8.1 Introduction

The California Environmental Quality Act (CEQA) Guidelines require that an Environmental Impact Report (EIR) discuss the ways in which a proposed project could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. This includes ways in which a proposed project would remove obstacles to economic or population growth or trigger the construction of new community service facilities that could cause significant effects (CEQA Guidelines, Section 15126.2[d]). The National Environmental Policy Act (NEPA) requires an Environmental Impact Statement (EIS) to examine the potential of a project to significantly affect the environment; potential impacts could be either direct or indirect. Indirect effects (NEPA, 40 CFR 1508.8[b]) may include growth-inducing effects and other effects related to induced changes in the pattern of land use; population density or growth rate; and related effects on air, water, and other natural systems including ecosystems.

Section 3.15 addresses growth inducement from the proposed Project, primarily from the standpoint of the potential for changes in population and housing. This section reiterates and further explains some of those findings and evaluates additional aspects of growth inducement. The analysis presented below focuses on whether the proposed Project would directly or indirectly stimulate growth in the surrounding area. The analysis concludes that the proposed Project would result in no significant growth in the Los Angeles basin. The proposed Project would serve to fulfill an existing and projected need for crude oil in the region. It represents a replacement of declining domestic supply with foreign supply, as well as accommodating increases in crude oil demand that are based on projected increases in consumer demand for transportation fuels and projected increases in refinery distillation capacity. All of these factors (declining domestic supply, increased consumer demand for transportation fuels, and increased refinery distillation capacity) would occur regardless of the proposed Project.

8.2 Summary of Growth-Inducing Impacts

As discussed below, the proposed Project would not have growth-inducing impacts on surrounding areas. The Project would not lead to appreciably more intensive
development of Pier 400 and, therefore, would not stimulate significant economic or population growth, remove obstacles to population growth, or necessitate the construction of new community facilities that would lead to additional growth in the area of the Los Angeles basin.

### 8.2.1 Direct Growth-Inducing Impacts

A project would directly induce growth if it would remove barriers to population growth (e.g., a change to a General Plan and Zoning Ordinance for a jurisdiction that allowed new residential development to occur). Projects could also directly induce growth by building new housing. Additionally, a project could directly induce growth due to its demand for labor during construction or operation, especially a large demand for labor that is not likely to be met from within the surrounding area.

The proposed Project would not remove barriers to population growth, as it involves no changes to a General Plan, zoning ordinance, or related policy. The proposed Project also does not include the development of new housing or population-generating uses.

The proposed Project would result in demand for construction and operation phase workers. Construction would last approximately 30 months. The proposed Project is estimated to create a total of 732 full-time equivalent construction jobs (see Section 7.2.2.1). Due to the size of the construction industry in the metropolitan area (about 206,000 construction jobs in year 2000 in Los Angeles County alone; Table 7-2), and the temporary and mobile nature of construction jobs, construction workers are expected to come from within the metropolitan area. Direct, ongoing jobs due to operation, estimated at 54 jobs when throughput reaches its highest level (2025 through 2040), also are expected to be filled by people already living within the metropolitan area.

Therefore, the proposed Project would not generate significant direct growth-inducing impacts.

### 8.2.2 Indirect Growth-Inducing Impacts

A project would indirectly induce growth if it would entail expansion of capacity of public service facilities or utilities in an area in which capacity is currently sufficient for demand (e.g., an increase in the capacity of a sewer treatment plant, or the construction or widening of a roadway beyond that which is needed to meet existing demand). A project could also indirectly induce growth by triggering additional development projects that could in turn result in a significant increase in population or housing. Indirect growth inducement could also derive from growth in indirect and induced employment opportunities, or what is sometimes called the “ripple effect” of direct investment. Economists distinguish the ripple effect into indirect effects, related to new demand for products or services from industries that sell inputs to the industries that are directly impacted (e.g., materials supply firms), and induced effects, related to economic sectors that benefit from household spending as household income increases (or decreases) due to direct employment changes (e.g., the retail sector).

The proposed Project is located within a region that is currently developed and has been planned to undergo improvements by the Los Angeles Harbor Department (LAHD).
The capacity of the existing infrastructure in the Project area would not be expanded to accommodate the proposed Project. For example, existing water supplies are available, and adequate wastewater treatment capacity exists to accommodate the proposed Project (see Section 3.13 for details). The proposed Project would not require upgrades to the size of existing wastewater transmission, distribution, or treatment infrastructure. Therefore, no new entitlements would be required.

The proposed Project includes the construction of infrastructure to accommodate marine imports of crude oil in order to replace declining crude supplies from in-state, which historically have arrived in southern California primarily via pipeline from oil fields within central California. (Figure 1-3 shows the historical decline in the supply of domestic oil to southern California refineries, and Figure 1-4 shows its projected future decline.) The proposed Project would provide the infrastructure to accommodate replacement of this domestic supply, and would also accommodate projected increases in crude oil demand over the long term. As noted elsewhere in the document, particularly in Section 1.1.3.1 and Appendix D1, the projected increase in crude oil demand is based on increased consumer demand for transportation fuels and increased refinery distillation capacity (“refinery capacity creep”). Both of these factors are projected to increase independent of the proposed Project. Consumer demand is projected to increase due to population and income growth (CEC 2007a; CEC 2007b; CEC 2007c; also see Section 1.1.3). Refinery capacity is expected to increase because refineries in southern California, facing increased consumer demand and a consumer demand that exceeds their current distillation capacity (CEC 2007b; also see Section 1.1.3), are continually seeking process improvements that would allow them to increase production. (It is worth noting that refineries plan their capacity and production in order to have the capacity to meet peaks of consumer demand, rather than average demand, over a long-term forecast.) Therefore, the proposed Project would not result directly or indirectly in increased employment, economic output, or earnings associated with the refining of crude oil or distribution or retailing of refined products.

Refinery capacity is a limiting factor affecting the amount of crude oil imported through the Ports of Los Angeles and Long Beach. Although no new refineries have been built in the area in a number of years, improvements in refinery technology and/or expansion of existing refineries have in some cases increased refinery capacity. (Note that the Project applicant does not presently own or operate refineries; as such, it would contract with customers to ship crude oil from various locations to its marine terminal and then to its customers in southern California.) If demand for refined products continues to increase and the economics of refining support new development, there remains the potential for new refineries to be built in the future, if an applicant were interested and the necessary regulatory approvals were to be issued. Refineries serve demand from consumers and businesses; a project to build a new refinery would be the result of a refinery operator identifying a potential to make a profit by accommodating demand for refined products, either due to increased consumer and business demand for refined products or due to the potential to capture market share by providing products in the event of an unanticipated outage in refineries in southern California or other U.S. locations (e.g., the Gulf Coast). As noted in the paragraph immediately above, consumer demand for transportation fuels and refinery distillation capacity are both projected to increase independent of the proposed Project. Construction of new refineries, if it were to occur, would be the result of (1) refinery operators responding to existing and projected demand for gasoline and other refined crude products and (2) refinery operators identifying shortages in refinery capacity. The proposed Project, while part of the overall supply chain for crude oil and...
refined products, would not trigger growth inducement because it is meeting existing and
projected growth in demand for crude oil from its customers and, indirectly, from the
many consumers who utilize products made from crude oil.

In the short run, the proposed Project does increase the total regional capacity to receive
crude oil. The total regional capacity includes the capacity of existing terminals at
Chevron’s El Segundo Terminal and the San Pedro Bay Ports to receive marine imports,
plus some domestic supply that is likely to continue to reach southern California via
pipeline. Although it is declining rapidly, some California production still reaches
southern California and is available to refineries in the Los Angeles Basin. The
combination of the capacity of the new Berth 408 terminal, plus existing marine
terminals at the San Pedro Bay Ports, the El Segundo Marine Terminal, and declining
but still positive California domestic supply, may exceed the capacity of refineries to
process crude oil for several years after the start of operations at Berth 408. Over time,
however, this “bubble” of regional crude oil import capacity over regional refinery
distillation capacity will subside as domestic California production, and the supply of
that oil to southern California, continues to decline, and the region becomes more fully
dependent on marine imports rather than pipelines from northern and central California.
(It is worth noting that the regional crude oil import capacity currently exceeds regional
refinery distillation capacity, as evidenced by the fact that even as demand for petroleum
products exceeds refinery distillation capacity (Section 1.1.3.1), there is still some
additional capacity to receive crude oil imports at existing terminals in the San Pedro
Bay Ports (Section 2.5.2.1 and Appendix D1)). Given the high capital cost, engineering
and environmental challenges, and extensive permitting requirements associated with
constructing a new refinery or significantly expanding the capacity of an existing
refinery, and the short-term nature of the potential crude oil supply bubble, it is unlikely
that a new refinery would be built. Thus, the proposed Project would not likely induce
growth due to the temporary increase in regional crude oil supply capacity to which it
would contribute.

Different varieties of crude oil have different characteristics that, in turn, require
different refinery processes. As crude oil sources change, as a result of the differences in
refinery feedstock characteristics, refinery operators may need to change refinery
equipment or processes over time in order to accommodate different chemical
constituents or proportions of chemical constituents. These refinery process changes
may result in new construction employment and either increased or decreased
operational employment. However, these refinery process changes would happen
regardless of whether the proposed Project is implemented. Differences in refinery
feedstock characteristics are related to the decline in domestic California production (and
the need to replace California sources with other crude oil sources) rather than the
proposed Project itself. This issue is similar to environmental regulations that affect
refinery processes or outputs, such as California Air Resources Board (CARB)-
compliant gasoline.

Construction expenditures and employment would contribute to indirect and induced
employment, output, and earnings in the region via economic multiplier effects.
Construction expenditures would also incrementally increase activity in local retail
establishments as a result of construction workers patronizing local establishments.
However, due to the size of the regional economy and the relatively small size of
proposed Project construction and operation employment, the contribution from the
proposed Project to indirect and induced employment would be minimal. Including
indirect and induced effects, proposed Project construction is estimated to contribute
1,767 full-time equivalent jobs to the five-county area, and proposed Project operation is
estimated to contribute 212 full-time equivalent ongoing jobs when throughput reaches
its highest level (2025 through 2040). These jobs represent a small proportion of
employment in the five-county area, which was about 8 million in 2004 (Table 7-1 of
this SEIS/SEIR; SCAG 2004).
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