



Executive Director's

Report to the

Board of Harbor Commissioners

DATE: MAY 28, 2019

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE ASSUMPTION AGREEMENT FOR REVOCABLE PERMIT 92-24 WITH UNION OIL COMPANY OF CALIFORNIA BY PHILLIPS 66 COMPANY

SUMMARY:

Staff requests approval of the Assumption Agreement for Revocable Permit No. 92-24 between the City of Los Angeles Harbor Department (Harbor Department) and Phillips 66 Company (Phillips 66). Revocable Permit No. 92-24 was originally granted to Union Oil Company of California (Unocal) to operate a marine oil terminal at Berths 148-151. Phillips 66 began operating at the premises under Revocable Permit 92-24 after their spin off from ConocoPhillips in 2012. No assignment to Phillips 66 was approved by the Board. It is recommended that Phillips 66 enter into an agreement with the Harbor Department assuming all obligations and liabilities under Revocable Permit 92-24, including the financial obligation of rental payments.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Assumption Agreement between the City of Los Angeles Harbor Department and Phillips 66 Company for Revocable Permit No. 92-24 with Union Oil Company;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Assumption Agreement; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background: In 1992, Unocal entered into Revocable Permit 92-24 for operations of the marine oil terminal at Berths 148-151 in Wilmington which provides marine logistics to support their refinery operations in Wilmington. In 1997, Unocal was sold to Tosco. Tosco was subsequently acquired by Philips Petroleum Company in 2002, Phillips Petroleum then merged with Conoco, Inc. in 2003 to form ConocoPhillips Company. In May 1, 2012, Phillips 66 was spun off from ConocoPhillips. No assignment to Phillips 66 was approved by the Board.

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It is recommended that Phillips 66 immediately enter into an explicit agreement with the Harbor Department assuming all obligations and liabilities under Revocable Permit 92-24. On May 7, 2019, Phillips 66 agreed to enter into the Assumption Agreement for Phillips 66 to assume all obligations and liabilities under Revocable Permit 92-24.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a proposed Assumption Agreement between the Harbor Department and Phillips 66, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

This Board action will have no direct financial impact.

CITY ATTORNEY:

The proposed Assumption Agreement is subject to approval as to form and legality by the Office of the City Attorney.


TRANSMITTALS:

1. Site map
2. Assumption Agreement

FIS Approval: MB

CA Approval: CRB


MICHAEL J. GALVIN
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MICHAEL DiBERNARDO
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APPROVED:


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