



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 28, 2013

FROM: PLANNING & ECONOMIC DEVELOPMENT

**SUBJECT: RESOLUTION NO. _____ – ISSUANCE OF A LEVEL I
COASTAL DEVELOPMENT PERMIT (NO. 13-05) TO VOPAK FOR THE
INSTALLATION OF AN UNDERGROUND OIL PIPELINE ALONG
AVALON BOULEVARD AND WATER STREET**

SUMMARY:

Vopak Terminal Los Angeles (Vopak) is requesting to construct a 12-inch diameter underground oil pipeline, approximately 2,100 feet in length, along Avalon Boulevard and Water Street. The proposed project will be used to transfer crude oil from Vopak's inland tank storage facility to the ExxonMobil refinery in Torrance. Staff is recommending the Board of Harbor Commissioners (Board) approve Coastal Development Permit (CDP) No. 13-05, a Level I non-appealable permit.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the proposed project conforms with the Port Master Plan and the California Coastal Act of 1976, as amended, and find that this project will have no significant adverse environmental impacts as provided in the California Environmental Quality Act;
2. Authorize the Executive Director to approve the issuance of a Level I non-appealable Coastal Development Permit No. 13-05, consistent with the project description listed on Application for Discretionary Project No. 130228-028; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – Demand for waterborne crude oil to serve the Los Angeles area refineries is increasing. Historically, the Los Angeles refineries have primarily relied on domestic crude oil from California and Alaska. The production of these domestic sources of crude oil peaked in the late 1980's and has been declining since. Since the Los Angeles refining market is not connected by pipeline to other domestic crude oil production areas, greater reliance on receipts of waterborne crude oil is required to meet local refinery needs.

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Currently, most waterborne crude oil imports in the Los Angeles area are received at two terminals in the Port of Long Beach and at an offshore terminal in the Santa Monica Bay. Plans for the construction of the Plains Pier 400 crude oil project were recently cancelled. Marine oil terminals in the Port of Los Angeles (Port) principally handle petroleum products; however, their existing capacity can also be used to accommodate crude oil.

The proposed project would utilize existing capacity at Vopak's marine oil terminal at Berths 187-190 to unload crude oil tankers and transfer the crude oil to Vopak's tank farm in Wilmington (Transmittal 1). The crude oil would then be moved through Vopak's proposed pipeline and connect to an existing ExxonMobil crude oil pipeline for delivery to ExxonMobil's refinery in Torrance. Approximately 9.5 million barrels of crude oil would be accommodated annually at the Vopak terminal resulting in an estimated 26 vessel calls at the facility. The estimated crude oil throughput volume and vessel calls would offset the recent loss of fuel oil volume and associated vessel calls at Vopak.

Project Scope of Work – The proposed project scope is to construct a 12-inch diameter underground pipeline, approximately 2,100 feet in length to be located along Avalon Boulevard and Water Street. The pipeline will connect Vopak's terminal with an existing ExxonMobil crude oil pipeline, which runs from the Port to the ExxonMobil refinery in Torrance.

The proposed project will allow Vopak to accommodate waterborne receipts of crude oil for ExxonMobil and allow Vopak to maintain a high utilization of their facility. The proposed project does not require additional storage tank capacity or berthing capacity. The estimated cost for the proposed work is \$2,100,000. All costs will be borne by Vopak. Construction is expected to start May 2013 and scheduled for completion July 2013.

Coastal Development Permit Special Condition – ExxonMobil currently operates a crude oil storage facility on Terminal Island adjacent to the Evergreen container terminal. The Harbor Department's proposed long range plans for this area is to accommodate container activities and to terminate the operations of ExxonMobil's crude oil tank farm upon the expiration of the current permit in late 2015. The Harbor Department is working with ExxonMobil to find an alternative storage location for this operation. Consistent with the long range plans for the ExxonMobil Terminal Island crude oil storage facility, the Harbor Department does not support increased utilization of this facility through the subject pipeline project until an acceptable alternative long term storage location for ExxonMobil's crude oil tank farm is identified.

Therefore, CDP No. 13-05 will be conditioned to prohibit petroleum commodities to be transported to ExxonMobil's Terminal Island storage facility through the proposed

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pipeline. This restriction of use will also be included in Revocable Permits issued to both ExxonMobil and Vopak for this project.

Coastal Permit Requirements – The proposed project, located in Master Planning Area 5, is a Level I, non-appealable project in accordance with the definitions set forth in the *Guidelines for Implementation of the Port of Los Angeles Certified Port Master Plan*. A Level I permit is one of three levels of permits that the Board can issue (Transmittal 2). Level I permits are issued for developments that involve minimal changes in land/water use, and minor changes in density and intensity of use.

The proposed project has been found to be consistent with the Port Master Plan and Chapter 8 policies of the California Coastal Act of 1976, as amended, as it would allow for future port-related development to occur in the vicinity of the project. Specifically, the pipeline installation is consistent with Section 30708 that requires port-related development to give highest priority to the use of existing land space within harbors for port purposes.

ENVIRONMENTAL ASSESSMENT:

The proposed action is issuance of a Level I CDP to Vopak for installation of a 12-inch underground oil pipeline to connect Vopak's inland tank storage facility to the ExxonMobil refinery in Torrance. As an activity involving the installation of new pipeline less than one mile in length and within a public right of way, 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 Section 21080.21.

ECONOMIC BENEFITS:

Approval of the proposed CDP will have no employment impact for the five-county region. The proposed project associated with this CDP is anticipated to support approximately 17 direct and 13 secondary one-year equivalent jobs for the region.

FINANCIAL IMPACT:

Issuance of the proposed Level I CDP will not have a financial impact upon the City of Los Angeles Harbor Department. Vopak will fully bear the cost of \$2,100,000 for the proposed project.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Site Location Map
2. CDP No. 13-05

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


for DAVID L. MATHEWSON
Director of Planning & Economic Development


KATHRYN McDERMOTT
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APPROVED:


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Executive Director

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ADP No. 130228-028