order to become effective.

Background

The California Association of Port Authorities (CAPA), of which the Port of Los Angeles (Port) is a member, adopted an annual general rate increase (GRI) methodology for tariffs based on the Bureau of Labor Statistics' West Region Consumer

Price Index for All Urban Consumers (CPI-U). The proposed GRI for this year, as announced by CAPA to its members, is 7.1%, to be effective August 1, 2022. The proposed increase of 7.1% was the increase in the CPI-U for the 12-month period ending December 2021. The Board approved the 7.1% increase for all Port Tariff No. 4 (Tariff No. 4) rated tariff items, with certain specified exceptions.

The objective of the Tariff amendment is to implement a GRI for almost all rates in the Tariff. The Port's Tariff rates have not kept pace with inflation over the years, and the last general rate increase was 5.04% in calendar year 2005.

Summary of Ordinance Provisions

The proposed ordinance amends Port Tariff No. 4 by increasing almost all Tariff rates by 7.1%, with certain specified exemptions below:

- Item No. 330 – Pilotage: Currently on a 5-year rate increase schedule (approved by the Board April 2021).
- Item Nos. 485, 600, and 605: These are part of a separate Cruise Passenger Fee/AMP Fee/Emergency Lay-up rate schedule, and will be reviewed prior to the expiration of the Cruise Passenger Fee in September 2023.
- Item No. 810 – Space Assignments: Rates were recently reset and increased based on a CPI level going forward (approved by Board in October 2020).
- Item No. 1300 – Parking Charges: Parking charges are on a separate fixed rate increase schedule.
- Item No. 2040 – Clean Air Action Plan Clean Truck Program Fees and Rates set at specific amounts not intended to be influenced by economic indices.
- Item Nos. 2300-2340 – Incentives Programs set at specific amounts not intended to be influenced by economic indices.

CEQA Findings

The draft ordinance approves an Order of the Board amending the Port of Los Angeles Tariff No. 4 by increasing tariff rates and charges by 7.1%. As an administrative activity and an activity involving the modification of a fee for the use of existing municipal facilities involving negligible or no expansion of use, the Harbor Department has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(31) of the Los Angeles City CEQA Guidelines.

Increase in Existing Fees

We note that, because this ordinance would effectuate increases in existing fees, notice of its proposed adoption should be given in accordance with the provisions of California Government Code Sections 66018 and 6062a. Those sections of State law require that prior to adoption of a new or increased fee a public hearing be held and notice of that hearing be published in a newspaper with two publications at least five days apart over a ten-day period. The notice period begins the first day of publication, and there must be at least five days intervening between the first and the second publications, not counting the dates of publication.

Council Rule 38 Referral

The Harbor Department is the proposing department, and the Tariff amendments were discussed and considered with Harbor Department management and staff present in a full public hearing of the Board on April 28, 2022.

If you have any questions regarding this matter, please contact Assistant City Attorney Joy Crose at (310) 732-3750. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM:JC:pj
Transmittal