



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: SEPTEMBER 18, 2018**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVAL OF  
PERMIT NO. 923 WITH EQUILON ENTERPRISES LLC DBA SHELL OIL  
PRODUCTS US**

**SUMMARY:**

Staff requests approval of Permit No. 923 between the City of Los Angeles Harbor Department (Harbor Department) and Equilon Enterprises LLC dba Shell Oil Products US, a Delaware Limited Liability Company (Equilon) for a term of five years. The premises consists of 36,160 square feet of subsurface area and 500 square feet of surface pipelines located north of Sepulveda Boulevard along the Intermodal Container Transfer Facility, and another 686 square feet located near Drumm Avenue and "Q" Street in Wilmington. The premises will be used for the continuing operations of existing pipeline facilities.

Equilon will pay annual compensation of \$56,766 (\$4,730.50 monthly), plus annual Consumer Price Index (CPI) adjustments during the five-year term based on an estimated land market value of \$30 per square foot, with a 50 percent discount for subsurface rights.

Equilon will be responsible for all costs associated with maintenance and operation of the premises.

**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 categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve Permit No. 923 with Equilon Enterprises LLC dba Shell Oil Products US;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Permit No. 923; and
4. Adopt Resolution No. \_\_\_\_\_

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**DISCUSSION:**

Background – Equilon operates various pipelines in the area in and around Permit No. 715. There were originally six pipelines under Permit 715, two of which (the Brea Crude West pipeline and the Thums Crude Oil pipeline) have been assigned and transferred to Cardinal Pipeline L.P., a Delaware Limited Liability Company, under Permit No. 924. The remaining four pipelines will continue operating with Equilon under Permit No. 923 and will span through the five parcels of land indicated below.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of Permit No. 923 with Equilon for a term of five years, which is an activity involving the issuance of a permit to use an existing facility involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Equilon will pay monthly rent of \$4,730.50 (\$56,766 annually), plus annual CPI adjustments during the five-year term of the Permit. The rental amount is based on the estimated land market value of \$30 per square foot for land, with a 50 percent discount for subsurface use (Transmittal 2).

| <u>Drawing #</u> | <u>Parcel #</u>      | <u>Total Sq. ft.</u> | <u>Land Value</u> | <u>Return</u> | <u>Subsurface Discount</u>   | <u>Yearly Amount</u> | <u>Monthly Amount</u> |
|------------------|----------------------|----------------------|-------------------|---------------|------------------------------|----------------------|-----------------------|
| <b>45262-1</b>   |                      |                      |                   |               |                              |                      |                       |
|                  | Parcel 1             | 5,670                | \$ 30.00          | 10%           | 50%                          | \$ 8,505.00          | \$ 708.75             |
|                  | Parcel 2             | 30,265               | \$ 30.00          | 10%           | 50%                          | \$ 45,397.50         | \$ 3,783.13           |
|                  | Parcel 3             | 500                  | \$ 30.00          | 10%           |                              | \$ 1,500.00          | \$ 125.00             |
|                  | Parcel 4             | 225                  | \$ 30.00          | 10%           | 50%                          | \$ 337.50            | \$ 28.13              |
| <b>5-7349</b>    |                      |                      |                   |               |                              |                      |                       |
|                  | Parcel 1             | 686                  | \$ 30.00          | 10%           | 50%                          | \$ 1,026.00          | \$ 85.50              |
|                  | <b>Total Sq. Ft.</b> | <b>37,346</b>        |                   |               | <b>Proposed Compensation</b> | <b>\$ 56,766.00</b>  | <b>\$ 4,730.50</b>    |

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PAGE 3 OF 3

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**CITY ATTORNEY:**

Permit No. 923 was reviewed and approved as to form and legality by the Office of the City Attorney.

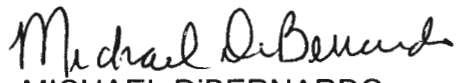
**TRANSMITTALS:**

1. Permit No. 923
2. Site Map

FIS Approval: MB  
CA Approval: MC



JACK C. HEDGE  
Director of Cargo & Industrial Real Estate



MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director

EDS:JH:PA:EPP:raw  
Author: Elsa Paragas  
BL744raw Equilon Permit 923