



THE PORT  
OF LOS ANGELES

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: AUGUST 8, 2018**

**FROM: PLANNING AND STRATEGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ – ISSUANCE OF A LEVEL II NON-APPEALABLE COASTAL DEVELOPMENT PERMIT (NO. 18-13) TO SHELL OIL COMPANY FOR BERTHS 167-169 MARINE OIL TERMINAL ENGINEERING AND MAINTENANCE STANDARDS IMPROVEMENTS**

**SUMMARY:**

If the Board of Harbor Commissioners (Board), in its sole discretion, chooses to approve the Berths 167-169 Shell Marine Oil Terminal Engineering & Maintenance Standards (MOTEMS) Project Final Environmental Report (FEIR) at the August 23, 2018 Board meeting, this action will be brought at the same Board meeting to request that the Board approve a Level II non-appealable Coastal Development Permit (CDP) No. 18-13 to Shell Marine Oil.

Staff requests that the Board approve a Level II non-appealable CDP No. 18-13 to Shell Oil Company (Shell) for new topside structures, piping replacement, and related support structures at Berths 167-169. Shell also proposes modifications to allow loading of refined products onto vessels via a vapor control system. New equipment and modifications include piping modifications, two 1,000-gallon propane tanks, two dockside safety units and a vapor destruction unit.

CDP 18-13 is specifically for the Shell portion of the overall MOTEMS Project as outlined in the FEIR for the Berths 167-169 Shell Marine Oil Terminal Improvements Project (APP Nos. 131007-133, 140806-095, 161012-153, and 180321-043; SCH No. 2015061102). CDP No. 18-12 will cover the City of Los Angeles Harbor Department's portion of the Berths 167-169 Shell Marine Oil Terminal Wharf Improvement Project.

Shell is financially responsible for the portion of the work covered by CDP 18-13 as outlined in the Application for Port Permit (APP) Nos. 140806-095, 161013-153, and 180321-043. The projects are estimated to cost \$6.2 million.

SUBJECT: LEVEL II NON-APPEALABLE CDP NO. 18-13 TO SHELL FOR MOTEMS IMPROVEMENTS

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Hold a public hearing for the proposed Coastal Development Permit No. 18-13, a Level II non-appealable permit;
2. Find that the Board, in its independent judgement, having considered and adopted the Berths 167-169 Shell Marine Oil Terminal Improvement Project FEIR is in compliance with the requirements of the California Environmental Quality Act (CEQA), there is no substantial evidence that the Project or proposed action, as mitigated, will have a significant effect on the environment;
3. Find that the proposed project conforms with the Port of Los Angeles certified Port Master Plan;
4. Upon closure of the public hearing, resolve to approve the issuance of Coastal Development Permit No. 18-13, consistent with the project description listed on APP Nos. 140806-095, 161013-153 and 180321-043, and direct the Director of Planning and Strategy to execute and issue said permit on behalf of and as the designee of the Executive Director to issue said permit; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Shell terminal at Berths 167-169 has been in operation at Mormon Island since 1923 as a marine liquid bulk terminal for unloading and loading of petroleum products (Transmittal 1). Shell currently operates under Permit No. 634, which is set to expire in February 2023.

The proposed projects are needed to meet the design requirements of MOTEMS, which establishes minimum engineering, inspection, and maintenance criteria for marine oil terminals to protect public health, safety and the environment, and governs the upgrade and design of terminals to ensure better resistance to earthquakes and reduce the potential of oil spills.

The Shell terminal encompasses a land area of approximately nine acres that includes 11 storage tanks of various sizes, parking and several ancillary buildings. The over water area encompasses approximately three acres, has two operating berths and a 1,240-foot timber wharf that accommodates two tankers. The Shell terminal handles refined petroleum products and feedstock such as gasoline, diesel, ethanol, and jet fuel that are transferred to and from vessels (tankers and barges). Shell does not handle crude oil or Liquefied Natural Gas (LNG) at this facility. Employees at the site consist of six full-time and one part-time employees.

**SUBJECT: LEVEL II NON-APPEALABLE CDP NO. 18-13 TO SHELL FOR MOTEMS IMPROVEMENTS**

Project Description – Construction is scheduled to begin in September 2018 and will take approximately four months to complete.

The existing topside equipment at Berth 168 will be removed and replaced with new equipment after the new loading platform is constructed. Equipment to be installed or constructed includes a gangway tower, marine loading arms, skid-mounted vapor enrichment system, foam and water fire protection systems, utility lines and a dock house.

The existing shoreline piping from Berth 168 to the piping manifold will be replaced along with related supports. This includes, but is not limited to, new piping and piping supports between the marine loading arms and the landside manifold, new piping and valves, and 32 new pile foundations to support the proposed pipe and manifold system.

Shell proposes modifications to the terminal to allow for loading of refined products onto vessels. Vapor control system components include piping modifications, two new above ground propane tanks, two dockside safety units and a vapor destruction unit. Vapor destruction units are used in oil and gas operations to control vent gas volatile organic compounds and methane emissions.

Shell has requested a new 30-year lease to allow continued operations of its existing terminal through 2048.

Coastal Permit Requirements – The proposed project is a Level II non-appealable project in accordance with Section 6.4 of the Port Master Plan (PMP). A Level II permit is required for projects that involve significant resources; cause major changes in land and/or water use and in the density or intensity of the use; have the potential of creating significant environmental impacts that can or cannot be mitigated; or are appealable. The proposed project is a Level II CDP because wharf backland upgrades involve significant resources, cause major changes in the intensity of the use, and potentially create significant environmental impacts as outlined in Section 6.4.3 of the PMP (Transmittal 2). Section 6.4.4 of the PMP identifies appealable projects and Section 6.4.4a identifies development for storage, transmission and processing of crude oil and LNG. Shell does not handle and will not handle crude oil or LNG at the facility; therefore, this project is non-appealable.

Procedurally, a Level II non-appealable CDP requires a public hearing that is publicized at least fifteen calendar days prior to the scheduled date of the hearing. A public notice for the proposed development was published on August 8, 2018 (Transmittal 3).

The Director of Planning and Strategy has determined that the proposed project is consistent with the PMP and the Chapter 8 policies of the California Coastal Act (Coastal Act) of 1976, as amended. Located in Planning Area 2 of the PMP, this project is consistent with its liquid bulk land use designation. The proposed wharf upgrade project is consistent with Section 30701 of the Coastal Act and Policy 1.3 of the PMP which encourages the modernization of the Port in order to minimize new ports in the state.

**DATE: AUGUST 8, 2018**

**PAGE 4 OF 5**

**SUBJECT: LEVEL II NON-APPEALABLE CDP NO. 18-13 TO SHELL FOR MOTEMS IMPROVEMENTS**

The project is also consistent with Section 30707, 30232 and 30261 of the Coastal Act and Policy 6.1 and 6.2 of the PMP regarding Tanker Terminal Safety and the new design of tanker terminals to protect against the spillage of crude oil, gas, petroleum products or hazardous substances.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Level II non-appealable CDP No. 18-13 for new topside structures, piping replacement, and related support structures at Berths 167-169. In the event the Board first determined in accordance with CEQA Guidelines Sections 15080-15097 that the proposed Project would not have a significant effect on the environment with the incorporation of mitigation measures pursuant to its approval the Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project FEIR for the proposed project, then the Board may approve issuance of CDP No. 18-13. If the Board, in its independent judgement, elected not to approve the Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project FEIR, then the Board should not approve the issuance of CDP no. 18-13.

**FINANCIAL IMPACT:**

Approval of the CDP is a procedural requirement for the proposed installation of a Vapor destruction unit and ground improvements at Berths 167-169 by Shell.

The estimated cost for the two projects is \$6.2 million and is the financial responsibility of Shell.

DATE: AUGUST 8, 2018

PAGE 5 OF 5

SUBJECT: LEVEL II NON-APPEALABLE CDP NO. 18-13 TO SHELL FOR MOTEMS IMPROVEMENTS

**CITY ATTORNEY:**

The office of the City Attorney has reviewed this Board Report and determined that it raises no legal issues at this time.

**TRANSMITTALS:**

- 1. Site Location Map
- 2. CDP No. 18-13
- 3. Public Notice

FIS Approval: MB  
CA Approval: J



MICHAEL KEENAN  
Director of Planning and Strategy



MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director

Author: R.Payne

APP Nos. 140806-095, 161013-153, 180321-043