

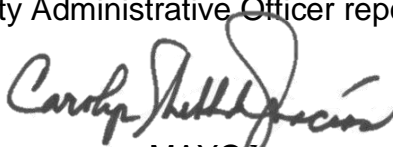
0150-12367-0001

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 8/1/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**RESOLUTION NO. 25-10565 AND PROPOSED SECOND AMENDMENT TO
REIMBURSEMENT AGREEMENT NO. 20-3762 WITH PHILLIPS 66 COMPANY TO EXTEND
THE TERM BY TWO YEARS FOR ENVIRONMENTAL ASSESSMENT SERVICES RELATED
TO THE CONSTRUCTION OF A NEW MARINE OIL TERMINAL ENGINEERING AND
MAINTENANCE STANDARDS COMPLIANT WHARF IN THE PORT OF LOS ANGELES**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

Attachment

MWS:PJH/JVW/JAS:10260031t

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 16, 2025

CAO File No. 0150-12367-0001

Council File No.

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from the Harbor Department dated June 26, 2025; Resolution No. 25-10565 from the Board of Harbor Commissioners adopted at its June 26, 2025 meeting; referred by the Mayor for a report on June 27, 2025

Subject: **RESOLUTION NO. 25-10565 AND PROPOSED SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 20-3762 WITH PHILLIPS 66 COMPANY TO EXTEND THE TERM BY TWO YEARS FOR ENVIRONMENTAL ASSESSMENT SERVICES RELATED TO THE CONSTRUCTION OF A NEW MARINE OIL TERMINAL ENGINEERING AND MAINTENANCE STANDARDS COMPLIANT WHARF IN THE PORT OF LOS ANGELES**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 25-10565 authorizing approval of the proposed Second Amendment to Reimbursement Agreement No. 20-3762 with Phillips 66 Company, with an unchanged maximum contract amount of \$1,453,000, to extend the contract term by an additional two years, from August 20, 2025 through August 19, 2027, for a total aggregate term of seven years, to complete an environmental assessment for the construction of a new Marine Oil Terminal Engineering and Maintenance Standards compliant wharf in the Port of Los Angeles;
2. Adopt the June 26, 2025 Board of Harbor Commissioners findings that the proposed action is administratively exempt from the requirements of California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Harbor Department Executive Director, or designee, to execute the proposed Amendment, already approved as to form by the City Attorney, and return the Resolution to the Harbor Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requests approval of its June 26, 2025 Resolution No. 25-10565 (Attachment 1) which authorizes the approval of the proposed Second Amendment to Reimbursement Agreement No. 20-3762 (Amendment) between the Los Angeles Harbor Department (Harbor Department) and Phillips 66 Company (Phillips 66). The approval will extend the contract term by an additional two years from August 20, 2025 through August 19,

2027, for a total aggregate term of seven years. The additional time is necessary to complete the environmental evaluation of the construction of a new Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) compliant wharf (Project) at the Port of Los Angeles (Port). Under the Agreement, Phillips 66 is financially responsible and agrees to reimburse the Harbor Department for all staff and consultant costs, as well as any outside legal defense costs associated with the preparation of an environmental assessment. The \$1,453,000 in estimated Port costs currently remains unchanged, though projected to increase based on additional environmental review. All other terms and conditions of the Agreement remain the same.

The Office of the City Attorney has reviewed and approved the Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required due to the cumulative term of the Agreement exceeding three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

The proposed Project consists of vessel berthing improvements at Port Berths 148-149 and construction of a new concrete wharf at Berths 150-151 to comply with the MOTEMS as required by the California State Lands Commission. MOTEMS are building standards per California Building Code Chapter 31F that apply to all marine oil terminals in California to protect public health, safety, and the environment. The proposed Project also includes consideration of a new 20-year entitlement, with two potential 10-year additional options, to Phillips 66 for continued operations at Berths 148-151.

Berths 148-151 have been utilized as oil terminals since they were developed in the early 1920s (150-151) and 1950s (148-149). The wharf at Berths 150-151 is predominantly timber, while the wharf at Berths 148-149 was reconstructed in concrete in the 1950s. The existing timber wharf at Berths 150-151 has deteriorated extensively and is classified as “not fit for service” under MOTEMS. Phillips 66 currently conducts all of its marine oil terminal operations at adjacent Berths 148-149.

Original Agreement – On July 23, 2020, the Board approved Resolution No. 20-9672, an Agreement for Phillips 66 to reimburse the Harbor Department, as the California Environmental Quality Act (CEQA) lead agency, for all staff and consultant costs associated with the preparation of environmental assessment documents for the Project, as well as any outside legal defense costs pertinent to the Agreement. The Agreement was for a term of three years from August 20, 2020 through August 19, 2023 with an estimated cost of \$350,000.

First Amendment – On August 16, 2023, the Board approved the First Amendment through Resolution No. 23-10164 to extend the term of the Agreement by two years, from August 20, 2023 to August 19, 2025, for a total term of five years, to provide additional time needed to complete the environmental assessment.

On June 20, 2023, in accordance with Section 4.B. of the Agreement, the Harbor Department notified Phillips 66 of a change in total estimated costs for the Project, increasing compensation by \$750,000, from \$350,000 to \$1,100,000. The Harbor Department notified Phillips 66 again on

January 25, 2024 of another change in total estimated costs for the Project, increasing compensation by \$135,000, from \$1,100,000 to \$1,235,000. Most recently, the Harbor Department notified Phillips 66 on March 24, 2025 of a change in total estimated costs for the Project, increasing compensation by \$218,000, from \$1,235,000 to \$1,453,000.

Proposed Second Amendment – The proposed Second Amendment would extend the contract term an additional two years from August 20, 2025 through August 19, 2027, for a total aggregate term of seven years. The Harbor Department anticipates that the Draft SEIR will be released for public review by the end of 2025, and that an additional two-year term is needed to complete the environmental assessment. Phillips 66 will continue to be financially responsible for the costs associated with the preparation of environmental documents. All other terms and conditions of the contract remain the same.

Environmental Assessment – As the CEQA lead agency, the Port has begun the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA. The Harbor Department Environmental Management Division has consulting agreements in place for as-needed CEQA environmental services, and selected Ramboll US Consulting, Inc. as the lead consultant to perform the work for the Project as prescribed in the Agreement. Initially, the Project was being assessed through a Mitigated Negative Declaration. Upon receipt of public comments requesting a more comprehensive analysis, the Port decided to proceed with the assessment under a more comprehensive Environmental Impact Report (EIR). A Notice of Preparation of an EIR for public review and comment was released on February 23, 2023.

Table 1 below provides the scope of work and estimated budget, including modifications. There were no compensation changes with the First or proposed Second Amendment.

Table 1: Reimbursement Agreement with Phillips 66 Company Agreement No. 20-3762; Resolution No. 25-10565 Scope of Work and Maximum Contract Authority				
Scope of Work	Original Agreement	06/2023 Modified Cost Est.	01/2024 Modified Cost Est.	03/2025 Modified Cost Est.
Consultant – Preparation of environmental documents in compliance with CEQA, and project management for preparation of documents	\$300,000	\$1,030,000	\$1,155,000	\$1,355,000
Port Staff - Review and oversight of the Project	\$30,000	\$50,000	\$50,000	\$60,000
Project Fees - County Clerk filing fees, advertising fees, U.S. Army Corps of Engineers review	\$20,000	\$20,000	\$30,000	\$38,000
Total Amount	\$350,000	\$1,100,000	\$1,235,000	\$1,453,000

Reimbursements by Fiscal Year – Under the Agreement, Phillips 66 agreed to reimburse the Harbor Department fully for all staff, consultant(s), and outside counsel for the preparation, review, and legal defense (if necessary) of the environmental documents for the Project. The total estimated costs under this Agreement are \$1,453,000, however, due to additional review, costs are expected to increase. Phillips 66 is responsible for any cost estimate increases that may occur during the evaluation of the Project. Table 2 below reflects the completed and anticipated reimbursements by fiscal year for the environmental assessment work. The Harbor Department

received a total of \$1,109,793 from Phillips 66 through FY 2024-25 and anticipates \$300,000 to be reimbursed in FY 2025-26 and \$43,207 in FY 2026-27 for a total of \$1,453,000.

Table 2: Completed and Future Anticipated Reimbursements by Fiscal Year (FY)									
FY	2020-21 Received	2021-22 Received	2022-23 Received	2023-24 Received	2024-25 Received	Subtotal Receipts	2025-26 Anticipated	2026-27 Anticipated	Total Received and Anticipated Receipts
Amount	\$94,468	\$43,953	\$158,288	\$596,879	\$216,205	\$1,109,793	\$300,000	\$43,207	\$1,453,000

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – On June 26, 2025, the Board determined that the proposed action of approving the Amendment to Reimbursement Agreement No. 20-3762 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.

The Office of the City Attorney has reviewed and approved the proposed Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required due to the cumulative term of the Agreement exceeding three years. Our Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund. Under the Agreement terms, Phillips 66 Company is required to reimburse the Harbor Department for all staff and consultant costs, and if necessary, any legal defense costs associated with the preparation of the environmental assessment for the Project. Phillips 66 is responsible for any cost estimate increase that may occur during the evaluation. Initial payments from the Harbor Department for consultant costs and project fees are paid out of Account No. 541100 (Environment Assessment Services), 42010 (Environmental Management). Funding in the amount of \$100,000 has been budgeted within this account for Fiscal Year 2025-26. The total revenues to be received by the Harbor Department for this Agreement are \$1,453,000 and includes \$1,109,793 in receipts through FY 2024-25 and anticipated receipts of \$343,207 through the end of the contract. The recommendations in this report and proposed actions comply with the Department's Financial Policies.

Attachment 1 – Harbor Department Correspondence dated June 26, 2025; Harbor report and proposed Resolution No. 25-10565 dated June 16, 2025, and proposed Second Amendment to Reimbursement Agreement No. 20-3762

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 26, 2025

TO: The Honorable Karen Bass, Mayor
City of Los Angeles

FROM: Amber M. Klesges, Commission Secretary
Harbor Department / Mail Stop 260 *AMK*

SUBJECT: **CHARTER SECTION 373 – SECOND AMENDMENT TO
REIMBURSEMENT AGREEMENT NO. 20-3762 WITH PHILLIPS 66
COMPANY**

In accordance with Executive Directive No. 4, attached for your review is Resolution No. 25-10565 authorizing approval of Second Amendment to Agreement No. 20-3762 which was approved by the Board of Harbor Commissioners on June 26, 2025.

It is respectfully recommended for the City Administrative Office to review, report, and return to the Harbor Department for further processing to City Council for final consideration.

Please feel free to contact me for any inquiries regarding the transmitted documents at (310) 732-2642 or aklesges@portla.org

cc: Erick Martell, Mayor's Office
Kevin Brunke, CD 11
Aksel Palacios, CD 15
Anissa Raja, CD 15
Jacqueline Wagner, CAO Office
Jennifer Sapone, CAO Office
Stephanie Magnien, Harbor Representative
City Attorney

AK:CB

6.16.25
#2

RECOMMENDATION APPROVED;
RESOLUTION 25-10565 ADOPTED;
AGREEMENT 25-3762-B APPROVED;
BY THE BOARD OF HARBOR COMMISSIONERS

June 26, 2025
AM Klesges
AMBER M. KLESGES
Board Secretary



DATE: JUNE 16, 2025

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. 25-10565 - SECOND AMENDMENT TO
REIMBURSEMENT AGREEMENT NO. 20-3762 WITH PHILLIPS 66
COMPANY

SUMMARY:

Staff requests approval of the proposed Second Amendment to the Phillips 66 Company (Phillips 66) Reimbursement Agreement No. 20-3762 (Agreement) to reimburse the City of Los Angeles Harbor Department (Harbor Department) 100% of staff and consultant costs associated with the preparation of an environmental assessment. The assessment relates to the construction of a new Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) compliant wharf (Project) as required by the California State Lands Commission (CSLC). The proposed Second Amendment would extend the duration of the existing Agreement by an additional two years, from five years to seven years. No other modifications are proposed. Phillips 66 Company is financially responsible for payment of expenditures incurred under the Agreement.

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 Second Amendment to the Phillips 66 Reimbursement Agreement No. 20-3762;
3. Direct the Board Secretary to transmit said Amendment to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5(a) of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest to, said Amendment to the Agreement for and on behalf of the Board; and
5. Adopt Resolution No. 25-10565.

DATE: JUNE 16, 2025

PAGE 2 OF 4

**SUBJECT: SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT WITH
PHILLIPS 66 COMPANY**

DISCUSSION:

Project Background/Context – MOTEMS are building standards (California Building Code, *Chapter 31F - Marine Oil Terminals*) that apply to all marine oil terminals in California. MOTEMS establish minimum engineering, inspection, and maintenance criteria for marine oil terminals to protect public health, safety and the environment, and govern the upgrade and design of terminals to ensure better resistance to earthquakes and reduce the potential of oil spills.

Under MOTEMS, the CSLC requires that modifications be made to Phillips 66's terminal to bring the wharf into MOTEMS compliance. Phillips 66 has agreed to pay all staff and consultant costs, as well as any outside legal defense costs (if necessary) associated with the preparation of the environmental assessment.

On July 23, 2020, the Board approved a three-year Agreement for Phillips 66 to provide reimbursement to the Harbor Department for 100% of staff and consultant costs associated with the preparation of an environmental assessment. On August 16, 2023, the Board approved the First Amendment to the Agreement to extend the agreement from three years to five years. The proposed Second Amendment to the Agreement which would extend the term an additional two years is necessary to allow sufficient time to complete the environmental assessment (Transmittal 1). The Agreement has a total estimated cost of \$1,453,000 to complete the environmental assessment for the Project; however, due to additional review, costs are expected to increase. Phillips 66 has been provided with updated estimated costs. Per the existing reimbursement agreement, Phillips 66 will be financially responsible for all costs associated with preparation of the environmental assessment even if the actual costs incurred are higher than the originally estimated amount. The Harbor Department's Environmental Management Division has consulting agreements in place for as-needed CEQA environmental services and selected Ramboll US Consulting Inc. as the lead consultant to perform the work in connection with the preparation of the environmental assessment.

The Harbor Department, as the CEQA lead agency, began conducting the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA. Initially, the assessment was being assessed through a Mitigated Negative Declaration. Upon receipt of public comment requesting a more comprehensive analysis, the Harbor Department decided to proceed with assessment under an Environmental Impact Report (EIR). A Notice of Preparation/Initial Study of an EIR for public review and comment was released on February 23, 2023. The Draft EIR is currently being prepared.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an Amendment to an Agreement with 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.

DATE: JUNE 16, 2025

PAGE 3 OF 4

**SUBJECT: SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT WITH
PHILLIPS 66 COMPANY**

FINANCIAL IMPACT:

Approval of the proposed Second Amendment extends the reimbursement Agreement by an additional two years, to a total of seven years. Per the Agreement terms, Phillips 66 is required to reimburse the Harbor Department for 100% of all staff and consultant costs related to the preparation of the environmental assessment for the Project.

Initial payments from the Harbor Department for consultant costs and project fees are paid out of Account 541100 (Environment Assessment Services), 42010 (Environmental Management). Funding in the amount of \$100,000 has been budgeted within this account for the Fiscal Year 2025/26. The Harbor Department bills Phillips 66 Company on an up to monthly basis as expenses are incurred and paid.

To-date, Phillips 66 has reimbursed the Harbor Department, \$903,373.82, or 62.2% out of \$1,453,000 in total estimated costs under the Agreement. It is anticipated that the remaining balance of \$549,626.18 will be reimbursed in the remaining fiscal years. Phillips 66 is responsible for any cost estimate increases that may occur during the evaluation of the Project.

Defense costs associated with the environmental review of the Project are not included in this estimate due to the uncertainty of estimating the existence or nature of potential litigation costs.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed Second Amendment as to form and legality.

DATE: JUNE 16, 2025

PAGE 4 OF 4

SUBJECT: SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT WITH
PHILLIPS 66 COMPANY

TRANSMITTAL:

1. Second Amendment to Reimbursement Agreement No. 20-3762

FIS Approval: MM

CA Approval: SO



LISA WUNDER
Acting Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

LW:NE:CS
AUTHOR: C. SANCHEZ ZELAYA

FILE: Y:\ADMIN\BOARD REPORTS\CEQA\PHILLIPS 66 REIMBURSEMENT AGREEMENT\SECOND AMENDMENT\Environmental_Phillips 66 Reimbursement Agreement
Amendment 2_Board Report - FINAL.docx
UPDATED: 6/16/25 11:28AM - MRX

SECOND AMENDMENT TO AGREEMENT NO. 20-3762
BETWEEN THE CITY OF LOS ANGELES AND
PHILLIPS 66 COMPANY

THIS SECOND AMENDMENT to Agreement No. 20-3762 is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and PHILLIPS 66 COMPANY, a Delaware corporation, with an office at 1660 West Anaheim Street, Wilmington, CA 90744 ("Applicant") as follows:

1. Section 3.A. is removed in its entirety and replaced with the following:

"3. TERM AND TERMINATION

"A. Subject to the provisions of Charter Section 245, the effective date of this Amendment shall be the date of its execution by Executive Director following authorization of the Board. The term of this Agreement shall commence upon the Effective Date and, unless terminated earlier as provided herein, shall continue until (7) years has lapsed from the Effective Date of this Agreement or upon the expiration of all periods of legal challenge, litigation and appeal under applicable law of the Project Documents approved or certified by the Board pursuant to Section 3C ("Termination Date"), below, whichever is later."

Except as amended herein, all remaining terms and conditions of Agreement No. 20-3762 shall remain in full force and effect.

Subject to the provisions of Charter Section 373, the effective date of this Amendment shall be the date of its execution by the Executive Director upon authorization of the Board. Applicant is aware that pursuant to Charter Section 373 and Administrative Code Section 10.5, this Amendment requires approval by City Council prior to becoming effective.

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(Signature Page to Follow)

IN WITNESS THEREOF, the parties hereto have executed this Second Amendment to Agreement No. 20-3762 on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its
Board of Harbor Commissioners

By signing below, I attest that I have no personal, financial, beneficial, or familial interest in this Agreement.

Dated: _____

By _____
EUGENE D. SEROKA
Executive Director

Attest _____
AMBER M. KLESGES
Board Secretary

PHILLIPS 66 COMPANY

Dated: May 13, 2025

By: 

Todd Denton, Sr. VP HSE & Field Operations
Support

By: 

William H. Bald, Assistant Secretary

APPROVED AS TO FORM AND LEGALITY

5/14, 2025
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel

By 
JOHN T. DRISCOLL, Deputy