



**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 15 - 0 1 7 0  
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**REPORT RE:**

**DRAFT ORDINANCE AMENDING PORT OF LOS ANGELES  
TARIFF NO. 4, SECTION THREE - PILOTAGE**

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. 15-7179, thereby amending the Port of Los Angeles Tariff No. 4, Section Three – Pilotage, Item No. 370 to increase the Vessel Traffic Service (VTS) User Fees and to correct the Marine Exchange fax number in Item No. 360. The VTS User Fees are the primary source of funding to sustain operations of the VTS, operated by the Marine Exchange of Los Angeles/Long Beach Harbors, Inc. The VTS monitors vessel traffic within the Los Angeles and Long Beach harbors and approaches, and provides mariners with timely, relevant and accurate information for the purpose of enhancing safe, environmentally sound and efficient maritime transportation.

Charter Findings

On June 18, 2015, 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.15-7179, approved the enclosed draft ordinance and recommended that the City Council adopt it. Under Charter Section 653(a), BOHC Order No. 15-7179 must be approved by the City Council, by ordinance, in order to become effective.

Background and Discussion

The VTS is a cooperative effort of the State of California, the U.S. Coast Guard, the Marine Exchange of Los Angeles-Long Beach Harbors, Inc., and the Ports of Los Angeles and Long Beach. The VTS operates under the authority of California Government Code Section 8670.21 and Harbors and Navigation Code Section 445-449.5. The VTS rules, regulations and rates are published in the port tariffs of Los Angeles and Long Beach.

The Port of Los Angeles Tariff No. 4, Section Three, Item 370 publishes the VTS User Fees. The VTS User Fees are invoiced by, and paid to, the Marine Exchange of Los Angeles-Long Beach Harbor, Inc., by the vessel so assessed, through its master, owner, agent, charterers or other duly authorized person. These fees were last increased seven and one half percent (7½%) effective January 1, 2009, pursuant to Board Order No. 08-6975.

The Marine Exchange reports a twenty-four (24%) percent decline in vessel arrivals between the years 2007 through 2014. VTS User Fees represent approximately eighty percent (80%) of the Marine Exchange's revenues. As a result, it is no longer feasible to operate the VTS under the current fee structure. The fee increase will address the shortfalls in their budget due to the industry trend toward fewer, larger ships, as well as increasing costs for personnel, health care, computer support, maintenance, utilities, communications and insurance. The Marine Exchange is sustaining current operations by expending cash reserves that will be depleted by February 2016.

The Marine Exchange of Los Angeles/Long Beach Harbors, Inc., requested that the Ports of Los Angeles and Long Beach increase VTS User Fees to a range of approximately \$39 to \$391 per ship, effective July 1, 2015. In response, the Harbor Department and the Port of Long Beach agreed to pursue the necessary tariff changes. Fees will continue to be collected by the Marine Exchange, and the Harbor Department will have no financial responsibility related to the VTS User Fee. The Board approved the amendments to Tariff No. 4 in accordance with Harbor Department staff recommendations.

The VTS User Fee increase approved by the Board is listed below:

<b>Vessel Type</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Covered Vessels (based on length overall)	\$205 – \$387	\$236 – \$500
Assessment per Gross Registered Ton	\$0.0016	\$0.0032

Summary of Ordinance Provisions

The draft ordinance amends Port Tariff No. 4 in the following manner:

1. Amending Tariff Section Three – Pilotage, Item No. 370 (A) and (B) by increasing Vessel Traffic Service User Fees;
2. Amending Tariff Section Three – Pilotage, Item No. 360 (B), by correcting the Marine Exchange fax machine number.

CEQA Findings

The draft ordinance approves an Order increasing the fees associated with the Port of Los Angeles Tariff No. 4, Section Three, Item No. 370 and making an administrative change to Item No. 360. There would be no changes to operation as a result of this action. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA guidelines.

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 of Harbor Commissioners on June 18, 2015.

If you have any questions regarding this matter, please contact Deputy City Attorney John Driscoll at (310) 732-3750. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON  
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DMM:JD:pj  
Transmittal