



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION

Pacific L.A. Marine Terminal, LLC
Crude Oil Terminal at Pier 400 in the Port of Los Angeles
Revised Economic Impact Statement

Pacific L.A. Marine Terminal, LLC is developing a deep water crude oil marine terminal at the Port of Los Angeles. The terminal will be capable of handling in excess of 350,000 barrels per day of crude oil and intermediate refinery feedstock and will have storage facilities for 4 million barrels of petroleum. When fully operational, the terminal will be visited by an average of 12-15 crude oil tankers per month.

The LAEDC estimated the economic impact of the crude oil terminal, looking separately at annual impact of the terminal’s on-going operations as well as the one-time impact generated by the facility’s construction. The table below summarizes the employment, wages and tax revenues that will be associated with the construction of the terminal.

Pacific L.A. Marine Terminal Construction	
One-time Employment, Wage and Tax Revenue Implications	
Employment (Annual FTE Jobs)	6,300
Wages	\$518,700,000
Tax Revenue – By Level of Government	
State of California	\$41,400,000
Los Angeles County	\$4,100,000
City of Los Angeles	\$7,300,000
Tax Revenue – By Type of Tax	
California State Income Tax	\$21,800,000
Sales Tax	\$27,000,000
City of L.A. Business Taxes	\$790,000
Construction Permits & Fees	\$3,000,000

FTE = full time equivalent
Source: LAEDC

One-Time Construction Impact: The new crude oil terminal will cost about one-half billion dollars to build, including investments by both Pacific L.A. Marine Terminal, LLC (for the “landside” terminal facilities) and the Port of Los Angeles (for a jetty, wharf, and other “waterside” improvements). The construction, which is expected to take 20-28 months to complete, will generate significant one-time economic impacts. Construction-related economic activity will generate employment equivalent to approximately 6,300 full-time, one-year jobs. This includes the engineers and construction workers who will actually build the pier and terminal, plus their suppliers, as well as the workers in jobs supported by their spending. [This “multiplier effect” - where workers paid by the project, in turn, generate additional wages for still more workers - helps boost the overall wage total to more than the project itself.] Collectively, the workers will earn more than \$518 million over the course of the project.

One-Time Government Revenue: Pacific L.A. Marine Terminal, LLC will have to pay City of Los Angeles construction permits and fees of approximately \$3 million. In addition, firms working on the construction will pay business taxes of about \$790,000. Purchases of construction materials for the entire project plus the taxable purchases of direct and indirect workers will boost sales taxes (of at least \$27.0 million). Employment generated by the project will also produce additional California state income taxes (\$21.8 million). All told, the construction of the terminal will generate a one-time tax boost of \$41.4 million for the State of California; \$4.1 million for Los Angeles County; and \$7.3 million for the City of Los Angeles.

In addition to the temporary employment created by the construction projects, the ongoing operations at the Pacific L.A. Marine Terminal have a permanent economic impact in the region, as illustrated in the table below.

Pacific L.A. Marine Terminal Operations Ongoing Employment, Wage and Tax Revenue Implications	
Employment (Annual FTE Jobs)	230
Wages	\$12,330,000
Tax Revenue – By Level of Government	
State of California	\$724,000
Los Angeles County	\$1,250,000
City of Los Angeles	\$1,500,000
School & Other Local Districts	\$2,800,000
Tax Revenue – By Type of Tax	
California State Income Tax	\$517,000
Sales Tax	\$287,000
Utility Taxes	\$709,000
Property Tax	\$4,800,000

FTE = full time equivalent
Source: LAEDC

Recurring Employment and Earnings: The Pacific L.A. Marine Terminal will create direct employment equivalent to 68 full-time positions. Thirty-five to forty people will work at the terminal itself. Tugboat crews escorting the tanker ships to and from the harbor plus the crews securing the ships dockside will put in combined annual hours equivalent to seven additional full-time workers. Extra crews will be brought in to clean, inspect and maintain the facility's pipelines (once every five years) and storage tanks (once every 5 to 10 years). These tasks will create employment equivalent to 26 regular, annual full-time jobs. All of these workers will spend their earnings which, when combined with the terminal's purchases of locally provided goods and services and the spending of crude oil tanker crews visiting on shore leave, will sustain a further 162 indirect jobs. All told, the operation of the crude oil terminal will create the full-time equivalent employment of 230 jobs. Collectively, the direct and indirect workers will earn \$12.3 million annually.

Recurrent Government Revenues: The Pacific L.A. Marine Terminal will be a large taxpayer, liable each year for local property taxes (\$4.8 million) and utility taxes (\$709,000). The terminal and the direct and indirect workers employed as a result of the terminal's operations will pay sales taxes on their purchases of taxable goods (\$287,000). The workers will also pay California state income taxes (\$517,000). All told, the operations of the terminal will power economic activity that generates \$724,000 in new tax revenue for the State of California; \$1.25 million for Los Angeles County; \$1.5 million for the City of Los Angeles; and \$2.8 million for school and other local districts each year. The City of Los Angeles will also collect business taxes from Pacific L.A. Marine Terminal, LLC, further boosting its annual tax revenues.



Methods: The LAEDC measured job creation and economic output using an in-house model based on the Regional Input-Output Modeling System (RIMS II), which was developed by the U.S. Department of Commerce, Bureau of Economic Analysis.

Approach: At the LAEDC, *our estimates typically represent the lower bound of possible economic impact.* Our results are understated because of data limitations and constraints inherent in economic impact analysis work. We must rely on estimates for many of our inputs, introducing a level of uncertainty in our results. To compensate, when faced with a choice among plausible estimates, we prefer to adopt the one(s) that will produce the *lowest* impact in terms of jobs, wages, and taxes. Occasionally, we will omit economic activity we *know* exists, if we are not able to document a satisfactorily narrow (and hence credible) range of plausible estimates. Throughout, our goal has been to solidly establish a baseline of economic activity. Accordingly, the results for each representative production detailed below should be read with an implied “not less than” or “at least” preceding all employment and tax impact estimates.

Revisions: This revised Economic Impact Statement updates work the LAEDC conducted for Pacific L.A. Marine Terminal, LLC (formerly Pacific Energy Partners, L.P.) in 2005, 2006, and 2007. The updated results reflect rising construction costs and more accurate projections of the operation, maintenance, and repair activity at the terminal.