



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JANUARY 6, 2015

FROM: REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVING ASSIGNMENT OF
JOINT REVOCABLE PERMIT NO. 10-02 FROM BP WEST COAST
PRODUCTS LLC TO TESORO REFINING & MARKETING COMPANY
LLC

SUMMARY:

BP West Coast Products LLC (BP) owns subsurface petroleum pipelines that cross through certain railroad property owned by the City of Los Angeles Harbor Department and the Port of Long Beach (POLB) under Joint Revocable Permit (JRP) No. 10-02 (Permit). BP is requesting the Harbor Department to consent to the transfer of JRP No. 10-02 to Tesoro Refining & Marketing Company LLC (Tesoro). The financial responsibility for the compensation required under the JRP is proposed to be transferred to Tesoro, who is a tenant in good standing.

RECOMMENDATION:

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

1. Approve the proposed Assignment and Assumption Agreement consenting to transfer of Joint Revocable Permit No. 10-02 from BP West Coast Products LLC to Tesoro Refining & Marketing Company LLC;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the Assignment and Assumption Agreement; and
3. Adopt Resolution No. _____.

SUBJECT: PROPOSED ASSIGNMENT AGREEMENT WITH TESORO REFINING & MARKETING COMPANY LLC

DISCUSSION:

Background/Context – On December 22, 1994, the Harbor Department and POLB jointly purchased properties along the former Southern Pacific Railroad (SPRR) and Union Pacific Railroad (UPRR) right-of-way (ROW) in the County of Los Angeles as part of the Alameda Corridor construction project (Transmittal 1). The SPRR ROW was acquired to serve as the main rail line for the Alameda Corridor. The UPRR ROW was acquired to serve as a possible alternative route for the Alameda Corridor. All railroad properties purchased are held by the Harbor Department and POLB as tenants in common, each holding an undivided 50 percent interest in the property. In addition, the Harbor Department and POLB became successors-in-interest to all the railroad agreements, leases, and licenses related to the acquired railroad ROW, including JRP No. 10-02 with BP.

Proposed Assignment and Assumption Agreements – On June 1, 2013, BP notified the Harbor Department that Tesoro had acquired BP's pipeline facilities and was now requesting that the Harbor Department consent to the assignment of the JRP that corresponds with the acquired pipelines. As such, the proposed Assignment and Assumption Agreement (Transmittal 2) with BP is for the purpose of consenting to the transfer of JRP No. 10-02 from BP to Tesoro.

POLB prepared its own separate agreement whereby POLB consents to the transfer of the JRP from BP to Tesoro. POLB, through its Board of Harbor Commissioners, approved its agreement at its meeting held on May 12, 2014.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the transfer JRP No. 10-02 from BP to Tesoro. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no direct employment impact.

FINANCIAL IMPACT:

If the proposed assignment from BP to Tesoro is approved, Tesoro will be responsible for all obligations under the assigned JRP, including financial compensation to the Harbor Department. The total compensation under the subsurface JRP is \$1,914, half of which is the Harbor Department's share and the other half is POLB's share. All other aspects of the JRP remain the same, as the proposed action is an assignment only.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Assignment Agreement as to form and legality.

TRANSMITTALS:

1. Site Map
2. Proposed Assignment and Assumption Agreement

FIS Approval:  (initials)
CA Approval:  (initials)


JACK C. HEDGE
Director of Real Estate

APPROVED:


EUGENE D. SEROKA
Executive Director

GS:JH:ER:FFS:raw
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BL512raw Tesoro Refining Assignment